



Credit Unions Build A Better World

2011 ANNUAL REPORT

Churchbridge Credit Union



CHURCHBRIDGE CREDIT UNION
67TH ANNUAL GENERAL MEETING

MONDAY, APRIL 16TH, 2012
6:30 PM

AGENDA

1. Registration and Supper
2. Call to Order
3. Adoption of Agenda
4. Reading of the Minutes from the Last Annual General Meeting held APRIL 18th, 2011
5. Business Arising from the Minutes/Adoption of the Minutes
6. President's Report
7. Manager's Discussion and Analysis
8. Auditor's Report
9. Presentation of the Financial Statements
10. Motion to Accept Reports
11. Appointment of Auditors
12. Election Report
13. Long Term Service Awards Presentations
14. Question Period
15. African Presentation from Brad Schultz – Horizon Credit Union
16. Door Prizes
17. Adjournment

**CHURCHBRIDGE CREDIT UNION
BRANCHES IN
CHURCHBRIDGE, LANGENBURG & MACNUTT**

INCORPORATED APRIL 20, 1945

BOARD OF DIRECTORS

<u>NAME</u>	<u>ADDRESS</u>	<u>OCCUPATION</u>	<u>TERM EXPIRES</u>
Debbie Fuhr	Langenburg	Home Maker	2013
Rick McIntyre	Churchbridge	Farmer	2013
Cal Swanson	Churchbridge	Miner	2012
Rodney Flunder	Churchbridge	Farmer	2012
Robert Rathgeber	MacNutt	Farmer	2014
Larry Severin	Langenburg	Farmer	2014
Wendy Lutz	Churchbridge	Teacher	2014

EXECUTIVE

President	Rodney Flunder
Vice President	Cal Swanson
Secretary	Debbie Fuhr
Treasurer	Perry Wishlow



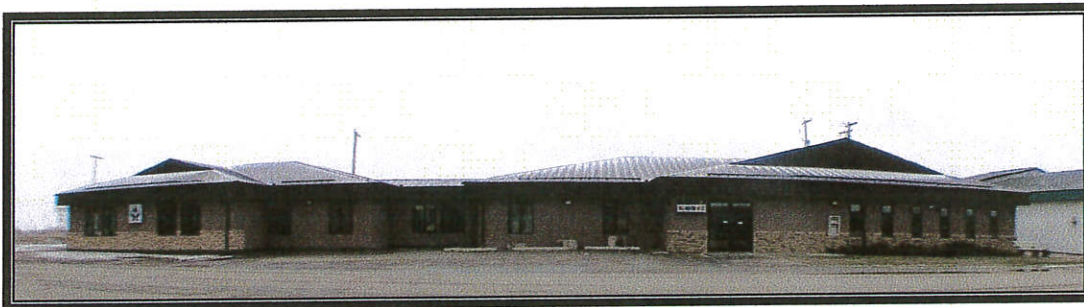
Back Row l - r Larry Severin, Robert Rathgeber, Wendy Lutz, Cal Swanson
Front Row l- r Rodney Flunder, Rick McIntyre, Deb Fuhr

Mission Statement

The Churchbridge Credit Union is committed to serving our community's needs.
We provide a full range of financial products and services.

STAFF

<u>NAME</u>	<u>POSITION</u>	<u>CREDIT UNION EXPERIENCE</u>
Tricia Arseneault	Casual Member Service Rep	1 Month
Stephanie Pasloski	P/T Member Service Rep	1 Month
Jessica Griffin	P/T Member Service Rep	1 Year
Rachael Chapple	P/T Member Service Rep	1.5 Year
Lois Laboucane	Loans Officer Trainee	2.5 Years
Janessa Orr	Member Service Rep	3 Years
Cheryl Kitz	P/T Member Service Rep	3.5 Years
Elliana Margarit	Loans Officer Trainee	4.5 Years
Deidra Schaan	Loans Officer	5 Years
Andrew Barker	Loans Manager	9.5 Years
Rachele Marlowe	Receptionist	10.5 Years
Brenda Yanke	Accounting Clerk	13.5 Years
Audrey Petracek	P/T Member Service Rep	14.5 Years
Gaylene Putland	P/T MSR/Marketing Officer	14.5 Years
Sherry Popp	P/T Member Service Rep	15 Years
Connie Werschler	Member Service Rep	17.5 Years
Connie Olm	Support Services Manager	17.5 Years
Susan Miller	Clearing Clerk	19 Years
Iva Petracek	Manager of Admin	22 Years
Susan Bewcyk	Financial Advisor	25.5 Years
Rhonda Moskaluke	Loans Clerk	28 Years
Perry Wishlow	General Manager	31 Years
Charlene Popp	Branch Manager	35.5 Years



Churchbridge Branch



Langenburg Branch



MacNutt Branch

Have you ever wondered where or how your Credit Union sells their lease returns or repossessed items?

cusales.ca



The **CUSALES™** on-line website is where you can bid on anything from cars, trucks, vans, RV's, ATV's boats, and real estate.

This service is affiliated with the Credit Unions of Saskatchewan.

www.cusales.ca is your on-line resource for bidding on, and purchasing repossessed and lease returned assets.

How it works.....

- Easy & Simple to use Internet site.
- Convenient process available 24-7.
- All contact is directly between the buyer and seller(Credit Union)
- Source what you want regardless of your location.
- Real time service.

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™CUSALES is a trademark owned by Credit Union Central of Canada, used under licence.

CHURCHBRIDGE CREDIT UNION'S MEMBER PROFIT SHARING DAY

The Board Has Approved **\$330,000** To Be Returned To
Our Members.

Representing 14% on deposits, 10% on loans and 10% on
Service Charges. We have paid over **\$3.0 Million** in Member
Profit Sharing in the last 12 years.

Join us on
Thursday, May 10
10am - 4pm
for coffee and donuts.



Churchbridge Credit Union
Bringing Communities Together

2011 President's Report

On behalf of the Board of Directors of the Churchbridge Credit Union, it is with great pleasure to present this report to you. 2011 has been another great year for the Churchbridge Credit Union, both financially and physically.

The new additions and renovations in Churchbridge and Langenburg finally reached completion in December and both grand re-openings were held on December 20. Thank you to our local builders and contractors for their major role in our renovations. We have to thank our management and staff for their strong efforts trying to carry on business as usual during the lengthy construction phase. I am sure it was quite stressful at times. Also thank you to our members for being very patient during the whole process.

As I mentioned earlier the Churchbridge Credit Union has had another strong year financially. The net income was \$427,333 and total assets were just shy of 84.5 million. Once again a patronage payment of \$330,000 will be paid our members. We once again commend our management team and staff for their professionalism and decision making, thus reflecting in our bottom line.

In closing, we thank our members for your business to help us achieve the growth we are experiencing today. Our future looks very bright and we now have the facility to accommodate our continued growth. I also commend my fellow board of directors, and thank them for their time and effort on your behalf. We were sad to see one of our directors, Rick McIntyre step down from the board. He was a great asset to the board and served as president for a few years. He will be greatly missed.

Thank you

A handwritten signature in cursive script, reading "Rodney Flunder".

Rodney Flunder

Management Discussion and Analysis

Introduction

Churchbridge Credit Union is an independent Saskatchewan credit union owned by our members. Under the current credit union legislation, Churchbridge Credit Union is able to provide financial services to members and non-members. As at December 31st, 2011 Churchbridge Credit Union had 2,806 members and 297 non-members. Non-members *do not* participate in the democratic processes of the credit union nor the patronage program.

Our credit union serves the communities of Churchbridge, Langenburg and MacNutt, and surrounding area. In these communities we provide a full range of financial services including: financial, investment, commercial, agricultural, personal, loans, mortgages, insurance, wealth services, SGI License Issuer, etc.



Churchbridge Credit Union
Bringing Communities Together

MISSION

*The **Churchbridge Credit Union**
Is committed
to serving our community's needs.*

*We provide
a full range of financial products
and services.*

VALUES

To maintain continuity with the system direction, the board and management of Churchbridge Credit Union has made the decision to adopt the system values as defined in the *System Strategic Direction 2007 and Beyond* acknowledging its current values all align with this document.

1. Cooperation and Accountability

We work together through a belief that we can accomplish more together than alone. We take into account the effect of our actions on others. In the tradition of our founders, co-operative members believe in the ethical values of honesty, openness, social responsibility, and caring for others.

2. Communication

We communicate in an open, effective and timely manner.

3. Community Impact

We actively support the development of our communities locally, provincially and beyond. Our communities are stronger because of the credit union system.

4. Employee Satisfaction

We respect our employees and their contribution to our success. We encourage employee involvement and participation. We recognize and reward them for their creativity, teamwork and achievement. We support their development by providing training and educational opportunities. We respect their need to balance personal and professional lives.

5. Financial Strength

Our strong financial performance allows us to invest in members and the community for future growth. We balance the need for financial results with the needs of our members and communities. The trust and confidence of our members is maintained through sound business practice.

6. Product and Service Excellence

We work with our members and communities to understand their needs, and respond with innovative, high quality products and services. Our employees provide friendly, knowledgeable and helpful service.

7. Professional Conduct

Members' financial affairs are conducted with integrity and in a professional manner. Our ethical principles are rooted in concern for the individual. Confidentiality is an integral part of the way we do business.

Credit Union Market Code

Churchbridge Credit Union voluntarily adheres to the Credit Union Market Code. This code has been jointly developed by Saskatchewan credit unions, SaskCentral and Credit Union Deposit Guarantee to ensure the protection of credit union members. The code sets forth guidelines for the following areas:

- Complaint handling, which outlines the process for dealing with all complaints regarding the service, products, fees or charges of Churchbridge Credit Union.
- Fair sales by outlining the roles and relationship of staff to all member/clients and in accordance with the financial services agreement.
- Financial planning process to advise member/clients on the risks and benefits associated with financial planning services.
- Privacy to protect the interests of those who do business with Churchbridge Credit Union. Privacy is the practice to ensure all member/client information is kept confidential and used only for the purpose for which it was gathered.
- Professional standards to preserve a positive image of Churchbridge Credit Union among our members, clients and communities.
- Capital management to ensure our capital structure aligns with our risk philosophy.
- Financial reporting to adhere to business and industry standards.
- Governance practices to adhere to the intent and stipulation of our corporate bylaws, which are approved by the membership of Churchbridge Credit Union.
- Risk management to ensure all risks are measured and managed in an acceptable fashion.

Co-operative Principles

As a true co-operative financial institution, Churchbridge Credit Union acts in accordance with internationally recognized principles of co-operation:

Voluntary and Open Membership

Co-operatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

Democratic Member Control

Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are also organized in a democratic manner.

Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

Autonomy and Independence

Co-operatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

Education, Training and Information

Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.

Co-operation among Co-operatives

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

Concern for Community

Co-operatives work for the sustainable development of their communities through policies approved by their members.

Strategic Planning

The vision of Churchbridge Credit Union is to be the leading provider of a full range of financial services in the Churchbridge, Langenburg, MacNutt and surrounding areas of Saskatchewan. To monitor specific objectives throughout the year that support this vision, we have developed a performance management framework that establishes, measures and monitors our progress toward achieving our goals.

Our key strategic objectives in 2011 focused in the following Strategic Results Areas (SRA):

People (Staff, Management & Board)

- Invest in leadership through the training and continuous learning of our employees and elected officials.
- Develop and maintain a career development path for employees.
- Develop and maintain an effective and innovative reward and recognition program.
- Develop a succession plan that focuses on all employees of the Credit Union with a higher emphasis on Senior Management.
- Provide enhanced training along with refresher training to staff on a regular basis. This may be based on needs of employees and timed with product campaigns and seasonal products and services.
- Continue to focus on sales training, including coaching and mentoring of staff, supervisors and managers.
- Conduct a review of existing facilities and complete a future needs assessment.
- Complete an assessment of the current organizational structure to develop a new organizational structure that will position us for the future.
- Develop formal education plans for all staff and for all positions.
- Cross train staff, so that we have relief staff available for all positions of the CU, who would be able to fill in for staff on vacation, training, sick days, personal leave, etc.

Member Service

- Promote the contributions that the Credit Union makes to the local communities.
- Promote the uniqueness and values the Credit Union and the Credit Union System.
- Know our market, including the needs of current and potential members.
- Continue to implement cost effective products through share process and joint developments locally, provincially and nationally.
- Ensure our knowledgeable and professional employees continue to provide service linked directly to member needs and distinguished by our personal approach. This links to continued sales training and refresher training as identified in the focus on staff.

Finance and Growth

- Manage the financial resources of the Credit Union to maintain financial strength.
- As expenses increase, we need to seek methods that allow for management to control expense ratios in proportion to our growth ratio.
- Develop models of projected growth taking into account staff growth and other additional expenses projected to determine the best course of action and to provide additional information for discussion based on projections.
- Review and update our Enterprise Risk Management (ERM) framework.

- Implementation of our Internal Audit process via Sask Central as provided by the Governance Advisory & Support Association (GASA) committee.

Board Initiatives

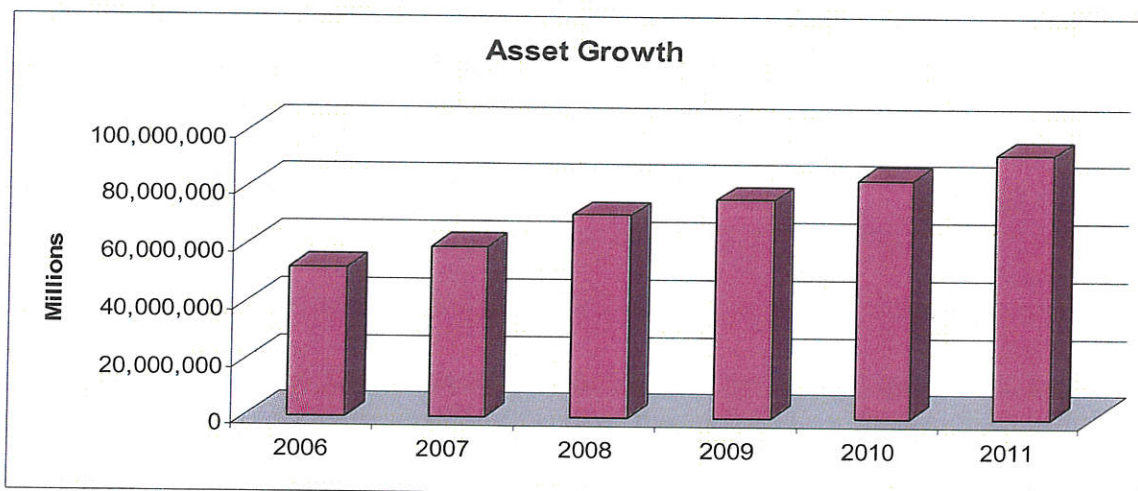
- Invest in leadership through the training and continuous learning of our employees and elected officials.
- Review board nomination criteria, board training and develop a board orientation package. In reviewing this research the options of a board self evaluation process that we could implement for regular board evaluations.

Financial Results

The following report will discuss the different aspects of our year on a financial basis including assets, loans, deposits, profitability and capital management.

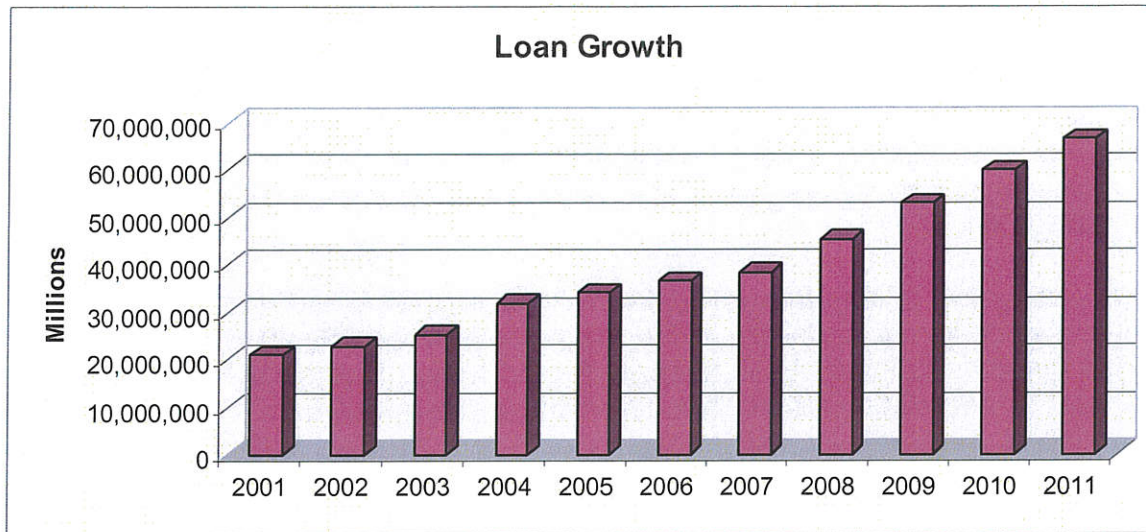
Assets

Our assets at year end were **\$91,792,653**, which includes on book assets of **\$84,486,982** and mutual funds in the amount of **\$7,305,671**. This is an increase of **\$8,670,018** or **10.43%** from 2010.



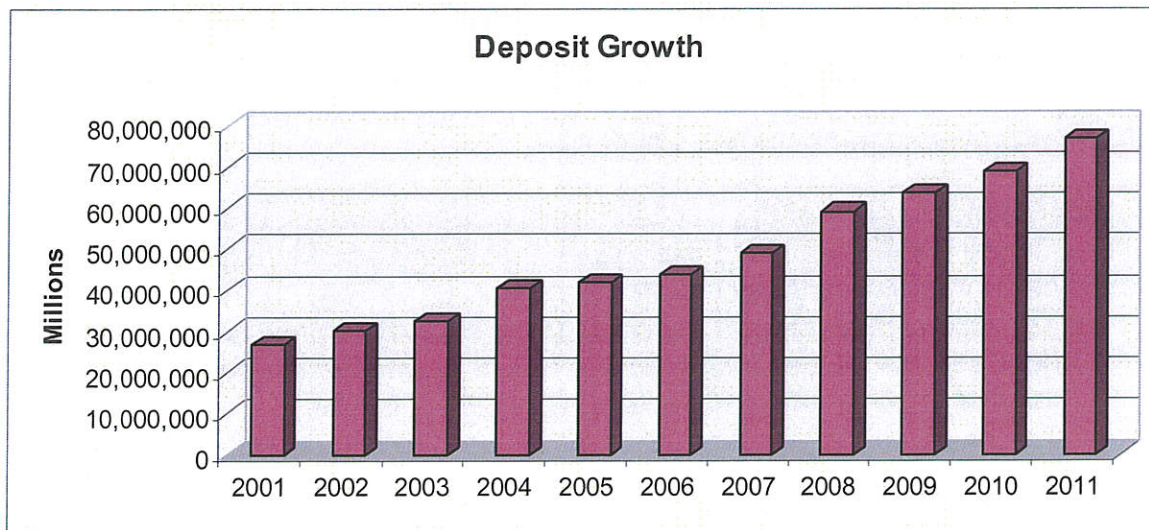
Member Loans

Our member loans which form a majority of our assets at year end, were at **\$66,389,718**, which is up **\$6,541,864** or **10.93%** from 2010. Our overall delinquency at year end was at **1.43%**, which is an increase of **.24%** from 2010. Our over 90 day delinquency increased **.01%** from last year's total of **.34%**. In 2011, we approved &/or extended **728** loans, which is down **22** from last year. In dollars this amounted to **\$31,188,772**, which is down **\$7,878,263** or **20%** from 2010. We anticipate that 2012 will be a busy year in lending, with the demand in residential mortgages leading the way.



Deposit Growth

As of year end member deposits totaled **\$76,605,491**, which is an increase of **\$7,929,880** or **11.55%**. The majority of the growth is in the Tax Free Savings, AgrilInvest, Chequing, CU Save and Premium Investment Accounts. The Tax Free Savings and AgrilInvest accounts continue to be very popular accounts in 2011.



Along with exceptional deposit growth, we continue to see our Mutual Fund Portfolio increase from **\$5,673,923** to **\$6,447,583**, which amount to **\$773,660** or **13.64%**.

Profitability

Our income prior to our **Member Profit Sharing Dividend** and reserve allocations was **\$757,333** and was distributed as follows:

Member Profit Sharing Dividend	\$330,000
Retained Earnings	\$427,333

Our profitability was down **\$199,490** from 2010.

The Credit Union requires a reasonable profit to build a strong capital base that is essential to the financial health and long-term existence of our Credit Union. Having a satisfactory level of profitability, allows us to improve services that we provide to our members and it also allows us to continue to pay Member Profit Sharing Dividends.

We are proud to say that for 2011 we will be paying out **44%** of our year-end profits back to our members in the form of a **Member Profit Sharing Dividend**. This amounts to **\$330,000** in Member Profit Sharing Dividends for 2011, giving us a total of over **\$3.0** million paid out in the last twelve years. It is through your continued excellent support that we're able to make this happen. The Board is committed to returning the Credit Unions profits back to the members who have helped generate these profits, though the use of Credit Union products and services.

The sharing of our profits with our members is what sets us apart from all of other financial institutions.

Capital Management

Churchbridge Credit Union recognizes a need to sustain the credit union's capital position in order to continue to meet regulatory and sound operational requirements. Adequate capital enables the credit union to sustain its liquidity requirements, to safely fund development initiatives, and provide leverage to effectively manage performance standards.

In general, the purpose of the Capital Plan is to identify optimal capital ranges for Churchbridge Credit Union and the actions that Board and Management will employ to work towards those optimal ranges.

- Too little capital restricts the credit union's ability to grow and generate good returns. It also increases the risk of having insufficient funds to cushion against unexpected losses or liquidity needs.
- Too much capital and it could be considered that the credit union is not generating sufficient return on its capital.

Churchbridge Credit Union's **Capital Plan** is directly related to its service delivery strategies and risk philosophy. The credit union has traditionally held a moderate appetite for risk. It has focused on traditional financial services, managed a low level of risk in its loan and investment portfolio. Liquidity has been maintained within a very comfortable range. This has proven to be a very valuable strategy through the recent downturn in the economy. Churchbridge Credit Union has been able to adjust to these changing times by maintaining a reasonable profit margin and manageable growth.

In the **Standards of Sound Business Practice (SSBP)** handbook and in the **Risk Based Monitoring** handbook, **Credit Union Deposit Guarantee Corporations**

(CUDGC) notes a requirement of **5%** Tier 1 capital, it should be noted that there are discussions underway to move this requirement to **7%**. Based on our audited financial statements, our Tier 1 capital is at **8.49%**.

The SSBP handbook outlines the requirement for **8% Risk Weighted Capital (RWC)**. The Risk Based Monitoring handbook outlines that for a credit union between **\$75 - \$250** million the ratio for excellent is greater than **14%**; good is **11% to 14%**; fair is **8% to 11%**; and inferior is **< 8%** and does not meet the secondary capital requirement. It should be noted that the corporation has communicated with credit unions in the province that a **10%** minimum RWC is required. Based on our audited financial statements our RWC is at **12.55%**.

Overall, our capital is in the good category.

Churchbridge Credit Union's strategy is to continue to grow our capital levels. We plan on managing our growth and our profitability, so that we can achieve this strategy.

Key Performance Drivers

To monitor our success in accomplishing our goals and objectives, we have established the following key performance drivers:

<i>Results</i>	<i>Targets</i>	<i>Actual</i>	<i>Peers</i>
Deposit Growth	6.0%	11.55%	11.43%
Off-Balance Sheet Growth	10.0%	13.64%	5.91%
Loan Growth	6.0%	10.93%	9.41%
Loan Delinquency (>90 days)	< 3%	.35%	.56%
Tier 1 Capital	>8.0%	8.49%	7.88%
Risk Weighted Capital	>10.0%	12.55%	13.22%
Non-interest Revenue	>\$760,000	\$671,340	\$549,165
Profit (Prior to tax & Patronage Div)	>\$634,000	\$830,820	\$658,998

Enterprise Risk Management (ERM)

Each year our credit union spends significant resources measuring and assessing risks and ensuring we are adequately prepared to serve our communities now and in the future. This process is called Enterprise Risk Management and is a requirement of credit unions in Saskatchewan as laid out by Credit Union Deposit Guarantee Corporation. Management completes a process of identifying risks annually that is reported to the Audit and Risk Committee. Through this process, the following risks have been identified according to their potential impact on Churchbridge Credit Union.

Strategic Risk

Strategic risk is the risk that adverse decisions, ineffective or inappropriate business plans or failure to respond to changes in the competitive environment, customer preferences, product obsolescence or resource allocation will impact our ability to meet our objectives. This risk is a function of the compatibility of an organization's strategic goals, the business strategies developed to achieve these goals, the resources deployed against these goals and the quality of implementation.

Market Risk

Market risk is the exposure to potential loss from changes in market prices or rates. Losses can occur when values of assets and liabilities or revenues are adversely affected by changes in market conditions, such as interest rate or foreign exchange movement.

Liquidity Risk

Liquidity risk is the potential inability to meet obligations, such as liability maturities, deposit withdrawals, or funding loans without incurring unacceptable losses. Liquidity risk includes the inability to manage unplanned decreases or changes in funding sources.

Credit Risk

Credit risk is the risk of loss arising from a borrower or counterparty's inability to meet its obligations. Sources of credit risk include direct lending activities and holdings of investment securities.

Legal and Regulatory Risk

Legal and regulatory risk is the risk arising from potential violation of, or nonconformance with, laws, rules, regulations, prescribed practices, or ethical standards.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or external events. Exposures to this risk arise from deficiencies in internal controls, technology failures, human error, employee integrity or natural disasters.

Regulatory Matters**Corporate Structure and Governance**

The governance of Churchbridge Credit Union is anchored in the co-operative principle of democratic member control. Overall, our corporate structure is designed to hold accountable the areas of Member Service Delivery (Cash Services, Investments, Lending and Insurance Agency), Technology, Human Resources, Corporate Finance, Corporate Governance, and Legislation Compliance.

Board of Directors

Mandate and Responsibilities

The board is responsible for the strategic oversight, business direction and supervision of management of Churchbridge Credit Union. In acting in the best interests of the credit union and its members, the board's actions adhere to the standards set out in *The Credit Union Act 1998*, the *Standards of Sound Business Practice* and other applicable legislation.

The board of directors acknowledges its responsibilities as including:

- Exercising the powers of the credit union directly, or indirectly through employees
- Establishing and maintaining prudent policies for the operation of the credit union
- Directing the management of the business affairs of the credit union
- Acting honestly and in good faith with a view to the best interests of the credit union at the exclusion of other interests
- Exercising the care, diligence and skill of a prudent person in directing the credit union's affairs.

The board of directors is accountable to the members of the credit union for directing the affairs of the credit union and maintaining policies, which are responsive to their needs, and the needs of the credit union, for sound operations.

Board Composition

The board is composed of 7 individuals elected by the membership. Terms are for three years. Nominations are made by the membership. Voting is by secret ballot, in branch the week prior to our annual general meeting, and election results are announced at the annual general meeting.

Committees

The responsibilities of the board of a modern financial services organization involves an ever-growing list of duties. Churchbridge Credit Union maintains a number of committees comprised of directors. This partitioning of responsibilities enables a clear focus on specific areas of activity vital to the effective operation of our credit union.

- **Audit and Risk Committee**

The purpose of the committee is to ensure an independent review of the credit union's operation on areas deemed necessary to maintain the integrity of financial data, adequacy of internal controls and adherence to requirements of *The Credit Union Act, 1998*, *The Credit Union Regulations, 1999*, *The Credit Union Insurance Business Regulations*, and the standards of sound business practice. The committee will also ensure that the credit union's enterprise risk management framework is appropriate to optimize liquidity, market,

credit, regulatory, operational, location, and strategic risk, for the protection and creation of shareholder value.

- **Member Relations Committee**
To provide liaison between the credit union and its members and communities by monitoring needs, recommending services for board consideration to meet those needs, planning activities that respond to expressed interests and recommending changes or amendment to service policies that may better serve member, customer, community and credit union needs.
- **Building and Properties Committee**
On behalf of the board, to work with management in the development of policies and plans relevant to credit union service facilities and credit union owned housing facilities.
- **Nominating Committee**
To oversee the nomination and election processes for elections of credit union directors.
- **Conduct Review Committee**
The purpose of the conduct review committee is to ensure that all proposed related party transactions are fair to the credit union and that the exercise of the best judgement of the credit union has not been compromised as a result of a real or perceived conflict of interest.

Related party transactions will be reviewed and monitored by the Conduct Review Committee (the "CRC") for compliance with legislation, standards of sound business practice, and with credit union or committee policies and procedures. Apart from any review by the CRC, credit decisions are to be made by regular credit granting authority, policies and procedures.

Compensation and Attendance

The Board annually reviews directors' compensation and makes recommendations to ensure it remains competitive with other provincial credit unions. In 2011, we had budgeted \$10,547 and the actual remuneration was \$10,265. We also budgeted \$1,474 for mileage and our actual expense was \$2,175.

The board holds monthly board meetings plus a strategic planning session, budget meeting and a compensation meeting each year. In addition to the above the directors also attend special board meetings, the annual general meeting and committee meetings.

Director Training

All directors are enrolled in the Credit Union Director Achievement (CUDA) program and registered with the CUSource on line program. Several directors are graduates of the program. Directors are encouraged to attend director training when it is available. In 2011 we budgeted \$528 for director training and our actual expense was \$901.

Executive Management

The executive management consists of Perry Wishlow - General Manager, Charlene Popp - Branch Manager of Langenburg and MacNutt, Iva Petracek - Manager of Admin, Andrew Barker - Loans Supervisor and Connie Olm - Support Services Manager. We are in the process of restructuring our management team, which will re-align duties and responsibilities through out our organization. The proposed changes will help position ourselves for the future.

Corporate Social Responsibility (CSR)

Churchbridge Credit Union places a high awareness on our social responsibility and the well being of our community. We have supported many events in our communities through scholarships, cash donations, donation of items and donation of staff time. Based on our 2011 profitability, we have also set aside \$8,500, which will be donated to worthwhile organizations within our communities through our "Community Investment Program".

Member Profit Sharing Program (MPS)

The MPS program is a membership benefit of the Churchbridge Credit Union. As a member you are entitled to share in the success of the credit union by receiving allocations of surplus earnings based on patronage. The more business you conduct at the Churchbridge Credit Union, the higher your allocation will be.

For 2011, Churchbridge Credit Union has allocated **\$330,000** towards a MPS payment. This marks the 12th year in a row that we have done so and have just surpassed the **\$3** million mark in total allocations. Our MPS day will be held on **May 10th**. Please come join us for coffee, donuts and to pick up your statement &/or cheque.

Renovations

With the tremendous growth we've seen in recent years, we have literally run out of room - a very positive thing for the future of our credit union. Thanks to the support of our membership over the last 10 years, we've grown our assets from \$25 million to \$90 million. In our Churchbridge Branch, we added nine new offices, board, training and storage rooms. The addition in Langenburg houses five new offices, equipment and storage rooms. We celebrated our grand re-opening at both of our branches on December 20, serving coffee and Christmas dainties.



Churchbridge



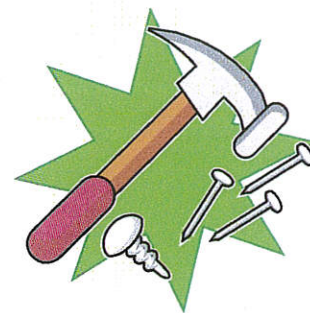
New Waiting Area



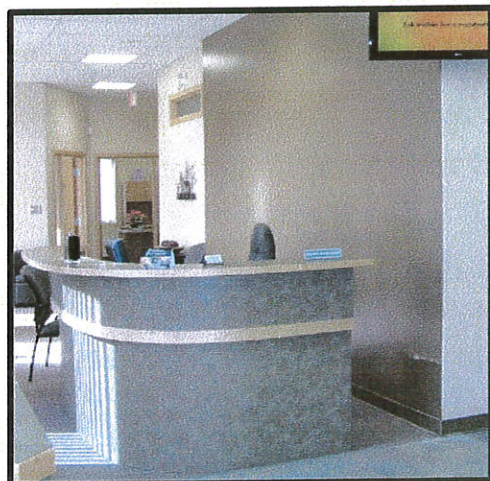
Board/Training Room



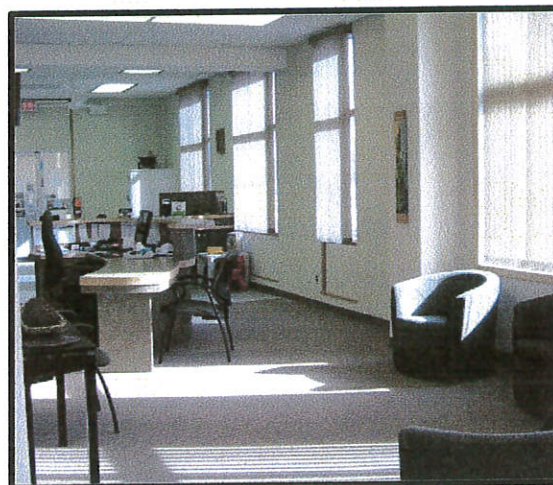
Loans Reception Desk



Langenburg



New Reception Desk



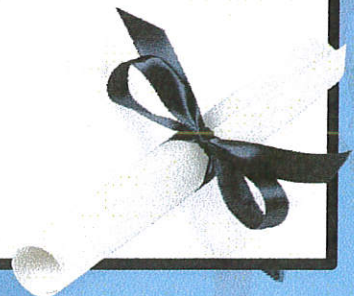
New Waiting Area

GRAD 2011



The **Churchbridge Credit Union** is proud to support education in our communities. To promote this effort we present scholarships each year to students enrolling into post secondary education. The Scholarships are awarded based on academic merit, community involvement and credit union membership. For 2011, the scholarships were awarded as follows:

- ◆ Churchbridge Credit Union Churchbridge Public School - Cassie Sastaunik
- ◆ Langenburg High School - Tyler Hartung
- ◆ Yorkton Regional High - not awarded
- ◆ Parkland Regional College - Nicholas Thies



Staff Casual Day

The Churchbridge Credit Union Staff pay \$1.00 every Friday to dress casual. All proceeds raised from casual days are donated to worthwhile Charities and Organizations. In 2011, some of organizations we donated to:



TeleMiracle



Churchbridge Fire Department



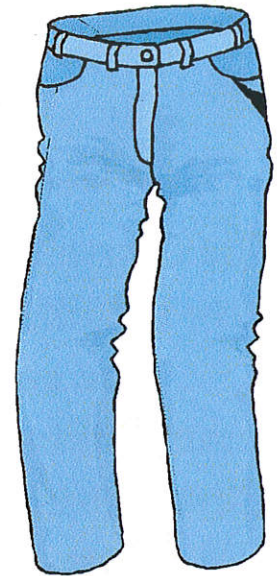
MacNutt Parkland Library



Langenburg Lioness



CIBC Run for the Cure



Our staff are a visible part of our communities and what they give back is commendable - in 2011, our staff logged **884** volunteer hours. Whether they are representing the credit union or their own interests, the time they serve is crucial to the well being of our communities.

2011 Community Investment Program

The Churchbridge Credit Union believes companies such as ours have the ability and the responsibility to step forward to support the social, cultural and economic enrichment of our communities. To maintain our commitment to our communities, Churchbridge Credit Union sets aside an annual pledge of up to 1% of pre-tax profit to non-profit organizations for substantial donations. In 2011, the Churchbridge Credit Union gave away **\$11,000** to local organizations.



\$4,000 Churchbridge Curling Club



\$2,500 Langenburg Pool



\$2,000 MacNutt Rec Centre



\$2,500 Churchbridge Minor Ball

EMPOWER YOUR COMMUNITIES

In 2011, Concentra Financial announced they would be awarding one \$10,000 donation to six provinces, any Credit Union that was interested was asked to fill out a grant application.

Churchbridge Credit Union jumped at the opportunity to 'Toot our Horn' in how we epitomize 'co-operative' social responsibility and lead the way in community giving and volunteerism.

On Oct 20, 2011 - Credit Union Day, Churchbridge Credit Union was awarded **\$10,000** to be donated to the Churchbridge New Swimming Pool.



Summer Feast

Our 2011 Winners were:



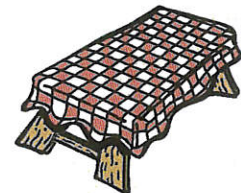
Russ Thies of Churchbridge



Garnet Kinney of Langenburg



Dave Fergusson of MacNutt



Community

We strongly believe in community involvement as an investment in our future and our community's future. This is demonstrated through sponsorships, corporate giving and volunteering. Some Examples of our support:

- ♦ Bredenbury Lions Calendar
- ♦ Bredenbury Light Up
- ♦ Bredenbury Quad Derby
- ♦ Calder Centennial
- ♦ Calder Poker Derby
- ♦ Churchbridge Business Association
- ♦ Churchbridge Curling Club
- ♦ Churchbridge Daycare
- ♦ Churchbridge Evergreen Centre
- ♦ Churchbridge June Daze(BBQ & Ball Drop)
- ♦ Churchbridge Lions Calendar
- ♦ Churchbridge Lion's Men's Night Out
- ♦ Churchbridge Ladies Night out
- ♦ Churchbridge New Pool Fundraising
- ♦ Churchbridge Swimming Pool
- ♦ Churchbridge Gun Club
- ♦ Churchbridge CanSkate
- ♦ Churchbridge Recreation
- ♦ Community Corner(Four Town Journal)
- ♦ CPS Yearbook
- ♦ CPS Scholarship
- ♦ CPS Grad
- ♦ CPS Track Ribbons
- ♦ Daffodils for Cancer
- ♦ Family & Friends Grad Luncheon · Chbg & Lbg



- ♦ Family & Friends Grad Legacy Fund
- ♦ Fish & Game
- ♦ Langenburg Curling Club
- ♦ Langenburg Arts Council
- ♦ Langenburg Care Home
- ♦ Langenburg High Scholarship - Langenburg Branch
- ♦ Langenburg Lioness Calendar
- ♦ Langenburg Swimming Pool
- ♦ Langenburg School Yearbook
- ♦ Langenburg Eagle of the Month
- ♦ Langenburg Grad
- ♦ Langenburg Daycare
- ♦ Langenburg Minor Sports
- ♦ Laugh & Linger Daze
- ♦ Mental Health Support Conference
- ♦ MacNutt Curling Club
- ♦ MacNutt Lions Club
- ♦ MacNutt Recreation Board
- ♦ Music for MS
- ♦ Norbert Georgette
- ♦ Parkland Regional College Scholarship
- ♦ Prairie Classic Fishing Derby - Asessippi
- ♦ Potashville Music Festival
- ♦ Shellmouth Community Club
- ♦ Shrine Circus Tickets
- ♦ Snowarama
- ♦ TeleMiracle Beef on a Bun
- ♦ Welcome Baskets

HOCKEY:

- ♦ Churchbridge Imperials
- ♦ Langenburg Warriors
- ♦ Langenburg Pre-Novice Tournament
- ♦ MacNutt Junior Kings Tourney
- ♦ MacNutt Kings Tourney

CURLING:

- ♦ Churchbridge Ladies Bonspiel
- ♦ Churchbridge Farmers Bonspiel
- ♦ Churchbridge Seniors Bonspiel
- ♦ Langenburg Ladies Bonspiel
- ♦ Langenburg Seniors Bonspiel
- ♦ Langenburg Mixed Bonspiel
- ♦ Langenburg Men's Bonspiel
- ♦ MacNutt Mixed Bonspiel

GOLF:

- ♦ Bredenburg Golf Open Tourney
- ♦ Bredenburg Par 3 Tourney
- ♦ Bredenburg Members Tourney
- ♦ Churchbridge Seniors Tourney
- ♦ Churchbridge Ladies Tourney
- ♦ Churchbridge Mens Golf
- ♦ Langenburg Lions Golf

Plus Many Many More.....

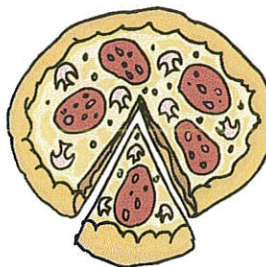
Pizza in a Pickup



Dennis Glennie
Langenburg

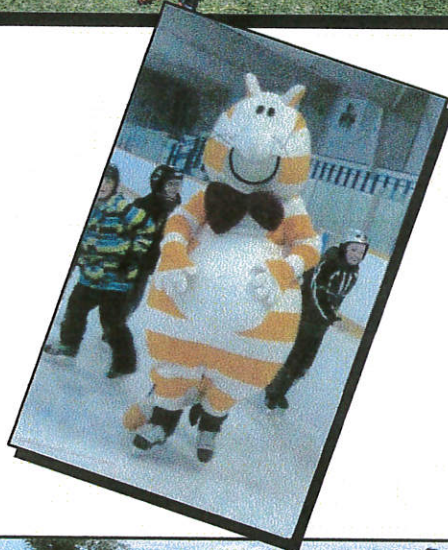


Linda Rathgeber
Churchbridge

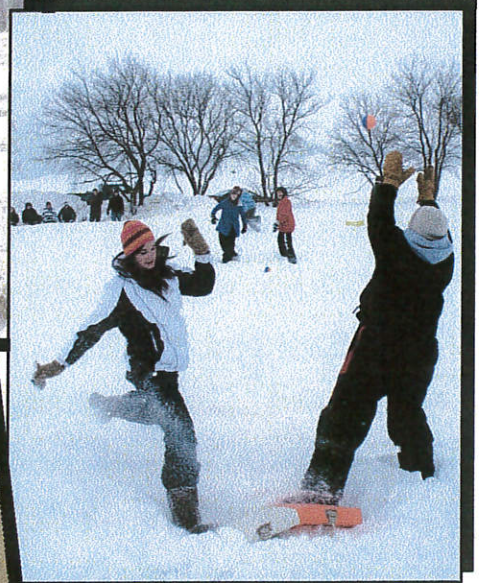
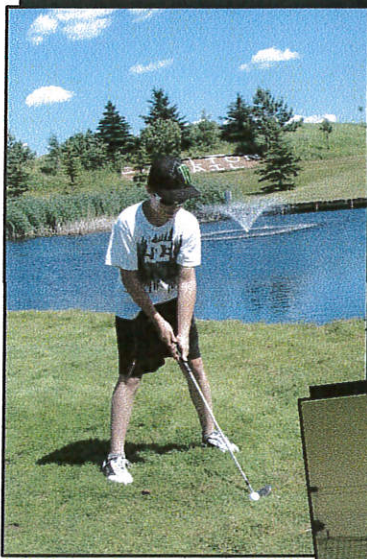


Erroll Cornelius
MacNutt

2011 Donations, Sponsorships



and Community Events



Saskatchewan Credit Unions

Quick Facts

The following are as of December 31, 2011, unless otherwise indicated:

- There are currently 60 credit unions in 303 service outlets in Saskatchewan
- Credit Unions serve 270 communities in Saskatchewan
- Saskatchewan Credit Unions provide financial products and services to approximately 508,000 members
- Saskatchewan credit union assets reached \$15.6 billion with revenue of over \$797 million.
- Credit union lending amounts to \$11.4 billion.
- Over 500 board members, who are locally elected by the members of each credit union to provide strategic directions to their management teams.
- In 2011, Saskatchewan credit unions returned \$17.8 million to their members in the form of patronage equity contribution & dividends.
- Credit Unions are a major contributor to Saskatchewan's economy, employing more than 3,500 people.

Funds held on deposit in Saskatchewan credit unions are fully guaranteed through the Credit Union Deposit Guarantee Corporation. The full guarantee is made possible through a comprehensive deposit protection regime that is focused on prevention.



CREDIT UNION DEPOSIT GUARANTEE CORPORATION

ANNUAL REPORT MESSAGE 2011

January 2012

Deposits Fully Guaranteed

Credit Union Deposit Guarantee Corporation is the primary regulator for Saskatchewan credit unions. The Corporation is given its mandate through provincial legislation, *The Credit Union Act, 1998*, for the main purpose of guaranteeing the full repayment of deposits held in Saskatchewan credit unions. Since 1953, the Corporation has successfully met its obligations.

By guaranteeing deposits and promoting responsible governance, the Corporation contributes to confidence in Saskatchewan credit unions. Credit unions operate within a comprehensive regulatory framework to ensure depositors' funds are fully guaranteed and completely secure.

The Corporation establishes standards of sound business practice that are aligned with federal and international regulatory approaches, and monitors credit unions to ensure they are operating according to those standards. By monitoring risk in credit unions, the Corporation can identify potential issues early and credit unions can take corrective action.

The Corporation invests in programs that support credit union decision-makers and their ability to actively manage risk and prevent loss. Saskatchewan credit unions have responded by continually enhancing governance practices and enterprise risk management processes, strengthening audit and compliance functions, and maintaining strong capital levels. This helps to ensure Saskatchewan credit unions can successfully meet the challenges of the rapidly changing financial services industry and increasing regulatory requirements.

For more information about deposit protection, the Corporation's regulatory responsibilities and its role in promoting the strength and stability of Saskatchewan credit unions, talk to a representative at the credit union or visit the Corporation's web site at www.cudgc.sk.ca.

PARKERQUINE LLP

Chartered Accountants Business Advisors

Report of the Independent Auditors' on the Summary Financial Statements

To the Board of Directors
Churchbridge Credit Union

Report on the Financial Statements

The accompanying summary financial statements, which comprise the summary Statement of Financial Position as at December 31, 2011, the summary Statements of Income, Comprehensive Income, Changes in Equity and Cash Flows for the year then ended, are derived from the audited financial statements of Churchbridge Credit Union for the year ended December 31, 2011. We expressed an unmodified audit opinion on those financial statements in our report dated March 22, 2012.

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of Churchbridge Credit Union.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of a summary of the audited financial statements on the basis described in note 1.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard (CAS) 810, "Engagements to Report on Summary Financial Statements."

Opinion

In our opinion, the summary financial statements derived from the audited financial statements of Churchbridge Credit Union for the year ended December 31, 2011 are a fair summary of those financial statements, on the basis described in note 1.

Other Matters

Without modifying our opinion, we draw attention to note 19 of the financial statements which describes that Churchbridge Credit Union adopted International Financial Reporting Standards on January 1, 2011 with a transition date of January 1, 2010. These standards were applied retrospectively by management to the comparative information in these financial statements, including the Statement of Financial Position as at December 31, 2010 and January 1, 2010, and the Statements of Income, Comprehensive Income, Equity and Cash Flow for the year ended December 31, 2010 and related disclosures. We were not engaged to report on the restated comparative information and as such, it is unaudited.

PARKERQUINE LLP



Per: *Mandy P...* CA

Yorkton, SK
March 22, 2012

Churchbridge Credit Union
Churchbridge, Saskatchewan
Statement of Financial Position as at December 31, 2011

	December 31, 2011	December 31, 2010	January 1, 2010
Assets			
Cash and cash equivalents	1,911,489	2,620,095	2,502,586
Investments	14,269,688	12,506,312	13,486,502
Loans	66,389,718	59,847,854	53,275,995
Accounts receivable	1,756	36,339	3,154
Prepaid expenses	51,557	45,691	50,165
Income tax receivable	30,039		
Property, plant and equipment	1,671,693	725,746	386,864
Intangible assets	140,242	164,397	188,552
Deferred income tax assets	20,800	6,680	
Total Assets	\$ 84,486,982	\$ 75,953,114	\$ 69,893,818
Liabilities			
Deposits	76,605,491	68,675,611	63,479,421
Other loans payable			24,671
Accounts payable	706,481	703,368	569,053
Income tax payable		51,685	7,661
Deferred income tax liabilities			7,362
Member equity accounts	1,487,457	1,262,270	1,117,533
Membership shares	26,150	26,110	25,870
Total Liabilities	78,825,579	70,719,044	65,231,571
Equity			
Retained earnings	5,661,403	5,234,070	4,662,247
Accumulated other comprehensive income	0	0	0
	<u>5,661,403</u>	<u>5,234,070</u>	<u>4,662,247</u>
Total Liabilities and Equity	\$ 84,486,982	\$ 75,953,114	\$ 69,893,818

Approved on behalf of the board:

 Director
 Director

Churchbridge Credit Union
Income Statement
For the year ended December 31, 2011

	2011	2010
Interest Income		
Loan interest	3,337,857	2,993,490
Investments	<u>294,737</u>	<u>457,902</u>
	<u>3,632,594</u>	<u>3,451,392</u>
Interest Expense		
Deposits	1,119,103	940,799
Borrowed money	3,786	2,871
Patronage allocation	<u>330,000</u>	<u>385,000</u>
	<u>1,452,889</u>	<u>1,328,670</u>
Net Interest	2,179,705	2,122,722
Provision for credit losses	<u>4,367</u>	<u>10,067</u>
Net Interest Margin	2,175,338	2,112,655
Other income	<u>671,340</u>	<u>718,012</u>
Net Interest and Other Income	<u>2,846,678</u>	<u>2,830,667</u>
Operating Expenses		
Personnel	1,204,842	1,141,171
General business	468,852	436,685
Information technology	229,104	191,329
Marketing	117,344	101,719
Occupancy	96,983	73,375
Security	76,858	71,513
Organizational	53,168	51,829
Amortisation and depreciation	<u>98,707</u>	<u>87,676</u>
	<u>2,345,858</u>	<u>2,155,297</u>
Net Income Before Provision for Tax	500,820	675,370
Income tax expense	<u>73,487</u>	<u>103,547</u>
Net Income	<u>\$ 427,333</u>	<u>\$ 571,823</u>

Churchbridge Credit Union
Statement of Comprehensive Income
For the year ended December 31, 2011

	2011	2010
Net Income	<u>\$ 427,333</u>	<u>\$ 571,823</u>
Other Comprehensive Income	<u>\$ 0</u>	<u>\$ 0</u>
Comprehensive Income	<u>\$ 427,333</u>	<u>\$ 571,823</u>

Churchbridge Credit Union
Statement of Changes in Equity
For the year ended December 31, 2011

	2011	2010
Retained Earnings		
Balance, beginning of year	5,234,070	4,662,247
Add: Net income for the year	<u>427,333</u>	<u>571,823</u>
Balance, end of year	<u>\$ 5,661,403</u>	<u>\$ 5,234,070</u>
Unrealized Gains/Losses - AFS Financial Assets	<u>\$ 0</u>	<u>\$ 0</u>
Total Equity	<u>\$ 5,661,403</u>	<u>\$ 5,234,070</u>

Churchbridge Credit Union
Cash Flows Statement
For the year ended December 31, 2011

	2011	2010
Cash Provided By (Used In):		
Operations		
Net income for the year	<u>427,333</u>	<u>571,823</u>
Adjustment for:		
Provision for impaired loans	4,367	10,067
Net amounts recovered/(written off)	7,570	(4,160)
Depreciation and amortisation	98,707	87,676
Deferred income tax provision	(14,120)	(14,042)
	<u>96,524</u>	<u>79,541</u>
Changes in working capital items:		
Other assets	28,717	(28,710)
Interest receivable - investments	39,528	11,371
Interest receivable - loans	(27,059)	(13,440)
Interest payable	47,035	(35,970)
Other liabilities	(78,611)	178,339
	<u>9,610</u>	<u>111,590</u>
	<u>533,467</u>	<u>762,954</u>
Investing activities		
Investments	(1,802,904)	968,819
Loans	(6,526,743)	(6,564,325)
Capital asset sales	(1,020,499)	(402,403)
	<u>(9,350,146)</u>	<u>(5,997,909)</u>
Financing activities		
Deposits	7,882,845	5,232,158
Increase (decrease) in short-term borrowings		(24,671)
Share capital	225,228	144,977
	<u>8,108,073</u>	<u>5,352,464</u>
Net Cash Increase (Decrease) for the Year	(708,606)	117,509
Cash position, beginning of year	<u>2,620,095</u>	<u>2,502,586</u>
Cash Position, End of Year	<u>\$ 1,911,489</u>	<u>\$ 2,620,095</u>

Churchbridge Credit Union
Notes to Financial Statements
For the year ended December 31, 2011

1. Basis of the Summary Financial Statements

The following criteria have been applied by management in the preparation of these summary financial statements:

- (a) The information in the summary financial statements is in agreement with the related information in the credit union's December 31, 2011 audited financial statements; and
- (b) The summary financial statements contain the information necessary to avoid distorting or obscuring matters disclosed in the audited financial statements, including the notes thereto.
- (c) The audited financial statements can be obtained by request at the main branch at 103 Vincent Avenue E., Churchbridge, Saskatchewan.
- (d) The detailed notes included in the audited financial statements are not included in the summary financial statements as these notes are available in the audited financial statements which can be obtained as described above.