

Annual General Meeting Agenda

April 06, 2022 at 7:00PM - Virtually on Webex



Central Plains

1. Call to Order

Welcome

2. Appointment of Chairperson for the Meeting

3. Chairperson's Opening Remarks and Protocol

4. Approval of the Agenda

5. Minutes from Previous Annual General Meeting

May 31, 2021

6. Annual Report

2021 Financial Statement Review

Updates and Future Plans

7. Announcement of Directors Elected by Acclamation

8. Appointment of MNP as the External Auditors for Central Plains Co-op for 2022

9. New Business

10. Questions

11. Adjournment



ANNUAL REPORT

2021

Central Plains
Co-operative Ltd.

Management's Responsibility

To the Members of Central Plains Co-operative Ltd.:

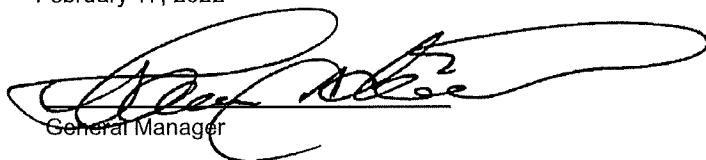
Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for private enterprises and ensuring that all information in the annual 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.

February 17, 2022



General Manager

Independent Auditor's Report

To the Members of Central Plains Co-operative Ltd.:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Central Plains Co-operative Ltd. (the "Co-operative"), which comprise the balance sheet as at October 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 October 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 *(continued from previous page)*

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

February 17, 2022

MNP LLP

Chartered Professional Accountants

MNP

Central Plains Co-operative Ltd.

Balance Sheet

As at October 31, 2021

	2021	2020
Current assets		
Cash and cash equivalents	\$ 787,305	\$ 1,337,833
FCL special deposit (Note 4(a))	1,216,679	-
Accounts receivable - Customer (Note 5)	1,490,273	1,186,971
- Other	756,752	499,083
Income taxes recoverable	33,935	250,952
Inventories (Note 6)	10,434,770	8,266,773
Prepaid expenses	-	1,716
Current portion long-term receivable (Note 7)	58,450	24,397
	<u>14,778,164</u>	<u>11,567,725</u>
Long-term receivable (Note 7)	39,950	24,396
Investments		
Federated Co-operatives Limited (Note 4(b))	12,659,543	11,567,221
Other organizations	2,370	2,370
	<u>15,119,206</u>	<u>12,513,862</u>
Property, plant and equipment (Note 8)	<u>\$ 42,599,233</u>	<u>\$ 35,675,574</u>
Total assets		
Current liabilities		
Accounts payable and trust liabilities (Note 10)	\$ 9,084,656	\$ 6,275,602
Customer prepaid accounts	727,312	243,597
Current portion of callable debt (Note 11)	77,368	808,000
	<u>9,889,336</u>	<u>7,327,199</u>
Callable debt (Note 11)	2,447,708	-
Total liabilities	<u>12,337,044</u>	<u>7,327,199</u>
Members' equity		
Share capital (Note 12)	10,274,557	10,304,945
Reserves and retained savings (Note 13)	19,987,632	18,043,430
	<u>30,262,189</u>	<u>28,348,375</u>
Total liabilities and members' equity	<u>\$ 42,599,233</u>	<u>\$ 35,675,574</u>
Subsequent event (Note 20)		
Commitment (Note 21)		

Approved on behalf of the Board of Directors

Karen Sinclair
Director

Raylene Simon
Director

The accompanying notes are an integral part of these financial statements



Central Plains Co-operative Ltd.
Statement of Net Savings and Statement of Retained Savings
For the Year Ended October 31, 2021

	2021	%	2020	%
Sales (Note 14)	\$ 61,165,792	100.0	\$ 59,638,432	100.0
Cost of goods sold	<u>52,449,536</u>	<u>85.7</u>	<u>51,032,553</u>	<u>85.6</u>
Gross margin	<u>8,716,256</u>	<u>14.3</u>	<u>8,605,879</u>	<u>14.4</u>
Expenses				
Operating and administration	10,285,330	16.8	10,434,649	17.5
Net interest (Note 16)	<u>(51,746)</u>	<u>(0.1)</u>	<u>(6,423)</u>	<u>-</u>
	<u>10,233,584</u>	<u>16.7</u>	<u>10,428,226</u>	<u>17.5</u>
Loss from operations	<u>(1,517,328)</u>	<u>(2.4)</u>	<u>(1,822,347)</u>	<u>(3.1)</u>
FCL loyalty program (Note 4(d)(iii))	851,289	1.4	966,545	1.6
Patronage refunds (Note 4(b))	<u>2,100,305</u>	<u>3.4</u>	<u>923,916</u>	<u>1.5</u>
Savings before other item	<u>1,434,266</u>	<u>2.4</u>	<u>68,114</u>	<u>0.1</u>
Other item (Note 22)	<u>1,434,141</u>	<u>2.3</u>	<u>311,280</u>	<u>0.5</u>
Savings before income taxes	<u>2,868,407</u>	<u>4.7</u>	<u>379,394</u>	<u>0.6</u>
Income tax expense (Note 18)	<u>323,454</u>	<u>0.5</u>	<u>21,820</u>	<u>-</u>
Net savings	<u><u>\$ 2,544,953</u></u>	<u><u>4.2</u></u>	<u><u>\$ 357,574</u></u>	<u><u>0.6</u></u>
Retained savings, beginning of year	\$ -		\$ -	
Net savings	2,544,953		357,574	
Transfer to statutory reserve (Note 13)	(151,869)		-	
Transfer to general reserve (Note 13)	(1,768,164)		(83,289)	
Patronage allocation to members (Note 12)	<u>(624,920)</u>		<u>(274,285)</u>	
Retained savings, end of year (Note 13)	<u><u>\$ -</u></u>		<u><u>\$ -</u></u>	

The accompanying notes are an integral part of these financial statements



Central Plains Co-operative Ltd.
Statement of Cash Flows
For the Year Ended October 31, 2021

	2021	2020
Operating activities		
Net savings	\$ 2,544,953	\$ 357,574
Adjustments for:		
Depreciation	1,083,876	1,165,307
FCL patronage refund	(2,100,305)	(923,916)
(Gain) loss on the disposal of property, plant and equipment	(14,156)	33,107
Other item	-	(31,328)
Changes in non-cash operating working capital:		
Accounts receivable	(560,971)	3,836,593
Income taxes recoverable	217,017	63,589
Inventories	(2,167,997)	1,582,950
Prepaid expenses	1,716	(1,716)
Long-term receivables	(49,607)	(48,793)
Accounts payable and trust liabilities	2,809,054	(4,263,202)
Customer prepaid accounts	483,715	(120,410)
Cash provided by operating activities	<u>2,247,295</u>	<u>1,649,755</u>
Investing activities		
Redemption of FCL shares	1,007,983	2,304,413
Additions to property, plant and equipment	(3,949,003)	(702,451)
Proceeds from the disposal of property, plant and equipment	<u>273,939</u>	<u>5,000</u>
Cash provided by (used for) investing activities	<u>(2,667,081)</u>	<u>1,606,962</u>
Financing activities		
Advances of callable debt	2,525,076	-
Repayment of callable debt	(808,000)	(399,414)
Share capital issued	1,940	1,770
GST on allocation	7,548	29,455
Redemption of share capital	<u>(640,627)</u>	<u>(966,526)</u>
Cash provided by (used for) financing activities	<u>1,085,937</u>	<u>(1,334,715)</u>
Net increase in cash and cash equivalents	666,151	1,922,002
Cash and cash equivalents (borrowings), beginning of year	<u>1,337,833</u>	<u>(584,169)</u>
Cash and cash equivalents, end of year	<u><u>\$ 2,003,984</u></u>	<u><u>\$ 1,337,833</u></u>
Cash and cash equivalents are comprised of:		
Cash and cash equivalents	\$ 787,305	\$ 1,337,833
FCL special deposit	1,216,679	-
	<u><u>\$ 2,003,984</u></u>	<u><u>\$ 1,337,833</u></u>

The accompanying notes are an integral part of these financial statements



Central Plains Co-operative Ltd.
Notes to the Financial Statements
For the Year Ended October 31, 2021

1. Incorporation and operations

Central Plains Co-operative Ltd. ("the Co-operative") was incorporated under the Co-operatives Act of Saskatchewan on April 2, 1937. The primary business of the Co-operative is operating retail agricultural, food, and petroleum outlets in Eston, Landis, Perdue, and Rosetown, Saskatchewan and the surrounding areas.

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, 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).



Central Plains Co-operative Ltd.

Notes to the Financial Statements For the Year Ended October 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	5 - 30 years & 10%
Pavement	Declining balance	4% - 10%
Tanks	Declining balance	10% - 20%
Furniture & equipment	Declining balance	20%
Computer equipment	Straight-line & declining balance	3 - 5 years & 50% - 100%
Vehicles	Declining balance	15% - 30%

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

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

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

(g) 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.



Central Plains Co-operative Ltd.
Notes to the Financial Statements
For the Year Ended October 31, 2021

(h) Revenue recognition

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

(i) 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.

(j) Government assistance

The Co-operative recognizes government assistance when there is a reasonable assurance that it will comply with the conditions required to qualify for the assistance, and that the assistance will be received. The Co-operative recognizes government assistance related to the Canada Emergency Wages Subsidy ("CEWS") as a reduction to the expense which the assistance program is meant to fund.

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 (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 and callable debt. The Co-operative's ability to meet obligations depends on funds generated by its operations.



Central Plains Co-operative Ltd.
Notes to the Financial Statements
For the Year Ended October 31, 2021

(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.

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, 2021, the Co-operative purchased goods amounting to \$49,354,282 (2020 - \$42,574,857) 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	\$ 11,567,221	\$ 12,947,718
Patronage refund	2,100,305	923,916
Share redemptions	<u>(1,007,983)</u>	<u>(2,304,413)</u>
Closing investment balance	<u>\$ 12,659,543</u>	<u>\$ 11,567,221</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 eight 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 has one fertilizer site that is 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.



Central Plains Co-operative Ltd.

Notes to the Financial Statements

For the Year Ended October 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 December 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 \$2,154,040 (2020 - \$2,168,862). 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 August 2012. 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 \$84,000 (2020 - \$84,000).

6. Inventories

	2021	2020
Raw material	\$ 987,174	\$ 902,034
Goods for resale	<u>9,447,596</u>	<u>7,364,739</u>
	<u>\$ 10,434,770</u>	<u>\$ 8,266,773</u>

The cost of inventories recognized as an expense during the year was \$52,356,883 (2020 - \$50,937,686).



Central Plains Co-operative Ltd.
Notes to the Financial Statements
For the Year Ended October 31, 2021

7. Long-term receivable

	Total	2021 Current Portion	2021 Deferred Portion	2020 Current Portion	2020 Deferred Portion
Petroleum tanks	\$ 98,400	\$ 58,450	\$ 39,950	\$ 24,397	\$ 24,396

The Co-operative has long-term interest free receivables covering petroleum tank equipment which are recoverable over two 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	\$ 1,392,363	\$ -	\$ 1,392,363	\$ 1,387,363
Buildings	11,748,624	5,492,790	6,255,834	6,643,109
Pavement	2,581,823	1,068,806	1,513,017	1,617,474
Tanks	2,288,826	1,462,625	826,201	973,611
Furniture & equipment	5,620,994	4,576,571	1,044,423	1,120,199
Computer equipment	950,127	875,750	74,377	90,195
Vehicles	2,338,012	1,842,321	495,691	589,587
Under construction	3,517,300	-	3,517,300	92,324
	<u>\$ 30,438,069</u>	<u>\$ 15,318,863</u>	<u>\$ 15,119,206</u>	<u>\$ 12,513,862</u>

Depreciation for the current year included in operating and administration expense was \$1,083,876 (2020 - \$1,165,307).

9. Line of credit

The Co-operative has a \$4,250,000 line of credit with Prairie Centre Credit Union of which no amount has been drawn as at October 31, 2021 (2020 - \$nil). The line of credit is secured by a General Security Agreement. Interest on the line of credit is prime plus 0.5% (3.0%) (2020 - 3.0%).



Central Plains Co-operative Ltd.
Notes to the Financial Statements
For the Year Ended October 31, 2021

10. Accounts payable and trust liabilities

	2021	2020
FCL payables	\$ 8,179,807	\$ 5,610,045
Other payables	692,453	452,558
Trust liabilities:		
Payroll deductions	50,593	54,309
Goods and services tax	-	5,447
Provincial sales tax	45,632	52,004
Federal fuel charge	111,192	97,041
Liquor consumption tax	4,267	4,198
Vapour tax	712	-
	<u>\$ 9,084,656</u>	<u>\$ 6,275,602</u>

11. Callable and long-term debt

		2021	2021	2020	2020
	Total	Current Portion	Deferred Portion	Current Portion	Deferred Portion
Prairie Centre Credit Union Mortgage ⁽¹⁾	\$ 2,525,076	\$ 77,368	\$ 2,447,708	\$ -	\$ -
FCL line of credit	-	-	-	808,000	-
	<u>\$ 2,525,076</u>	<u>\$ 77,368</u>	<u>\$ 2,447,708</u>	<u>\$ 808,000</u>	<u>\$ -</u>

⁽¹⁾ The Prairie Centre Credit Union mortgage is due on demand, with payments starting after June 2022 of \$36,868 per month including interest at prime plus 0.75% (3.25%). The Co-operative is authorized to borrow up to \$6.5 million with the remaining balance is due in 2042. Security for this loan are the properties for the Eston Cardlock and Rosetown Food Store with book values totaling \$5,305,891.

⁽²⁾ The FCL line of credit matured on October 30, 2020 and was paid in full.

The scheduled principal repayments on the long-term debt for the next five years and subsequent are as follows, provided the callable debt is not demanded:

2022	\$ 77,368
2023	237,190
2024	245,014
2025	253,097
2026	261,446
Subsequent payments	<u>1,450,961</u>
	<u>\$ 2,525,076</u>



Central Plains Co-operative Ltd.

Notes to the Financial Statements For the Year Ended October 31, 2021

12. Share capital

Authorized, unlimited @ \$1	2021	2020
Balance, beginning of year	\$ 10,304,945	\$ 11,043,255
Allocation to members	624,920	274,285
Cash from new members	1,940	1,770
GST on allocation	7,548	29,455
Shares transferred from reserves	12,506	11,346
	<u>10,951,859</u>	<u>11,360,111</u>
General repayment	205,688	511,591
Shares transferred to reserves	36,675	88,640
Withdrawals and retirements	416,672	364,539
Withholding tax	18,267	90,396
	<u>677,302</u>	<u>1,055,166</u>
Balance, end of year	<u>\$ 10,274,557</u>	<u>\$ 10,304,945</u>

13. Reserves and retained savings

	Statutory Reserve	General Reserve	Retained Savings	2021	2020
Balance, beginning of year	\$ 3,656,863	\$ 14,386,567	\$ -	\$ 18,043,430	\$ 17,882,847
Net savings distributed to retained savings	-	-	2,544,953	2,544,953	357,574
Patronage allocation	-	-	(624,920)	(624,920)	(274,285)
Shares transferred	24,169	-	-	24,169	77,294
Reserve transfers	<u>151,869</u>	<u>1,768,164</u>	<u>(1,920,033)</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 3,832,901</u>	<u>\$ 16,154,731</u>	<u>\$ -</u>	<u>\$ 19,987,632</u>	<u>\$ 18,043,430</u>



Central Plains Co-operative Ltd.
Notes to the Financial Statements
For the Year Ended October 31, 2021

14. Sales

	2021	2020
Petroleum Division	\$ 24,746,373	\$ 23,088,369
Agro/Home Centre Division	20,220,075	20,212,226
Food/Pharmacy Division	<u>16,199,344</u>	<u>16,337,837</u>
	<u>\$ 61,165,792</u>	<u>\$ 59,638,432</u>

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

15. Government assistance

In response to the negative economic impact of COVID-19 the Government of Canada has announced the CEWS program in April 2020. CEWS provides wage subsidies on eligible remuneration, subject to limits per employee, to eligible employers based on certain criteria, which includes demonstration of revenue declines as a result of COVID-19.

The Co-operative has determined that it has qualified for CEWS. The Co-operative has applied for and has received \$474,847 (2020 - \$187,879) which has been reflected as a reduction to operating and administration expenses.

16. Net interest

	2021	2020
Interest expense on		
- Short-term debt	\$ 9,466	\$ 49,761
- Long-term debt	5,324	12,292
Interest revenue	<u>(66,536)</u>	<u>(68,476)</u>
	<u>\$ (51,746)</u>	<u>\$ (6,423)</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 \$297,197 (2020 - \$265,600) of expense relating to the plan. There were no significant changes to the rate of employer contributions during the year.



Central Plains Co-operative Ltd.**Notes to the Financial Statements
For the Year Ended October 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	\$ 2,868,407	\$ 379,394
Expected income tax expense at the combined tax rate of 27.0% (2020 - 27.0%)	774,471	102,434
Increase (decrease) in income tax expense resulting from:		
Non-taxable income and non-deductible expense	4,411	10,402
Gain on disposal of assets in excess of taxable capital gain	(260,911)	-
Patronage allocation to members of \$624,920 (2020 - \$274,285)	(168,729)	(74,055)
Patronage carryforward claimed	(10,592)	-
Income or expenses claimed in different periods for income tax purposes:		
Capital cost allowance in excess of depreciation	(12,577)	(39,218)
Allowance for doubtful accounts	4,662	7,758
Other items that impact income taxes:		
Manufacturing and processing investment tax credit	(6,646)	(3,558)
Patronage dividends available for carryforward	-	7,857
Prior year tax adjustment	(635)	10,200
Income tax expense	<u>\$ 323,454</u>	<u>\$ 21,820</u>

19. Economic conditions

In March 2020, 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. The Co-operative's operations were impacted by COVID-19 due to increased customer demand in some circumstances as well as supply chain disruptions. The impact of COVID-19 has been partially offset by available government programs for which the Co-operative was eligible. The future impact the COVID-19 outbreak may have on the Co-operative is unknown as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence.



Central Plains Co-operative Ltd.
Notes to the Financial Statements
For the Year Ended October 31, 2021

20. Subsequent event

Patronage allocation to members

Subsequent to October 31, 2021 the Board of Directors approved a patronage allocation to members in the amount of \$624,920 (2020 - \$274,285).

21. Commitment

The Co-operative is committed to the completion of the Eston Hybrid Store. The estimated total cost of the project is \$6,696,249 of which \$3,321,396 has been set up as under construction. This project will be financed through a Prairie Centre Credit Union Mortgage.

22. Other item

A fire at the Agro Centre in Rosetown on October 26, 2019 resulted in the loss of the building, equipment and inventory at that location. Estimated insurance proceeds covering the replacement of the inventory and equipment have been recognized at October 31, 2021 as follows:

	2021	2020
Insurance proceeds	\$ 1,695,883	\$ 1,677,316
Business interruption payments	-	169,093
Net carrying cost of inventory destroyed	-	(127,152)
Net carrying cost of other expenses incurred	(261,742)	(1,439,305)
Net carrying cost of property and equipment destroyed	<u>-</u>	<u>31,328</u>
Other item	<u>\$ 1,434,141</u>	<u>\$ 311,280</u>

The replacement of the Agro Centre building has commenced and will be completed in 2022 along with the construction of the new Chemical shed, the total cost to rebuild will be approximately \$1,437,319. The net book value of the building and equipment written off and replaced to date is a loss of \$139,590 (2020 - \$139,590).

The cost to clean up the building and stock debris was covered by insurance, a total of \$208,822 (2020 - \$1,365,921) was reimbursed to the Co-operative and the remaining was paid directly to the third party contractors.

Business interruption and other related expenses have been reimbursed to the Co-operative for \$52,920 (2020 - \$353,337).



Central Plains Co-operative Ltd.
Unaudited Statistical Information
For the Year Ended October 31, 2021

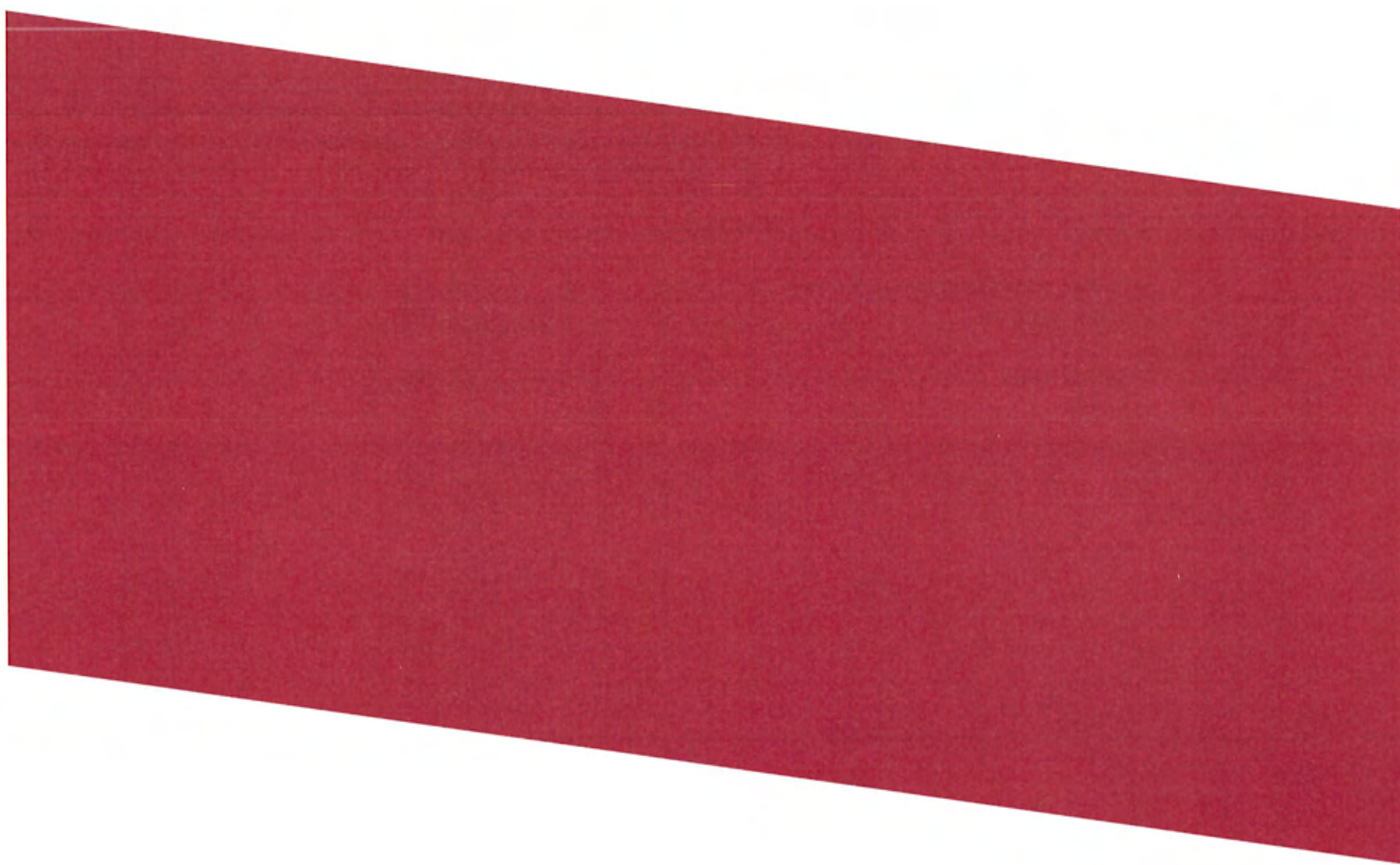
Record of Sales and Net Savings

	<u>Year</u>	<u>Sales</u>	<u>Net Savings</u>	<u>%</u>
From Date of Incorporation, April 2, 1937, to October 31,	2012	\$ 640,122,060	\$ 33,991,253	5.3
	2013	56,665,527	2,375,832	4.2
	2014	64,407,548	2,499,924	3.9
	2015	62,986,494	4,595,581	7.3
	2016	62,491,847	664,227	1.1
	2017	64,908,714	1,192,802	1.8
	2018	68,818,682	1,821,691	2.6
	2019	69,032,814	1,390,717	2.1
	2020	59,638,432	357,574	0.6
	2021	61,165,792	2,544,953	4.2
		<u>\$ 1,210,237,910</u>	<u>\$ 51,434,554</u>	<u>4.2</u>

Membership

Members purchasing during the year	5,382
Inactive members	<u>1,295</u>
Total members	<u>6,677</u>





Central Plains Co-operative Ltd.
83rd Annual General Meeting (via WebEx)
May 31, 2021

Gord Van Kannel called the meeting to order at 7:00 P.M. 56 members and one guest were registered for the meeting. Moved by Gord Van Kannel and seconded by Tina Bertram that Jackie Oswald be appointed as chairperson for the meeting. Carried.

Jackie Oswald welcomed the group and made brief opening remarks. The protocol for the meeting was explained. Moved by Jackie Oswald and seconded by Jenna Moore that Karren Longworth be appointed as secretary for the meeting. Carried.

Moved by Norilyn De Leon and seconded by Norma MacDonald that the agenda for the meeting be approved as presented/circulated. Carried.

Moved by Jordan Kammer and seconded by Jordie Jenkins that the minutes of the last annual general meeting, held June 24, 2020, be approved as presented/circulated. Carried.

Raylene Formanek came forth to deliver the President's Address. Raylene touched on the fire at the Rosetown Agro Centre and the impacts of the global COVID 19 pandemic. She spoke on how the pandemic has affected the operations at the Co-op Refinery Complex due to deflation in petroleum. Central Plains Co-op has returned \$ 12.2 million in cash equity payments during the past decade and at the same time, invested \$ 13.2 million in fixed assets. Raylene closed her address by thanking the membership and the team members of the Central Plains Co-op.

Mike Moon, General Manager, came forth to present the 2020 Annual Report. The balance sheet items were presented in detail and explanations provided for the same. Some excellent improvements were made to the balance sheet during the 2020 fiscal year. The cash flow position of the co-operative improved by \$ 1,922,002 in 2020. The statement of net savings and statement of retained savings was reviewed in detail. Explanations were provided for each item on this statement. Sales decreased from \$ 69,032,814 in 2019 to \$ 59,638,432 in 2020 due to the impact of COVID 19 on energy/petroleum, due to the fire at the Rosetown Agro Centre and due to 2019 being a 53-week year compared to a 52-week year in 2020. The pandemic caused a decrease of 12.3% in litres at our gas bars and cardlocks in 2020 while at the same time, deflation caused fuel prices to be very low, which in turn, increased our bulk delivered fuel litres by 21.4% over 2019 levels. Each item on the statement of net savings was reviewed including the patronage and loyalty payments received from Federated Co-operatives Ltd. The combined patronage refund and loyalty payment from Federated Co-operatives Ltd. was \$ 1,890,461 which was \$ 1,750,919 less than what was received in 2019 because of COVID 19 on the petroleum industry. A net savings of \$ 357,574 was recorded in 2020 compared to the 2019 net savings of \$ 1,390,717 with the difference being the factors mentioned earlier.

\$ 274,285 was allocated to members equity with \$ 205,000 of this being paid back in cash. The historical sales of Central Plains Co-op now total \$ 1.149 billion and 177 new members joined the Co-op in the last fiscal year. Interior renovations were completed on the C-Store in Rosetown and the C-Store in Perdue this past year. In January 2021, a renovation was commenced in the Pharmacy department in Rosetown and is nearing completion. Work continues on the planning and development for a new Agro site in Rosetown to replace the site that was lost due to fire. The lower level of the Administration Centre has been sold with possession taking place in mid-June 2021. The hybrid Gas Bar/Food Store is finally under construction in Eston with an opening date of spring 2022. Mike Moon closed the 2020 Annual Report by thanking the members and the valued team members of Central Plains Co-op. Moved by Norma MacDonald and seconded by Jordie Jenkins to approve the 2020 Annual Report. Carried.

Jackie Oswald then announced the directors elected by acclamation who were Jeremy Hartsook and herself. She then presented the total board group and thanked retiring director Trevor Tyson for his time and effort spent as a board member.

Moved by Sherri Schlosser and seconded by Tina Bertram that MNP be appointed as the external auditors for our Co-op for the 2020/21 fiscal year. Carried.

Jackie Oswald called for new business and asked that any questions be presented here. An adequate amount of time was given for questions to come in via the chat function, but none were presented.

Jackie Oswald thanked everyone for participating in the annual general meeting and adjourned the meeting at 7:36 P.M.