



LAKE COUNTRY

ANNUAL REPORT

2024

connecting **COMMUNITIES**



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OUR VISION

To be recognized by members, customers and partners as a retail innovator, community supporter, and business leader in Western Canada.

OUR MISSION

We provide exceptional experience to customers and members to enhance the success and vibrancy of our communities.

OUR VALUES

Honesty · Innovation · Responsibility · Respect



LAND ACKNOWLEDGEMENT

We acknowledge that Lake Country Co-op is situated on Treaty 6 territory, traditional lands of First Nations and Metis People. We are honoured to have the opportunity to operate successful businesses on these shared lands.

What our Members say about Lake Country Co-op

My Lake Country Co-op membership is important to me because I believe that it is critical to support local businesses. Without supporting each other in our own community we lose the connection and pride of community, of unity. My Co-op hires and gives many forms of employment within my community. This affords a better standard of living and a sense of accomplishment to our local people. My local Co-op serves us with a wide selection of products that are locally grown, processed and resourced. Products that, at a fair market value, I have a trust in. With my membership, I have the ability to buy fuel and farming supplies, hardware and building supplies, household and gardening, as well as groceries and pharmaceutical needs. Lake Country Co-op is visible and supportive in the whole community and as I move throughout the province, I can find other local Co-ops that I know I can rely on to carry on my values. Being a Lake Country Co-op member allows me to be a part of my community.

—— Lake Country Co-op Member

The best part of being a Lake Country Co-op member is feeling like you are part of a community of caring, kind people. Lake Country Co-op employees are the friendliest staff I've ever met, including the gas attendants, even when they are pumping gas at -40, they always have a smile and wish you a great day. The best service ever!

—— Lake Country Co-op Member

My Lake Country Co-op membership matters to me because it gives back. Not only to me and my family, but also to my community. It helps so many different people and different businesses by its significant contributions to each. I am proud to have a membership at Lake Country Co-op. Additionally, the staff is so helpful at all the locations. I can see my community is thankful for everything Lake Country Co-op has done for support.

—— Lake Country Co-op Member

Shellbrook Ag



PA Cornerstone Wine, Spirits, Beer



La Ronge Deli Team



From Our Chair & CEO

As we reflect on 2024, it is with pride and gratitude that we celebrate another year of growth and success for Lake Country Co-op. Guided by direction from our members and the strategic leadership of our Board of Directors, we advanced with determination toward our vision of being a retail innovator, a dedicated community supporter, and a recognized business leader. We have strengthened our foundation and built momentum for continued success.

Our mission—We provide an exceptional experience to customers and members to enhance the success and vibrancy of our communities—remains at the core of everything we do. This mission inspires us to go above and beyond, not only to meet customer expectations, but to create meaningful and lasting impacts on the lives of our members and the communities we serve. Whether through the products and services we offer, the partnerships we foster,

or the programs we support, every action we take reflects our unwavering commitment to community success ensuring we remain a vital contributor to the well-being of the people and places we serve.

In 2024, we proudly advanced our role as a retail innovator, prioritizing growth through new offerings and enhanced customer experiences. Notable milestones included the successful openings of the South Hill Wine, Spirits, and Beer location, Chester's Chicken/TJ Pizza in Spiritwood, the Greenhouse at our Prince Albert Food Store, and the introduction of 24/7 pay-at-the-pump services. We were also thrilled to announce plans for a state-of-the-art Agro facility and the Canadian Brewhouse in Prince Albert and a new full-service gas bar in Shellbrook.

As a committed community supporter, we strengthened our investments in programs and partnerships that empower and

uplift our trading area, contributing over \$809,000 to more than 400 organizations. As a leader in business excellence, we continued to deliver value to our members. Additionally, we were recognized as a finalist for the "Growth and Expansion" category at the prestigious Saskatchewan ABEX Awards.

Lake Country Co-op achieved strong financial performance in 2024, reporting a net savings of \$22 million. These results enable us to return patronage totaling \$13 million to our valued members. We take pride in the fact that 100% of our profits remain within North Central Saskatchewan, directly benefiting our members and facilitating investments in community development. These investments include facility upgrades, new developments, employment, and continued support for local initiatives.

We extend a heartfelt thank you to our members, customers, team members, and partners for their ongoing trust and support. Your contributions are integral to our continued growth and ability to make a meaningful impact. We look forward to building on this success in the years ahead as we work together to create stronger communities and brighter futures.



Rick Kindrachuk, Board President

Tim Keller, CEO

Board of Directors



Dannie Wreford
Vice President

Kevin Lockwood
Director

Rick Kindrachuk
President

Ian Lauder
Director

Wayne Kabatoff
Secretary

Roger Mayert
Director

Cheryl Bauer-Hyde
Director

Carson Shymanski
Director

Executive Leadership Team



Geoff German
VP Consumer Operations
& Innovation

Brad Casavant
CFO

Monique Zwack
Executive Director Pharmacy
& Customer Experience

Brian Kindt
VP Agro

Adena Viczko
Executive Assistant

Tim Keller
CEO

Matthew Stenerson
VP People & Culture

Meet the Community Delegates

ALVENA

Eugene Calyniuk
Luke Zakreski
Shayne Scherbaniuk

BIG RIVER

Joyce Giesser
Mabel Leong-Machielse
Ruth Doucette

BIRCH HILLS

Mark Rolfes
Vacancy
Vacancy

CANWOOD

Dannie Wreford
Michele Person
Rylee Aiken

CHOICELAND

Carson Shymanski
Spencer Staffen
Vacancy

DOMREMY

Daniel Boutin
Vacancy
Vacancy

Big River

KINISTINO

Brad Merkosky
Chris Beaulieu
Mark Powalinsky

LA RONGE

Allyson Brown
Aubree Pajunen
Michelle Brown

MARCELIN

Caroline Wilson
Linda Nelson
Noella Crowder

NIPAWIN

Greg Youzwa
Kevin Lockwood
Zach Youzwa

PRINCE ALBERT

Brad Grassick
Cheryl Bauer-Hyde
Don J Code
Glenn McMullen

PADDOCKWOOD

Dawn Folden
Lois Aspvik
Wayne Paczay

SMEATON

Jen Chamberlain
Michelle Grunerud
Ray Shymanski

Kim Kotylak
Linda Enequist
Marianne Turcotte
Michael Grassick
Orest Kwiatkowski
Patrick Soloducha

SHELLBROOK

Cliff Skauge
Ian Lauder
Art Voyer

WAKAW

David Osolinsky
Gaetan Vachon
Rick Kindrachuk

Roger Mayert
Ryan Dmytruk
Saron Kulczycki
Wayne Kabatoff
William Stafford

SPIRITWOOD

Jean Ouellette
Vacancy
Vacancy



To me, a Co-op is a special kind of organization where collaboration and shared benefits are at the heart of everything it does. It brings people together, creating a sense of belonging and mutual support. By focusing on the well-being of its members, Lake Country Co-op has a positive and lasting impact on communities like Prince Albert and beyond. It empowers local communities, creates opportunities, and helps build strong, caring connections that enrich the areas it serves.

—— Saron Kulczycki, Prince Albert Delegate

Year At A Glance

Lake Country Co-op is more than a business—it is a reflection of the communities we serve. Built by our members, for our members, we are part of a network of independent co-ops across Western Canada. Each Co-op is uniquely positioned to meet the specific needs of its community, delivering products and services that truly make a difference.

Our commitment to our communities is at the core of everything we do. We prioritize hiring local team members, offer locally sourced products, and support local charities. Each year, we return millions of dollars to our members through equity and cash back. Our dedication to staying local is integral to our identity and exemplifies what it means to be a co-operative.

We operate 64+ facilities across North Central Saskatchewan



15 Food Stores



25 Fuel Sites



5 Stand Alone
Liquor Stores



7 Home Centres



10 Ag Facilities



2 Pharmacies



16 Commercial
Rental Units



3 Food
Franchises



1,300+

Team Members



55,000+

Local Members



Delivering exceptional service to 20+ communities

Alvena · Air Ronge · Big River · Birch Hills · Canwood · Choiceland ·
Domremy · Debden · Emma Lake · Kinistino · La Ronge · Marcelin · Nipawin ·
Paddockwood · Prince Albert · Shellbrook · Smeaton · Shell Lake · Spiritwood · Wakaw

2024 By the Numbers

Lake Country Co-op Contributed

\$809,000+

to more than 400 community organizations and initiatives

\$300,000+

donated through the Co-op Gift Card Program

\$13 Million

in patronage to our members



\$687 Million

in sales



\$22 Million

in net savings



\$11 Million

cash back to members

Patronage Allocation



4.25%
retail
petroleum



4.25%
bulk
petroleum



2.75%
crop
supplies



2.00%
grocery



1.50%
pharmacy



1.25%
fertilizer



1.00%
general
merch



0.50%
liquor

Co-op invests in the communities that they serve. I know that by shopping at Lake Country Co-op, I am also helping everyone else in my community. It's easy to shop at Co-op, whether for groceries or home building. They offer a great selection of products, all the latest trends, at very competitive prices.

— Coral Dallman, Lake Country Co-op Member

MARKET

Supporting Local: A Commitment to Sustainability and Innovation

At Lake Country Co-op, we are proud to bring local, sustainable, and innovative products to our members across North Central Saskatchewan. This commitment not only reflects our dedication to sustainability but also strengthens our connection to the local production chain ensuring our members have access to top-quality products produced right here in Saskatchewan.

In 2024, we expanded our local offerings across our food and wine, spirits, and beer commodities. Our selection now includes over 600 hyper-local and Western Canadian products, showcasing the exceptional quality and creativity of our region. Member favorites include Drake Meats, Star City Produce, Hannigan Honey, Northern Lights Foods, Dam Good Garlic, Limitless Gear Clothing, Boreal Heartland Tea, Phantom Light Distillery, Great Western, among many others.

By supporting local producers, we are investing in the growth of our communities, fostering sustainability, and creating a deeper connection between our members and the exceptional products made right here at home.

Partnering with Lake Country Co-op came at the perfect time. After running my downtown Prince Albert store for nearly four years, I realized I wanted to shift my focus towards growing as a speaker and life coach. Just a month after closing my store, the partnership with Lake Country Co-op took away all the stress and fear of that transition. Since then, my small business and brand, Limitless Gear Clothing, has grown exponentially. By offering a space for small businesses in their stores, Lake Country Co-op provides invaluable support to local entrepreneurs and local communities, helping them reach new audiences and thrive.

— **Cody Demerais, Owner of Limitless Gear Clothing**

Advancing Independent Fuel Business: A Strategic Priority

Expanding and strengthening our independent fuel business remains a strategic priority for Lake Country Co-op as we work to grow our customer base across North Central Saskatchewan. As part of this strategy, we continually evaluate our independent fuel brands, including Tempo and Western Nations, as well as other fuel supply agreements, to ensure they align with our goals and deliver value to the communities we serve.

Currently, we have fuel supply agreements with 25 locations in rural communities within our trading area. These sites provide high-quality fuel, diesel, and propane offerings.

Our dedication to supporting First Nations communities is reflected in various fuel supply agreements that provide Top Tier™ Fuel and exceptional service. We are proud to collaborate with Sturgeon Lake First Nation, Big River First Nation, Keethanow Group of Businesses—the retail division of Lac La Ronge Indian Band—and M+S Convenience on Mistawasis First Nation. These partnerships are built on shared values and a commitment to fostering strong, vibrant communities while driving local economic growth.

In 2024, our Association saw an expansion of the Western Nations brand with the opening of a location on Big River First Nation. This successful collaboration highlights our commitment to building inclusive, respectful relationships that honor Indigenous cultural heritage and support economic prosperity. Through meaningful engagement and mutual benefit, we continue to strengthen our connections and create opportunities for long-term success.



Homes by Lake Country

In 2024, we successfully expanded our presence within the Ready to Move (RTM) Home and custom-build industry. This facility offers a diverse and customizable selection of plans that help turn dream homes into reality. This location provides a professional space to design, consult, and view the progress of your build. Additionally, this space boasts a spacious 5,000 square foot facility that allows customers to interact with the endless possibilities for their new home or renovation. The expansive space contains a seemingly endless display of faucets, showers, vanities, cabinets, ceiling options, siding, roofing, fireplaces, stone finishes, fences, flooring, light fixtures and more. A kitchen, bathroom, and laundry showroom have been constructed to allow optimal visualization of customizable home features. This immersive experience allows Lake Country Co-op customers to be confident in both the esthetic appeal and craftsmanship of available products. Customers are also able to browse top of the line home and design features not available anywhere else in North Central Saskatchewan, like Yoder Smokers, Heat & Glo fireplaces, and outdoor living pieces by Berlin Gardens.

The year 2024 marked our first year of operations and it was a period illustrated by significant achievements and growth across multiple areas of the operation. We completed various projects that ranged from construction of custom home and cottages, garages, and agricultural builds, to smaller projects such as roll shutter and siding installations, window upgrades, and deck or fence builds.

Driving Quality: Differentiating with Top Tier™ Fuel

We are proud to offer Top Tier™ Fuel at all 25 of our fuel locations, delivering a product recognized for its superior engine-cleaning and protective properties. Top Tier fuel is gasoline or diesel that contains more detergent additives than the minimum required by the Environmental Protection Agency. These additives help keep engines clean and protect against carbon buildup and deposits on intake valves, leading to better performance and fuel economy.

At Lake Country Co-op gas stations, we are committed to providing superior service that goes beyond just fueling vehicles. Our full-service offerings are designed to enhance the customer experience and ensure convenience at every visit. From pumping gas and offering free air for tires to providing complimentary window washing and oil checking, our dedicated team is always ready to assist with a friendly smile. These value-added services reflect our commitment to customer care and help us stand out as a trusted destination for motorists looking for more than just fuel.



Empowering Growers Through Expertise and Innovation

At Lake Country Co-op, our Grow team members serve as trusted advisors to growers and stewards of the environment. They hold various professional designations and certifications, underscoring their commitment to ongoing professional development and industry excellence.

16 licensed agronomists, 9 certified crop advisors, 2 4R nutrient agronomists.

In 2024, we continued to support growers and farmers with real-time, informed decision-making through the use of Co-op AgZone FIELD, a cutting-edge digital platform that enhances farm performance, productivity, and profitability by optimizing yields and operational efficiencies. The platform also promotes sustainable practices by integrating the 4R Nutrient Stewardship principles through the Grown With Purpose initiative.

469,716 acres tracked through AgZone Field to support farmers to make informed, real-time decisions.



Lauren Cromartie with Grower

Enhancing our Membership Experience

We are deeply committed to enhancing the lives of our members by offering a wide range of services and programs designed to exceed our members needs and expectations.

Our Taste of Lake Country program elevates the appeal of our consumer business units by offering a curated array of products and services providing exceptionally engaging and memorable experiences. In today's competitive market, fostering meaningful customer connections is more important than ever.

This program not only drives innovation but also sets us apart from competitors by creating opportunities for members to engage with our team members, products and services in unique and enriching ways. The Taste of Lake Country initiative includes events, tastings, and exclusive clubs, each designed to enhance the membership experience.



Taste of Lake Country Attendees

One of this year's standout events, Turkey and Taste, exemplified the program's success. With over 100 attendees, guests gained expert insights on turkey preparation and took home their own ready to cook turkey, all while enjoying a thoughtfully paired wine tasting.

Events like these deepen our members' connection to our brand, offering value beyond the products we provide, and reinforcing our commitment to delivering exceptional experiences that truly enhance membership.

We loved the comradery, the opportunity to be able to learn about wines and pairing and to be able to take that home with us to make our Thanksgiving with family special. The teachings were very valuable. Thanks so much for working so hard, for giving your time to this event, it does go along way and the reason why we shop CO-OP and love to see your team as they continue to make strides within the community, growing and creating rewarding jobs and investing at levels that I am sure other communities could only dream of. Lake Country Co-op is truly a blessing.

Attendee of Taste of Lake Country Events

Connecting With Families

Our Kids Club program is designed to create memorable experiences that resonate with young, growing families, fostering deeper consumer loyalty and reinforcing our commitment to being a community-focused organization. By engaging the next generation, the program strategically extends the consumer lifecycle while positioning Lake Country Co-op as a leader in innovation and family-oriented initiatives. With over 1,300 members across our Association, our Kids Club program exemplifies how we differentiate ourselves from competitors by providing meaningful, community-focused experiences.

This program creates lasting memories through diverse events and initiatives that connect families to our brand. Highlights include the Mini Chef program, community summer movie nights, corn mazes, Santa photos, swim nights, skating events, and more. These activities not only enrich the lives of our members and their families but also strengthens their loyalty by fostering connections and shared experiences. Through programs like Kids Club, we continue to solidify our reputation as a trusted and innovative partner for families in the communities we serve.

Personalized Services

At Lake Country Co-op, our personalized services are at the heart of enhancing the membership experience, offering tailored solutions that meet the unique needs of our members. Our skilled butchers provide customizable cuts of meat and craft high-quality in-store products like their very own pork and wild rice sausage. In our bakery, talented bakers create custom cakes that elevate celebrations and special occasions. At our Wine, Spirits, and Beer locations, our certified sommelier offers expert guidance to help members find the perfect pairing or product for any event. Additionally, our pharmacies provide one-on-one consultations and medication reviews, delivering personalized care that promotes health and wellness. These dedicated services not only add value but also build trust and loyalty, setting Lake Country Co-op apart as a member-focused organization committed to excellence.

Birch Hills Movie Night



Prince Albert Raider Skate



Valentine's Day Mini Chef



OPERATIONS

The Executive Leadership Team is pleased to report healthy sales performance for 2024, with total Association sales reaching a record \$687 million. This is a remarkable achievement given the challenges posed by a significant decline in commodity prices for fuel, agricultural and home and building products, indicating that the record sales were directly related to product volume growth across all commodities. This success reflects the strength in our strategic initiatives and the unwavering dedication of our teams.

Patronage allocation from FCL was significantly reduced from previous years which negatively impacted our net savings. Despite this, our local financial success has enabled us to return \$13 million in patronage to our members, reinforcing our commitment to sharing the cooperative's success with our loyal members.

As a community-focused cooperative, we are proud to ensure that 100% of our profits remain with our members throughout North Central Saskatchewan. Our funds support critical investments in facility upgrades, acquisitions, employment programs, new offerings, and contributions to community organizations. By fostering growth and innovation, we continue to provide tangible benefits that enhance the well-being of our members and the communities we serve.

This fall we were recognized as a finalist for the Achievement of Business Excellence awards in the category of Growth and Expansion with the Saskatchewan Chamber of Commerce. The ABEX awards are Saskatchewan's premier business awards, recognizing and honoring outstanding achievement in business excellence. This recognition signals our presence as a business leader in Western Canada.

In addition, we were recognized for numerous other awards with the Prince Albert, La Ronge, and Nipawin Chamber of Commerce as we are a business leader in these communities.



Rachel Sinclair, Nipawin Food Store



Sam Miller, Shellbrook Agro

Awards

- Recipient of National Philanthropy Day Award honoured by Ronald McDonald House Charities Saskatchewan
- We were awarded 12 Best of the Best (BOB) awards, including Best Service, Best convenience store, Best cleanest gas station washroom, Best meat, Best produce, Best liquor off sale, Best Hardware, Best Fishing store, Best Fireplace/BBQ Supplier, Best Ag Bulk Fertilizer, Best Ag Equipment, Best Ag supplies
- Finalist for Saskatchewan Chamber of Commerce ABEX Award Growth & Expansion Award
- Finalist for Prince Albert Chamber of Commerce Samuel McLeod Business Awards in two categories: Business Transformation Award (South Hill WSB) and the Business of the Year award

2024 **FINALIST**
GROWTH & EXPANSION AWARD

THE SASKATCHEWAN CHAMBER OF COMMERCE
ABEX
AWARDS

PRESENTED BY
conexus
Credit Union

Fostering Community Development

Fostering community development is a cornerstone of Lake Country Co-op's mission, reflecting our commitment to building a thriving and sustainable future. Over the past year, we have invested in renovations, upgrades and expanded offerings across many of our locations to ensure they remain modern, functional, and reflective of our members' evolving needs. Our maintenance team completed over 2,050 service requests, including exterior and interior enhancements, roll shutter installations, and appliance upgrades. These improvements not only enhance the shopping experience for our members but also contribute to the vitality of our communities, reinforcing our role as a trusted and progressive partner in the region.

Co-operatives Cooperating: Strengthening Partnerships for Mutual Success

The principle of "Co-operatives Cooperating" exemplifies the collective strength and shared values that lie at the heart of the cooperative movement. At Lake Country Co-op, we are deeply committed to fostering collaboration among retail co-ops, demonstrating the power of unity in achieving common goals.

This year, we have continued to support numerous neighbouring co-ops with services such as maintenance, upgrades, marketing, accounting, credit, safety, asset protection, and leadership. Through these collaborative efforts, we strengthen operations which in turn fosters long-term success of the CRS.



Dave Kapacila, Project Manager

Safety: A Core Value and Key to Success

Over the past year, Lake Country Co-op has made significant strides in prioritizing safety across all facets of our operations. Through steadfast commitment and the implementation of comprehensive safety measures, we have fostered a true culture of safety, where the well-being of our members, team members, and communities remains paramount.

Aligned with the Saskatchewan Health and Safety Leadership Charter, we are committed to Mission Zero: zero injuries, zero fatalities, and zero suffering. This commitment is evident in our rigorous operational protocols and ongoing training programs, which empower our team members to uphold the highest safety standards.

New additions to our safety program during 2024 included improving team member communication by establishing digital access to OHS documents, policies and training resources, and sharing pertinent safety messages in our monthly Life at Lake Country team member newsletter. A new safety platform, the ThinkLP® Online Reporting System, was implemented late in 2024 with pilot projects initiated in ten locations across our Association. This comprehensive program facilitates reporting, follow-up, resolution and data analysis of incidents as they arise.

Our focus on safety has strengthened the positive culture within our Association and contributed to our broader success, enhancing trust and confidence among our members. By championing strong leadership in safety practices, we have achieved meaningful progress in creating a healthy and safe workplace and shopping environment for all.

Cybersecurity is also a big priority for Lake Country Co-op to ensure our ability to protect sensitive data, maintain operational integrity, and safeguard company assets. In spring of 2024, we invested in a cybersecurity educational program that is mandatory for all team members. This training was well received and is of utmost importance to prevent a cybersecurity incident.

3,610+

safety e-learning
courses completed

4,480+

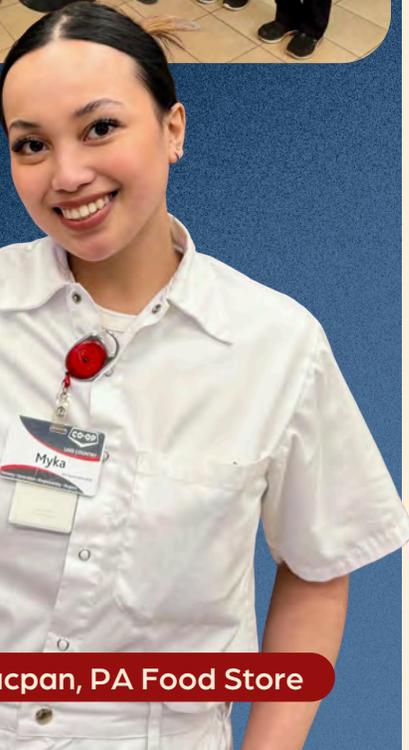
cyber security
courses completed

PEOPLE

Spiritwood C-Store Team Member



Pharmacy Marketplace



Myka Racpan, PA Food Store

Our Remarkable Team Member Experience

At Lake Country Co-op, we are committed to providing an exceptional team member experience that goes beyond traditional workplace expectations. We strive to develop a culture of collaboration, growth, and inclusivity, where every individual feels valued and empowered. From comprehensive onboarding programs to ongoing learning and development opportunities, we invest in the professional growth of our team members.

We celebrate the unique contributions of each team member, fostering a strong sense of belonging and appreciation. Our annual service award gala celebrates long term service.

In the spring of 2024, we launched our employee engagement survey, gathering valuable feedback and insights into the employee experience at Lake Country Co-op. Our results once again placed us in the top quartile of overall engagement scores compared to other large Canadian organizations. The insights gained from this survey are used to guide meaningful enhancements and strengthen our employee experience, ensuring we continue to foster a workplace that supports and values our team members.

Our People First

In 2024, we remained committed to supporting the well-being of our team members through initiatives designed to nurture their mental, physical, emotional, and overall health. With an investment of \$175,000 in wellness programs, we reinforced our dedication to creating an environment where team members feel valued, supported, and empowered to prioritize their well-being. Programs include access to mental health resources, counselling services, and a flexible health and wellness spending account. Our goal is to cultivate a workplace that champions both personal and professional success, ensuring a balanced and fulfilling experience for all team members.



I am thankful for the opportunity to work for an Association whose values are in line with my own personal values. The amazing work that our Co-op does within the communities we serve is incredible and makes me proud to tell people I am a part of Lake Country. We have an incredible team!

Lake Country Co-op Team Member, Prince Albert

Joanne Gaudet, Vocational Courtesy Award



Choiceland Heritage Days

A Milestone in People & Culture

The year 2024 marked a significant milestone with the launch of People Forward®, a human resources transformation program. This initiative is designed to modernize access to information through updated technologies, such as mobile apps, while enhancing people-related processes. Key features of the program include the introduction of a new payroll system and a centralized platform for training and development, streamlining resources and supporting team member growth in one convenient location.

Mentorship Program

2024 also saw the launch of the inaugural Lake Country Co-op Mentorship Program. This structured program fosters relationships between experienced and less experienced individuals and aims to provide guidance, knowledge transfer, skill development and personal growth. Our program aims to benefit both the organization and the participants through regular meetings, assignments and discussions. Participants in the program are able to strengthen relationships, contribute to a learning culture and find a greater purpose at work as we look to elevate the personal and professional development of our leaders at Lake Country Co-op.

Inspiring Our Leaders

2024 marked a pivotal year for leadership training at Lake Country Co-op. We proudly launched an exclusive training program tailored to current and aspiring leaders from our Energy division. These participants engaged in an intensive curriculum, completing over 695 activities, courses, seminars, and assignments.

The program covered a comprehensive range of topics including ordering, warehousing, merchandising, receiving, compensation and benefits, talent management, finance, marketing, and employee relations. This initiative reflects our commitment to developing strong, knowledgeable leaders who are equipped to drive excellence and innovation across our organization.



2024 Service Awards

My work has meaning and purpose. It's not just about growing the business, but growing our communities at the same time. Lake Country is a great company to work, allows you to live in a beautiful and opportunistic part of our country, and provides rewarding career development opportunities.

— Lake Country Co-op Team Member, La Ronge

SUSTAINABILITY

Community Connection

We take tremendous pride in our ability to give back to all Lake Country Co-op communities through donations and sponsorships. The success and sustainability of our Co-op depends on ongoing support from our loyal members and team members, so it is very important that we do what we can to help our communities thrive. We are extremely proud to have donated over \$809,000 to more than 400 community organizations and initiatives for the 2024 year. We are actively engaged with various philanthropic endeavors that include sports and recreation, education, health, arts and culture, youth programs, food security, and environmental programs. In addition, we sponsored more than 100 community events that ranged from barbecues to movie nights. These events create family memories and truly connect us to those who call the communities that we serve home.

Over \$809,000 donated to more than 400 community organizations & initiatives

Fuel Good Day

2024 marked a record year for our Fuel Good Day campaign. We raised over \$23,000 for six organizations within our trading area. These organizations were the Prince Albert SPCA, Spiritwood Recreation, Northeast Regional Victim Services (Nipawin), TLC Daycare (Birch Hills), Northern Animal Rescue Humane Society (La Ronge), and the La Ronge & Area Long Term Care Fundraising group.

Lake Country Timber Wolves on Fuel Good Day



\$25,000 donated to Tony Cote Summer Games

Co-op Gift Card Fundraiser Program

Our Gift Card Fundraising Program helps local community groups and non-profit organizations raise funds to support their activities and operations. A portion of the total value of gift cards sold goes back to the group which serves to support both the organization and the local Co-op. This program had its most successful year to date with more than \$300,000 being donated to over 80 local community groups and non-profit organizations who utilized this program.



2012 Jr. Raiders Gift Card Receipt



Lake Country Co-op Honoured with a National Philanthropy Award through Ronald McDonald House Charities – SK

What It Means?

For over 20 years, hundreds of communities across North America have come together to recognize the countless ways philanthropy has affected our world. Officially recognized on November 15, National Philanthropy Day is celebrated by numerous organizations, government leaders, businesses, and individuals who wish to honour all the contributions philanthropists have made. National Philanthropy Day provides an opportunity to reflect on the meaning of giving and all it has accomplished. This day is to recognize and pay tribute to the contributions that philanthropy and philanthropists have made to a sustainable future for all.

Why RMHC-SK Nominated Us

Lake Country Co-op plays an integral role as a community partner with Ronald McDonald House Charities –SK (RMHC-SK). Being involved as the title sponsor for the Prince Albert Red Jacket Classic Golf tournament and most recently donating land for RMHC-SK’s Prince Albert expansion. Lake Country Co-op has significantly invested in the future sustainability of this organization. Tammy Forrester, CEO RMHC-SK stated “RMHC-SK is incredibly grateful for community partners such as Lake Country Co-op believing in the mission and walking beside us as we look to support more Saskatchewan families.”

——Tammy Forrester, CEO RMHC-SK

\$11,800 raised through our Community BBQ initiative



\$14,843 raised by our members and teams to support Telemiracle 48



\$3,000 raised through our Every Child Matters Campaign



SUSTAINABILITY

Environmental

Advancing Sustainable Agriculture with Technology

Our agriculture teams are leveraging advanced technologies to promote sustainable farming, as demonstrated by the significant expansion of our Grown With Purpose program. This agronomic initiative assesses current farming methods and offers effective strategies to improve yields, enhance soil health, and support farming families in creating a legacy for future generations. The program encompasses a wide range of best practices designed to assist with crop planning and management.

In 2024, we experienced an 113% increase of acres scouted through our AgZone Field program.

4R Nutrient Stewardship

The 4R Nutrient Stewardship principles ensure fertilizers are applied at the optimal time and location to effectively meet crop requirements. This involves using the right nutrient source, at the right rate, at the right time, and in the right place. As part of the Grown With Purpose initiative, Lake Country Co-op Grow team members collaborate closely with growers, conducting detailed reviews of farming practices. A key tool in the process is the 4R scorecard, designed to optimize crop input returns while minimizing environmental impact. Agriculture plays a crucial role in addressing climate change, and climate-smart practices like 4R Nutrient Stewardship enhance food production and quality without jeopardizing food security. These innovations make farming more sustainable, efficient, and resilient.



Waste Reduction

In 2024, we continued on our journey to reduce our ecological footprint through landfill diversion, upcycling, and recycling initiatives. The food and pharmacy teams diverted waste by donating perishable products to various local food security organizations and safely disposing of expired medications, while the Home Centres continued contributing to community support by donating cull lumber to Kin Enterprises.

Recycling efforts included partnerships with Redux® to repurpose used fryer oil in Prince Albert, Wakaw, La Ronge, and Spiritwood, as well as, using cardboard balers in urban locations. The Home Centres recycle unsaleable wood for landscaping, and the Agro teams worked with Cleanfarms® to recycle agricultural plastics and pesticides.

Plastic waste reduction was further enhanced by reducing or eliminating single-use plastic and plastic packaging where possible. This included moving towards bamboo take out containers, bio-degradable trays in our meat departments, and offering re-usable produce bags in our produce departments.

We continue to actively reduce our paper usage across all areas of our operations. Through initiatives such as digital record-keeping, electronic communication, and optimizing our in-store processes, we are committed to minimizing waste and promoting environmental responsibility. By embracing technology and encouraging paperless solutions, we are not only reducing our environmental footprint but also improving efficiency and streamlining our day-to-day operations. Our ongoing efforts reflect our dedication to sustainability and our commitment to making a positive impact on the environment.



SUSTAINABILITY HIGHLIGHTS



Carbon Transparency

We are committed to reducing carbon emissions through investments in a modernized, energy-efficient vehicle fleet, including transitioning to hybrid vehicles, which has already lowered emissions and fuel costs.

Additionally, we have optimized fleet logistics that deliver food, fuel, home and building, and ag supplies to our facilities and customers. We have improved routing, delivery frequency, and drop sizes to enhance efficiency and further reduce emissions.

30,900 lbs

of fresh produce sourced from hyper local producers



352,788 lbs

diverted from the local landfills.



310 lbs

batteries recycled through Call2Recycle



2,069,600

single use plastic bags eliminated in 2 years



84,000

items recycled through our Agro Centres



\$228,765

donated in food product to local food banks



Recycle Product



Responsible Purchaser



Eco-Friendly Packaging

YEAR IN REVIEW



November

Celebrated the Grand Opening of our South Hill Wine, Spirits, Beer location



March

- Celebrated the Grand Opening of our Chester's Chicken/TJ'S Pizza location in Spiritwood
- Donated over \$2,475 in feminine hygiene products to the YWCA



December

- Over \$5,540 in food donations was collected at our annual "Cram the Van" event to support local food banks
- \$3,000 donated to Boreal Health Foundation through Give A Little Life Day



May

- Opened the Greenhouse at the Prince Albert Food Store
- Community BBQ's began and we hosted 12 throughout the summer. Over \$11,800 was raised and donated to local organizations within each host community.
- Started the implementation of 24/7 at the pump with credit card at C-Store locations



February

\$14,800 was collected by our members and team members to support Telemiracle 48



July

- Awarded TWO quads, a backyard party, \$1000 shopping spree to four lucky members for participating in our Super Summer Giveaway



August

- Hosted our annual Community Movies in 10 host communities



2024 **FINALIST**
GROWTH & EXPANSION AWARD

THE **ABEX** AWARDS
SASKATCHEWAN CHAMBER OF COMMERCE

PRESENTED BY
conexus
Credit Union



September

- Fuel Good Day was a record breaking year – raising a total of \$23,000 for five deserving organizations: Prince Albert SPCA, Spiritwood Recreation, Northeast Regional Victim Services, TLC Daycare Inc., Northern Animal Rescue Humane Society, La Ronge & Area Long Term Care Fundraising.
- \$3,000 was collected by our members and team members to support the local Friendship Centres for National Day of Truth and Reconciliation.
- Finalist for the Growth and Expansion Award through the Saskatchewan Chamber of Commerce
- Announced our partnership with Canadian Brewhouse coming to Prince Albert
- Announced plans for a renovation and new C-store/Wine,Spirits,Beer/CRU units in Shellbrook
- Announced plans for a state-of-the-art Agro Centre to be built in the RM of Prince Albert

Management's Responsibility

To the Members of Lake Country Co-operative Association Limited:

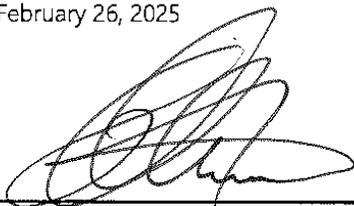
Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for private enterprises and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed entirely of Directors who are neither management nor employees of the Co-operative. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management, internal auditors, and external auditors. The Board is also responsible for recommending the appointment of the Co-operative's external auditors.

MNP LLP is appointed by the Members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

February 26, 2025

A handwritten signature in black ink, appearing to be 'D. Smith', written over a horizontal line.

CEO

Independent Auditor's Report

To the Members of Lake Country Co-operative Association Limited:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Lake Country Co-operative Association Limited (the "Co-operative"), which comprise the balance sheet as at October 31, 2024, and the statements of net savings and retained earnings and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Co-operative as at October 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Co-operative in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Co-operative's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Co-operative or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Co-operative's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Co-operative's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Co-operative's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Co-operative to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

As required by paragraph 11 of the Co-operatives Regulations, 1998, we report that, in our opinion, Canadian accounting standards for private enterprises have been applied on a basis consistent with that of the preceding year.

Prince Albert, Saskatchewan

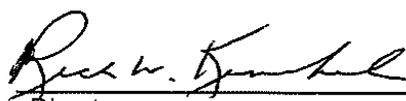
February 26, 2025

MNP LLP
Chartered Professional Accountants

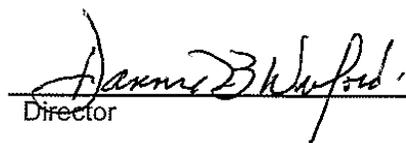
Lake Country Co-operative Association Limited
Balance Sheet
As at October 31, 2024

	2024	2023
Current assets		
Cash	\$ 3,097,339	\$ 2,169,381
Accounts receivable (Note 5)	59,710,366	69,474,139
Income taxes recoverable	4,157,174	3,100,751
Inventories (Note 6)	127,220,641	110,852,815
Prepaid agriculture suppliers	414,718	1,361,731
Prepaid expenses	219,742	60,605
	194,819,980	187,019,422
Investments		
Federated Co-operatives Limited (Note 4(a))	69,978,510	70,254,438
Other organizations	813	813
Property, plant and equipment (Note 7)	104,374,439	96,968,586
Assets under capital lease (Note 8)	655,206	936,008
Intangible assets (Note 9)	8,099,156	6,687,256
Goodwill	3,695,920	3,695,920
Total assets	\$ 381,624,024	\$ 365,562,443
Current liabilities		
Line of credit (Note 10)	\$ 16,500,000	\$ 41,089,204
Accounts payable and trust liabilities (Note 11)	99,121,672	70,867,404
Customer prepaid accounts	3,293,715	1,374,778
Current portion of capital lease obligation (Note 12)	203,317	148,745
Current portion of long-term debt (Note 13)	1,275,986	1,352,636
	120,394,690	114,832,767
Capital lease obligation (Note 12)	349,410	552,727
Long-term debt (Note 13)	1,300,898	1,580,340
Total liabilities	122,044,998	116,965,834
Members' equity		
Share capital (Note 14)	107,378,357	105,321,632
Reserves and retained savings (Note 15)	152,200,669	143,274,977
	259,579,026	248,596,609
Total liabilities and members' equity	\$ 381,624,024	\$ 365,562,443
Subsequent event (Note 21)		
Commitments (Note 22)		

Approved on behalf of the Board of Directors



Director



Director

The accompanying notes are an integral part of these financial statements



Lake Country Co-operative Association Limited
Statement of Net Savings and Statement of Retained Savings
For the Year Ended October 31, 2024

	2024	%	2023	%
Sales (Note 16)	\$ 686,553,004	100.0	\$ 675,878,411	100.0
Cost of goods sold	<u>586,493,901</u>	<u>85.4</u>	<u>586,265,279</u>	<u>86.7</u>
Gross margin	<u>100,059,103</u>	<u>14.6</u>	<u>89,613,132</u>	<u>13.3</u>
Expenses				
Operating and administration	93,428,739	13.6	81,560,989	12.1
Net interest (Note 17)	<u>801,988</u>	<u>0.1</u>	<u>124,434</u>	<u>-</u>
	<u>94,230,727</u>	<u>13.7</u>	<u>81,685,423</u>	<u>12.1</u>
Savings from operations	5,828,376	0.9	7,927,709	1.2
FCL loyalty program (Note 4(c)(iii))	6,291,061	0.9	6,297,025	0.9
Patronage refunds (Note 4(a))	<u>12,534,928</u>	<u>1.8</u>	<u>16,816,333</u>	<u>2.5</u>
Savings before gain on amalgamation	24,654,365	3.6	31,041,067	4.6
Gain on amalgamation	<u>-</u>	<u>-</u>	<u>2,180,532</u>	<u>0.3</u>
Savings before gain on acquisition	24,654,365	3.6	33,221,599	4.9
Gain on acquisition	<u>-</u>	<u>-</u>	<u>189,719</u>	<u>0.1</u>
Savings before income taxes	24,654,365	3.6	33,411,318	5.0
Income tax expense (Note 20)	<u>2,873,495</u>	<u>0.4</u>	<u>3,939,013</u>	<u>0.6</u>
Net savings	<u>\$ 21,780,870</u>	<u>3.2</u>	<u>\$ 29,472,305</u>	<u>4.4</u>
Retained savings, beginning of year	\$ -		\$ -	
Net savings	21,780,870		29,472,305	
Transfer to statutory reserve (Note 15)	(1,399,563)		(1,997,851)	
Transfer to general reserve (Note 15)	(7,493,270)		(13,124,881)	
Patronage allocation to members (Note 14)	<u>(12,888,037)</u>		<u>(14,349,573)</u>	
Retained savings, end of year (Note 15)	<u>\$ -</u>		<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements



Lake Country Co-operative Association Limited
Statement of Cash Flows
For the Year Ended October 31, 2024

	2024	2023
Operating activities		
Net savings	\$ 21,780,870	\$ 29,472,305
Adjustments for:		
Depreciation	9,203,973	8,330,361
FCL patronage refund	(12,534,928)	(16,816,333)
Gain on acquisition	-	(189,719)
Gain on the disposal of property, plant and equipment	(180,889)	(349,774)
Gain on amalgamation	-	(2,180,532)
Changes in non-cash operating working capital:		
Accounts receivable	9,763,773	(581,099)
Income taxes recoverable	(1,056,423)	(1,641,285)
Inventories	(16,367,826)	(4,144,773)
Prepaid agriculture suppliers	947,013	1,009,878
Prepaid expenses	(159,137)	93,806
Accounts payable and trust liabilities	28,254,268	(25,463,467)
Customer prepaid accounts	1,918,937	(2,352,100)
Net working capital on amalgamation	-	74,272
Cash provided by (used for) operating activities	<u>41,569,631</u>	<u>(14,738,460)</u>
Investing activities		
Redemption of FCL shares	12,810,856	12,430,017
Additions to property, plant and equipment	(17,796,050)	(28,838,928)
Proceeds from the disposal of property, plant and equipment	236,015	630,161
Cash acquired on amalgamation	-	1,196,890
Cash consideration on business combination	-	(99,425)
Cash used for investing activities	<u>(4,749,179)</u>	<u>(14,681,285)</u>
Financing activities		
Increase in long-term debt	1,300,898	1,538,097
Repayment of long-term debt	(1,805,735)	(2,128,350)
Share capital issued	19,270	18,700
GST on allocation	378,703	494,913
Redemption of share capital	(11,196,426)	(13,128,532)
Cash used for financing activities	<u>(11,303,290)</u>	<u>(13,205,172)</u>
Net increase (decrease) in cash	25,517,162	(42,624,917)
Cash (borrowings), beginning of year	(38,919,823)	3,705,094
Cash (borrowings), end of year	\$ (13,402,661)	\$ (38,919,823)
Cash (borrowings) are comprised of:		
Cash	\$ 3,097,339	\$ 2,169,381
Line of credit	(16,500,000)	(41,089,204)
	<u>\$ (13,402,661)</u>	<u>\$ (38,919,823)</u>

The accompanying notes are an integral part of these financial statements



Lake Country Co-operative Association Limited
Notes to the Financial Statements
For the Year Ended October 31, 2024

1. Incorporation and operations

The Lake Country Co-operative Association Limited ("the Co-operative") was incorporated under the Co-operatives Act of Saskatchewan on April 8, 1940. The primary business of the Co-operative is operating retail food, liquor, agriculture, home building, and petroleum outlets in Prince Albert and area, Saskatchewan.

2. Significant accounting policies

These financial statements have been prepared by management in accordance with Canadian accounting standards for private enterprises. A precise determination of many assets and liabilities is dependent upon future events and consequently, the preparation of these financial statements involves the use of estimates and approximations. Areas subject to estimation include valuation of accounts receivable, inventory, useful life of property, plant and equipment, impairment of long-lived assets, goodwill, intangibles, income taxes, asset retirement obligations, accrued liabilities, purchase price allocation and potential contingencies. These estimates also affect the disclosure of contingencies at the date of the financial statements and the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

These financial statements have been prepared to reflect the following significant accounting policies:

(a) Definition of financial year

The Co-operative's financial year ends on the Saturday closest to October 31.

(b) Cash

Cash is defined as cash and investments with an initial maturity of less than three months.

(c) Inventories

Inventories are valued using a weighted average formula, first-in first-out method, and the retail method. Inventories are stated at the lower of cost and net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories by the most appropriate method for that particular inventory class.

The Co-operative estimates net realizable value as the amount that inventories are expected to be sold for, taking into consideration fluctuations of retail price due to seasonality less estimated costs necessary to make the sale. Inventories are written down to net realizable value when the cost of inventories is determined to be not recoverable due to obsolescence, damage or permanent declines in selling prices.

(d) Financial instruments

The Co-operative recognizes its financial instruments when the Co-operative becomes party to the contractual provisions of the financial instrument.



Lake Country Co-operative Association Limited
Notes to the Financial Statements
For the Year Ended October 31, 2024

(i) Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction are initially recorded at their fair value. At initial recognition, the Co-operative may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Co-operative has not made such an election during the year.

Investments in equity instruments not quoted in an active market are subsequently measured at cost less impairment, or adjustments for patronage refunds or share redemptions. All transactions with Federated Co-operatives Limited (FCL) are disclosed in a separate note (Note 4). All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

(ii) Financial asset impairment

The Co-operative assesses impairment of all its financial assets measured at cost or amortized cost. The Co-operative groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group, there are numerous assets affected by the same factors, or no asset is individually significant. Management considers whether the issuer is having significant financial difficulty, whether there has been a breach in contract, such as a default or delinquency in interest or principal payments, in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Co-operative determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

The Co-operative reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the balance sheet date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

Any impairment, which is not considered temporary, is included in current year net savings.

The Co-operative reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in net savings in the year the reversal occurs.

(e) Assets under capital lease

Leases, which transfer substantially all of the benefits and risks incident to ownership of property, are recorded as an acquisition of an asset and the incurrence of an obligation. Under this method of accounting for leases, the asset is depreciated over its estimated useful life and the obligation, including interest thereon, over the life of the lease. Rents on non-capital leases are expensed as incurred.



Lake Country Co-operative Association Limited
Notes to the Financial Statements
For the Year Ended October 31, 2024

(f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is taken over the estimated useful lives of the assets using the following methods and rates:

Pavement	Declining balance	4% to 8%
Buildings	Straight-line	5 to 25 years
Manufacturing	Declining balance	20%
Furniture & equipment	Declining balance	20%
EDP equipment	Straight-line	20% of original cost
Vehicles	Declining balance	15% & 30%
Dwelling	Straight-line	4% of original cost

Expenditures for maintenance and repairs are charged to operating expenses as incurred. Significant expenditures for improvements are capitalized. Gains or losses realized on the disposal of property, plant and equipment are reflected in operations in the year of disposition.

Claims for assistance under various FCL programs are recorded as a reduction of the cost of related assets in the period in which eligible expenditures are incurred, with any depreciation calculated on the net amount.

An impairment loss is recognized when the carrying amount of a long-lived asset is not recoverable and exceeds its fair value. No such impairment loss was recorded during the year.

(g) Asset retirement obligation

The Co-operative has a liability for an asset retirement obligation in the period in which a legal liability is incurred. The liability is based on management's best estimate. The liability is subsequently adjusted for the passage of time, which is recognized as an accretion expense in the statement of net savings. The liability is also adjusted due to revisions in either the timing or the amount of the original estimated cash flows associated with the liability. Actual costs incurred upon settlement of the asset retirement obligations are charged against the asset retirement obligation to the extent of the liability recorded.

(h) Share capital

The Co-operative approves an allocation to members subsequent to year end. The amount is recorded as an addition to share capital and a reduction in retained savings. The Co-operative records the redemption of shares that is to be paid to members at the time it has been approved by the Board of Directors.

(i) Revenue recognition

The Co-operative recognizes revenue when evidence of an arrangement exists, delivery or change of ownership has occurred, the price has been determined, and collection is reasonably assured. Patronage allocations are recognized in savings when earned by the Co-operative.



Lake Country Co-operative Association Limited
Notes to the Financial Statements
For the Year Ended October 31, 2024

(j) Income taxes

The Co-operative follows the taxes payable method whereby only current income tax assets and liabilities are recognized to the extent they remain unpaid or are recoverable. In addition, the benefit relating to a tax loss incurred in the current period and carried back to prior periods is recognized as a current asset. Current income tax assets and liabilities are measured using tax rates that are enacted or substantively enacted at the reporting date.

(k) Goodwill

Goodwill resulting from business combinations represents the portion of the purchase price that was in excess of the fair value of the net identifiable assets acquired. Goodwill is not amortized and is tested for impairment whenever changes in circumstances indicate that the carrying amount of the reporting unit to which goodwill is assigned exceeds the fair value of the reporting unit. If the carrying value of the reporting unit to which goodwill has been assigned exceeds its fair value, then, with respect to the reporting unit's goodwill, any excess of its carrying value over its fair value is expensed. Impairment losses relating to goodwill cannot be reversed in future years.

(l) Intangible assets

Indefinite life intangible assets, which consist of licences, are not amortized.

An impairment loss is recognized when the carrying amount of an intangible asset is not recoverable and exceeds its fair value. No such impairment loss was recorded during the year.

(m) Business combinations

Business combinations are accounted for using the acquisition method. The application of this method requires certain estimates and assumptions especially concerning the determination of the fair value of the acquired intangible assets, property, plant and equipment, as well as the liabilities assumed at the date of the acquisition, based on information available at that date.

At the acquisition date, the Co-operative recognizes, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the subsidiary. Identifiable assets acquired and liabilities assumed are measured at their acquisition-date fair values. Any non-controlling interest in a subsidiary is measured either at fair value or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets.

The consideration transferred for each acquisition is measured as the sum of the acquisition-date fair values of the assets transferred, the liabilities incurred, and equity instruments issued by the Co-operative to obtain control of the subsidiary.



Lake Country Co-operative Association Limited
Notes to the Financial Statements
For the Year Ended October 31, 2024

3. Financial instruments and risk management

The significant financial risks to which the Co-operative is exposed are credit risk, interest rate risk, liquidity risk, and commodity price risk.

(a) Credit risk

The Co-operative is exposed to credit risk on accounts receivable from its customers. The Co-operative manages credit risk through an active credit management program. The Co-operative does not have a significant exposure to any individual customer (2023 - no significant exposure to any individual customer).

(b) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. Changes in market interest rates may have an effect on cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. The Co-operative's sensitivity to fluctuations in interest rates is limited to its cash and debt. The Co-operative manages its exposure to interest rate risk through floating rate deposits and borrowings.

(c) Liquidity risk

Liquidity risk is the risk that the Co-operative will encounter difficulty in meeting obligations associated with financial liabilities. The Co-operative is exposed to liquidity risk arising primarily from the current obligations. The Co-operative's ability to meet obligations depends on funds generated by its operations.

(d) Commodity price risk

The Co-operative enters into transactions to purchase crop production products, for which market prices fluctuate. The nature of the Co-operative's activities exposes it to risk of changes in commodity prices related to crop inputs that may occur between the time products are received from the supplier and actual date of sale to customers. To mitigate a portion of this risk, the Co-operative enters into contracts with the supplier to purchase the product at specified prices.



Lake Country Co-operative Association Limited
Notes to the Financial Statements
For the Year Ended October 31, 2024

4. Transactions with Federated Co-operatives Limited

(a) Patronage refund

The Co-operative, along with other Co-operatives in Western Canada, own FCL. At the end of each year, FCL divides a substantial portion of its net savings among these retail Co-operatives in proportion to the business done by each with FCL. During FCL's fiscal year ended October 31, 2024, the Co-operative purchased goods amounting to \$492,840,054 (2023 - \$494,987,687) from FCL in the normal course of operations.

These purchases resulted in a patronage refund from FCL which was received as non-cash consideration in the form of additional shares in FCL. FCL, based on its available cash flow, redeemed an amount of FCL shares held by the Co-operative. The amounts of the patronage refund and shares redeemed are as follows:

	2024	2023
Opening investment balance	\$ 70,254,438	\$ 64,610,411
Increase in FCL shares from amalgamation	-	1,257,711
Patronage refund	12,534,928	16,816,333
Share redemptions	<u>(12,810,856)</u>	<u>(12,430,017)</u>
Closing investment balance	<u>\$ 69,978,510</u>	<u>\$ 70,254,438</u>

(b) Asset retirement obligation

The Co-operative participates in a contaminated site management program established by FCL to manage its asset retirement obligations. This program limits the Co-operatives liability to \$25,000 per site as long as the Co-operative continues to exercise due diligence. The Co-operative has 28 sites under this program. Management believes that due diligence has been exercised and that the impact of the asset retirement obligation to the Co-operative's financial statement is not significant.

The Co-operative's has seven fertilizer sites that are covered under the contaminated site management program established by FCL. Management cannot make a reasonable estimate of the future asset retirement obligation due to the uncertainty of the timing of when management would decommission the fertilizer division.

(c) Purchase commitments

(i) Under the terms of the agreement with FCL, the Co-operative has committed to purchase petroleum products, at market price, from FCL for its gas bar and cardlock operations over a ten year period commencing from November 2014. Failure to meet this commitment would require the Co-operative to immediately pay outstanding gas bar and cardlock loan balances owed to FCL, plus repay any gas bar and cardlock grants received, including interest on the grants compounded annually at 10% from the grant date. Total grants received during this period amounted to approximately \$1,965,663 (2023 - \$4,742,888). Management intends to fulfill all existing contracts with FCL.

(ii) Under the terms of the agreement with FCL, the Co-operative has committed to purchase petroleum products, at market price, from the FCL corporate bulk plant over a ten year period commencing from February 2015. Failure to meet this commitment would require the Co-operative to pay a portion of the capital costs of the bulk plant to FCL determined by a formula based upon usage. Management intends to fulfill all existing contracts with FCL.



Lake Country Co-operative Association Limited
Notes to the Financial Statements
For the Year Ended October 31, 2024

(iii) Under the terms of the agreement with FCL, the Co-operative has committed to purchase at least 90% of its total goods from FCL and commits, to the best of its ability, to use FCL's services. If the eligibility requirements are met, FCL will pay the Co-operative, on a quarterly basis, a Loyalty Payment based on cents per litre. The Loyalty Payment revenue is accrued as earned.

(iv) Under the terms of the agreement with FCL, the Co-operative has committed to purchase food, pharmacy, food-related products, petroleum, building supplies and agricultural products from FCL and continue to operate certain food, petroleum, home center and agricultural sites over periods of ten to thirty years depending on the specific contract. Failure to meet this commitment would require the Co-operative to repay the assistance received on a prorated basis. Total assistance that would be repayable if commitments were not met without FCL approval as at October 31, 2024 amounted to \$7,942,195 (2023 - \$7,942,195). Management intends to fulfill all commitments with FCL.

(v) Under the terms of the agreement with FCL, the Co-operative has committed to purchase fertilizer products, at market price, from FCL over a five year period commencing from July 2019. Every July 1 the term of this agreement is automatically extended by one additional year. Failure to meet this commitment would require the Co-operative to pay a termination charge to FCL determined by a formula based on purchases and years remaining in the contract. Management intends to fulfill all existing contracts with FCL.

5. Accounts receivable

	2024	2023
Customer accounts receivable	\$ 53,275,619	\$ 61,272,786
Other accounts receivable	8,309,747	9,853,053
Allowance for doubtful accounts	<u>(1,875,000)</u>	<u>(1,651,700)</u>
	<u><u>\$ 59,710,366</u></u>	<u><u>\$ 69,474,139</u></u>

6. Inventories

	2024	2023
Raw material	\$ 13,729,485	\$ 10,179,034
Work in process	1,781,104	498,925
Goods for resale	<u>111,710,052</u>	<u>100,174,856</u>
	<u><u>\$ 127,220,641</u></u>	<u><u>\$ 110,852,815</u></u>

The cost of inventories recognized as an expense during the year was \$584,677,277 (2023 - \$584,673,170).



Lake Country Co-operative Association Limited
Notes to the Financial Statements
For the Year Ended October 31, 2024

7. Property, plant and equipment

	Original Cost	Accumulated Depreciation	2024 Book Value	2023 Book Value
Land	\$ 13,497,152	\$ -	\$ 13,497,152	\$ 13,402,152
Pavement	15,459,646	6,571,705	8,887,941	9,511,918
Buildings	65,816,650	22,440,381	43,376,269	41,789,592
Manufacturing	7,873,460	5,227,693	2,645,767	2,938,241
Furniture & equipment	34,681,375	23,952,370	10,729,005	9,747,508
EDP equipment	7,100,229	5,547,228	1,553,001	1,183,970
Vehicles	22,154,613	15,836,475	6,318,138	5,733,129
Dwelling	1,356,236	610,678	745,558	790,745
Under construction	16,621,608	-	16,621,608	11,871,331
	<u>\$ 184,560,969</u>	<u>\$ 80,186,530</u>	<u>\$ 104,374,439</u>	<u>\$ 96,968,586</u>

Depreciation for the current year included in operating and administration expense was \$8,923,171 (2023 - \$8,152,440).

8. Assets under capital lease

	Original Cost	Accumulated Depreciation	2024 Book Value	2023 Book Value
Floaters	<u>\$ 1,275,255</u>	<u>\$ 620,049</u>	<u>\$ 655,206</u>	<u>\$ 936,008</u>

Depreciation for the current year included in operating and administration expense was \$280,802 (2023 - \$177,921).

9. Intangible asset

Licences	2024	2023
Balance, beginning of year	\$ 6,687,256	\$ 5,426,406
Additions	<u>1,411,900</u>	<u>1,260,850</u>
	<u>\$ 8,099,156</u>	<u>\$ 6,687,256</u>



Lake Country Co-operative Association Limited
Notes to the Financial Statements
For the Year Ended October 31, 2024

10. Line of credit

The Co-operative has a quick loan authorized for up to \$6,000,000 along with a \$24,000,000 margined line of credit with Conexus Credit Union of which no amount has been drawn as at October 31, 2024 (2023 - \$2,089,204). The lines of credit are secured by a Certified Copy of Resolution, a General Security Agreement, a first security interest in property with a net book value of \$6,122,348, and a specific security agreement over accounts receivable and inventory. Interest on the lines of credit is at prime (5.95%) (2023 - 7.20%). The loans are subject to certain financial covenants and the Co-operative is in compliance with these covenants as at year-end.

The Co-operative has a \$3,485,000 line of credit with Diamond North Credit Union of which no amount has been drawn as at October 31, 2024 (2023 - \$nil). The line of credit is secured by a General Security Agreement. Interest on the line of credit is at prime plus 0.75% (6.70%) (2023 - 7.20%).

The Co-operative has two FCL operating lines of credit for \$40,000,000 and \$15,000,000 of which \$16,500,000 has been drawn as at October 31, 2024 (2023 - \$39,000,000). The lines of credit bear interest at prime rate (5.95%) (2023 - 7.20%) and are repayable on demand with semi-monthly payments of interest calculated daily. The loans are subject to certain financial covenants and the Co-operative is in compliance with these covenants as at year-end. Security for the credit is a General Security Agreement.

11. Accounts payable and trust liabilities

	2024	2023
FCL payables	\$ 80,811,586	\$ 57,406,732
Other payables	14,266,136	10,675,975
Trust liabilities:		
Payroll deductions	894,777	471,003
Goods and services tax	243,530	163,412
Provincial sales tax	650,939	552,414
Liquor consumption tax	365,770	258,035
Vapour tax	3,071	3,045
Federal fuel charge	1,885,863	1,336,788
	<u>\$ 99,121,672</u>	<u>\$ 70,867,404</u>

12. Obligation under capital lease

		2024	2024	2023	2023
	Total	Current Portion	Deferred Portion	Current Portion	Deferred Portion
Tarra Gator ⁽¹⁾	\$ 147,083	\$ 147,083	\$ -	\$ 95,497	\$ 147,083
JD Floater ⁽²⁾	405,644	56,234	349,410	53,248	405,644
Total	<u>\$ 552,727</u>	<u>\$ 203,317</u>	<u>\$ 349,410</u>	<u>\$ 148,745</u>	<u>\$ 552,727</u>

⁽¹⁾ The lease agreement for CWB National Leasing matures August 1, 2025 with a final payment of \$48,714 due on this date, has a nominal interest rate of 3.77% and is secured by equipment with a net book value of \$136,240 (2023 - \$194,629).



Lake Country Co-operative Association Limited
Notes to the Financial Statements
For the Year Ended October 31, 2024

(2) The lease agreement for Brandt Tractor Ltd. matures April 13, 2028 with a final payment of \$200,000 due on this date, has a nominal interest rate of 5.50%, and is secured by equipment with a net book value of \$518,966 (2023 - \$741,379).

Future minimum lease payments related to obligations under capital lease are as follows:

2025	\$ 229,362
2026	77,899
2027	77,898
2028	238,949
	<u>624,108</u>
Less: imputed interested	<u>(71,381)</u>
	<u><u>\$ 552,727</u></u>

13. Long-term debt

	Total	2024 Current Portion	2024 Deferred Portion	2023 Current Portion	2023 Deferred Portion
Share Capital					
Repayments ⁽¹⁾	\$ 2,150,045	\$ 849,147	\$ 1,300,898	\$ 1,205,876	\$ 1,080,340
FCL line of credit ⁽²⁾	426,839	426,839	-	146,760	500,000
	<u>\$ 2,576,884</u>	<u>\$ 1,275,986</u>	<u>\$ 1,300,898</u>	<u>\$ 1,352,636</u>	<u>\$ 1,580,340</u>

(1) The Co-operative pays share capital over-age repayments to its members over a four year timeframe.

(2) The line of credit, bearing interest at prime rate (5.95%) (2023 - 7.20%), repayable via an annual reduction in available credit, matures on June 2025. Line of credit was obtained to assist in the funding of the crop inputs building expansion project in Nipawin, SK. The line of credit is subject to certain non-financial covenants. The Co-operative believes it is in compliance with these covenants as at year-end and has been in compliance since the loan start date. Security for the credit is a General Security Agreement. The available line of credit decreases as follows:

July 1, 2024 - June 30, 2025	\$ 500,000
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The scheduled principal repayments on the long-term debt for the next four years are as follows:

2025	\$ 1,275,986
2026	433,633
2027	433,633
2028	433,632
	<u>\$ 2,576,884</u>



Lake Country Co-operative Association Limited
Notes to the Financial Statements
For the Year Ended October 31, 2024

14. Share capital

	2024	2023
Authorized, unlimited @ \$10		
Balance, beginning of year	\$ 105,321,632	\$ 103,144,112
Allocation to members	12,888,037	14,349,573
Amalgamation of Alvena Co-operative Association Limited	-	569,945
Cash from new members	19,270	18,700
GST on allocation	378,703	494,913
Shares transferred from reserves	11,605	23,589
	<u>118,619,247</u>	<u>118,600,832</u>
General repayment	6,067,561	7,496,686
Shares transferred to reserves	44,464	150,668
Withdrawals and retirements	3,420,156	3,257,944
Withholding tax	1,708,709	2,373,902
	<u>11,240,890</u>	<u>13,279,200</u>
Balance, end of year	<u>\$ 107,378,357</u>	<u>\$ 105,321,632</u>

15. Reserves and retained savings

	Statutory Reserve	General Reserve	Retained Savings	2024	2023
Balance, beginning of year	\$ 23,896,134	\$ 119,378,843	\$ -	\$ 143,274,977	\$ 128,025,166
Net savings distributed to retained savings	-	-	21,780,870	21,780,870	29,472,305
Patronage allocation	-	-	(12,888,037)	(12,888,037)	(14,349,573)
Shares transferred	32,859	-	-	32,859	127,079
Reserve transfers	<u>1,399,563</u>	<u>7,493,270</u>	<u>(8,892,833)</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 25,328,556</u>	<u>\$ 126,872,113</u>	<u>\$ -</u>	<u>\$ 152,200,669</u>	<u>\$ 143,274,977</u>



Lake Country Co-operative Association Limited
Notes to the Financial Statements
For the Year Ended October 31, 2024

16. Sales

	2024	2023
Consumer products	\$ 352,148,853	\$ 338,972,885
Agro division	<u>334,404,151</u>	<u>336,905,526</u>
	<u><u>\$ 686,553,004</u></u>	<u><u>\$ 675,878,411</u></u>

All sales are to external customers and no single customer accounts for more than 10% of sales.

17. Net interest

	2024	2023
Interest expense on		
- Short-term debt	\$ 214,680	\$ 158,390
- Long-term debt	1,679,820	1,217,403
Interest revenue	<u>(1,092,512)</u>	<u>(1,251,359)</u>
	<u><u>\$ 801,988</u></u>	<u><u>\$ 124,434</u></u>

18. Lease to others

The Co-operative leases property, plant and equipment to others. The lease is classified as an operating lease and rental revenues are included in operating and administration expenses. At year end the cost of the property, plant and equipment held for leasing purposes was \$5,884,195 (2023 - \$5,780,235) and the accumulated depreciation was \$2,501,055 (2023 - \$2,270,253). Revenue generated from operating leases during the year is \$610,939 (2023 - \$601,603).

19. Pension plan

The Co-operative participates in a multi-employer defined contribution plan whereby the Co-operative and participating employees contribute equal amounts up to the maximum allowed under the Income Tax Act. The Co-operative has no unfunded liability under this plan. During the year, the Co-operative recorded \$2,083,269 (2023 - \$1,899,981) of expense relating to the plan. There were no significant changes to the rate of employer contributions during the year.



Lake Country Co-operative Association Limited
Notes to the Financial Statements
For the Year Ended October 31, 2024

20. Income tax expense

The Co-operative accounts for income taxes using the taxes payable method. As a result, the Co-operative's income tax expense varies from the amount that would otherwise result from the application of the statutory income tax rates as set out below:

	2024	2023
Savings before income taxes	\$ 24,654,365	\$ 33,411,318
Expected income tax expense at the combined tax rate of 27.0% (2023 - 27.0%) net of the general rate reduction	6,656,679	9,021,056
Increase (decrease) in income tax expense resulting from:		
Non-taxable income and non-deductible expense	(62,118)	(146,688)
Patronage allocation to members of \$12,888,037 (2023 - \$14,349,573)	(3,479,770)	(3,874,385)
Gain on amalgamation	-	(588,744)
Income or expenses claimed in different periods for income tax purposes:		
Capital cost allowance in excess of depreciation	(123,303)	(5,424)
Allowance for doubtful accounts	-	(4,509)
Other items that impact income taxes:		
Manufacturing and Processing Investment Tax Credit	(19,481)	(479,622)
Prior year tax adjustment	(98,512)	17,329
	<u>\$ 2,873,495</u>	<u>\$ 3,939,013</u>

21. Subsequent event

Patronage allocation to members

Subsequent to October 31, 2024 the Board of Directors approved a patronage allocation to members in the amount of \$12,888,037 (2023 - \$14,349,573).

22. Commitments

(a) The Co-operative is committed to the completion of construction projects, with an estimated total cost of the projects are \$59,126,895 of which \$16,621,608 has been set up as under construction. These projects will be financed from operations or a loan.

(b) The Co-operative has committed to pay \$10 million over the next 20 years to the city of Prince Albert for 25 years of naming rights for the new arena/aquatic facility.



Lake Country Co-operative Association Limited
Notes to the Financial Statements
For the Year Ended October 31, 2024

23. Operating leases

The Co-operative is committed to operating leases. Total minimum lease payments are as follows:

2025	\$ 1,018,129
2026	1,018,129
2027	1,018,129
2028	910,434
2029	<u>820,054</u>
	<u>\$ 4,784,875</u>

24. Comparative figures

Certain comparative figures have been reclassified to conform to current year financial statement presentation. This did not affect prior year earnings.



Lake Country Co-operative Association Limited
 Unaudited Statistical Information
 For the Year Ended October 31, 2024

Record of Sales and Net Savings

	Year	Share Repayments	Sales	Net Savings	%
From Date of Incorporation, April 8, 1940, to October 31,	2015	\$ 78,270,816	\$ 3,412,686,968	\$ 188,721,583	5.5
	2016	4,249,707	251,070,801	10,500,119	4.2
	2017	4,329,216	282,792,405	8,648,759	3.1
	2018	5,683,039	329,073,417	21,097,363	6.4
	2019	6,037,679	368,372,866	15,899,244	4.3
	2020	6,758,927	383,490,932	31,816,748	8.3
	2021	7,399,399	520,630,439	31,116,372	5.9
	2022	11,091,580	656,736,083	37,116,239	5.7
	2023	13,128,532	675,878,411	29,472,305	4.4
	2024	11,196,426	686,553,004	21,780,870	3.2
		<u>\$ 148,145,321</u>	<u>\$ 7,567,285,326</u>	<u>\$ 396,169,602</u>	<u>5.2</u>

Membership

Members purchasing during the year	47,847
Inactive members	<u>8,130</u>
Total members	<u>55,977</u>





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