







## 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 an exceptional experience to customers and members to enhance the success and vibrancy of our communities.

## Our Values

Honesty  
Innovation  
Responsibility  
Respect

## Land Acknowledgment

We acknowledge that Lake Country Co-op is situated on Treaty 6 territory, traditional lands of First Nations and Métis people.

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AIR RONGE

SHELLBROOK

Debden

**Wakaw**

SMEATON

EMMA LAKE

**Nipawin**

Big River

*Domremy*

Marcelin

LA RONGE

Kinistino

Birch Hills

Spiritwood

Choiceland

CANWOOD

Prince Albert

Shell Lake

Paddockwood



# BOARD MESSAGE

Lake Country Co-op has been proudly serving members for over 82 years. Our membership has grown to more than 53,000 members across 20 communities in North Central Saskatchewan. Our business lines include Food, Fuel, Home and Building Solutions, Pharmacy, Agro, and Wine, Spirits, Beer. We also have various commercial rental units throughout our Association.

Our governance structure consists of member delegates from across the Association and a Board of Directors elected by the delegates and accountable to the members. The Board of Directors are responsible for setting policies and making decisions that guide the overall direction of Lake Country Co-op.

As a member of Lake Country Co-op you are entitled to have a say in our business and a share in our profits.

Our Vision is to be recognized by members, customers and partners as a retail innovator, community supporter and business leader in Western Canada. To ensure that we remain sustainable for decades to come, we must make strategic business decisions that will enable Lake Country Co-op to successfully adapt to industry and market changes.

The Board of Directors are committed to strengthening our Co-op. In 2022, the entire Board completed a board assessment project focusing on diversity, inclusion, succession planning and director education.

Lake Country Co-op has continued to demonstrate the strength of our business and the resilience of our people. Pandemic related challenges and uncertainty maintained a constant presence during 2022. Our team members worked tirelessly to overcome these challenges by considering advanced planning opportunities and innovation to ensure an abundance of product selection and quality service was accessible to our members and customers.



**Ian Lauder**  
**Board President**





## BOARD OF DIRECTORS

Due to the efforts of our team members we ended with another strong year and are well positioned to follow through on our growth strategies.

As we close another successful year, the Board of Directors would like to thank our CEO, Tim Keller, for his ambition and motivation, and the Executive Leadership Team for their exceptional leadership throughout 2022. Most importantly, we want to recognize the determination and hard work of all team members who deliver legendary customer experiences each and every day.

We extend our appreciation to our members for their ongoing support and thank our customers for the opportunity to serve them. We look forward to applying our values of honesty, innovation, responsibility, and respect into the future as we continue on our path to help build, feed and fuel our communities.

— Ian Lauder, Board Chair



## 2022 Service Awards

BOARD OF DIRECTORS (TOP PHOTO FROM LEFT TO RIGHT:)  
 Rick Kindrachuk - Vice President, Morely Doerksen - Director, Dannie Wreford - Director,  
 Cheryl Bauer-Hyde - Director, Roger Mayert - Director, Ian Lauder - President,  
 Kevin Lockwood - Director, Wayne Kabatoff - Secretary

# CEO MESSAGE

This past year has proven to be another exciting year for Lake Country Co-op. Guided by the direction set by our members and the Board of Directors, we continued the journey to achieve our vision of being a retail innovator, community supporter and business leader.

The Covid-19 pandemic was still relevant in 2022, as it continued to create operational challenges with supply chain issues and staff shortages. Our teams remained optimistic and demonstrated significant resilience as they incorporated these challenges into their daily work. I commend each and every team member for your commitment to maintaining the quality and standards that Lake Country Co-op was built upon.

Our team members are truly our most valuable asset as they are the reason we are able to achieve continued success.

In recognition of this, our commitment to recruitment, retention, and employee wellness was a priority throughout 2022. Our People and Culture team has worked hard to develop innovative strategies to bolster these critical components that support a robust workforce. We are committed to supporting Indigenous engagement, diversity, equity, and inclusion (DEI). Our participation in the CRS DEI Roadmap pilot project is serving to direct our progress in this area. We have a strong desire to employ a workforce that truly reflects the diversity of our local communities.

Lake Country Co-op experienced strong financial performance in 2022. We are proud to report a healthy net savings of \$43 million before tax. This allowed us to return a significant amount of patronage to our members in the amount of \$18.9 million. Putting our profits back in the pockets of our members and communities is something we actively strive to achieve.

As a Co-operative, we take great pride in being local and giving back by supporting and investing in our communities. This year, we provided over \$750,000 in funding to over 335 community initiatives and organizations within our trading area. This represents an increase of 36% over the previous year due to resumption of activities post-pandemic.



**Tim Keller**  
**Chief Executive Officer**





## EXECUTIVE LEADERSHIP TEAM

Growth and development within each of our business lines continues to be a priority as a means to support financial sustainability into the future. In 2022, our growth strategy included the acquisition of the Ambrose operation at Emma Lake, a beautiful new C-store in Spiritwood, the Paragon Ag site in Kinistino, construction of an electric vehicle (EV) charging site in Prince Albert and ongoing construction of a state-of-the art Agro facility in Shellbrook. In addition, upgrades and renewals were completed in five rural locations. Lake Country Co-op looks forward to more projects on the horizon to ensure our local communities thrive for years to come.

We are making strategic decisions that will positively affect the long-term environmental sustainability of our Association. Investing in EV charging infrastructure supports our vision of a future low carbon economy.

We have also successfully removed plastic shopping bags from our Prince Albert locations and replaced them with a variety of more sustainable options.

This change will be extended throughout the entire Association in 2023. Other ongoing environmental sustainability initiatives include programs to eliminate food waste, recycling programs and facility construction and upgrades that consider high efficiency refrigeration, lighting, heating and cooling and opportunities for water conservation.

It is remarkable to reflect on what we have been able to accomplish this past year. Our 2022 achievements are a direct result of concerted effort by all team members, leaders, directors, and elected officials. It is because of your continued efforts that Lake Country Co-op is able to thrive as an integral business within our trading area. Thank you to our fantastic members and customers for supporting local. Your loyalty ensures that our Co-operative will continue to thrive and make a difference in the lives of our members and our communities.

— Tim Keller, Chief Executive Officer

### EXECUTIVE LEADERSHIP TEAM (Left to Right)

Matthew Stenerson - VP People & Culture, Geoff German - VP Consumer Operations & Innovation, Adena Viczko - Executive Assistant, Tim Keller - Chief Executive Officer, Brad Casavant - Chief Financial Officer, Monique Zwack - Executive Director Pharmacy & Customer Experience, Brian Kindt - VP Agro

# COMMUNITY DELEGATES



## **BIG RIVER**

Joyce Giesser  
Mabel Leong-  
Machielse  
Ruth Doucette

## **BIRCH HILLS**

Mark Rolfes  
Vacancy  
Vacancy

## **CANWOOD**

Lynn Harper  
Dannie Wreford  
Michele Person

## **CHOICELAND**

Morley Doerksen  
Carson Shymanski  
Spencer Staffen

## **DOMREMY**

Daniel Boutin  
Vacancy  
Vacancy

## **KINISTINO**

Mark Powalinsky  
Chris Beaulieu  
Brad Merkosky

## **LA RONGE**

Michelle Brown  
Allyson Brown  
Vacancy

## **MARCELIN**

Linda Nelson  
Caroline Wilson  
Noella Crowder

## **NIPAWIN**

Greg Youzwa  
Kevin Lockwood  
Zach Youzwa

## **PADDOCKWOOD**

Dawn Folden  
Wayne Paczay  
Lois Aspvik

## **PRINCE ALBERT**

Roger Mayert  
Don J Code  
Linda Enequist  
Cheryl Bauer-Hyde  
Patrick Soloducha  
Brad Grassick  
Glenn McMullen  
Michael Grassick  
Orest Kwiatkowski  
William Stafford  
Marianne Turcotte

Wayne Kabatoff  
Ryan Dmytruk  
Kim Kotylak  
Vacancy

## **SHELLBROOK**

Larry Leblanc  
Ian Lauder  
Cliff Skauge

## **SMEATON**

Jen Chamberlain  
Julie Reid  
Michelle Grunerud

## **SPIRITWOOD**

Greg Ardagh  
Vacancy  
Jean Ouellette

## **WAKAW**

Gaetan Vachon  
Rick Kindrachuk  
David Osolinsky





“ My future matters! I grew up going to the co-op gas stations with my dad and kokum to shop. I memorized their numbers by the time I was 8. I always said I would get a co-op number when I was able to, and I did that. It is important to invest in your community and give back. My grandparents lived up north and co-op was a staple for them and their livelihood. I shop at the co-op now with my family and teach them. My son wants a number now, but he is only 9, they have been co-op kids since birth. Co-op is my community, my family, my life and this is what a coop membership means to me. ”

— Georgette Arcand, Lake Country Co-op Member



# HIGHLIGHTS

**RETURNED  
\$19  
MILLION**  
in patronage to  
members



**\$750,000**  
donated to over 335 community  
organizations and initiatives

over  
**\$295,000**  
donated through  
our Gift Card  
program



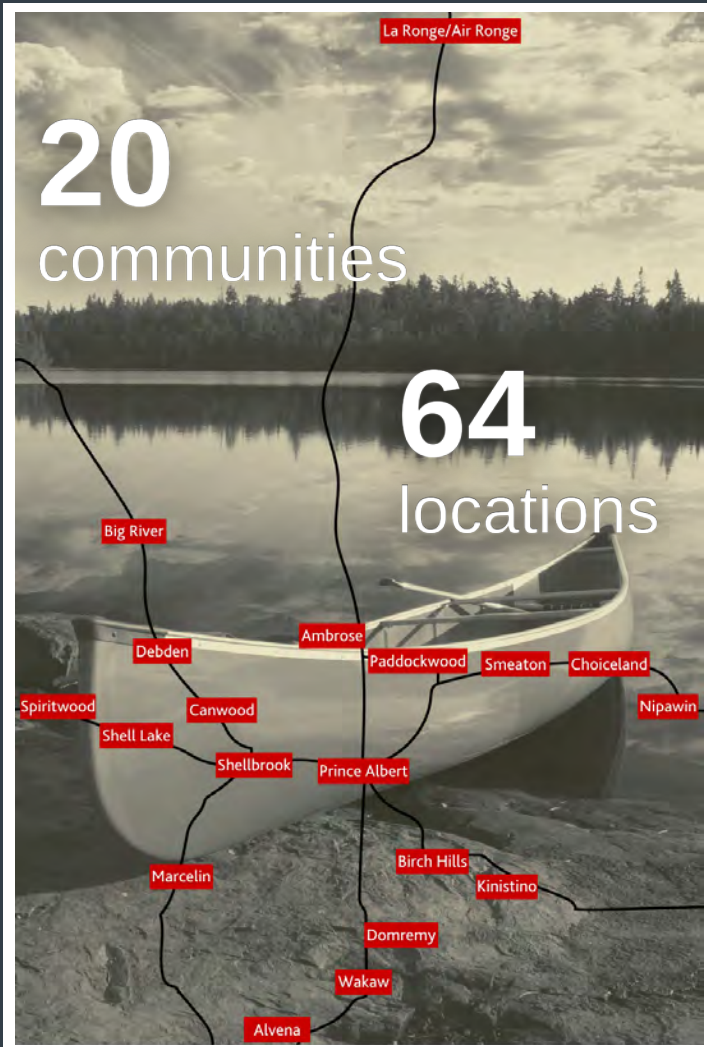
over  
**1,100**  
team members



**\$9 Million**  
in cash back to  
members







Sales **\$657** Million



## 2022 PATRONAGE ALLOCATION



= 3.50%  
Grocery



= 5.00%  
Petroleum



= 4.00%  
Crop Supplies



= 2.50%  
Fertilizer



= 1.50%  
Liquor



= 3.00%  
General Merchandise



= 3.50%  
Pharmacy



= 0.50%  
Feed



over **53,000** active  
members

# MARKET



## **Transforming the Retail Shopping Experience**

Lake Country Co-op is delighted to continue serving our members and customers with state-of-the-art facilities offering high-end shopping experiences that are unique and memorable. Our newest acquisition, Ambrose Grocery, provides a new convenient premium shopping experience at the popular resort destination of Emma Lake. Acquiring this diverse development has significantly expanded our trading area and positions us to meet the growing needs of our Lake Country members and customers now and into the future.

We also acquired NH3 assets in Brooksby and Kinistino which will help serve our customers and expand our foot print.

## **Innovation**

In 2022, we implemented shop.crs which is an online grocery shopping website that offers a convenient method for customers to purchase groceries for curbside pick-up or delivery. This service is currently offered at our Prince Albert food store and will be extended to other Lake Country locations in the future. In addition to a wide selection of regular products, the shop.crs website supports local by allowing customers to easily find and purchase featured Western Canadian products.

We also launched Lake Country Co-op Outdoors which provides a significant opportunity to expand our trading area and our service to existing members via an e-commerce website. The website allows customers to view and purchase over 2,500 items related to camping, fishing, archery, and shooting sports. The site is fully transactional and Lake Country Co-op members can earn equity on their purchases.

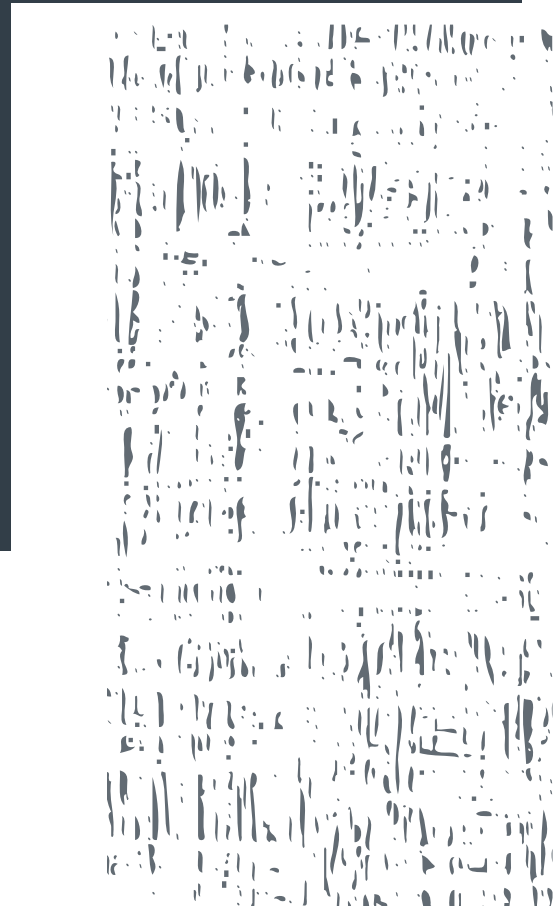


The Co-op Ag Zone is a new digital platform that will offer advanced solutions to help Co-op Grow team members and their customers improve farm operations to maximize yields and efficiencies.

This tool will reduce time spent on manual data collection and analysis, capture historical trends and assist agronomists to make informed, real-time decisions with their grower customers.

We adopted the Co-op Car Wash App which enhances the customer experience by improving purchase efficiency through online access to carwash codes. The app features a robust rewards program, single-wash and subscription-based purchase options as well as a social sharing capability to boost reward earning.





## Membership Matters More

During our celebration of Equity Week, we featured the importance of lifetime benefits. This included promoting a scenario depicting potential cash back and equity earned on a typical annual member spend. This has led to an “always on” campaign that promotes membership. We then scheduled two membership drives utilizing the “membership matters” theme. Digital, billboard and television ads featuring actual members sharing authentic stories were aired across Western Canada on behalf of Federated Co-operatives Limited. Georgette Arcand, a Lake Country Co-op member was one of two individuals who represented the Saskatchewan marketing campaign. Georgette shared the importance and impact that Lake Country Co-op membership has had on herself, her family, her workplace and her community.







### Kids Club

The Lake Country Co-op Kids Club program creates memorable and unique consumer experiences that consider young and growing families in our trading area. Over the past fiscal year, we had a 151% increase in our Kids Club membership base compared to the previous year. Some highlights included our first ever drive-in movie night in La Ronge, two swim and movie nights, a skate with the PA Raiders, Raider Game Night, Raider Movie Matinee, Mini Chef at home kits and our first ever Mini-Builder live event.





# SHARED VALUES SHARED SUCCESS

August 2022 marked the first anniversary of our Western Nations partnership with Sturgeon Lake Developments Ltd. and Sturgeon Lake First Nation in opening their Tipi Fuel and Convenience store in Prince Albert. This was the very first Western Nations branded gas bar in Western Canada. This location has experienced tremendous success in both customer response and total sales. We are especially proud of how the Western Nations business model respects and promotes Indigenous culture and supports successful collaboration through shared organizational values. Through this business model we supply fuel and management services while Sturgeon Lake Developments Ltd. maintains ownership and decision-making authority. Our partnership has created opportunities for mutual growth and development, strengthened existing relationships and facilitated new relationship building.

Our support of existing fuel supply partnerships provides top tier fuel and best in class service to six separate locations. These partnerships include supply agreements with the Keethanow group of business at four locations, which is the retail business arm of Lac La Ronge Indian Band, the Miami Gas Bar on Big River First Nation and M+S convenience located on Mistawasis First Nation.

This year we participated in the CRS launch of the new Co-op Gold Wanuskewin bison products. This delicious line of products includes bison jerky, meat sticks, smokies and burgers, all made with Alberta bison and processed in Saskatoon using recipes developed by Wanuskewin's culinary team. This collaborative project was particularly exciting since it added new local products to our shelves while providing ongoing financial support to Wanuskewin's cultural education programs.

We have earned the reputation of being a trusted brand and supplier, offering high quality products including fuel, propane, food, lumber and more to Indigenous communities across North Central Saskatchewan. Our partnerships with Indigenous communities are based on shared values of respect, building strong communities and creating mutually beneficial relationships.









“

At Lake Country Co-op, I feel really proud and wonderful to work here. My favourite part of the day is helping at the tills and getting to talk to the community of Spiritwood.

- Megan Allard, Team Member

”



# OPERATIONS



Our Executive Leadership Team is pleased to announce that we were able to surpass last year's sales by 26.35%. Although a big contributing factor was an increase in commodity pricing, we are proud to return over \$18.9 million in patronage to our members which is 14.5% more than last year. We are extremely proud of our teams for the dedication and resilience that they have demonstrated over the past year.

## **Strengthening Our Communities**

As a member-owned Co-operative, our members are entitled to a say in our business and a share in our profits. Maintaining valuable relationships with our delegates and communities provides tremendous insight that serves to guide our future direction. Our profits stay right here in North Central Saskatchewan, being reinvested into our communities through donations, sponsorships, new facilities and upgrades to existing facilities. In 2022, we

completed the upgrade and renewal of five rural locations: Ambrose, Choiceland Food, Birch Hills, Choiceland Fertilizer plant and Nipawin Agro. These investments provide a modern and relevant experience for our customers. We are proud to be an employer of choice by offering a variety of employment and career development opportunities with competitive wages and benefits within each of our twenty communities. All of these initiatives combined help us to achieve our mission of enhancing the success and vibrancy of our communities.

## **Safety first**

Lake Country Co-op and the Executive Leadership Team is committed to maintaining an occupational health and safety program that supports the Saskatchewan Health and Safety Leadership Charter by working towards Mission Zero; zero injuries, zero fatalities and zero suffering.







In order to achieve this, Lake Country Co-op continues to focus on incident reporting, root cause analysis, near misses, inspections, toolbox meetings and active Occupational Health and Safety Committees. New team members receive a comprehensive orientation with Safety as a focus, and are enrolled in relevant equipment and safety training throughout their employment. Together we are building a safety first culture and integrating health and safety considerations into our daily work.

### **Co-operatives Cooperating**

Lake Country Co-op continued our service agreements with both Ridgedale Co-op and Fairy Glen Co-op. Through these partnerships we offer expertise in the areas of accounting, credit, safety and asset protection, and overall guidance and leadership. In September of 2022 we signed a Health and Safety Advisory Service Partnership Agreement with Discovery Co-op. Our purpose is to assist the leadership team of Discovery Co-op in achieving the seven foundational pillars of a safety management system.



# Western Canadian Business Leader



We have been honoured with various awards over the course of 2022. We received the Prince Albert Samuel Mcleod Business award for Community Involvement. Shortly thereafter our La Ronge team was presented with the Service, Industry and Trades award from the La Ronge and District Chamber of Commerce. This award is given to the business who provides a high level of service and offers a high-end shopping experience for the community. The recent renovations at both state-of-the-art C-stores contributed to our success in receiving this award. We also received the 2022 Saskatchewan Inclusive Employer award presented by Inclusion Saskatchewan in recognition of our commitment to inclusive employment. We are also very proud to have been awarded Best Employer by the Nipawin Chamber of Commerce. Lastly, we won ten Prince Albert Best of the Best (BOB) awards in the areas of food, liquor, agro, pro-tackle, and cleanliness. These awards reaffirm our leadership among Co-operatives and our dedication to providing exceptional products and service to our members and customers



# LEGENDARY SERVICE AWARD

## Gail Beck & Marilyn Topping



**Gail Beck and Marilyn Topping** from the Domremy store have been supporting a member in their community by calling the customer to get their grocery order, shopping for them, delivering supplies, and even offering to put everything away in their home on the farm. This customer has trouble with mobility, and since there is no delivery service in Domremy, Gail and Marilyn have taken it upon themselves to extend an extremely helping hand and do what they can to ensure their customer has everything they need. Without their kindness, it is likely this member would need to move into assisted living (possibly far from their home).

This story demonstrates the willingness of Gail and Marilyn to go way above and beyond their every day role and what is expected of them as Lake Country Co-op team members. They embody our values of Responsibility and Respect, and are ensuring the absolute best experience to a customer they know would otherwise be unable to complete these tasks on their own.

Lake Country Co-op's Legendary Service Program established in 2014 rewards our team members who go above and beyond the service standard. Throughout the year, we receive nominations from customers and team members and make selections with the help of our legendary service committee. Each year, all Legendary Service recipients are then considered for Elite Legendary Service award.



# PEOPLE



**I'm grateful I found Lake Country Co-op. The leadership team believes that every individual has the potential to grow and be a leader in their community. It's great to be in a diverse workplace that values every team member's abilities and skills.**  
**- Francis Monforte, Team Leader**



## **Our People**

At Lake Country Co-op we value our people. Our team members are our most valuable asset and are essential to our continued success. Our team members deliver value through their actions and uphold our Association's reputation of being locally invested and a community-minded employer of choice.

## **Recruitment and Retention**

The pandemic has contributed to a shift in employment patterns that have greatly impacted the delivery of human resource services within Lake Country Co-op. Staff shortages and challenges with recruitment and retention have led to the development and utilization of new strategies to maintain a workforce that fully supports our operations. Fun and innovative recruitment strategies including pop-up career fairs and a social media series called #Jointheteam Thursdays and #lifeatlakecountry have been well received and will be continued into 2023. Over the course of 2022 we have expanded our benefit offerings as a means of celebrating the value of our team members. We introduced a flexible spending account to offset health and wellness expenses that fall outside of existing benefit thresholds. This change reflects our commitment to supporting the well-being of our team members through physical and mental health wellness. We also recognized that economic uncertainty and rising inflation has put increased pressure on our team members. In response to this we provided a one-time appreciation pay of \$300-\$500 and increased our team member purchase rebate program to 7% reimbursement on up to \$20,000 annual spend.





Lastly, all team members were gifted with a 22Fresh/Lake Country Co-op hoodie as a token of appreciation for their hard work and dedication. These hoodies have become a popular staple of the Lake Country Co-op team member's wardrobe as we encourage them to be worn both in and out of work.

### **Mental Health is a Priority**

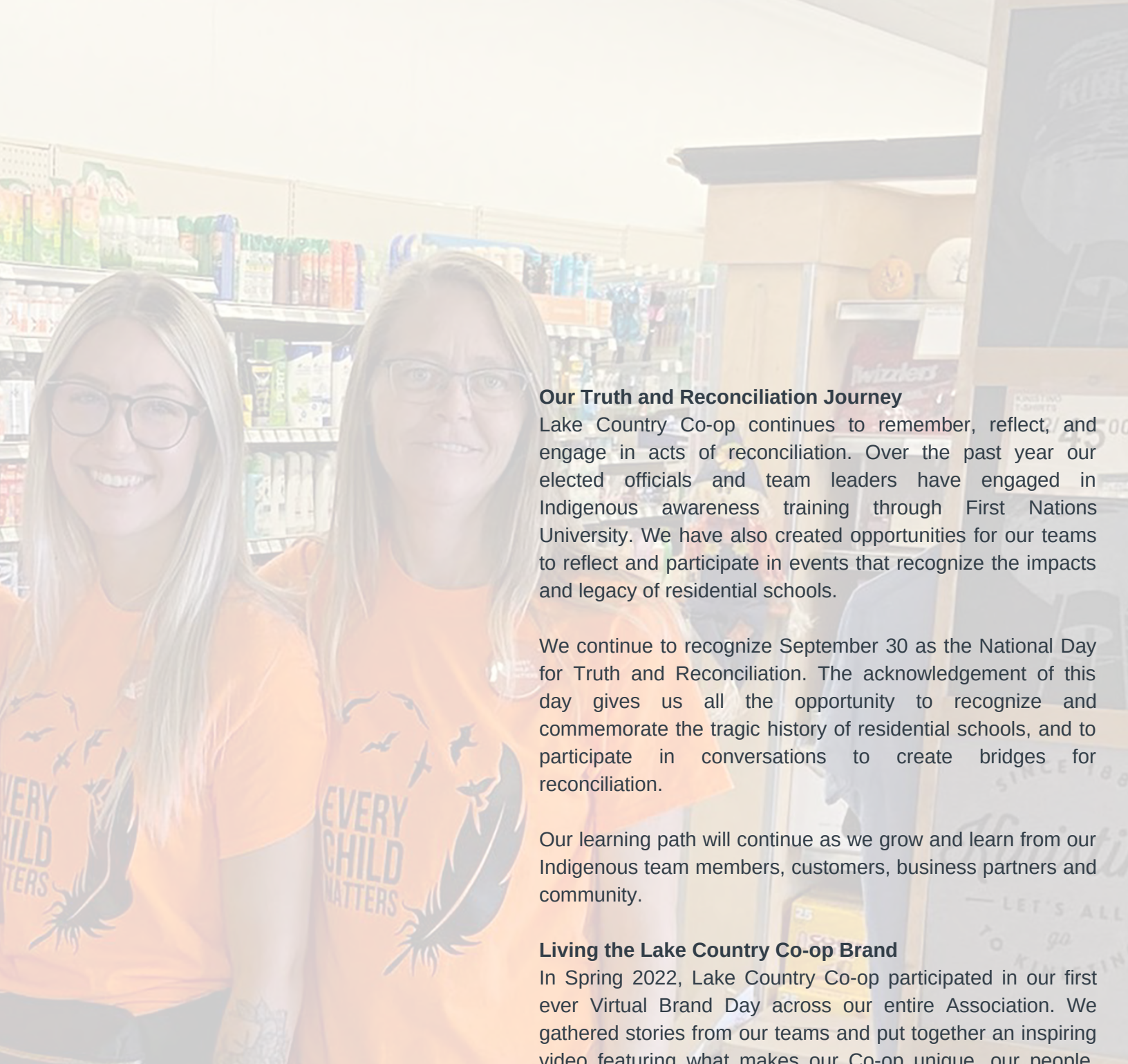
Mental health and wellness of our team members is a priority for Lake Country Co-op. We have joined the world in working to remove the stigma associated with mental health issues by encouraging opportunities for open dialogue and team member check-ins. We provide our team members and their families access to comprehensive counselling services, advice and various life supports from trained professionals through our Homewood Health employee and family assistance program. Work-life balance is a necessity for all team members and strategies to ensure full utilization of vacation time are being utilized.











### **Our Truth and Reconciliation Journey**

Lake Country Co-op continues to remember, reflect, and engage in acts of reconciliation. Over the past year our elected officials and team leaders have engaged in Indigenous awareness training through First Nations University. We have also created opportunities for our teams to reflect and participate in events that recognize the impacts and legacy of residential schools.

We continue to recognize September 30 as the National Day for Truth and Reconciliation. The acknowledgement of this day gives us all the opportunity to recognize and commemorate the tragic history of residential schools, and to participate in conversations to create bridges for reconciliation.

Our learning path will continue as we grow and learn from our Indigenous team members, customers, business partners and community.

### **Living the Lake Country Co-op Brand**

In Spring 2022, Lake Country Co-op participated in our first ever Virtual Brand Day across our entire Association. We gathered stories from our teams and put together an inspiring video featuring what makes our Co-op unique, our people. Along with messages from some of our team leaders, we highlighted team members from various locations and the things that they do every day that make a difference in our members' lives. The video also included featured guest presentations by Leah Andrew, Associate VP, Customer Experience and Marketing with FCL and Darci Lang, an inspirational speaker and trainer. The event concluded by challenging our team members to set personal goals that align with and strengthen our Lake Country Co-op brand. We received inspiring feedback that has since been incorporated into our orientation and onboarding programs for new team members. We look forward to developing and maintaining passion for our Lake Country Co-op brand for years to come.





# SUSTAINABILITY



## A Community Leader

Lake Country Co-op takes extreme pride in our ability to give back to our communities. Throughout 2022 we provided over \$750,000 to more than 335 local organizations. These included programs related to sports and recreation, arts and culture, education, environmental programs, local community projects and events. Included in this was a donation of \$9,600 to support Every Child Matters and community Truth and Reconciliation programs through the PA Indian Metis Friendship Centre, the Kikinahk Friendship Centre in La Ronge and the Nipawin Oasis organization. We also enjoyed the opportunity to support broader community initiatives like Telemiracle and Camp Easter Seal.

Our gift card fundraising program had its most successful year to date with over \$295,000 donated to local community groups and non-profit organizations who utilized this program.

Lake Country Co-op also provided humanitarian aid to the people of Ukraine during 2022. Through two different initiatives our members were able to raise over \$6,200 which we matched for a total donation of \$12,588 to the Canadian Red Cross Ukraine Humanitarian Crisis Appeal.

After one of our nearby First Nations' Communities experienced a traumatic event, we wanted to help. We partnered with Prairie North Co-op and alongside the FCL Co-op Helps Program, jointly donated \$10,000 in Co-op gift cards to support the families impacted.







We continue to take great pride in the success of the Feeding the Future program. This program to provide nutritious lunches to school children in need was developed in collaboration with four like-minded Prince Albert businesses; Lake Country Co-op, Lakeland Ford and Hyundai, the Broda Group, B&B Construction Group, and Conexus Credit Union. In 2022, the program provided over 58,000 lunches valued at \$123,000. We believe that supporting children to be successful learners will allow them to succeed in their future endeavors.

We hosted 19 Community BBQ's this past summer. Proceeds from these BBQ's went directly to local organizations/initiatives within each host community.



We had lots of fun connecting with our community members and were able to raise over \$10,000 through our 2022 community BBQ program.

We feel so fortunate to have the ability to support the many organizations that keep our communities thriving like various food banks, Ronald McDonald House Saskatchewan, Hospital foundations and more. We look forward to continuing this legacy into the future.





### **Investing in our Future**

Our business is evolving strategically to ensure the sustainability of our communities for generations to come. In April 2022, we along with Federated Co-operatives Limited, joined the Canada Plastics Pact (CPP). This agreement brings stakeholders together to create a circular economy for plastics. This means that plastic stays in the economy and out of the landfill. The CPP has four actionable targets that we have committed to achieving by 2025. These targets include taking measures to eliminate problematic or unnecessary plastic packaging and ensuring that 100% of plastic packaging is designed to be reusable, recyclable, or compostable, while 50% of plastic packaging is effectively recycled or composted, and lastly to ensure that there is at least 30% recycled content across all plastic packaging. While this agreement may be new, the goal of reducing plastic waste at Lake Country Co-op has been happening for some time in each of our 20 communities. Our Prince Albert locations successfully eliminated plastic checkout bags in October 2021 by utilizing reusable bags, totes, and paper bags. Our rural locations worked towards eliminating plastic checkout bags by encouraging use of reusable options. In addition, plastic, paper, and cardboard recycling programs exist throughout our Association. Single use plastic bags at check outs will be eliminated at all Lake Country Co-op locations by early 2023.

A Lake Country Co-op sustainability committee has been formed to guide further progress towards reducing our environmental footprint. Success in this endeavor will require a truly collaborative approach.

The committee started by documenting all of the initiatives that were currently in place to support sustainability and then identified opportunities for further progress. Plans for 2023 include measuring, recording and reporting the outcomes of our key initiatives.

Our Prince Albert Food Store became the home of a new electric vehicle charging station in the Tesla Supercharger network. This includes six Tesla Superchargers and two Flo generic chargers that are being utilized on a daily basis. This is the first and only Tesla Supercharger station in North Central Saskatchewan. We are enthused to be improving accessibility to EV charging within our trading area. Facilitating development of EV charging infrastructure is a key part of our evolution towards a low carbon economy.



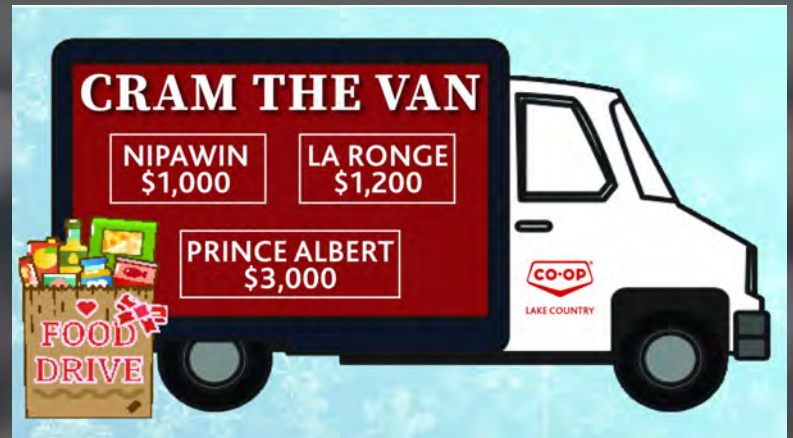




# — YEAR IN REVIEW —

## DECEMBER

Hosted our annual 'Cram the Van' event to support local food banks. Over \$5,200 in food donations were crammed into the vans.



## FEBRUARY

Lake Country Co-op Members and Customers donated \$14,826.44 to Telemiracle 46 with the purchase of Helping Hands.

We were committed to supporting the people of Ukraine and were able to donate \$12,588 to the Canadian Red Cross Ukraine Humanitarian Crisis Appeal. Money was raised through member donations which were matched by Lake Country Co-op.





# MARCH

Acquired Ambrose Grocery, Bear Country Fudge, and three commercial rental units at Emma Lake, SK.

Our Marketplace and Clinic Pharmacies collected feminine hygiene products for women supported by the YWCA Prince Albert. With our members generosity, 3,634 items were collected which equates to 727 days of feminine protection.



# APRIL

We were awarded the Samuel McLeod Business Award for Community Involvement and were a finalist for the Marketing award.



Implemented shop.crs at our Prince Albert food store. This is an online grocery shopping website that offers a convenient method for customers to purchase groceries for curbside pick-up or delivery.





## JUNE

Our Spiritwood team leaders, Michael Sarrazin and Karon Abdai, were awarded the 2022 SK Inclusive Employer award. This recognizes their commitment to inclusive employment through support of their team member, Megan Allard.



Our Prince Albert food store became the home to the only Tesla charging station in North Central SK. This was a significant step on our journey towards long-term environmental sustainability and a low carbon economy.



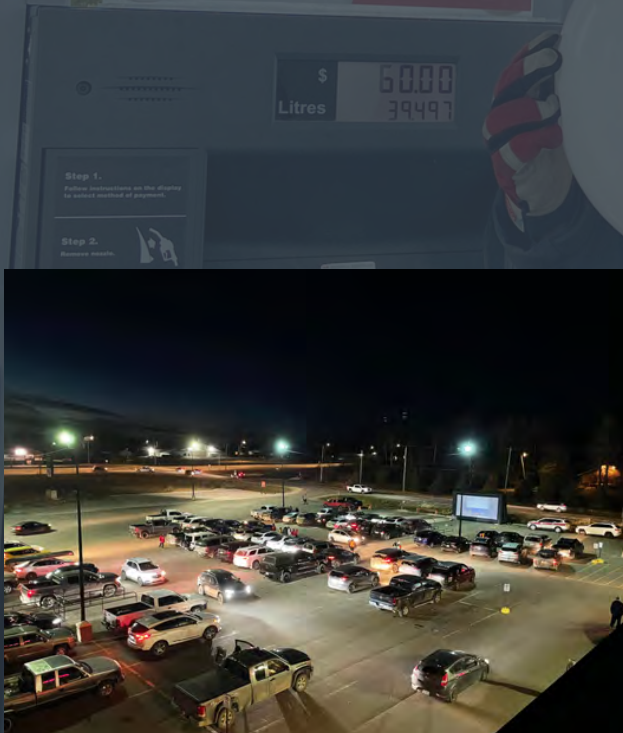


# SEPTEMBER

We wore orange to raise awareness about the impacts of residential schools on Indigenous Peoples, their families and communities. Orange buttons were sold leading up to September 30. Over \$9,600 was raised for three Friendship centres within our Association.



Fuel Good Day was another huge success. We raised a total of \$15,554. This money went to seven local charities.



# OCTOBER

We purchased and hosted our first ever drive-in movie night in La Ronge. There was over 100 cars in attendance.





## Management's Responsibility

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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. 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.

March 30, 2023



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CEO



## Independent Auditor's Report

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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, 2022, and the statements of net savings and retained savings 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, 2022, 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.



## **Independent Auditor's Report** *continued*

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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

March 30, 2023

Chartered Professional Accountants



# Lake Country Co-operative Association Limited

## Balance Sheet As at October 31, 2022

	2022	2021
Current assets		
Cash	\$ 8,705,094	\$ 7,660,515
Accounts receivable (Note 5)	68,893,040	38,735,775
Income taxes recoverable	1,459,466	-
Inventories (Note 6)	106,708,042	94,939,869
Prepaid agriculture suppliers	2,371,609	9,661
Prepaid expenses	154,411	343,344
	<u>188,291,662</u>	<u>141,689,164</u>
Investments		
Federated Co-operatives Limited (Note 4(a))	64,610,411	62,586,006
Other organizations	808	808
Property, plant and equipment (Note 7)	77,870,437	63,894,700
Assets under capital lease (Note 8)	556,083	801,848
Intangible assets (Note 9)	5,426,406	5,314,406
Goodwill (Note 10)	3,695,920	2,072,548
Total assets	<u>\$ 340,451,727</u>	<u>\$ 276,359,480</u>
Current liabilities		
Line of credit (Note 11)	\$ 5,000,000	\$ 497,808
Accounts payable and trust liabilities (Note 12)	96,330,871	61,067,436
Customer prepaid accounts	3,726,878	2,919,014
Income tax payable	-	1,850,642
Current portion of capital lease obligation (Note 13)	183,556	177,321
Current portion of long-term debt (Note 14)	1,515,192	1,273,736
	<u>106,756,497</u>	<u>67,785,957</u>
Long-term debt (Note 14)	2,043,245	3,238,251
Capital lease obligation (Note 13)	482,707	666,263
Total liabilities	<u>109,282,449</u>	<u>71,690,471</u>
Members' equity		
Share capital (Note 15)	103,144,112	94,938,759
Reserves and retained savings (Note 16)	128,025,166	109,730,250
	<u>231,169,278</u>	<u>204,669,009</u>
Total liabilities and members' equity	<u>\$ 340,451,727</u>	<u>\$ 276,359,480</u>

Subsequent event (Note 22)

Commitments (Note 23)

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, 2022**

	<b>2022</b>	<b>%</b>	<b>2021</b>	<b>%</b>
<b>Sales</b> (Note 17)	\$ 656,736,083	100.0	\$ 520,630,439	100.0
<b>Cost of goods sold</b>	<u>560,158,985</u>	<u>85.3</u>	<u>437,855,990</u>	<u>84.1</u>
<b>Gross margin</b>	<u>96,577,098</u>	<u>14.7</u>	<u>82,774,449</u>	<u>15.9</u>
<b>Expenses</b>				
Operating and administration	74,338,481	11.3	68,300,299	13.1
Net interest (Note 18)	<u>(597,405)</u>	<u>(0.1)</u>	<u>(641,863)</u>	<u>(0.1)</u>
	<u>73,741,076</u>	<u>11.2</u>	<u>67,658,436</u>	<u>13.0</u>
<b>Savings from operations</b>	22,836,022	3.5	15,116,013	2.9
FCL loyalty program (Note 4(c)(iii))	6,070,942	0.9	5,956,363	1.1
Patronage refunds (Note 4(a))	<u>14,274,942</u>	<u>2.2</u>	<u>15,552,763</u>	<u>3.0</u>
<b>Savings before income taxes</b>	43,181,906	6.6	36,625,139	7.0
Income tax expense (Note 21)	<u>6,065,667</u>	<u>0.9</u>	<u>5,508,767</u>	<u>1.1</u>
<b>Net savings</b>	<u><b>\$ 37,116,239</b></u>	<u><b>5.7</b></u>	<u><b>\$ 31,116,372</b></u>	<u><b>5.9</b></u>
 <b>Retained savings, beginning of year</b>	 <b>\$ -</b>		 <b>\$ -</b>	
Net savings	37,116,239		31,116,372	
Transfer to statutory reserve (Note 16)	(2,378,421)		(1,906,159)	
Transfer to general reserve (Note 16)	(15,870,851)		(12,626,313)	
Patronage allocation to members (Note 15)	<u>(18,866,967)</u>		<u>(16,583,900)</u>	
<b>Retained savings, end of year</b> (Note 16)	<u><b>\$ -</b></u>		<u><b>\$ -</b></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, 2022

	2022	2021
<b>Operating activities</b>		
Net savings	\$ 37,116,239	\$ 31,116,372
Adjustments for:		
Depreciation	7,317,949	7,386,223
FCL patronage refund	(14,274,942)	(15,552,763)
Gain on acquisition	(789,720)	-
Goodwill on acquisition	1,623,372	-
Gain on the disposal of property, plant and equipment	(236,132)	(84,107)
Changes in non-cash operating working capital:		
Accounts receivable	(30,157,265)	(7,724,935)
Income taxes	(3,310,108)	3,145,777
Inventories	(11,768,173)	(20,635,914)
Prepaid agriculture suppliers	(2,361,948)	577,124
Prepaid expenses	188,933	(201,026)
Accounts payable and trust liabilities	35,263,435	33,064,077
Customer prepaid accounts	807,864	(642,701)
Cash provided by operating activities	<u>19,419,504</u>	<u>30,448,127</u>
<b>Investing activities</b>		
Redemption of FCL shares	12,250,537	7,620,356
Additions to property, plant and equipment	(18,377,672)	(10,505,179)
Proceeds from the disposal of property, plant and equipment	330,581	159,886
Cash consideration on business combination	(5,333,722)	-
Cash used for investing activities	<u>(11,130,276)</u>	<u>(2,724,937)</u>
<b>Financing activities</b>		
Increase in long-term debt	669,549	2,090,427
Repayment of long-term debt	(1,800,420)	(5,126,631)
Share capital issued	21,240	22,240
GST on allocation	454,370	270,636
Redemption of share capital	(11,091,580)	(7,399,399)
Cash used for financing activities	<u>(11,746,841)</u>	<u>(10,142,727)</u>
<b>Net increase (decrease) in cash</b>	<b>(3,457,613)</b>	<b>17,580,463</b>
<b>Cash (borrowings), beginning of year</b>	<b><u>7,162,707</u></b>	<b><u>(10,417,756)</u></b>
<b>Cash, end of year</b>	<b><u>\$ 3,705,094</u></b>	<b><u>\$ 7,162,707</u></b>
Cash is comprised of:		
Cash	\$ 8,705,094	\$ 7,660,515
Line of credit	(5,000,000)	(497,808)
	<b><u>\$ 3,705,094</u></b>	<b><u>\$ 7,162,707</u></b>

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, 2022

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### 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.





**Lake Country Co-operative Association Limited**  
**Notes to the Financial Statements**  
**For the Year Ended October 31, 2022**

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**(d) Financial instruments**

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

**(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

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 earnings.

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 earnings in the year the reversal occurs.



# Lake Country Co-operative Association Limited

## Notes to the Financial Statements For the Year Ended October 31, 2022

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### (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.

### (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 operations. 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 earnings when earned by the Co-operative.





**Lake Country Co-operative Association Limited**  
**Notes to the Financial Statements**  
**For the Year Ended October 31, 2022**

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**(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 licenses, 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, 2022**

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**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 (2021 - 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 and long-term debt. 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, 2022

### 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, 2022, the Co-operative purchased goods amounting to \$491,652,684 (2021 - \$380,895,761) 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:

	2022	2021
Opening investment balance	\$ 62,586,006	\$ 54,653,599
Patronage refund	14,274,942	15,552,763
Share redemptions	<u>(12,250,537)</u>	<u>(7,620,356)</u>
Closing investment balance	<u>\$ 64,610,411</u>	<u>\$ 62,586,006</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-operative's liability to \$25,000 per site as long as the Co-operative continues to exercise due diligence. The Co-operative has 29 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 statements 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 July 2013. 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 \$7,569,326 (2021 - \$7,776,468). 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, 2022

(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.

(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 fertilizer products, at market price, from FCL over a five year period commencing from July 2019. 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

	2022	2021
Customer accounts receivable	\$ 65,405,418	\$ 36,057,553
Other accounts receivable	5,122,622	4,098,222
Allowance for doubtful accounts	<u>(1,635,000)</u>	<u>(1,420,000)</u>
	<u>\$ 68,893,040</u>	<u>\$ 38,735,775</u>

### 6. Inventories

	2022	2021
Raw material	\$ 17,201,291	\$ 10,689,353
Goods for resale	<u>89,506,751</u>	<u>84,250,516</u>
	<u>\$ 106,708,042</u>	<u>\$ 94,939,869</u>

The cost of inventories recognized as an expense during the year was \$558,972,772 (2021 - \$436,355,073).





# Lake Country Co-operative Association Limited

## Notes to the Financial Statements For the Year Ended October 31, 2022

### 7. Property, plant and equipment

	Original Cost	Accumulated Depreciation	2022 Book Value	2021 Book Value
Land	\$ 8,690,518	\$ -	\$ 8,690,518	\$ 7,772,478
Pavement	12,894,766	5,046,519	7,848,247	6,563,367
Buildings	47,541,315	17,577,643	29,963,672	27,945,384
Manufacturing	6,038,317	3,972,438	2,065,879	2,415,187
Furniture & equipment	28,404,529	19,657,119	8,747,410	8,726,502
EDP equipment	5,209,382	4,576,512	632,870	827,312
Vehicles	18,144,079	12,780,266	5,363,813	4,661,918
Dwelling	1,356,236	520,304	835,932	893,719
Under construction	13,722,096	-	13,722,096	4,088,833
	<u>\$ 142,001,238</u>	<u>\$ 64,130,801</u>	<u>\$ 77,870,437</u>	<u>\$ 63,894,700</u>

Depreciation for the current year included in operating and administration expense was \$7,079,627 (2021 - \$7,155,345).

### 8. Assets under capital lease

	Original Cost	Accumulated Depreciation	2022 Book Value	2021 Book Value
Terra Gator Floaters	<u>\$ 1,032,726</u>	<u>\$ 476,643</u>	<u>\$ 556,083</u>	<u>\$ 801,848</u>

Depreciation for the current year included in operating and administration expense was \$238,322 (2021 - \$230,378).

### 9. Intangible asset

Licenses	2022	2021
Balance, beginning of year	\$ 5,314,406	\$ 4,799,406
Additions	<u>112,000</u>	<u>515,000</u>
	<u>\$ 5,426,406</u>	<u>\$ 5,314,406</u>



# Lake Country Co-operative Association Limited

## Notes to the Financial Statements For the Year Ended October 31, 2022

### 10. Goodwill

The changes in the carrying amount of goodwill for the current year are as follows:

	2022	2021
Balance, beginning of year	\$ 2,072,548	\$ 2,072,548
Additions to goodwill	1,623,372	-
Balance, end of year	<u>\$ 3,695,920</u>	<u>\$ 2,072,548</u>

### 11. 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, 2022 (2021 - \$497,808). 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 \$7,149,606, and a specific security agreement over accounts receivable and inventory. Interest on the lines of credit is at prime (5.95%) (2021 - 2.45%). 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 (2021 - \$nil) has been drawn as at October 31, 2022. The line of credit is secured by a General Security Agreement. Interest on the line of credit is at prime plus 0.75% (6.7%) (2021 - 3.2%).

The Co-operative has two FCL operating lines of credit for \$40,000,000 and \$15,000,000 of which \$5,000,000 has been drawn as at October 31, 2022 (2021 - \$nil). The lines of credit bear interest at prime rate (5.95%) 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.

### 12. Accounts payable and trust liabilities

	2022	2021
FCL payables	\$ 86,636,181	\$ 50,873,398
Other payables	7,451,724	7,779,975
Trust liabilities:		
Payroll deductions	546,702	433,275
Goods and services tax	-	112,286
Provincial sales tax	435,094	795,980
Liquor consumption tax	203,779	191,760
Vapour tax	3,118	3,980
Federal fuel charge	1,054,273	876,782
	<u>\$ 96,330,871</u>	<u>\$ 61,067,436</u>





# Lake Country Co-operative Association Limited

## Notes to the Financial Statements For the Year Ended October 31, 2022

### 13. Obligation under capital lease

	Total	2022 Current Portion	2022 Deferred Portion	2021 Current Portion	2021 Deferred Portion
Terra Gators	\$ 666,263	\$ 183,556	\$ 482,707	\$ 177,321	\$ 666,263

The lease agreement for CWB National Leasing matures August 1, 2025, with a final payment of \$107,596 due on this date, has a nominal interest rate of 3.77%, and is secured by equipment with a net book value of \$556,083 (2021 - \$801,848).

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

2023	\$ 205,499
2024	205,499
2025	308,248
	<u>719,246</u>
Less: imputed interest	(52,983)
	<u>\$ 666,263</u>

### 14. Long-term debt

	Total	2022 Current Portion	2022 Deferred Portion	2021 Current Portion	2021 Deferred Portion
Share Capital Repayments <sup>(1)</sup>	\$ 1,848,352	\$ 805,107	\$ 1,043,245	\$ 844,929	\$ 972,923
Fertilizer Plant <sup>(2)</sup>	198,648	198,648	-	352,187	198,690
Fertilizer Truck and Floater <sup>(3)</sup>	-	-	-	76,620	-
FCL Lines of Credit <sup>(5)</sup>	<u>1,511,437</u>	<u>511,437</u>	<u>1,000,000</u>	<u>-</u>	<u>2,066,638</u>
	<u>\$ 3,558,437</u>	<u>\$ 1,515,192</u>	<u>\$ 2,043,245</u>	<u>\$ 1,273,736</u>	<u>\$ 3,238,251</u>

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

<sup>(2)</sup> The Diamond North Credit Union fertilizer plant loan is repayable at \$7,064 per week including interest at 3.99%. The remaining balance is due in June 2023. Security for this loan is a first security interest in the property with a net book value of \$996,321 (2021 - \$1,039,797).

<sup>(3)</sup> The Diamond North Credit Union fertilizer truck and floater loan was fully repaid on May 2022.



**Lake Country Co-operative Association Limited**  
**Notes to the Financial Statements**  
**For the Year Ended October 31, 2022**

<sup>(4)</sup> The line of credit, bearing interest at prime rate (5.95%) (2021 - 2.45%), 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, 2022 - June 30, 2023	\$ 1,500,000
July 1, 2023 - June 30, 2024	1,000,000
July 1, 2024 - June 30, 2025	500,000

The scheduled principal repayments on the long-term debt for the next four years are as follows:

2023	\$ 1,515,192
2024	847,748
2025	847,748
2026	347,749
	<u>\$ 3,558,437</u>

#### 15. Share capital

Authorized, unlimited @ \$10	2022	2021
Balance, beginning of year	\$ 94,938,759	\$ 85,511,334
Allocation to members	18,866,967	16,583,900
Cash from new members	21,240	22,240
GST on allocation	454,370	270,636
Shares transferred from reserves	18,505	26,276
	<u>114,299,841</u>	<u>102,414,386</u>
General repayment	6,397,609	3,581,865
Shares transferred to reserves	64,149	76,228
Withdrawals and retirements	2,675,589	2,719,749
Withholding tax	2,018,382	1,097,785
	<u>11,155,729</u>	<u>7,475,627</u>
Balance, end of year	<u>\$ 103,144,112</u>	<u>\$ 94,938,759</u>





**Lake Country Co-operative Association Limited**  
**Notes to the Financial Statements**  
**For the Year Ended October 31, 2022**

**16. Reserves and retained savings**

	<b>Statutory Reserve</b>	<b>General Reserve</b>	<b>Retained Savings</b>	<b>2022</b>	<b>2021</b>
Balance, beginning of year	\$ 19,347,139	\$ 90,383,111	\$ -	\$ 109,730,250	\$ 95,147,826
Net savings distributed to retained savings	-	-	37,116,239	37,116,239	31,116,372
Patronage allocation	-	-	(18,866,967)	(18,866,967)	(16,583,900)
Shares transferred	45,644	-	-	45,644	49,952
Reserve transfers	<u>2,378,421</u>	<u>15,870,851</u>	<u>(18,249,272)</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u><u>\$ 21,771,204</u></u>	<u><u>\$ 106,253,962</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 128,025,166</u></u>	<u><u>\$ 109,730,250</u></u>

**17. Sales**

	<b>2022</b>	<b>2021</b>
Consumer products	\$ 322,715,821	\$ 296,802,284
Agro division	<u>334,020,262</u>	<u>223,828,155</u>
	<u><u>\$ 656,736,083</u></u>	<u><u>\$ 520,630,439</u></u>

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

**18. Net interest**

	<b>2022</b>	<b>2021</b>
Interest expense on		
- Short-term debt	\$ 145,570	\$ 51,085
- Long-term debt	445,431	176,438
Interest revenue	<u>(1,188,406)</u>	<u>(869,386)</u>
	<u><u>\$ (597,405)</u></u>	<u><u>\$ (641,863)</u></u>



# Lake Country Co-operative Association Limited

## Notes to the Financial Statements For the Year Ended October 31, 2022

### 19. Lease to others

The Co-operative leases property, plant and equipment to others. The leases are classified as operating leases 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 \$5,780,235 (2021 - \$5,460,099) and the accumulated depreciation was \$2,042,355 (2021 - \$1,815,614). Revenue generated from operating leases during the year is \$567,509 (2021 - \$506,251).

### 20. 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 \$1,675,149 (2021 - \$1,666,725) of expense relating to the plan. There were no significant changes to the rate of employer contributions during the year.

### 21. 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:

	2022	2021
Savings before income taxes	\$ 43,181,906	\$ 36,625,139
Expected income tax expense at the combined tax rate of 27% (2021 - 27%) net of general rate reduction	11,659,114	9,888,789
Increase (decrease) in income tax expense resulting from:		
Non-taxable income and non-deductible expense	(312,301)	(165,163)
Patronage allocation to members of \$18,866,967 (2021 - \$16,583,900)	(5,094,081)	(4,477,654)
Income or expenses claimed in different periods for income tax purposes:		
Depreciation in excess of capital cost allowance	-	61,021
Capital cost allowance in excess of depreciation	(91,896)	-
Allowance for doubtful accounts	(78,526)	78,526
Other items that impact income taxes:		
Manufacturing and Processing Investment Tax Credit	(15,550)	(1,978)
Prior year tax adjustment	(1,093)	125,226
Income tax expense	<u>\$ 6,065,667</u>	<u>\$ 5,508,767</u>





**Lake Country Co-operative Association Limited**  
**Notes to the Financial Statements**  
**For the Year Ended October 31, 2022**

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## **22. Subsequent event**

### **Patronage allocation to members**

Subsequent to October 31, 2022 the Board of Directors approved a patronage allocation to members in the amount of \$18,866,967 (2021 - \$16,583,900).

## **23. Commitments**

### **(a) Purchase commitment**

The Co-operative is committed to the completion of construction projects with an estimated total cost of \$20,461,549. \$13,722,096 is recorded as assets under construction as of October 31, 2022. The projects will be financed from operations, FCL investments and lines of credit.

### **(b) Alvena Co-operative amalgamation**

The Co-operative is committed to amalgamate with Alvena Co-operative Association Limited (the "acquiree") on April 16, 2023. This amalgamation is accounted for using the acquisition method. This method results in the acquiree's identifiable assets acquired and liabilities assumed being measured at their acquisition date fair values. For amalgamations involving cooperatives, the consideration is deemed to be the amount of the acquiree's share capital at the acquisition date. As at the date of these financial statements, the fair value of the assets and liabilities have not yet been determined.

## **24. Operating leases**

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

2023	\$ 530,688
2024	569,832
2025	569,832
2026	569,832
2027	<u>569,832</u>
	<u><u>\$ 2,810,016</u></u>

## **25. 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, 2022

Record of Sales and Net Savings

	Year	Share Repayments	Sales	Net Savings	%
From Date of Incorporation, April 8, 1940, to October 31,	2013	\$ 68,657,362	\$ 2,945,301,292	\$ 170,689,003	5.8
	2014	5,117,951	232,435,620	8,938,409	3.8
	2015	4,495,503	234,950,056	9,094,171	3.9
	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
		<u>\$ 123,820,363</u>	<u>\$ 6,204,853,911</u>	<u>\$ 344,916,427</u>	<u>5.6</u>

Membership

Members purchasing during the year	46,293
Inactive members	<u>6,937</u>
Total members	<u>53,230</u>







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