

General Manager's Report on Operations

I am proud to report to the membership on the operations of Prairie North Co-op for the fiscal year 2023. As I reflect, I am a little disappointed by the fact that rising interest rates and deflation in the price of agriculture inputs have cast a shadow on the many success stories of the past year. We delivered on a plan that saw investments in growth and modernization come to completion, and I believe that despite the impacts previously mentioned, we truly are making a difference in the communities we serve.

- We completed our first full year with the Paragon Ag site in Melfort and the St. Brieux Ag and Hardware Store as part of our co-operative.
- We purchased the SLGA license for the city of Melfort and secured the location that the government store previously occupied, opening last May.
- Three years of planning and execution came to fruition with the opening of our new food store in the city of Melfort in August . . . on schedule and on budget.
- The Archerwill C-store renovation was completed and we are well on the way to completing the petroleum asset upgrade on the same site.
- Premium fuel was added to the offering at the Naicam C-store.
- AG: built a storage shed in St. Brieux; are converting chemical shed in Archerwill, grew the fertilizer business and hosted the first charity golf tournament.
- Behind the scenes upgrades to technology continued to be implemented ensuring a solid foundation for the growth we have experienced and our ability to support future expansion.

Each of these major investments will have a lasting and positive financial impact and improve the services we offer our members.

The last major investment currently identified in our capital renewal plan is the Kelvington C-store. This need was accelerated when in August of 2022 a plow wind blew the roof off our existing store. Months of thought and planning have gone into the project that is currently getting underway. We anticipate completion by late 2024.



Since East Central Co-operative (2017) and Archerwill Co-operative (2018) have come together with Prairie North Co-op we have invested over \$25,000,000 in capital assets. Each project, before it is undertaken, is evaluated based on feasibility, viability, and with our member's needs top of mind.

OUR CO-OPERATIVE BY THE NUMBERS

Gross sales for 2023 were \$166,105,391 versus \$174 million in 2022. Price deflation in Agro and fuel were a big factor in declining sales. Included in before tax earnings are FCL patronage at \$4.1 million and FCL loyalty at \$1.4 million. By comparison, 2022 FCL patronage was \$3.7 million and FCL loyalty at \$1.3 million.



SALES BY DIVISION \$000,000's	2023	2022
Food	39.0	35.8
Home Centres	16.8	16.4
Gas Bars	20.6*	21.5
Ag	62.1*	68.7
Petroleum	27.5*	31.7

*significant deflation

NOTE:

- Fuel litres up 1%
- Fertilizer tonnes up 16%

2023 net savings before tax was \$900,000 versus \$4.9 million in 2022. After tax savings for 2023 were \$1,116,000, of this amount approximately \$830,000 was put to our statutory reserves and \$285,000 recorded to general reserves. The balance sheet in 2023 depicts total assets of \$100,241,356 compared to \$100,229,627 in 2022 and member owner equity of \$47,906,689 compared to \$48,502,515.

Our membership continues to grow as we gained 631 new members in 2023, bringing our total number of members to 13,426. Our commitment to having the best facilities operated by the best employees in each of the communities we serve is making a difference throughout our trading area.

For Prairie North Co-op sustainability is something we have lived for the past 110 years. In 1914 when our co-operative was formed it was about meeting our members' needs and that continues today. Our vision statement, which was developed in 2017 when our Co-ops came together, is to be the trusted first choice in our communities. Operating guided by this vision and our values – Service, Integrity, and Unity – our intent is to have a positive impact in the communities we serve for decades to come.

In 2023 we gave \$153,000 to 200 non-profits, charities, and community groups. It was the third year of our sustainable community fund that sees \$25,000 put toward facilities in our area. 2023 also saw the first annual Prairie North Co-op Ag Producer Charity Classic golf tournament, which was held in Melfort. \$10,000 was raised for small town halls in the area. The second annual is scheduled for June 2024 and will be hosted in Kelvington.

THE PEOPLE OF OUR CO-OPERATIVE

I am proud of the 320 employees that choose to work at Prairie North Co-op each day and help us make a difference in our communities and our members' lives. We have 115 employees that have over 5 years of work experience with co-operative and have chosen a career with us.

Other interesting stats about our people:

- 161 employees are fulltime this represents 50%
- Prairie North Co-op provides employment to 68 students, which is roughly 21% of our workforce

There are several employee benefits that set us out from other Co-ops:

Team Member Discount/Purchase Program – employees entitled to 10% off groceries, 5 cents a litre off fuel purchases, and 5% rebate on all purchases for the year up to a maximum rebate amount of \$250 on all home centre purchases

Best in Brand: Brand Moments Gift Card – a \$10 gift card provided to those employees who go above and beyond

Helping Hands Program - to assist team members who are experiencing unusual hardships due to a health crisis in the immediate family or facing a difficult personal situation. Prairie North Co-op will match all donations collected from staff up to a value of \$500

Team Member Fitness Incentive - programs/memberships will be reimbursed for 50% of the cost of memberships up to a maximum of \$200 per year

Team Member No Interest Purchase Contract - purchases between \$250 and \$5000 will qualify for this program, payments will be set up as payroll deductions and all purchases must be repaid within 12 months

Team Member Community Involvement – team members who volunteer a minimum of 50 hours for a community organization are eligible to receive a \$250 donation from Prairie North on their behalf paid directly to the organization

Volunteer Recognition Program - acknowledges team member volunteerism in the community with a gift card reward plan:

1-3 hours - \$10

>3-6 hours - \$25

>6-10 hours - \$50

>10-20 hours - \$100

Casual Friday – a voluntary program in which \$1 per pay period per team member is contributed by the team member to the Casual Friday fund which goes to a charity that the employees vote on annually. Each participating team member will receive a donation credit on their T4 to allow a deduction on their income tax

Team Member Referral Program - Prairie North Co-op will provide a \$50 Co-op gift card to team members who refer individuals for employment vacancies. Upon the referred candidate successfully passing 85 days worked probationary period, the team member that made the referral will receive a \$100 Co-op gift card

Next Gen Scholarship - is a \$500 scholarship for the children of Prairie North Co-op Employees

IN CLOSING

In closing I want to stress that we are committed and will work to pay down our debt and return to profitability and a strong equity program. I want to thank the membership for their loyalty and encourage them to take advantage of all the great new and improved facilities and services that the investments outlined have created. Your support is the best way to achieve our long-term goals and continue to make a positive impact throughout our trading area. I want to thank our team leaders and team members for their hard work and commitment. The work that has been done over the last few years in renewing and expanding our Co-op, improving our daily service and standards has set us up for success now and well into the future.