



ANNUAL REPORTÁ 20GFÁ

Úřad vlády ČR
Co-operativeÁ
Association ŠcaĚ

Management's Responsibility

To the Members of Pioneer Co-operative Association Ltd.:

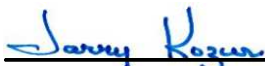
Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for private enterprises and ensuring that all information in the annual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

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

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

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

April 1, 2021



Chief Executive Officer

Independent Auditor's Report

To the Members of Pioneer Co-operative Association Ltd.:

Opinion

We have audited the financial statements of Pioneer Co-operative Association Ltd. (the "Co-operative"), which comprise the balance sheet as at January 31, 2021, 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, 2021, 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.

Independent Auditor's Report

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-operative's 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.

Saskatoon, Saskatchewan

April 1, 2021

MNP LLP

Chartered Professional Accountants


MNP

Pioneer Co-operative Association Limited
Balance Sheet
As at January 31, 2021

	2021	2020
Current assets		
Cash and cash equivalents	\$ 3,726,247	\$ 6,765,574
FCL special deposit (Note 4(a))	19,246,000	7,381,269
Accounts receivable - Customer (Note 5)	7,453,948	8,309,325
- Other	432,997	394,161
Income taxes recoverable	-	1,078,207
Inventories (Note 6)	56,677,181	70,834,728
Prepaid agriculture suppliers	9,785,231	5,357,570
Current portion long-term receivable (Note 7)	723,662	102,615
	98,045,266	100,223,449
 Long-term receivable (Note 7)	 314,413	 61,880
 Investments		
Federated Co-operatives Limited (Note 4(b))	50,598,204	50,023,244
Other organizations	58,833	58,822
 Property, plant and equipment (Note 8)	 38,690,834	 40,408,547
Intangible assets (Note 9)	400,000	400,000
Total assets	\$ 188,107,550	\$ 191,175,942
 Current liabilities		
Accounts payable and trust liabilities (Note 11)	\$ 35,067,759	\$ 42,827,946
Customer prepaid accounts	5,729,242	4,593,896
Income tax payable	58,047	-
Current portion of long-term debt (Note 12)	425,188	654,377
	41,280,236	48,076,219
 Long-term debt (Note 12)	 -	 425,233
Asset retirement obligation (Note 4(c))	610,398	581,944
Total liabilities	41,890,634	49,083,396
 Members' equity		
Share capital (Note 13)	66,266,134	66,034,766
Reserves and retained savings (Note 14)	79,950,782	76,057,780
	146,216,916	142,092,546
Total liabilities and members' equity	\$ 188,107,550	\$ 191,175,942

Subsequent event (Note 20)
Commitment (Note 21)

Approved on behalf of the Board of Directors



Director



Director

The accompanying notes are an integral part of these financial statements



Pioneer Co-operative Association Limited
Statement of Net Savings and Statement of Retained Savings
For the Year Ended January 31, 2021

	2021	%	2020	%
Sales (Note 15)	\$ 322,421,660	100.0	\$ 309,751,164	100.0
Cost of goods sold	<u>272,404,280</u>	<u>84.5</u>	<u>266,449,711</u>	<u>86.0</u>
Gross margin	<u>50,017,380</u>	<u>15.5</u>	<u>43,301,453</u>	<u>14.0</u>
Expenses				
Operating and administration	43,413,586	13.5	43,374,026	14.0
Net interest (Note 16)	<u>(560,692)</u>	<u>(0.2)</u>	<u>(304,396)</u>	<u>(0.1)</u>
	<u>42,852,894</u>	<u>13.3</u>	<u>43,069,630</u>	<u>13.9</u>
Savings from operations	7,164,486	2.2	231,823	0.1
FCL loyalty program (Note 4(d)(iii))	3,915,098	1.2	764,214	0.2
Patronage refunds	<u>6,095,003</u>	<u>1.9</u>	<u>15,240,456</u>	<u>4.9</u>
Savings before gain on amalgamation	17,174,587	5.3	16,236,493	5.2
Gain on amalgamation	<u>-</u>	<u>-</u>	<u>575,582</u>	<u>0.2</u>
Savings before income taxes	17,174,587	5.3	16,812,075	5.4
Income tax expense (Note 18)	<u>1,463,227</u>	<u>0.5</u>	<u>1,143,604</u>	<u>0.4</u>
Net savings	<u>\$ 15,711,360</u>	<u>4.8</u>	<u>\$ 15,668,471</u>	<u>5.0</u>
Retained savings, beginning of year	\$ 200,000		\$ 200,000	
Net savings	15,711,360		15,668,471	
Transfer to general reserve (Note 14)	(3,901,217)		(4,516,182)	
Patronage allocation to members (Note 13)	<u>(11,810,143)</u>		<u>(11,152,289)</u>	
Retained savings, end of year (Note 14)	<u>\$ 200,000</u>		<u>\$ 200,000</u>	

The accompanying notes are an integral part of these financial statements



Pioneer Co-operative Association Limited
Statement of Cash Flows
For the Year Ended January 31, 2021

	2021	2020
Operating activities		
Net savings	\$ 15,711,360	\$ 15,668,471
Adjustments for:		
Depreciation	5,040,742	5,317,917
Accretion	20,292	15,828
FCL patronage refund	(6,089,171)	(15,232,162)
Gain on the disposal of property, plant and equipment	(361,188)	(392,784)
Gain on amalgamation	-	(575,582)
Changes in non-cash operating working capital:		
Accounts receivable	816,541	2,920,823
Income taxes	1,136,254	626,830
Inventories	14,157,547	15,755,030
Prepaid agriculture suppliers	(4,427,661)	(426,615)
Long-term receivables	(873,580)	160,127
Accounts payable and trust liabilities	(7,760,187)	(3,651,830)
Customer prepaid accounts	1,135,346	(473,116)
Net working capital acquired on amalgamation	-	222,136
Asset retirement obligation	8,162	(5,720)
Cash provided by operating activities	<u>18,514,457</u>	<u>19,929,353</u>
Investing activities		
Redemption of FCL shares	5,514,211	12,752,419
Additions to property, plant and equipment	(3,421,215)	(2,283,540)
Proceeds from the disposal of property, plant and equipment	459,374	581,287
Investment in other organization	(11)	11
Addition to intangible asset	-	(400,000)
Cash acquired on amalgamation	-	324,594
Cash provided by investing activities	<u>2,552,359</u>	<u>10,974,771</u>
Financing activities		
Repayment of long-term debt	(654,422)	(1,002,120)
Share capital issued	8,280	7,670
GST on allocation	289,871	330,670
Redemption of share capital	(11,885,141)	(12,905,565)
Cash used for financing activities	<u>(12,241,412)</u>	<u>(13,569,345)</u>
Net increase in cash and cash equivalents	8,825,404	17,334,779
Cash and cash equivalents (borrowings), beginning of year	14,146,843	(3,187,936)
Cash and cash equivalents, end of year	<u>\$ 22,972,247</u>	<u>\$ 14,146,843</u>
Cash and cash equivalents are comprised of:		
Cash and cash equivalents	\$ 3,726,247	\$ 6,765,574
FCL special deposit	19,246,000	7,381,269
	<u>\$ 22,972,247</u>	<u>\$ 14,146,843</u>

The accompanying notes are an integral part of these financial statements



Pioneer Co-operative Association Limited
Notes to the Financial Statements
For the Year Ended January 31, 2021

1. Incorporation and operations

Pioneer Co-operative Association Limited ("the Co-operative") was incorporated under the Co-operatives Act of Saskatchewan on July 6, 1936. The primary business of the Co-operative is operating retail agricultural, food, family fashions, home centre, liquor, and petroleum outlets in Swift Current, Saskatchewan and area.

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 and intangible assets, impairment of long-lived assets, 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 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 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).



Pioneer Co-operative Association Limited
Notes to the Financial Statements
For the Year Ended January 31, 2021

(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:

Buildings	Straight-line & declining balance	1 to 25 years & 6%
Parking lots & dykes	Declining balance	4 to 8%
Fence	Declining balance	10%
Tanks	Declining balance	10%
Furniture & equipment	Declining balance	20% to 55%
Vehicles	Declining balance	30% to 40%
Asset retirement cost	Straight-line	1 to 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 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.



Pioneer Co-operative Association Limited
Notes to the Financial Statements
For the Year Ended January 31, 2021

(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) Business combinations

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

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

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



Pioneer Co-operative Association Limited
Notes to the Financial Statements
For the Year Ended January 31, 2021

(l) 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.

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, commodity price risk, and capital management.

(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. (2020 - No significant exposure to any individual customer).

(b) Interest rate risk

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

(e) Capital management

The Co-operative applies prudent fiscal management policies and practices designed to generate adequate levels of earnings, member's equity and other appropriate financial strengths. The Co-operative builds reserves so there are adequate levels of capital on hand to meet the short term and long term needs of the organization and pay out cash dividends to its members. Cash is monitored through the budgeting and planning cycle to analyze the Co-operative's capital structure under various potential scenarios.



Pioneer Co-operative Association Limited
Notes to the Financial Statements
For the Year Ended January 31, 2021

4. 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.

(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, 2020, the Co-operative purchased goods amounting to \$232,165,783 (2020 - \$223,357,201) 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:

	2021	2020
Opening investment balance	\$ 50,023,244	\$ 46,410,121
Increase in FCL shares from amalgamation	-	1,133,380
Patronage refund	6,089,171	15,232,162
Share redemptions	<u>(5,514,211)</u>	<u>(12,752,419)</u>
Closing investment balance	<u>\$ 50,598,204</u>	<u>\$ 50,023,244</u>

(c) 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 26 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. At year end, the Co-operative has accrued a liability in the amount of \$610,398 (2020 - \$581,944). A corresponding amount has been capitalized as an asset retirement cost. Accretion for the current year included in operating and administration expense was \$20,292 (2020 - \$15,828).

The Co-operative has two 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.



Pioneer Co-operative Association Limited
Notes to the Financial Statements
For the Year Ended January 31, 2021

(d) 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 \$5,302,066 (2020 - \$5,947,316). 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 May 2017. Failure to meet this commitment would require the Co-operative to pay a portion of the capital costs of the bulk plant to FCL determined by a formula based upon usage. Management intends to fulfill all existing contracts with FCL.

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

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

5. Accounts receivable - customer

Shown net of an allowance for doubtful accounts of \$250,000 (2020 - \$250,000).

6. Inventories

	2021	2020
Raw material	\$ 1,847,579	\$ 1,870,478
Work in process	4,268,561	1,219,205
Goods for resale	<u>50,561,041</u>	<u>67,745,045</u>
	<u>\$ 56,677,181</u>	<u>\$ 70,834,728</u>

The cost of inventories recognized as an expense during the year was \$271,907,929 (2020 - \$266,105,948).



Pioneer Co-operative Association Limited
Notes to the Financial Statements
For the Year Ended January 31, 2021

7. Long-term receivable

	Total	2021 Current Portion	2021 Deferred Portion	2020 Current Portion	2020 Deferred Portion
Petroleum tanks	\$ 1,038,075	\$ 723,662	\$ 314,413	\$ 102,615	\$ 61,880

The Co-operative has long-term interest free receivables covering petroleum tank equipment which are recoverable over 3 years. The receivables are secured by the petroleum tank equipment.

8. Property, plant and equipment

	Original Cost	Accumulated Depreciation	2021 Book Value	2020 Book Value
Land	\$ 8,953,479	\$ -	\$ 8,953,479	\$ 8,923,609
Buildings	34,153,472	17,876,339	16,277,133	17,390,033
Parking lots & dykes	4,615,882	1,506,205	3,109,677	2,914,671
Fence	167,687	62,921	104,766	88,735
Tanks	498,879	369,862	129,017	131,045
Furniture & equipment	24,177,099	18,248,199	5,928,900	6,782,101
Vehicles	20,227,073	16,433,777	3,793,296	3,678,774
Asset retirement cost	626,832	355,813	271,019	289,193
Under construction	123,547	-	123,547	210,386
	<u>\$ 93,543,950</u>	<u>\$ 54,853,116</u>	<u>\$ 38,690,834</u>	<u>\$ 40,408,547</u>

Depreciation for the current year included in operating and administration expense was \$5,040,742 (2020 - \$5,317,917).

9. Intangible asset

	Original Cost	Accumulated Amortization	2021 Book Value	2020 Book Value
Intangible asset	\$ 400,000	\$ -	\$ 400,000	\$ 400,000

In 2019, the Co-operative purchased an intangible asset that has an indefinite life.



Pioneer Co-operative Association Limited
Notes to the Financial Statements
For the Year Ended January 31, 2021

10. Line of credit

The Co-operative has a \$20,000,000 line of credit of which no amount has been drawn as at January 31, 2021 (2019 - \$nil). The line of credit is secured by a Business Security Agreement and a General Security Agreement. Interest on the line of credit is prime (2.45%) (2020 - 3.95%).

11. Accounts payable and trust liabilities

	2021	2020
FCL payables	\$ 28,369,200	\$ 37,034,493
Other payables	5,826,501	5,244,942
Trust liabilities:		
Payroll deductions	292,458	83,159
Goods and services tax	-	318
Provincial sales tax	179,331	150,886
Federal fuel charge	341,071	221,836
Workers Compensation Board	39,720	38,459
Liquor consumption tax	19,478	53,853
	<u>\$ 35,067,759</u>	<u>\$ 42,827,946</u>

12. Long-term debt

		2021	2021	2020	2020
	Total	Current Portion	Deferred Portion	Current Portion	Deferred Portion
FCL ⁽¹⁾	\$ -	\$ -	\$ -	\$ 106,933	\$ -
FCL ⁽²⁾	-	-	-	122,301	-
FCL ⁽³⁾	425,188	425,188	-	425,143	425,233
	<u>\$ 425,188</u>	<u>\$ 425,188</u>	<u>\$ -</u>	<u>\$ 654,377</u>	<u>\$ 425,233</u>

⁽¹⁾ FCL Gull lake upgrade loan was fully paid in 2021.

⁽²⁾ FCL Shaunavon Upgrade loan was fully paid in 2021.

⁽³⁾ FCL Swit Current Upgrade loan is repayable \$425,143 per year without interest. The remaining balance is due in 2022. Security for the loan is a first security in the equipment purchased with a net book value of \$322,459 (2020 - \$415,378).



Pioneer Co-operative Association Limited
Notes to the Financial Statements
For the Year Ended January 31, 2021

13. Share capital

	2021	2020
Authorized, unlimited @ \$10		
Balance, beginning of year	\$ 66,034,766	\$ 66,329,199
Allocation to members	11,810,143	11,152,289
Amalgamation of Hazlet Co-operative	-	1,147,074
Cash from new members	8,280	7,670
GST on allocation	289,871	330,670
Shares transferred from reserves	8,256	33,294
	<u>78,151,316</u>	<u>79,000,196</u>
Shares transferred to reserves	41	59,865
Withdrawals and retirements	10,434,098	11,340,749
Withholding tax	1,451,043	1,564,816
	<u>11,885,182</u>	<u>12,965,430</u>
Balance, end of year	<u>\$ 66,266,134</u>	<u>\$ 66,034,766</u>

14. Reserves and retained savings

	Statutory Reserve	General Reserve	Retained Savings	2021	2020
Balance, beginning of year	\$ 19,676,208	\$ 56,181,572	\$ 200,000	\$ 76,057,780	\$ 71,515,027
Net savings distributed to retained savings	-	-	15,711,360	15,711,360	15,668,471
Patronage allocation	-	-	(11,810,143)	(11,810,143)	(11,152,289)
Shares transferred	(8,215)	-	-	(8,215)	26,571
Reserve transfers	-	3,901,217	(3,901,217)	-	-
Balance, end of year	<u>\$ 19,667,993</u>	<u>\$ 60,082,789</u>	<u>\$ 200,000</u>	<u>\$ 79,950,782</u>	<u>\$ 76,057,780</u>



Pioneer Co-operative Association Limited
Notes to the Financial Statements
For the Year Ended January 31, 2021

15. Sales

	2021	2020
Shopping centres and city stations	\$ 71,786,901	\$ 68,177,962
Agro and branches	<u>250,634,759</u>	<u>241,573,202</u>
	<u><u>\$ 322,421,660</u></u>	<u><u>\$ 309,751,164</u></u>

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

16. Net interest

	2021	2020
Interest expense on		
- Short-term debt	\$ 18,340	\$ 273,951
- Long-term debt	8,796	9,585
Interest revenue	<u>(587,828)</u>	<u>(587,932)</u>
	<u><u>\$ (560,692)</u></u>	<u><u>\$ (304,396)</u></u>

17. 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 \$1,057,734 (2020- \$1,071,332) of expense relating to the plan. There were no significant changes to the rate of employer contributions during the year.



Pioneer Co-operative Association Limited
Notes to the Financial Statements
For the Year Ended January 31, 2021

18. 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:

	2021	2020
Savings before income taxes	\$ 17,174,587	\$ 16,812,075
Expected income tax expense at the combined tax rate of 27% (2020 - 26.8%) net of the general rate reduction	4,637,138	4,505,636
Increase (decrease) in income tax expense resulting from:		
Gain on amalgamation	-	(154,256)
Non-taxable income and non-deductible expense	75,945	(103,645)
Patronage allocation to members of \$11,810,143 (2020 - \$11,152,289)	(3,188,739)	(2,988,813)
Income or expenses claimed in different periods for income tax purposes:		
Capital cost allowance in excess of depreciation	(2,707)	-
Depreciation in excess of capital cost allowance	-	19,156
Allowance for doubtful accounts	(7,667)	(6,003)
Other items that impact income taxes:		
Manufacturing and processing investment tax credit	(44,502)	(30,868)
Apprentice tax credit	(2,000)	-
Loss carryforward from amalgamation	-	(34,605)
Prior year tax adjustment	<u>(4,241)</u>	<u>(62,998)</u>
Income tax expense	<u>\$ 1,463,227</u>	<u>\$ 1,143,604</u>

19. 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.



Pioneer Co-operative Association Limited
Notes to the Financial Statements
For the Year Ended January 31, 2021

20. Subsequent event

Patronage allocation to members

Subsequent to January 31, 2021 the Board of Directors approved a patronage allocation to members in the amount of \$11,810,143 (2020 - \$11,152,289).

21. Commitment

The Co-operative is committed to the completion of a Gas Bar. The estimated total cost of the project is \$7,000,000 of which \$123,547 has been set up in under construction. This project will be financed from operations.



Pioneer Co-operative Association Limited
Audited Statistical Information
For the Year Ended January 31, 2021

Record of Sales and Net Savings

	<u>Year</u>	<u>Sales</u>	<u>Net Savings</u>	<u>%</u>
From Date of Incorporation, July 6, 1936 to January 31,	2012	\$ 3,177,035,490	\$ 179,606,922	5.7
	2013	234,003,822	18,242,284	7.8
	2014	250,557,517	17,001,394	6.8
	2015	273,920,253	17,327,297	6.3
	2016	271,380,118	16,047,420	5.8
	2017	283,152,089	18,464,221	6.6
	2018	290,377,216	17,094,548	6.0
	2019	319,357,683	22,397,859	7.1
	2020	309,751,164	15,668,471	5.0
	2021	322,421,660	15,711,360	4.8
		<u>\$ 5,731,957,012</u>	<u>\$ 337,561,776</u>	<u>5.9</u>

Membership

Members purchasing during the year	22,075
Inactive members	<u>6,988</u>
Total members	<u>29,063</u>



