



LAKE COUNTRY

2020 ANNUAL REPORT

Lake Country Co-operative
Association Limited



LAKE COUNTRY

SASKATCHEWAN



● Lake Country Co-op
Communities

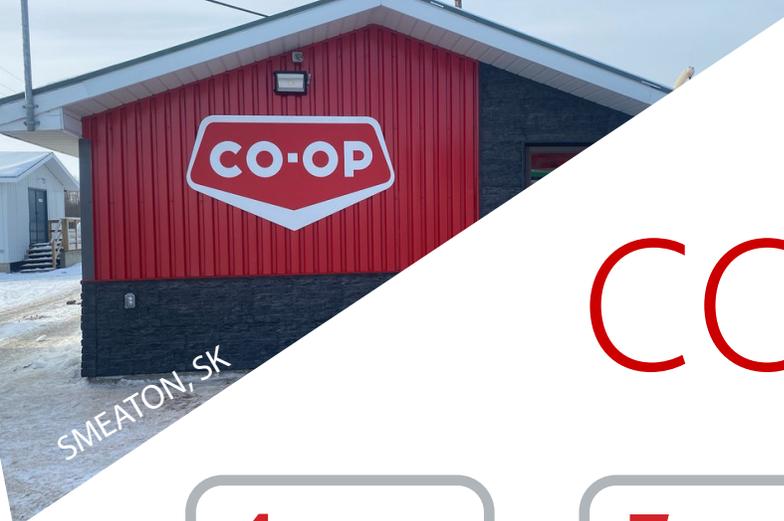


ABOUT US

Lake Country Co-op is a retail co-operative that has proudly served North Central Saskatchewan for over 80 years. Today, Lake Country Co-op serves more than 50,000 members — and many more customers — in 18 communities. Since 2015, Lake Country Co-op has returned more than \$44 million to its members in cash back and equity, while contributing over \$2.7 million to community organizations and initiatives.



You're At Home Here.



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Vision

Lake Country Co-op will be the Most Successful Retail Co-operative in Saskatchewan.

Mission

To provide our members and customers with goods and services in a personalized and professional manner.

Values

Honesty, Responsibility, Caring For Others.

BOARD MESSAGE

Lake Country Co-operative Association Limited is a member owned retail services co-operative governed by a Board of Directors, elected by, and accountable to, the member owners of the Co-op. As a Lake Country Co-op member, you are entitled to have a say in our business and to share in the profits. You provide guidance by electing members to serve as delegates, who then elect the Co-op Board of Directors. Guided by our values, the Board's primary focus is to strategically steer the Co-op forward by continuously improving the products and services available for the next generation of Lake Country Co-op members.

Lake Country Co-op is a diverse retail offering products and services in the areas of Agro, Food, Home and Building Solutions, Liquor, Petroleum, Pharmacy, and commercial rental units. Now with more than 50,000 members, and 56 locations in 18 different communities throughout North Central Saskatchewan, our business is continually evolving to meet the needs of our members. This year, in spite of the many challenges faced, the Co-op achieved a healthy net savings enabling us to share \$10 million of profits with our members. The Board of Directors would like to thank the Senior Leadership Team, all Team Members, and especially our members for another truly successful year that we can all be proud of.

Ian Lauder, Board President



BOARD OF DIRECTORS (Left to Right):
Wayne Kabatoff, Secretary
Morley Doerkson, Director
Ian Lauder, President
Roger Mayert, Director
Kevin Lockwood, Director
Dannie Wreford, Director
Harvey Skea, Director
Rick Kindrachuk, Vice President



LAKE COUNTRY

CEO MESSAGE

Lake Country Co-op has been serving North Central Saskatchewan for over 80 years. Our business is largely founded on the principles of co-operation, supporting our communities, and building for the future. This past year was certainly challenging due to COVID-19 and the restrictions that came along with this. 2020 forced us to approach situations differently, and adapt to the ever-changing world around us. During this time our teams were truly inspiring as they demonstrated an exceptional sense of duty and remarkable resilience. I would like to sincerely thank all team members, leaders and directors who have worked tirelessly to serve our members. Through great determination and perseverance we were able to remain profitable and continue to support our communities through donations. Our future at Lake Country is very bright, and no matter what challenges we may face, we will continue to thrive thanks to our members' support, and the hard work of all of our team members.

We also had some very exciting events at Lake Country Co-op this past year. We celebrated our 80th Anniversary as a Retail Co-operative. For over 80 years we have been serving our members and customers and providing goods and services in a personalized and professional manner. We are proud to have a loyal customer base and are always striving to build on that. Even with the struggles brought on by the pandemic this past year, our team continually showed great dedication to the success and growth of our business. Our people are integral to the sustainability of our Co-op, and we are proud to have such an amazing team at Lake Country Co-op.

Another highlight from this past year was Lake Country Co-op's most recent amalgamation with Pineland Co-op, which was made official in September of 2020. After a 3 year management agreement, our Co-ops unanimously voted to amalgamate and work as one. This was the largest amalgamation in Lake Country's history. We see the many benefits in working with other co-ops and are thrilled with the outcome of this business endeavour.

Our rich history as a long standing co-op that supports the communities we serve has allowed us to have the success we have worked so hard to achieve. It is through combining the hard work of our team members, the guidance of our Board of Directors and elected officials, and the support of our members that will ensure our viability for years to come.

Tim Keller, CEO

SENIOR LEADERSHIP TEAM (Left to Right):
Matthew Stenerson, VP Team Member Experience
Adena Viczko, Executive Assistant
Brian Kindt, VP Agro
Tim Keller, Chief Executive Officer
Monique Zwack, Executive Director Pharmacy
& Customer Experience
Geoff German, VP Consumer Operations
& Development
Brad Casavant, Chief Financial Officer
Dave Hudak, VP Energy & Facilities





OPERATIONS

Senior Leadership is pleased to announce that despite the many challenges faced in 2020 throughout the COVID-19 pandemic, your Co-op was still able to surpass last year's sales by 4.1%. This is a true testament to the exceptional service we provide, the hard work and dedication from our teams and our supportive members.

A big part of our focus is working together with other co-operatives and businesses. In 2020, Lake Country Co-op continued our service agreements with Fairy Glen Co-op, Ridgedale Co-op, and Turtleford and District Co-op. We are thrilled to be able to share our expertise in the areas of accounting, credit, as well as safety and asset protection. Being able to allow other Co-ops to rely on our skill set is an asset that we take great pride in sharing.

We are also currently in our third year of a management agreement with Big River First Nation's Miami Food & Fuel. This partnership continues to be beneficial for both parties and we look forward to continuing this enterprise into the future.



COVID-19 presented many health & safety challenges across our organization in 2020. We continue to monitor the ever changing situation daily to ensure compliance with provincial guidelines. Our main goal is to ensure the health and safety of all of our members and team members. Some of the changes implemented this past year include; increased cleaning protocols, hand sanitizing stations, limiting number of customers allowed in each location, signage reminding customers to maintain 6 foot distance at all times, directional arrow signs, provision of Co-op branded masks for all team members, and reduced hours in some locations.

In 2020 Lake Country Co-op was presented the "New Venture Samuel McLeod Award" and we also won 12 Prince Albert Best of the Best Awards covering Food, Agro, Liquor, and Petroleum.





SHELLBROOK, SK

MARKET

It is imperative that we remain up to date and relevant for our members. This past year has forced us to look at how we do business, and allowed us to offer new customer experiences for our communities. With the successful amalgamation with Pineland Co-op, we now have 56 locations in 18 communities across North Central Saskatchewan. As well as adding to the size of our trading area, we now offer a variety of online resources such as online ordering for food, greenhouse, and agro. We also offer curbside pickup and delivery options for the safety of our members.

Investments and upgrades in numerous communities were also made this year. We completed a fertilizer plant upgrade at our Whitestar Agro location. An interior and exterior upgrade was completed at the Nipawin C-Store with enhanced beverage and confectionary, as well as pay at the pump options. The Air Ronge petroleum upgrade includes new retail and cardlock pumps with pay at the pump and a new canopy. 2020 also saw exterior upgrades to the Prince Albert Home Centre and Debden locations.

In addition to the upgrades completed at existing locations, we also added Wine, Spirits & Beer to our Shellbrook C-Store. The newly renovated addition comprises a wide selection of wine and spirits, as well as a walk-in beer cooler. We also continue to work with other businesses to bring new commodities to our communities. In 2020 we added Dairy Queen as a commercial rental unit, next to our C-Store location. Lake Country Co-op is proud to offer Shellbrook & Area new shopping experiences and we are thrilled with the success of these additions so far.

New ventures on the horizon include a brand new Spiritwood C-Store, as well as Wine, Spirits & Beer Nipawin which have both begun construction.

At Lake Country we are always looking for new opportunities to expand and strengthen our business in order to provide our members with the best services possible.

KINISTINO, SK



SUSTAINABILITY

Lake Country Co-op is committed to maintaining very strong community partnerships. Each year we partner with local businesses and co-operatives to host fundraising events and programs to help support the communities we serve. Although 2020 has been a very different year, we continue to build those partnerships and develop new ways to donate back to our communities.

In 2020 we were able to provide over \$434,000 to almost 200 organizations within our trading area. Some of our notable donations include: Co-op Gift Card Program (\$138,143.00 to local teams and non-profit organizations), Feeding Our Future Program (40,163 emergency lunches), Food Donations (\$209,646.87 in product), and Fuel Good Day (\$15,167.33 to five organizations within our trading area).

Another way that we support and provide for the future of the communities within our trading area is by taking steps to be environmentally conscious. Lake Country has taken measures to convert our locations into energy efficient, sustainable businesses. We have installed energy efficient refrigeration units in our locations as well as LED lighting, and we continually work towards the reduction of single use plastics. Lake Country has provided collection points for recyclable materials and we also donate food products to our local food banks. As we grow and develop as a Co-op, we continue to keep the environment front of mind and work towards a cleaner, healthier planet.

SHELL LAKE, SK

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LAKE COUNTRY

CANWOOD, SK

PRINCE ALBERT, SK



PEOPLE

Our people are our most valuable asset at Lake Country Co-op and are essential to our continued success.

This past year marked the largest amalgamation in Lake Country Co-op's history with Pineland Co-op. We were thrilled to officially welcome all of our new team members to Lake Country. We now have over 1,000 team members and are growing. This year we introduced our internal newsletter, Co-op Connect, to keep all of our team members informed about our business. The more our teams are invested in our Co-op, the more motivated and engaged they will be. Team member engagement continues to drive the high level of service that we provide at Lake Country Co-op.

We are also in the 6th year of our Legendary Service Program. The Legendary Service Program is an integral part of our Vision and Mission statements. The purpose of this program is to recognize team members who provide Legendary Service above and beyond the service standards. Our personalized service is what continues to set us apart.

After a combination of face-to-face and virtual interactions, the Retail, Wholesale Department Store Union (RWDSU) and Lake Country Co-op ratified a new collective agreement in October 2020. We are very pleased to have reached this five year agreement and look forward to a continued positive relationship.

Honesty, Responsibility & Caring for Others





2020 Year in Review

DECEMBER 2019

Colour Me Co-op Contest

Big River Arena receives a \$25,000 donation thanks to the winner of the Colour Me Co-op Contest, Alaina Kay (age 6) who was chosen from the entire CRS.



La Ronge Wand Wash Opens

La Ronge C-Store opens their newly renovated state of the art Wand Wash, which is the only offering of its kind in the North.

FEBRUARY 2020

Charity Donations

Your Co-op supports multiple charities and initiatives that are very impactful in our communities including TeleMiracle and #PinkShirtDay.



APRIL 2020

Your local co-op is taking steps across all stores and locations to help our communities stay safe and healthy.



Our services are deemed essential throughout the COVID-19 Pandemic. All locations remain open to help our members and customers through these difficult times.



Equity Week

In spite of the ongoing challenges we face, Lake Country Co-op provides \$9.2 million in equity and cashback to our members during equity week.

Delivery and Curbside Pickup

For the safety of our members, we begin Delivery and Curbside Pickup services at our Prince Albert Nipawin and La Ronge Food Stores.



DELIVERY & CURBSIDE PICKUP

MAY 2020



Greenhouse

New Greenhouse added to the Prince Albert Home Centre for Spring 2020.

JUNE 2020



Feeding Our Community Food Drive

In cooperation with our Feeding Our Future partners, we hold a week long food drive. Thanks to your support, we sell hunger bags and donate an additional \$10,000 to support the Prince Albert Food Bank.

SEPTEMBER 2020



Pineland Co-op Amalgamation

On September 1st, Lake Country Co-op and Pineland Co-op become part of the second largest amalgamation in recent CRS history. Your Co-op now serves over 50,000 members with 56 locations in 18 communities across North Central Saskatchewan.

AUGUST 2020



Shellbrook Wine, Spirits & Beer

Shellbrook Wine, Spirits, Beer opens on August 7th making it the first Lake Country Co-op C-Store & Liquor hybrid in our association.

OCTOBER 2020

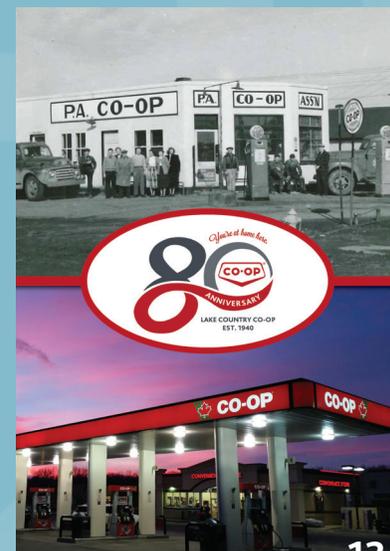
Fuel Good Day

Thanks to the support of our amazing members and teams, we raise a total of \$15,166.51 which is donated to five amazing local charities!



80th Anniversary

Lake Country Co-op celebrates our 80th anniversary in 2020. We are proud to have such a loyal customer base, and enjoy reliving our rich history as a long standing co-op that supports the communities we serve.



FINANCIAL

SALES

\$383.5M

CASH BACK TO MEMBERS

\$6.8M

NET SAVINGS

\$31.8M

PATRONAGE TO MEMBERS

\$10.0M



**Our profits
stay local**



Every dollar of our profits stay right in our territory to support our communities and make a difference where we live.

2020 PATRONAGE ALLOCATION

Grocery 3.00%

Pharmacy 3.00%

Crop Supplies 3.25%

Feed 0.50%

General Merchandise 2.00%

Petroleum 3.50%

Fertilizer 2.00%

Liquor 1.00%

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. 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 22, 2021



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, 2020, 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, 2020, 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*

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 22, 2021

MNP LLP

Chartered Professional Accountants

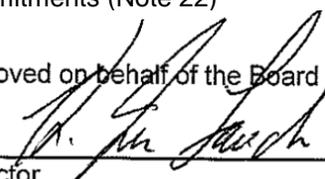
Lake Country Co-operative Association Limited
Balance Sheet
As at October 31, 2020

	2020	2019
Current assets		
Cash and cash equivalents	\$ 5,801,563	\$ 641,327
Accounts receivable - Customer (Note 5)	26,531,638	22,929,208
- Other	4,479,202	8,167,923
Income taxes recoverable	1,295,135	796,729
Inventories (Note 6)	74,303,955	55,873,210
Prepaid agriculture suppliers	586,785	54,174
Prepaid expenses	142,318	327,448
	<u>113,140,596</u>	<u>88,790,019</u>
Investments		
Federated Co-operatives Limited (Note 4(a))	54,653,599	54,069,743
Other organizations	808	808
Property, plant and equipment (Note 7)	62,168,371	50,587,988
Other assets (Note 8)	4,799,406	4,705,586
Goodwill (Note 9)	2,072,548	2,072,548
Total assets	\$ 236,835,328	\$ 200,226,692
Current liabilities		
Line of credit (Note 10)	\$ 16,219,319	\$ 16,031,089
Accounts payable and trust liabilities (Note 11)	28,003,359	38,247,062
Customer prepaid accounts	3,561,715	2,368,721
Current portion of long-term debt (Note 12)	3,264,379	591,854
	<u>51,048,772</u>	<u>57,238,726</u>
Long-term debt (Note 12)	5,127,396	1,382,475
Total liabilities	<u>56,176,168</u>	<u>58,621,201</u>
Members' equity		
Share capital (Note 13)	85,511,334	68,858,019
Reserves and retained savings (Note 14)	95,147,826	72,747,472
	<u>180,659,160</u>	<u>141,605,491</u>
Total liabilities and members' equity	\$ 236,835,328	\$ 200,226,692

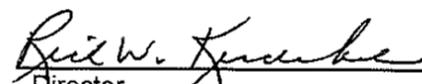
Subsequent event (Note 21)

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, 2020

	2020	%	2019	%
Sales (Note 15)	\$ 383,490,932	100.0	\$ 368,372,866	100.0
Cost of goods sold	<u>323,851,946</u>	<u>84.4</u>	<u>319,192,107</u>	<u>86.6</u>
Gross margin	<u>59,638,986</u>	<u>15.6</u>	<u>49,180,759</u>	<u>13.4</u>
Expenses				
Operating and administration	56,022,904	14.6	50,033,028	13.6
Net interest (Note 16)	<u>(732,426)</u>	<u>(0.2)</u>	<u>(499,308)</u>	<u>(0.1)</u>
	<u>55,290,478</u>	<u>14.4</u>	<u>49,533,720</u>	<u>13.5</u>
Savings (loss) from operations	<u>4,348,508</u>	<u>1.2</u>	<u>(352,961)</u>	<u>(0.1)</u>
FCL loyalty program (Note 4(c)(iii))	5,275,560	1.4	-	-
Patronage refunds (Note 4(a))	<u>7,049,922</u>	<u>1.8</u>	<u>18,188,929</u>	<u>4.9</u>
Savings before gain on amalgamation	16,673,990	4.4	17,835,968	4.8
Gain on amalgamation (Note 23)	<u>16,116,853</u>	<u>4.2</u>	<u>-</u>	<u>-</u>
Savings before income taxes	32,790,843	8.6	17,835,968	4.8
Income tax expense (Note 19)	<u>974,095</u>	<u>0.3</u>	<u>1,936,724</u>	<u>0.5</u>
Net savings	<u>\$ 31,816,748</u>	<u>8.3</u>	<u>\$ 15,899,244</u>	<u>4.3</u>
Retained savings, beginning of year	\$ -		\$ -	
Net savings	31,816,748		15,899,244	
Transfer to statutory reserve (Note 14)	(1,676,438)		(891,798)	
Transfer to general reserve (Note 14)	(20,142,291)		(5,791,030)	
Patronage allocation to members (Note 13)	<u>(9,998,019)</u>		<u>(9,216,416)</u>	
Retained savings, end of year (Note 14)	<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, 2020

	2020	2019
Operating activities		
Net savings	\$ 31,816,748	\$ 15,899,244
Adjustments for:		
Depreciation	5,792,215	5,603,784
FCL patronage refund	(7,049,922)	(18,188,929)
Loss (gain) on the disposal of property, plant and equipment	(44,549)	46,842
Gain on amalgamation	(16,116,853)	-
Changes in non-cash operating working capital:		
Accounts receivable	86,291	126,809
Income taxes recoverable	(498,406)	678,780
Inventories	(18,430,745)	(11,383,532)
Prepaid agriculture suppliers	(532,611)	272,945
Prepaid expenses	185,130	(204,323)
Accounts payable and trust liabilities	(10,243,703)	3,809,961
Customer prepaid accounts	1,192,994	(463,873)
Net working capital on amalgamation	5,963,408	-
Cash provided by (used for) operating activities	<u>(7,880,003)</u>	<u>(3,802,292)</u>
Investing activities		
Redemption of FCL shares	17,715,964	16,458,359
Additions to property, plant and equipment	(4,450,513)	(8,974,514)
Additions to goodwill	-	(569,798)
Proceeds from the disposal of property, plant and equipment	70,109	125,993
Investment in other organization	-	76
Cash acquired on amalgamation	753,251	-
Cash provided by (used for) investing activities	<u>14,088,811</u>	<u>7,040,116</u>
Financing activities		
Increase in long-term debt	6,050,500	804,264
Repayment of long-term debt	(809,589)	(629,048)
Share capital issued	21,485	19,490
GST on allocation	259,729	221,512
Redemption of share capital	(6,758,927)	(6,037,679)
Cash provided by (used for) financing activities	<u>(1,236,802)</u>	<u>(5,621,461)</u>
Net increase (decrease) in cash and cash equivalents (borrowings)	4,972,006	(2,383,637)
Cash and cash borrowings, beginning of year	<u>(15,389,762)</u>	<u>(13,006,125)</u>
Cash and cash equivalents (borrowings), end of year	<u>\$ (10,417,756)</u>	<u>\$ (15,389,762)</u>
Cash and cash equivalents (borrowings) are comprised of:		
Cash and cash equivalents	\$ 5,801,563	\$ 641,327
Line of credit	(16,219,319)	(16,031,089)
	<u>\$ (10,417,756)</u>	<u>\$ (15,389,762)</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, 2020

1. Incorporation and operations

The Lake Country Co-operative Association Limited was incorporated under the Co-operatives Act of Saskatchewan on April 8, 1940 and Pineland Co-operative Association Limited was incorporated under the Co-operatives Act of Saskatchewan on January 19, 1929. On September 1, 2020, the two co-operatives amalgamated to form Lake Country Co-operative Association Limited ("the Co-operative"). The primary business of the Co-operative is operating retail food, 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, accrued liabilities 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 and cash equivalents

Cash and cash equivalents are 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) Investments

The Co-operative's investments are accounted for using the cost method. Accordingly, the investments are recorded at acquisition cost, less any provisions for permanent impairment or adjustments for patronage refunds or share redemptions. All transactions with FCL are disclosed in a separate note (Note 4).



Lake Country Co-operative Association Limited
Notes to the Financial Statements
For the Year Ended October 31, 2020

(e) Financial instruments

Financial instruments are recorded at fair value on initial recognition and are subsequently recorded at amortized cost, unless management has elected to carry the instruments at fair value. The Co-operative has not elected to carry any such financial instruments at fair value. Financial instruments, which are subsequently measured at amortized cost, are adjusted by transaction and financing costs incurred on acquisition.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Co-operative determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Co-operative could realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(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 and 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.

Petroleum assets built in connection with an FCL Petroleum Purchase Agreement, along with any corresponding liability, are recorded by the Co-operative upon commissioning of the assets, as FCL retains ownership of the assets until the project is commissioned. Accordingly, any grants and debt financing provided by FCL are recorded at the project commissioning date.

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.



Lake Country Co-operative Association Limited
Notes to the Financial Statements
For the Year Ended October 31, 2020

(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 allocated to the Co-operative.

(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 substantively enacted tax rates and laws expected to apply when the tax liabilities or assets are to be either settled or realized.

(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.



Lake Country Co-operative Association Limited
Notes to the Financial Statements
For the Year Ended October 31, 2020

(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.

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.

(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, 2020

4. Transactions with Federated Co-operatives Limited (FCL)

(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, 2020, the Co-operative purchased goods amounting to \$313,096,420 (2019 - \$265,113,761) 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:

	2020	2019
Opening investment balance	\$ 54,069,743	\$ 52,339,173
Increase in FCL shares from amalgamation	11,249,898	-
Patronage refund	7,049,922	18,188,929
Share redemptions	<u>(17,715,964)</u>	<u>(16,458,359)</u>
 Closing investment balance	 <u>\$ 54,653,599</u>	 <u>\$ 54,069,743</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 27 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 environmental impact from its 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 February 2011. 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 \$7,833,552 (2019 - \$7,449,099). 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, 2020

(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

5. Accounts receivable - customer

Shown net of an allowance for doubtful accounts of \$1,300,000 (2019 - \$1,000,000).

6. Inventories

	2020	2019
Raw material	\$ 7,128,537	\$ 5,195,410
Work in process	-	129,411
Goods for resale	<u>67,175,418</u>	<u>50,548,389</u>
	<u>\$ 74,303,955</u>	<u>\$ 55,873,210</u>

7. Property, plant and equipment

	Original Cost	Accumulated Depreciation	2020 Book Value	2019 Book Value
Land	\$ 7,772,478	\$ -	\$ 7,772,478	\$ 6,639,278
Pavement	10,393,855	3,876,570	6,517,285	4,775,175
Buildings	41,363,696	14,153,271	27,210,425	21,628,635
Manufacturing	6,043,124	3,006,570	3,036,554	995,630
Furniture and equipment	24,551,681	15,443,309	9,108,372	7,771,185
EDP equipment	4,805,058	3,644,645	1,160,413	1,174,863
Vehicles	15,161,959	9,935,904	5,226,055	3,813,159
Dwellings	1,387,165	446,612	940,553	990,097
Under construction	<u>1,196,236</u>	<u>-</u>	<u>1,196,236</u>	<u>2,799,966</u>
	<u>\$ 112,675,252</u>	<u>\$ 50,506,881</u>	<u>\$ 62,168,371</u>	<u>\$ 50,587,988</u>

Depreciation for the current year included in operating and administration expense was \$5,792,215 (2019 - \$5,603,784).



Lake Country Co-operative Association Limited
Notes to the Financial Statements
For the Year Ended October 31, 2020

8. Intangible asset

Licenses	2020	2019
Balance, beginning of year	\$ 4,705,586	\$ 4,750,000
Additions	93,820	189,910
Amortization	<u>-</u>	<u>234,324</u>
Balance, end of year	<u>\$ 4,799,406</u>	<u>\$ 4,705,586</u>

9. Goodwill

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

	2020	2019
Balance, beginning of year	\$ 2,072,548	\$ 1,502,750
Additions to goodwill	<u>-</u>	<u>569,798</u>
Balance, end of year	<u>\$ 2,072,548</u>	<u>\$ 2,072,548</u>

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 \$1,150,565 has been drawn as at October 31, 2020 (2019 - \$15,906,664). The lines of credit are secured by a Certified Copy of Resolution, a General Security Agreement, and a specific security agreement over accounts receivable and inventory. Interest on the lines of credit is at prime (2.45%) (2019 - 3.95%). 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, 2020. The line of credit is secured by a General Security Agreement. Interest on the line of credit is at prime plus 0.75% (3.20%).

The Co-operative has two FCL operating lines of credit for \$40,000,000 and \$15,000,000 of which \$15,068,753 has been drawn as at October 31, 2020 (2019 - \$124,425). The lines of credit bear interest at prime rate 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.



Lake Country Co-operative Association Limited
Notes to the Financial Statements
For the Year Ended October 31, 2020

11. Accounts payable and trust liabilities

	2020	2019
FCL payables	\$ 17,495,607	\$ 30,578,676
Other payables	8,658,648	7,143,330
Trust liabilities:		
Payroll deductions	339,265	-
Goods and services tax	328,268	45,341
Provincial sales tax	379,314	333,367
Liquor consumption tax	173,009	146,348
Federal fuel charge	629,248	-
	<u>\$ 28,003,359</u>	<u>\$ 38,247,062</u>

12. Long-term debt

	Total	2020 Current Portion	2020 Deferred Portion	2019 Current Portion	2019 Deferred Portion
Share Capital					
Repayments ⁽¹⁾	\$ 2,281,234	\$ 1,035,454	\$ 1,245,780	\$ 591,854	\$ 1,382,475
Fertilizer Plant ⁽²⁾	889,388	338,412	550,976	-	-
Fertilizer Truck and Floater ⁽³⁾	213,153	136,513	76,640	-	-
FCL Lines of Credit ⁽⁴⁾	<u>5,008,000</u>	<u>1,754,000</u>	<u>3,254,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 8,391,775</u>	<u>\$ 3,264,379</u>	<u>\$ 5,127,396</u>	<u>\$ 591,854</u>	<u>\$ 1,382,475</u>

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

⁽²⁾ 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 \$502,514.

⁽³⁾ The Diamond North Credit Union fertilizer truck and floater loan is repayable at \$2,738 per week including interest at 3.99%. The remaining balance is due in May 2022. Security for this loan is a first security interest in the property with a net book value of \$257,256.



Lake Country Co-operative Association Limited
Notes to the Financial Statements
For the Year Ended October 31, 2020

⁽⁴⁾⁽ⁱ⁾ The line of credit, bearing interest at prime rate, 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, 2020 - June 30, 2021	\$ 2,500,000
July 1, 2021 - June 30, 2022	2,000,000
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

⁽⁴⁾⁽ⁱⁱ⁾ The line of credit, bearing interest at prime rate, repayable via an annual reduction in available credit, matures on November 2021. Line of credit was obtained to purchase a lumber operation in Shellbrook, 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:

December 1, 2019 - November 30, 2020	\$ 1,508,000
December 1, 2020 - November 30, 2021	754,000

⁽⁴⁾⁽ⁱⁱⁱ⁾ The line of credit, bearing interest at prime rate, repayable via an annual reduction in available credit, matures on November 2021. Line of credit was obtained to renovate a Home Centre and Cardlock 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:

November 1, 2019 - November 1, 2020	\$ 1,000,000
November 1, 2020 - November 30, 2021	500,000

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

2021	\$ 3,264,379
2022	2,597,676
2023	1,114,460
2024	915,260
2025	500,000
	<u>500,000</u>
	<u>\$ 8,391,775</u>



Lake Country Co-operative Association Limited
Notes to the Financial Statements
For the Year Ended October 31, 2020

13. Share capital

Authorized, unlimited @ \$10	2020	2019
Balance, beginning of year	\$ 68,858,019	\$ 65,516,950
Allocation to members	9,998,019	9,216,416
Amalgamation to Pineland Co-operative	13,714,634	-
Cash from new members	21,485	19,490
GST on allocation	259,729	221,512
Shares transferred from reserves	18,020	38,544
	<u>92,869,906</u>	<u>75,012,912</u>
General repayment	3,246,536	2,551,029
Shares transferred to reserves	599,645	117,214
Withdrawals and retirements	2,471,532	2,651,013
Withholding tax	1,040,859	835,637
	<u>7,358,572</u>	<u>6,154,893</u>
Balance, end of year	<u>\$ 85,511,334</u>	<u>\$ 68,858,019</u>

14. Reserves and retained savings

	Statutory Reserve	General Reserve	Retained Savings	2020	2019
Balance, beginning of year	\$ 15,132,965	\$ 57,614,507	\$ -	\$ 72,747,472	\$ 65,985,974
Net savings distributed to retained savings	-	-	31,816,748	31,816,748	15,899,244
Patronage allocation	-	-	(9,998,019)	(9,998,019)	(9,216,416)
Shares transferred	581,625	-	-	581,625	78,670
Reserve transfers	<u>1,676,438</u>	<u>20,142,291</u>	<u>(21,818,729)</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 17,391,028</u>	<u>\$ 77,756,798</u>	<u>\$ -</u>	<u>\$ 95,147,826</u>	<u>\$ 72,747,472</u>



Lake Country Co-operative Association Limited
Notes to the Financial Statements
For the Year Ended October 31, 2020

15. Sales

	2020	2019
Consumer Products	\$ 219,591,284	\$ 201,389,232
Agro Division	<u>163,899,648</u>	<u>166,983,634</u>
	<u><u>\$ 383,490,932</u></u>	<u><u>\$ 368,372,866</u></u>

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

16. Net interest

	2020	2019
Interest expense on		
- Short-term debt	\$ 170,488	\$ 477,916
- Long-term debt	117,527	-
Interest revenue	<u>(1,020,441)</u>	<u>(977,224)</u>
	<u><u>\$ (732,426)</u></u>	<u><u>\$ (499,308)</u></u>

17. 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 \$5,460,099 (2019 - \$4,481,329) and the accumulated depreciation was \$1,594,088 (2019 - \$1,354,734). Revenue generated from operating leases during the year is \$430,048 (2019 - \$372,105).

18. 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 \$1,337,375 (2019 - \$1,215,988) 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, 2020

19. 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:

	2020	2019
Savings before income taxes	\$ 32,790,843	\$ 17,835,968
Expected income tax expense at the combined tax rate of 27.0% (2019 - 27.0%) net of general rate reduction	8,853,528	4,815,711
Increase (decrease) in income tax expense resulting from:		
Non-taxable income and non-deductible expense	(30,737)	36,481
Patronage allocation to members of \$9,998,019 (2019 - \$9,216,416)	(2,699,465)	(2,488,432)
Gain on amalgamation	(4,351,550)	-
Income or expenses claimed in different periods for income tax purposes:		
Capital cost allowance in excess of depreciation	(473,773)	(420,567)
Other items that impact income taxes:		
Manufacturing and processing investment tax credit	(121,643)	(11,598)
Loss carryforward on Amalgamation	(208,498)	-
Prior year tax adjustment	6,233	5,129
	<u>\$ 974,095</u>	<u>\$ 1,936,724</u>
Income tax expense	<u>\$ 974,095</u>	<u>\$ 1,936,724</u>

20. Economic conditions

During the year, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Co-operative as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

21. Subsequent event

Patronage allocation to members

Subsequent to October 31, 2020 the Board of Directors approved a patronage allocation to members in the amount of \$9,998,019 (2019 - \$9,216,416).



Lake Country Co-operative Association Limited
Notes to the Financial Statements
For the Year Ended October 31, 2020

22. Commitments

The Co-operative is committed to the completion of construction projects with an estimated remaining cost of \$6,312,126. The projects will be financed from operations, FCL investments and lines of credit.

23. Pineland Co-operative amalgamation

On September 1, 2020 the Co-operative amalgamated with Pineland Co-operative Association Limited (the "acquiree"). 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. The following is a summary of the fair value of the assets acquired and liabilities assumed in the amalgamation as well as the deemed consideration and calculation of the gain on amalgamation.

Current assets	\$ 30,777,641
Property, plant and equipment	13,041,465
Other assets	<u>11,274,351</u>
Total net assets	<u>\$ 55,093,457</u>
Less: Total net liabilities	(25,261,971)
Deemed consideration	<u>(13,714,633)</u>
Gain on amalgamation	<u><u>\$ 16,116,853</u></u>

24. Operating leases

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

2021	\$ 537,552
2022	537,552
2023	537,552
2024	576,692
2025	<u>576,692</u>
	<u><u>\$ 2,766,040</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
Audited Statistical Information
For the Year Ended October 31, 2020

Record of Sales and Net Savings

	Year	Share Repayments	Sales	Net Savings	%
From Date of Incorporation, April 8, 1940, to October 31,	2011	\$ 58,576,576	\$ 2,549,100,707	\$ 149,556,096	5.9
	2012	5,315,082	194,565,137	10,859,358	5.6
	2013	4,765,704	201,635,448	10,273,549	5.1
	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
		<u>\$ 105,329,384</u>	<u>\$ 5,027,487,389</u>	<u>\$ 276,683,816</u>	<u>5.5</u>

Membership

Members purchasing during the year	44,753
Inactive members	<u>5,289</u>
Total members	<u>50,042</u>



DELEGATES 2021



BIG RIVER

Ruth Doucette
Joyce Giesser
Mabel Leong-Machielse

BIRCH HILLS

Mark Rolfes
Vacancy
Vacancy

CANWOOD & DEBDEN

Michele Person
Lynn Harper
Dannie Wreford

CHOICELAND

Spencer Staffen
Morley Doerksen
Carson Shymansk

DOMREMY

Daniel Boutin
Vacancy
Vacancy

KINISTINO

Brad Merkosky
Mark Powalinsky
Chris Beaulieu

LA RONGE & AIR RONGE

Michelle Brown
Allyson Brown
Vacancy

MARCELIN

Noella Crowder
Linda Nelson
Caroline Wilson

NIPAWIN

Zach Youzwa
Greg Youzwa
Kevin Lockwood

PADDOCKWOOD

Lois Aspvik
Dawn Folden
Wayne Paczay

PRINCE ALBERT

William Stafford
Marianne Turcotte
Wayne Kabatoff
Ryan Dmytruk
Kim Kotylak
Roger Mayert
Stan Bliss
Linda Enequist
Cheryl Bauer-Hyde
Felix Casavant
Patrick Soloducha
Brad Grassick
Glenn McMullen
Michael Grassick
Orest Kwiatkowski

SHELLBROOK

Cliff Skauge
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