



# ANNUAL REPORT

## Management's Responsibility

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To the Members of Prairie Sky Co-operative Association Ltd.:

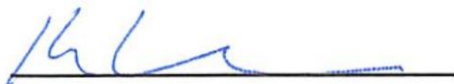
Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for private enterprises. This responsibility includes selecting appropriate 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. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management 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.

April 18, 2024



To the Members of Prairie Sky Co-operative Association Ltd.:

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Prairie Sky Co-operative Association Ltd. (the "Co-operative"), which comprise the balance sheet as at January 31, 2024, 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 January 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

### Basis for Opinion

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

### Responsibilities of Management and Those Charged with Governance 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.

Those charged with governance are responsible for overseeing the Co-operative's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

## Report on Other Legal and Regulatory Requirements

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

Weyburn, Saskatchewan

April 18, 2024

*MNP LLP*

Chartered Professional Accountants

# Prairie Sky Co-operative Association Ltd.

## Balance Sheet

As at January 31, 2024

	2024	2023
<b>Current assets</b>		
Cash and cash equivalents (Note 5(a))	\$ 5,651,407	\$ 1,637,203
Prepaid supplier accounts	180,665	176,139
Accounts receivable (Note 6)	3,614,332	5,200,847
Income taxes recoverable	226,361	2,386
Inventories (Note 7)	8,110,714	7,372,271
	17,783,479	14,388,846
<b>Investments</b>		
Federated Co-operatives Limited (Note 5(b))	17,625,339	16,912,786
Other organizations, at cost	610	380
<b>Property, plant and equipment (Note 8)</b>	17,377,547	17,617,380
<b>Intangible assets (Note 9)</b>	442,250	375,000
<b>Goodwill (Note 10)</b>	29,172	29,172
<b>Total assets</b>	<b>\$ 53,258,397</b>	<b>\$ 49,323,564</b>
<b>Current liabilities</b>		
Accounts payable and trust liabilities (Note 12)	10,004,542	6,938,133
Customer prepaid accounts	67,273	121,671
	10,071,815	7,059,804
<b>Asset retirement obligation (Note 13)</b>	86,130	84,743
<b>Total liabilities</b>	10,157,945	7,144,547
<b>Members' equity</b>		
Share capital (Note 14)	19,379,198	19,463,758
Reserves and retained savings (Note 15)	23,721,254	22,715,259
	43,100,452	42,179,017
<b>Total liabilities and members' equity</b>	<b>\$ 53,258,397</b>	<b>\$ 49,323,564</b>

Subsequent event (Note 20)

Approved on behalf of the Board of Directors

 Director

 Director

The accompanying notes are an integral part of these financial statements



**Prairie Sky Co-operative Association Ltd.**  
**Statement of Net Savings and Statement of Retained Savings**  
**For the Year Ended January 31, 2024**

	2024	%	2023	%
<b>Sales</b> (Note 16)	\$ 100,531,144	100.0	\$ 109,407,528	100.0
<b>Cost of goods sold</b>	<u>85,530,625</u>	<u>85.1</u>	<u>93,507,322</u>	<u>85.5</u>
<b>Gross margin</b>	<u>15,000,519</u>	<u>14.9</u>	<u>15,900,206</u>	<u>14.5</u>
<b>Expenses</b>				
Operating and administration	16,940,370	16.8	15,826,002	14.4
Net interest (Note 17)	<u>(273,765)</u>	<u>(0.3)</u>	<u>(149,856)</u>	<u>(0.1)</u>
	<u>16,666,605</u>	<u>16.5</u>	<u>15,676,146</u>	<u>14.3</u>
<b>(Loss) savings from operations</b>	<u>(1,666,086)</u>	<u>(1.6)</u>	<u>224,060</u>	<u>0.2</u>
<b>Other items</b>				
FCL loyalty program (Note 5(c)(iii))	1,868,458	1.9	1,793,610	1.6
Patronage refunds	<u>3,539,283</u>	<u>3.5</u>	<u>3,038,065</u>	<u>2.8</u>
	<u>5,407,741</u>	<u>5.4</u>	<u>4,831,675</u>	<u>4.4</u>
<b>Net savings before income taxes</b>	3,741,655	3.8	5,055,735	4.6
Income taxes (Note 19)	<u>400,458</u>	<u>0.4</u>	<u>589,566</u>	<u>0.5</u>
<b>Net savings</b>	<u><b>\$ 3,341,197</b></u>	<u>3.4</u>	<u><b>\$ 4,466,169</b></u>	<u>4.1</u>
<b>Retained savings, beginning of year</b>	\$ -		\$ -	
Net savings	3,341,197		4,466,169	
Transfer to statutory reserve (Note 15)	(187,156)		(252,789)	
Transfer to general reserve (Note 15)	(815,607)		(1,579,320)	
Patronage allocation to members (Note 14)	<u>(2,338,434)</u>		<u>(2,634,060)</u>	
<b>Retained savings, end of year</b> (Note 15)	<u>-</u>		<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements



**Prairie Sky Co-operative Association Ltd.**  
**Statement of Cash Flows**  
**For the Year Ended January 31, 2024**

	2024	2023
<b>Operating activities</b>		
Net savings	\$ 3,341,197	\$ 4,466,169
Adjustments for:		
Depreciation and accretion	1,711,567	1,788,144
FCL patronage refund	(3,539,283)	(3,037,915)
(Gain) loss on the disposal of property, plant and equipment	(15,578)	11,733
	<u>1,497,903</u>	<u>3,228,131</u>
Changes in non-cash operating working capital:		
Prepaid supplier accounts	(4,526)	(12,964)
Accounts receivable	1,586,515	(1,125,459)
Income taxes recoverable	(223,975)	133,937
Inventories	(738,443)	(978,636)
Accounts payable and trust liabilities	3,066,409	1,844,104
Customer prepaid accounts	(54,398)	62,232
	<u>5,129,484</u>	<u>3,151,345</u>
Cash provided by operating activities	<u>5,129,484</u>	<u>3,151,345</u>
<b>Investing activities</b>		
Redemption of FCL shares	2,826,730	2,430,332
Increase of other investments	(230)	(150)
Additions to property, plant and equipment	(1,477,054)	(1,144,225)
Additions to intangible assets	(67,250)	-
Proceeds from the disposal of property, plant and equipment	22,285	66,121
	<u>1,304,481</u>	<u>1,352,078</u>
Cash provided by investing activities	<u>1,304,481</u>	<u>1,352,078</u>
<b>Financing activities</b>		
Repayments on line of credit (net)	-	(824,025)
Repayment of long-term debt	-	(107,113)
Share capital issued	5,350	5,000
GST on allocation	101,360	86,946
Redemption of share capital	(2,526,472)	(2,211,373)
	<u>(2,419,762)</u>	<u>(3,050,565)</u>
Cash used for financing activities	<u>(2,419,762)</u>	<u>(3,050,565)</u>
<b>Net increase in cash and cash equivalents</b>	<b>4,014,203</b>	<b>1,452,858</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>1,637,203</b>	<b>184,345</b>
	<u>1,637,203</u>	<u>184,345</u>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 5,651,406</b>	<b>\$ 1,637,203</b>
	<u>\$ 5,651,406</u>	<u>\$ 1,637,203</u>

*The accompanying notes are an integral part of these financial statements*



**Prairie Sky Co-operative Association Ltd.**  
**Notes to the Financial Statements**  
**For the Year Ended January 31, 2024**

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**1. Incorporation and operations**

Weyburn Co-operative Association Limited was incorporated on June 26, 1929, Beaubier Co-operative Association Limited was incorporated on May 20, 1932, Milestone Co-operative Limited was incorporated on January 13, 1915, and Cross Country Co-operative Association Limited was incorporated on March 24, 1919 under the Co-operatives Act of Saskatchewan. On February 1, 2014, the Weyburn Co-operative and Beaubier Co-operative were amalgamated to form Prairie Sky Co-operative Association Ltd. ("the Co-operative"). On January 29, 2017, Prairie Sky Co-operative and Milestone Co-operative amalgamated. On February 3, 2018, Prairie Sky Co-operative and Cross Country Co-operative amalgamated. The primary business of the Co-operative is operating retail consumer and petroleum outlets in Weyburn, Beaubier, Lang, and Milestone, Saskatchewan and area.

**2. Significant accounting policies**

These financial statements have been prepared in accordance with Canadian accounting standards for private enterprises (ASPE).

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 January 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 the first-in first-out method and the retail method. Inventories are stated at the lower of cost and net realizable value.

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, investments are recorded at acquisition cost, less any provisions for permanent impairment or adjustments for patronage refunds or share redemptions. All transactions with Federated Co-operatives Limited (FCL) are disclosed in a separate note (Note 5).





**Prairie Sky Co-operative Association Ltd.**  
**Notes to the Financial Statements**  
**For the Year Ended January 31, 2024**

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**2. Significant accounting policies** *(continued from previous page)*

**(e) 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 during the year.

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

**(ii) Financial asset impairment**

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

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

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

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



**Prairie Sky Co-operative Association Ltd.**  
**Notes to the Financial Statements**  
**For the Year Ended January 31, 2024**

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**2. Significant accounting policies** *(continued from previous page)*

**(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:

Buildings	Declining balance or Straight-line	4% to 10% or 10 - 25 years
Parking lots	Declining balance	8%
Tanks	Declining balance	20%
Furniture & equipment	Declining balance	20%
Computer hardware	Declining balance or Straight-line	45% to 100% or 4 - 5 years
Vehicles	Declining balance	30%
Truck equipment	Declining balance	15%
Asset retirement cost	Straight-line	20 - 35 years

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 grant programs are recorded as a reduction of the cost of related assets in the period in which eligible expenditures are incurred, with any depreciation calculated on the net amount.

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

**(g) Asset retirement obligation**

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

**(h) Revenue recognition**

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

**(i) 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 share capital that is to be paid to members at the time it has been approved by the Board of Directors.

**(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.



**Prairie Sky Co-operative Association Ltd.**  
**Notes to the Financial Statements**  
**For the Year Ended January 31, 2024**

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**2. Significant accounting policies** *(continued from previous page)*

**(k) Use of estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The amounts of such items are based upon the Co-operative's best information and judgment. Actual amounts could differ from these estimates.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Other estimates include valuation of potential contingencies and possible impairment of long-lived assets.

An asset retirement obligation is recognized at the best estimate of the expenditure required to settle the present obligation at the balance sheet date when the liability is incurred and a reasonable estimate of the obligation is determinable. The best estimate of the asset retirement obligation is the present value of the amount the Co-operative would rationally pay to settle the obligation, or transfer to a third party, at the balance sheet date.

When a liability is recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related asset. The asset retirement cost is amortized over the estimated useful life of the related asset.

Significant estimation or judgment is required in the determination of (i) inventories valued at retail and adjusted to cost; (ii) estimated inventory provisions due to spoilage and shrinkage occurring between the last physical inventory count and the balance sheet date; and (iii) estimated inventory provisions associated with vendor allowances and internal charges.

Depreciation and amortization is based on the estimated useful lives of property, plant and equipment.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in net savings in the year in which they become known.

**(l) Goodwill**

Goodwill is initially measured at cost, being the excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized as a bargain purchase gain. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is tested for impairment when circumstances indicate that the carrying value may be impaired. Impairment of goodwill is determined by assessing the recoverable amount of each operating segment to which the goodwill relates. Where the recoverable amount of the operating segment (including the carrying value of the allocated goodwill) is less than the carrying value, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods. There were no impairment losses recorded in the current year.

**(m) Intangible assets**

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any. Indefinite life intangible assets 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.



**Prairie Sky Co-operative Association Ltd.**  
**Notes to the Financial Statements**  
**For the Year Ended January 31, 2024**

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**3. Financial instruments and risk management**

The significant financial risks to which the Co-operative is exposed are credit risk and interest rate 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. As at January 31, 2024, no single customer accounts for more than 10% (2023 - none) of total customer accounts receivable.

**(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.

**4. Contractual obligations**

The Co-operative has provided guarantees amounting to \$15,000 for Saskatchewan Lotteries.

**5. Transactions with Federated Co-operatives Limited ("FCL")**

**(a) FCL special deposit**

Amounts held with FCL as special deposits earn interest at rates based on prime rates. Amount of FCL special deposit is \$5,462,305 (2023 - \$903,286) included in cash and cash equivalents.

**(b) 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, 2023 the Co-operative purchased goods amounting to \$79,163,263 (2023 - \$82,519,430) 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:

	<b>2024</b>	<b>2023</b>
Opening investment balance	\$ 16,912,786	\$ 16,305,203
Patronage refund	3,539,283	3,037,915
Share redemptions	<u>(2,826,730)</u>	<u>(2,430,332)</u>
Closing investment balance	<u>\$ 17,625,339</u>	<u>\$ 16,912,786</u>



**Prairie Sky Co-operative Association Ltd.**  
**Notes to the Financial Statements**  
**For the Year Ended January 31, 2024**

**5. Transactions with Federated Co-operatives Limited (continued from previous page)**

**(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 September 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 plus interest on the grants compounded annually at 10% from the grant date. Total grants received amounted to \$1,068,962 (2023 - \$1,153,855). Management intends to fulfill all existing contracts with FCL.

(ii) Under the terms of the agreement with FCL, the Co-operative has committed to purchase petroleum products at market price, from the FCL corporate bulk plant over a ten year period commencing from September 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.

**(d) Line of credit**

The Co-operative has a \$4,333,333 (2023 - \$5,916,667) line of credit available with Federated Co-operatives Limited, bearing interest at prime plus 2.0% of which \$nil (2023 - nil) has been drawn. Security for the line of credit is a general security agreement covering all present and after acquired property. Prime rate is currently 7.20% (2023 - 6.70%). The available amount decreases each year for 4 years as follows:

May 14, 2023 - May 13, 2024	4,333,333
May 14, 2024 - May 13, 2025	3,550,000
May 14, 2025 - May 13, 2026	2,366,667
May 14, 2026 - May 13, 2027	1,183,333

**6. Accounts receivable**

	<b>2024</b>	<b>2023</b>
Accounts receivable - customer	\$ 3,733,905	\$ 5,343,892
Other accounts receivable	80,427	56,955
Allowance for doubtful accounts	(200,000)	(200,000)
	<u>\$ 3,614,332</u>	<u>\$ 5,200,847</u>

**7. Inventories**

	<b>2024</b>	<b>2023</b>
Inventory	<u>\$ 8,110,714</u>	<u>\$ 7,372,271</u>

Inventory consists of goods for resale. The cost of inventories expensed and included in cost of goods sold is \$85,530,625 (2023 - \$93,507,322).



**Prairie Sky Co-operative Association Ltd.**  
**Notes to the Financial Statements**  
**For the Year Ended January 31, 2024**

**8. Property, plant and equipment**

			<b>2024</b>	<b>2023</b>
	Original Cost	Accumulated Depreciation	Book Value	Book Value
Land	\$ 1,187,448	\$ -	\$ 1,187,448	\$ 1,187,448
Buildings	18,047,094	7,210,847	10,836,247	10,983,431
Parking lots	3,331,634	1,217,832	2,113,802	2,188,043
Tanks	525,628	354,297	171,331	212,023
Furniture & equipment	7,851,100	6,107,924	1,743,176	1,887,643
Computer hardware	1,314,324	973,186	341,138	69,354
Vehicles	2,531,280	1,835,085	696,195	752,853
Truck equipment	1,024,139	767,470	256,669	301,963
Asset retirement cost	67,335	35,794	31,541	34,622
	<u>\$ 35,879,982</u>	<u>\$ 18,502,435</u>	<u>\$ 17,377,547</u>	<u>\$ 17,617,380</u>

Depreciation for the current year and included in operating and administration expense is \$1,710,180 (2023 - \$1,786,122). Gain on disposal of property, plant, and equipment included in operating and administration expense is \$15,578 (2023 - \$11,733 loss).

**9. Intangible assets**

			<b>2024</b>	<b>2023</b>
	Original Cost	Accumulated Depreciation	Book Value	Book Value
Food Store Liquor License	\$ 375,000	\$ -	\$ 375,000	\$ 375,000
Crossroads Liquor License	\$ 67,250	\$ -	\$ 67,250	\$ -
	<u>\$ 442,250</u>	<u>\$ -</u>	<u>\$ 442,250</u>	<u>\$ 375,000</u>

Liquor licenses have an indefinite life and are not amortized.

**10. Goodwill**

	<b>2024</b>	<b>2023</b>
Opening balance	\$ 29,172	\$ 29,172
Impairment losses	-	-
Closing balance	<u>\$ 29,172</u>	<u>\$ 29,172</u>

**11. Line of Credit**

The Co-operative has a \$4,000,000 (2023 - \$4,000,000) line of credit available with Weyburn Credit Union, bearing interest at prime plus 0.5% of which \$nil (2023 - \$nil) has been drawn. Security for the line of credit is a general security agreement covering all present and after acquired property. Prime rate is currently 7.20% (2023 - 6.70%).

The line of credit is subject to certain financial covenants. Weyburn Credit Union requires a current ratio of 1:1, a debt service ratio of 1.25:1, and is required to maintain shareholder equity of at least 25% of total assets. As at January 31, 2024, the Co-operative is in compliance with all covenants.



**Prairie Sky Co-operative Association Ltd.**  
**Notes to the Financial Statements**  
**For the Year Ended January 31, 2024**

**12. Accounts payable and trust liabilities**

	<b>2024</b>	<b>2023</b>
FCL payables	\$ 6,561,670	\$ 5,199,473
Other payables	2,702,442	1,481,389
Goods and Services Tax	25,256	-
Provincial Sales Tax	67,508	54,743
Liquor Consumption and Vape Tax	14,540	2,202
Federal Fuel Charge	633,126	200,326
	<u>\$ 10,004,542</u>	<u>\$ 6,938,133</u>

**13. 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 five (2023 - five) sites under this program. Management believes that due diligence has been exercised and that the impact of the asset retirement obligation is not significant.

The following table indicates the changes to the Co-operative's asset retirement obligations:

	<b>2024</b>	<b>2023</b>
Balance, beginning of year	\$ 84,743	\$ 82,722
Change in obligation	-	-
Accretion expense	1,387	2,021
Balance, end of year	<u>\$ 86,130</u>	<u>\$ 84,743</u>

The obligation was calculated using a discount rate of 7.20%, which is consistent with the current cost of borrowing. It is expected that the majority of the costs will occur between the years of 2023 and 2040.

**14. Share capital**

	<b>2024</b>	<b>2023</b>
Authorized, unlimited @ \$1		
Balance, beginning of year	\$ 19,463,758	\$ 18,951,530
Allocation to members	2,338,434	2,634,060
Cash from new members	5,350	5,000
GST on allocation	101,360	86,946
Shares from reserves	943	1,574
	<u>21,909,845</u>	<u>21,679,110</u>
General repayment	1,816,997	1,609,152
Transfer to reserves	4,175	3,979
Withdrawals and retirements	418,177	345,592
Withholding tax	291,298	256,629
	<u>2,530,647</u>	<u>2,215,352</u>
Balance, end of year	<u>\$ 19,379,198</u>	<u>\$ 19,463,758</u>



**Prairie Sky Co-operative Association Ltd.**  
**Notes to the Financial Statements**  
**For the Year Ended January 31, 2024**

**15. Reserves and retained savings**

	Statutory Reserve	General Reserve	Retained Savings	2024	2023
Balance, beginning of year	\$ 4,890,408	\$ 17,824,851	\$ -	\$ 22,715,259	\$ 20,880,745
Net savings distributed to retained savings	-	-	3,341,197	3,341,197	4,466,169
Patronage allocation	-	-	(2,338,434)	(2,338,434)	(2,634,060)
Shares transferred	3,232	-	-	3,232	2,405
Reserve transfers	187,156	815,607	(1,002,763)	-	-
Balance, end of year	<u>\$ 5,080,796</u>	<u>\$ 18,640,458</u>	<u>\$ -</u>	<u>\$ 23,721,254</u>	<u>\$ 22,715,259</u>

**16. Sales categories**

	2024	2023
Food division	\$ 29,051,776	\$ 26,336,137
General merchandise division	5,037,130	5,021,950
Petroleum division	55,933,569	67,027,577
Branches division	10,508,669	11,021,864
	<u>\$ 100,531,144</u>	<u>\$ 109,407,528</u>

**17. Net interest**

	2024	2023
Interest expense on		
- Short term debt	\$ 30,579	\$ 40,889
- Long-term debt	-	1,488
Interest revenue	(304,344)	(192,233)
	<u>\$ (273,765)</u>	<u>\$ (149,856)</u>

**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 \$438,200 (2023 - \$400,125) of expense relating to the plan. There were no significant changes to the rate of employer contributions during the year.





**Prairie Sky Co-operative Association Ltd.**  
**Notes to the Financial Statements**  
**For the Year Ended January 31, 2024**

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**19. Income taxes**

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:

	<b>2024</b>	<b>2023</b>
Savings before income taxes	\$ 3,741,655	\$ 5,055,735
Expected income tax expense at the combined tax rate of 23.5% (2022 - 27%) net of the small business deduction and general rate reduction	879,289	1,365,048
Increase (decrease) in income tax expense resulting from:		
Non-taxable income and non-deductible expenses	29,540	156,923
Patronage allocation to members of \$2,338,794 (2023 - \$2,634,060)	(549,617)	(720,420)
Income or expenses claimed in different periods for income tax purposes:		
Capital cost allowance in excess of depreciation	-	(211,985)
Depreciation in excess of capital cost allowance	45,353	-
Prior year tax adjustment	(4,107)	-
Income tax expense	\$ 400,458	\$ 589,566

**20. Subsequent event**

Subsequent to January 31, 2024 the Board of Directors approved a patronage allocation to members in the amount of \$2,338,794 (2023 - \$2,634,060).



**Prairie Sky Co-operative Association Ltd.**  
**Unaudited Statistical Information**  
**For the Year Ended January 31, 2024**

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**Record of Sales and Savings**

	<b>Year</b>	<b>Cash Payments to Members</b>	<b>Sales</b>	<b>Net Savings <sup>(1)</sup></b>	<b>%</b>
From Date of Incorporation, June 29, 1929 to January 31,	2014	\$ 31,094,769	\$ 1,146,224,813	\$ 55,231,760	4.8
	2015	3,808,576	90,460,501	6,783,774	7.5
	2016	3,930,543	73,537,061	2,964,369	4.0
	2017	2,683,617	69,780,710	2,811,152	4.0
	2018	2,288,802	78,926,629	4,565,094	5.8
	2019	2,821,207	88,656,446	7,011,820	7.9
	2020	3,500,200	84,101,711	4,617,664	5.5
	2021	2,521,043	71,205,452	2,422,484	3.5
	2022	1,496,231	85,962,163	4,028,521	4.8
	2023	2,211,373	109,407,528	4,466,169	4.1
	2024	2,526,472	100,531,144	3,341,197	3.4
		<u>\$ 58,882,833</u>	<u>\$ 1,998,794,158</u>	<u>\$ 98,244,004</u>	<u>4.9</u>



