



# Celebrating Saskatchewan Credit Unions

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**2012 ANNUAL REPORT**

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Churchbridge Credit Union



**CHURCHBRIDGE CREDIT UNION**

**68<sup>TH</sup> ANNUAL GENERAL MEETING**

**MONDAY, APRIL 22<sup>TH</sup>, 2013**

**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 16<sup>th</sup>, 2012
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. Presentation from Wendell Estates Honey Farm
16. Door Prizes
17. Adjournment

## **2012 President's Report**

On behalf of the Board of Directors of the Churchbridge Credit Union, it is with great pleasure for me to present this report to you. In 2012 the Churchbridge Credit Union has accomplished a tremendous achievement by surpassing \$100 Million in assets. Due to your loyalty and support, our credit union has grown by over \$70 Million in the last 10 years and the growth continues.

We congratulate our management, staff, board and members for working together and providing this opportunity to achieve this milestone.

Our year end assets reached an all-time high of \$105.6 Million. Our net profit of \$464,414 is very good considering the low interest rate environment we are currently in and also due to our increased occupancy and personnel costs. We have also allocated \$240,000 towards our Member Profit Sharing Dividend.

Recent expansions in the Churchbridge and Langenburg branches and the recent organization restructure have prepared our credit union for continued growth. Our future goals are to continue to provide full financial services to benefit all of our members.

In closing, we thank our members for their business to help us achieve our continued growth along with a thank-you to our management and staff for their expertise in providing top notch service to our members. Finally, thank you to my fellow Board of Directors for their time and effort and being a pleasure to work with.

Thank you

A handwritten signature in black ink, reading "Rodney Flunder". The signature is written in a cursive, flowing style.

Rodney Flunder

# 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>
Robert Rathgeber	MacNutt	Farmer	2014
Larry Severin	Langenburg	Farmer	2014
Wendy Lutz	Churchbridge	Retired Teacher	2014
Debbie Fuhr	Langenburg	Home Maker	2013
Randy Kaeding	Churchbridge	Farmer	2013
Cal Swanson	Churchbridge	Miner	2015
Rodney Flunder	Churchbridge	Farmer	2015

## EXECUTIVE

President  
Vice President  
Secretary  
Treasurer

Rodney Flunder  
Cal Swanson  
Debbie Fuhr  
Perry Wishlow



Back Row 1 - r Robert Rathgeber, Wendy Lutz, Larry Severin, Randy Kaeding  
Front Row 1- r Cal Swanson, Rodney Flunder, 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>	
Rebecca Kitz	P/T Member Service Rep	7	Months
Tricia Arseneault	P/T Member Service Rep	1	Year
Stephanie Pasloski	P/T Member Service Rep	1	Year
Jessica Griffin	P/T Member Service Rep	2	Years
Rachael Chapple	Member Service Rep	2.5	Years
Lois Laboucane	Loans Officer	3.5	Years
Janessa Liepert	Member Service Rep	4	Years
Cheryl Kitz	Senior MSR	4.5	Years
Elliana Margarit	Loans Officer Trainee	5.5	Years
Deidra Schaan	Loans Officer	6	Years
Andrew Barker	Loans Supervisor	10.5	Years
Rachele Marlowe	Office Assistant	11.5	Years
Brenda Yanke	MSR Supervisor	14.5	Years
Audrey Petracek	P/T Member Service Rep	15.5	Years
Gaylene Putland	Support Services Assistant	15.5	Years
Sherry Popp	Senior MSR	16	Years
Connie Olm	Support Services Manager	18.5	Years
Susan Miller	Accounting Assistant	19	Years
Iva Petracek	Manager of Admin	21	Years
Brad Schultz	Manager of Retail	26	Years
Susan Bewcyk	Financial Advisor	26.5	Years
Rhonda Moskaluke	Loans Assistant	29	Years
Perry Wishlow	General Manager	32	Years
Charlene Popp	Branch Manager	36.5	Years



Churchbridge Branch



Langenburg Branch



MacNutt Branch

# 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 31<sup>st</sup>, 2012 Churchbridge Credit Union had 2,857 members and 317 non-members. Non-members *do not* participate in the democratic processes of the credit union nor the Member Profit Sharing patronage program.

Our credit union serves the communities of Churchbridge, Langenburg, MacNutt and surrounding areas. In these communities we provide a full range of financial services including: financial, investment, commercial, agricultural and personal loans, mortgages, insurance, wealth management 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. 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 2012 focused in the following Strategic Results Areas (SRA):

### **People (Staff, Management & Board)**

- Continue to invest in leadership through the training and continuous learning of our employees and elected officials.
- Continue with training for the new staff to build up the experience base we require
- Ensure our compensation and benefits program is competitive.
- Ensure our Succession Plan is reflective of our needs for key resources.
- Continue to provide enhanced training along with refresher training to staff on a regular basis in addition to ongoing regular training. 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.
- Implement the organizational re-structure.
- To ensure continued board development the board will continue with board training and development as required and further discuss the need for a board self-evaluation or a board evaluation process.

### **Finance**

- Continue to manage the growth within regulatory requirements to ensure ratios meet requirements and equity levels are maintained above standards.
- Develop in-depth Capital and Liquidity Plans.
- 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 our current Service Fee Structure.

### **Business Growth and Development**

- Continued focus on the Wealth Management growth potential.
- Continue with the current levels of managed profitable growth targeted between 8-12%.
- Utilize our current expertise in Agriculture lending to develop new member relationships &/or expand on existing member relationships in this market.
- Ensure products and services are meeting member needs and remain competitive.
- While maintaining current levels of managed growth focus on strengthening staff knowledge, training and sales expertise to ensure the credit union is positioned for the long term while building capital through profitable growth.
- Determine ways for the credit union to become more profitable.

### **Technology**

- Replace our current telephone banking service.
- Implement required upgrades for Member Direct home banking.

- Implement history archiving.
- Make the best use of technology to remain current at manageable cost levels.
- Implement the new computer equipment and server upgrades.
- Stay informed of what competitors are offering and determine if these changes (if any) are requirements that would benefit the members based on an affordable cost versus benefit basis.
- Create added awareness with members to ensure they are aware and familiar with the high tech services we offer.
- Explore the options and advantages of expanding the use of social media.

### **Member Communications**

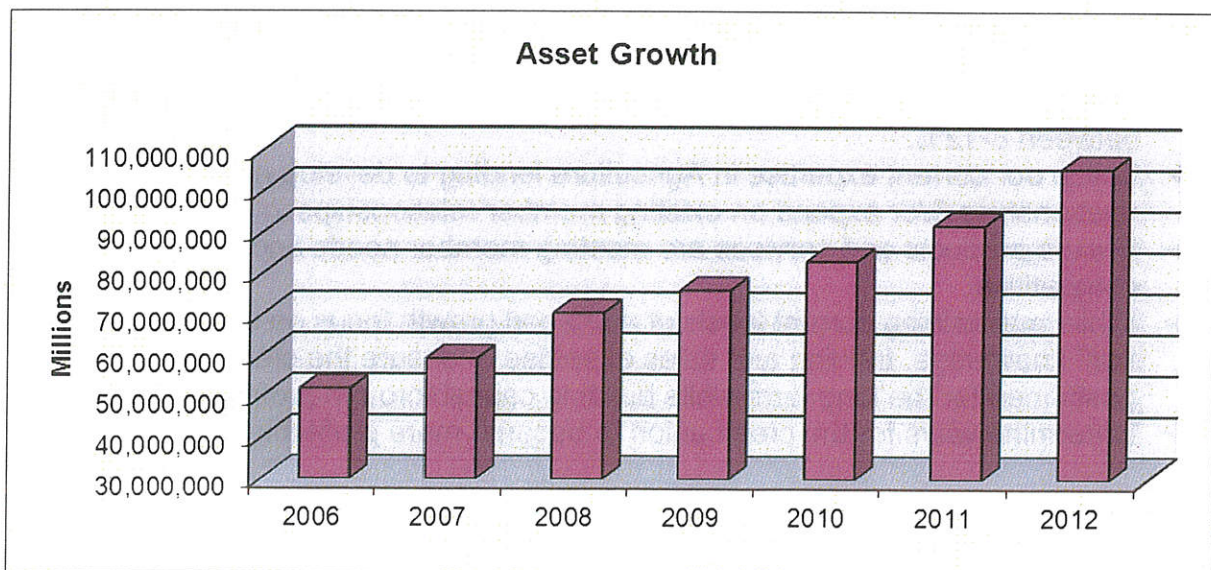
- Develop a program that focuses on increasing awareness with members and the general public on the products and services we offer.
- Develop a program that creates awareness and understanding with the general public on the difference the credit union makes to the members and the community.
- Determine target groups for focused campaigns. Different demographics require different marketing approaches or different messages. No need to focus the same attention or message on loyal members.

## **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.

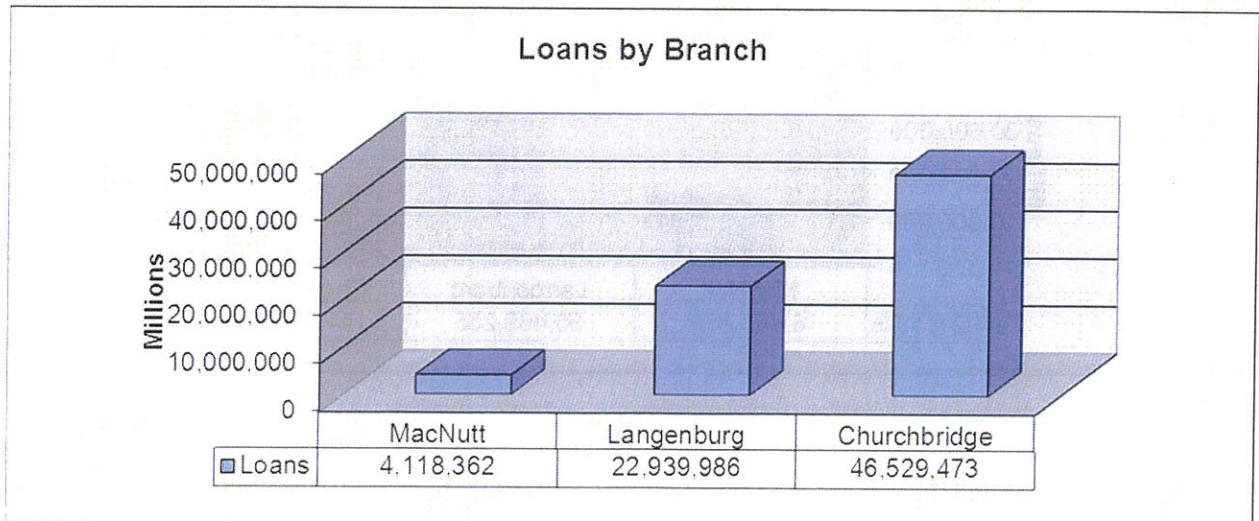
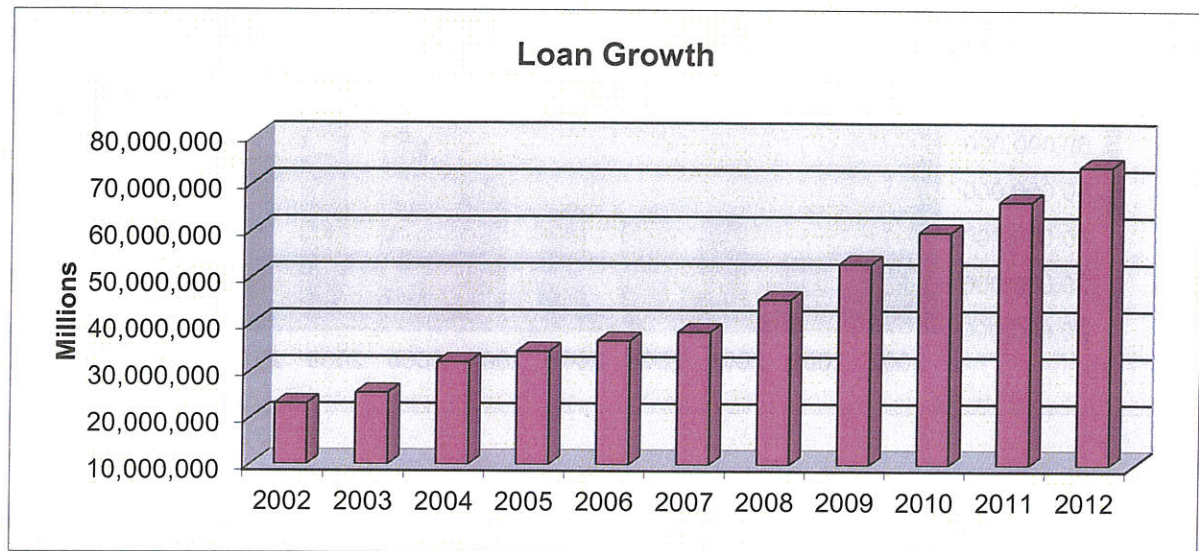
### **Assets**

Our assets at year end were **\$105,637,042**, which includes on book assets of **\$95,832,810** and mutual funds in the amount of **\$9,804,232**. This is an increase of **\$13,844,389** or **15.08%** from 2011.



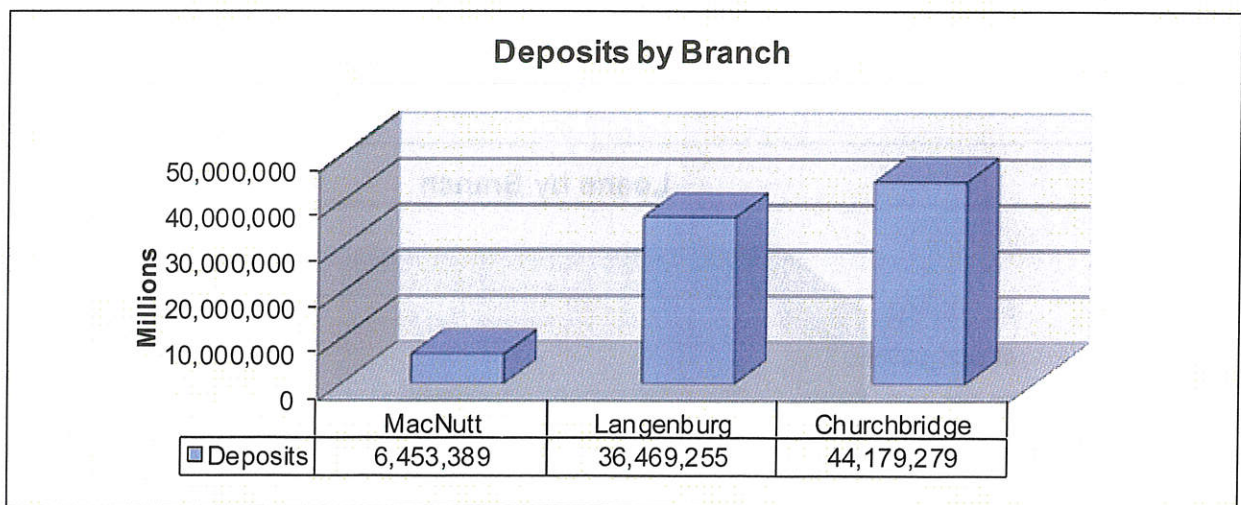
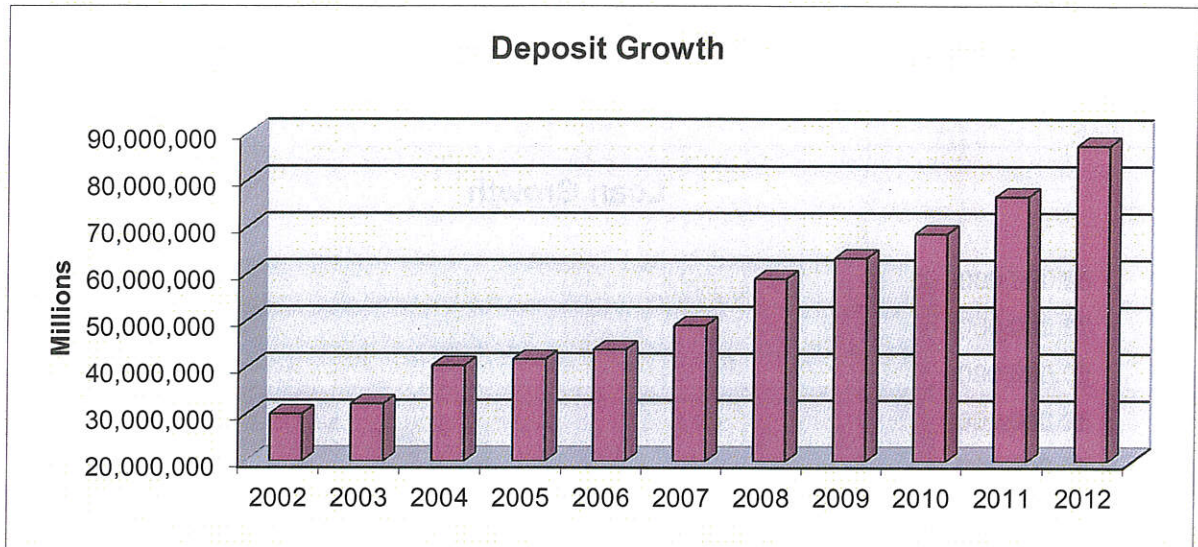
## Member Loans

Our member loans which form a majority of our assets at year end, were at **\$73,835,096**, which is up **\$7,445,378** or **11.21%** from 2011. Our overall delinquency at year end was at **.81%**, which is a decrease of **.62%** from 2011. Our over 90 day delinquency decreased **.23%** from last year's total of **.35%**. In 2012, we approved &/or extended **710** loans, which is down **18** from last year. In dollars this amounted to **\$28,642,924**, which is down **\$2,545,848** or **8%** from 2011. We anticipate that 2013 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 **\$87,463,282**, which is an increase of **\$10,857,787** or **14.17%**. 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 2012.



Along with exceptional deposit growth, we continue to see tremendous growth in our Mutual Fund Portfolio. Our portfolio increased in 2012 from **\$7,304,896** to **\$9,804,232**, which is an increase of **\$2,499,336** or **34.21%**.

## Profitability

Our income prior to our **Member Profit Sharing Dividend** and reserve allocations was **\$704,414** and was distributed as follows:

Member Profit Sharing Dividend	<b>\$240,000</b>
Retained Earnings	<b>\$464,414</b>

Our profitability was down **\$52,919** from 2011.

The drop in profits is mainly attributed to the renovations/additions that we did in both the Langenburg and Churchbridge Branches, the organizational staff re-structure we implemented in 2012 and due to the low interest rates, which compress our interest margins.

The Credit Union strives to achieve a reasonable profit, which helps 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 2012 we will be paying out **34%** of our year-end profits back to our members in the form of a **Member Profit Sharing Dividend**. This amounts to **\$240,000** in Member Profit Sharing Dividends for 2012, giving us a total of nearly **\$3.4** million paid out in the last thirteen 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, through 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 Corporation (CUDGC)** notes a requirement of **5%** Tier 1 capital, although 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 **8.16%**.

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 **12.51%**.

Overall, our capital holdings place us 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:

<u><b>Result Areas</b></u>	<u><b>Targets</b></u>	<u><b>Actual</b></u>	<u><b>Peers</b></u>
Deposit Growth	<b>8.0%</b>	<b>15.91%</b>	<b>11.31%</b>
Off-Balance Sheet Growth (Mutual Funds)	<b>10.0%</b>	<b>34.21%</b>	<b>8.02%</b>
Loan Growth	<b>8.0%</b>	<b>10.84%</b>	<b>12.05%</b>
Loan Delinquency (>90 days)	<b>&lt; 3%</b>	<b>.12%</b>	<b>.37%</b>
Tier 1 Capital	<b>10.0%</b>	<b>8.16%</b>	<b>7.76%</b>
Risk Weighted Capital	<b>14.0%</b>	<b>12.51%</b>	<b>12.87%</b>
Non-interest Revenue	<b>\$814,579</b>	<b>\$784,053</b>	<b>\$613,330</b>
Profit (Prior to tax & Patronage Div)	<b>\$766,662</b>	<b>\$774,177</b>	<b>\$718,746</b>

## ***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), 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 2012, we had budgeted \$10,573 and the actual remuneration was \$12,555. We also budgeted \$2,240 for mileage and our actual expense was \$2,915.

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 2012 we budgeted \$928 for director training and our actual expense was \$4,625.

### ***Executive Management***

The executive management consists of Perry Wishlow - General Manager, Brad A. Schultz – Retail Manager, Charlene Popp - Branch Manager for both Langenburg and MacNutt Branches, Iva Petracek - Manager of Admin, Andrew Barker - Loans Supervisor and Connie Olm - Support Services Manager. In 2012, we went through a restructuring of our management team. In which we hired Brad and we also re-aligned the duties and responsibilities through out our organization. The result of these changes will help position the Credit Union well into 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 2012 profitability, we have also set aside \$8,000, 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 2012, Churchbridge Credit Union has allocated **\$240,000** towards a **MPS** dividend payment. This marks the **13<sup>th</sup>** year in a row that we have done so and we are just under the **\$3.4** million mark in total allocations. Our **MPS Day** will be held during Churchbridge's June Days at our community BBQ, on **June 7<sup>th</sup>**. Please come join us for a burger, coffee, donuts and to pick up your equity statement &/or cheque.

# CHURCHBRIDGE CREDIT UNION'S MEMBER PROFIT SHARING DAY

The Board Has Approved **\$240,000** To Be Returned To  
Our Members.

We have paid over **\$3.4 Million** in Member Profit Sharing in the  
last 13 years.

Join us on

***Friday, June 7***

**Churchbridge Branch**

in conjunction with our June Daze BBQ in Churchbridge

**11am - 1:30pm**

at the Churchbridge Curling Rink

**1:30 - 4:00**

for Coffee and Donuts in Churchbridge Branch

**Langenburg & MacNutt Branches**

**10am - 4:00pm**

for Coffee and Donuts

# 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 2012, some of organizations we donated to include:



TeleMiracle



Kidsport



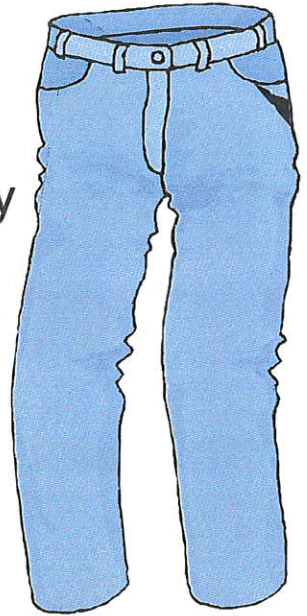
Big Brothers/Big Sisters



Little Poppets



Churchbridge Daycare - National Childs Day



Our staff are a visible part of our communities and what they give back is commendable - in 2012, our staff logged **1273** 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.

# 2012 Community Investment Program

The Churchbridge Credit Union believes companies such as our have the ability and the sponsibility 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 2012, the Churchbridge Credit Union gave away **\$8,500** to local organizations.



**\$4,000 Churchbridge Arena**



**\$2,500 Shooting Star Preschool**



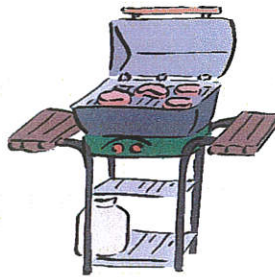
**\$2,000 United Soccer Organization**

# Summer Feast

Our 2012 Winners were:



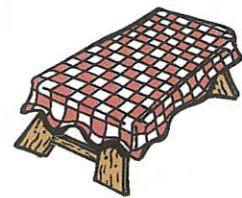
Dana & Lucia Prier of Churchbridge



Adam & Ada Andres of MacNutt



Sheldon & Lynette Kaminski of Langenburg



## 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 Quad Derby
- ♦ Calder Poker Derby
- ♦ Churchbridge Arena
- ♦ Churchbridge Business Association
- ♦ Churchbridge Centennial
- ♦ 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 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 High Scholarship - Langenburg Branch
- ♦ Langenburg Lioness Calendar
- ♦ Langenburg Swimming Pool
- ♦ Langenburg School Yearbook
- ♦ Langenburg Eagle of the Month
- ♦ Langenburg Grad
- ♦ Langenburg Daycare
- ♦ Langenburg Minor Sportse
- ♦ Little Poppets
- ♦ MacNutt Curling Club
- ♦ Music for MSe
- ♦ Parkland Regional College Scholarship
- ♦ Prairie Classic Fishing Derby - Asessippi
- ♦ Prairie Mountain 4-H Club
- ♦ Potashville Music Festival
- ♦ Quality of Life - Sunrise Care Home
- ♦ Shooting Star Preschool
- ♦ TeleMiracle Beef on a Bun
- ♦ United Soccer Organization
- ♦ Violet Revet Benefit
- ♦ Waldron Ladies Night Out
- ♦ Welcome Baskets

## HOCKEY:

- ♦ Churchbridge Imperials
- ♦ Langenburg Warriors
- ♦ Langenburg Pre-Novice Tournament
- ♦ 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 Antler Acres Fun Golf Night
- ♦ Churchbridge Mens Golf
- ♦ Kaminski Tourney
- ♦ Langenburg Lions Golf

Plus Many Many More.....

# Pizza in a Pickup



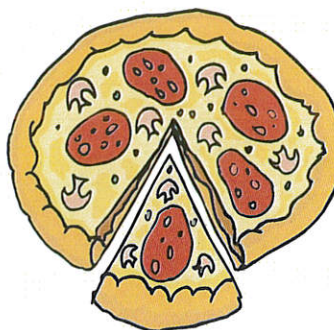
Our 2012 Winners were:



Randy & Audrey Schappert  
Churchbridge

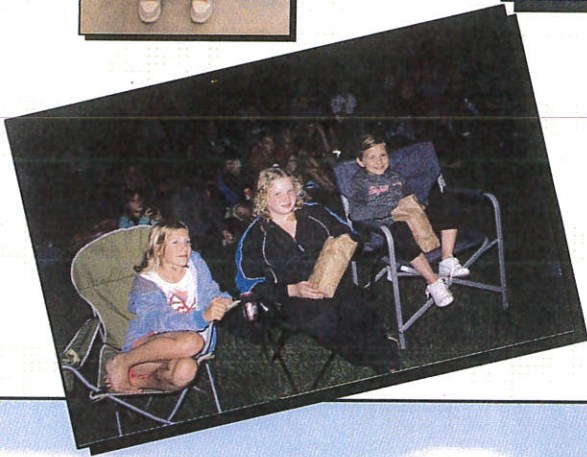
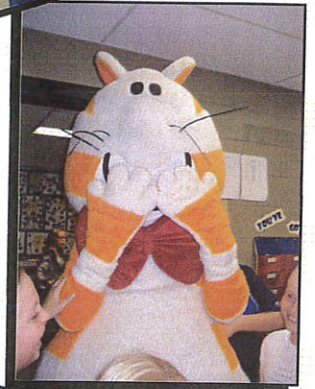


Aaron & Nikki Fatteicher  
Langenburg

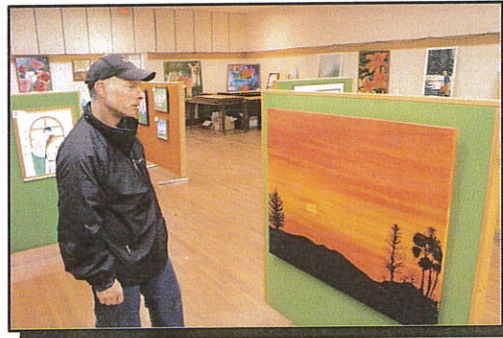


Russell & Gladys Shewchuk  
MacNutt

# 2012 Donations, Sponsorships



# and Community Events



Photos courtesy of the Four-Town Journal.

# We've reached \$100,000,000 in Assets!!

We celebrated in true Credit Union Fashion, \$100,000,000 in assets, International year of the Co-operatives and Credit Union Day all wrapped up into one fun filled day. We gave away 10,000 Choice Reward points to 10 lucky winners. Missing are Susan Schmidt and Dwight Miller.



Jonathan Fuhr



Aaron Gust



Brendon McIntyre



Lorelei Jones



Valerie Entz



Harold Rathgeber



Elinor Dietrich



Ellen Spilchen

CO-OPERATIVE ENTERPRISES BUILD A BETTER WORLD



# GRAD 2012



**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 2012, the scholarships were awarded as follows:

- ♦ Churchbridge Public School - Michael Dirven
- ♦ Langenburg High School - Jori Shiner
- ♦ Parkland Regional College - Marjorie Mather



# Saskatchewan Credit Unions

## Quick Facts

The following are as of December 31, 2012, unless otherwise indicated:

- There are currently 55 credit unions in 297 service outlets in Saskatchewan
- Credit Unions serve 266 communities in Saskatchewan
- Saskatchewan Credit Unions provide financial products and services to approximately 502,000 members
- Saskatchewan credit union assets reached \$16.9 billion with revenue of over \$815 million.
- Credit union lending amounts to \$12.9 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 2012, Saskatchewan credit unions returned \$16 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 2012

**January 2013**

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#### 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](http://www.cudgc.sk.ca).

**PARKERQUINE LLP**  
Chartered Accountants Business Advisors

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**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, 2012, 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, 2012. We expressed an unmodified audit opinion on those financial statements in our report dated March 28, 2013.

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, 2012 are a fair summary of those financial statements, on the basis described in note 1.

**PARKERQUINE LLP**

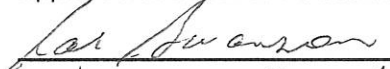

Per: *Mandy P...* CA

Yorkton, SK  
March 28, 2013

**Churchbridge Credit Union**  
Churchbridge, Saskatchewan  
Statement of Financial Position as at December 31, 2012

	2012	2011
<b>Assets</b>		
Cash and cash equivalents	2,266,218	1,911,489
Investments	17,900,790	14,269,688
Loans	73,835,096	66,389,718
Accounts receivable	4,602	1,756
Prepaid expenses	63,462	51,557
Income tax receivable	14,944	30,039
Property, plant and equipment	1,598,648	1,671,694
Intangible assets	125,350	140,242
Deferred income tax assets	23,700	20,800
<b>Total Assets</b>	<b>\$ 95,832,810</b>	<b>\$ 84,486,983</b>
<b>Liabilities</b>		
Deposits	87,463,282	76,605,495
Accounts payable	550,832	706,481
Member equity accounts	1,665,972	1,487,457
Membership shares	26,910	26,150
<b>Total Liabilities</b>	<b>89,706,996</b>	<b>78,825,583</b>
<b>Equity</b>		
Retained earnings	6,125,814	5,661,400
Accumulated other comprehensive income	0	0
	<b>6,125,814</b>	<b>5,661,400</b>
<b>Total Liabilities and Equity</b>	<b>\$ 95,832,810</b>	<b>\$ 84,486,983</b>

Approved on behalf of the board:

 Director  
 Director

**Churchbridge Credit Union**  
Income Statement  
For the year ended December 31, 2012

	2012	2011
<b>Interest Income</b>		
Loan interest	3,514,779	3,337,857
Investments	<u>351,366</u>	<u>294,737</u>
	<u>3,866,145</u>	<u>3,632,594</u>
<b>Interest Expense</b>		
Deposits	1,192,217	1,119,103
Borrowed money	5,805	3,786
Patronage allocation	<u>240,000</u>	<u>330,000</u>
	<u>1,438,022</u>	<u>1,452,889</u>
<b>Net Interest</b>	2,428,123	2,179,705
Provision for credit losses	<u>2,288</u>	<u>4,367</u>
<b>Net Interest Margin</b>	2,425,835	2,175,338
Other income	<u>783,927</u>	<u>671,340</u>
<b>Net Interest and Other Income</b>	<u>3,209,762</u>	<u>2,846,678</u>
<b>Operating Expenses</b>		
Personnel	1,391,185	1,204,842
General business	989,402	890,705
Occupancy	154,893	120,285
Security	81,903	76,858
Organizational	<u>58,202</u>	<u>53,168</u>
	<u>2,675,585</u>	<u>2,345,858</u>
<b>Net Income Before Provision for Tax</b>	534,177	500,820
Income tax expense	<u>69,763</u>	<u>73,487</u>
<b>Net Income</b>	<u>\$ 464,414</u>	<u>\$ 427,333</u>

**Churchbridge Credit Union**  
Statement of Comprehensive Income  
For the year ended December 31, 2012

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	2012	2011
Net Income	<u>\$ 464,414</u>	<u>\$ 427,333</u>
Other Comprehensive Income	<u>\$ 0</u>	<u>\$ 0</u>
Comprehensive Income	<u>\$ 464,414</u>	<u>\$ 427,333</u>

**Churchbridge Credit Union**  
Statement of Changes in Equity  
For the year ended December 31, 2012

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	2012	2011
<b>Retained Earnings</b>		
Balance, beginning of year	5,661,400	5,234,067
Add: Net income for the year	<u>464,414</u>	<u>427,333</u>
Balance, end of year	<u>\$ 6,125,814</u>	<u>\$ 5,661,400</u>
<b>Unrealized Gains/Losses - AFS Financial Assets</b>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Total Equity</b>	<u>\$ 6,125,814</u>	<u>\$ 5,661,400</u>

**Churchbridge Credit Union**  
**Cash Flows Statement**  
For the year ended December 31, 2012

	2012	2011
<b>Cash Provided By (Used In):</b>		
Operations		
Net income for the year	<u>464,414</u>	<u>427,333</u>
Adjustment for:		
Provision for impaired loans	2,288	4,367
Net amounts recovered/(written off)	( 279)	7,570
Depreciation and amortisation	140,152	98,707
Deferred income tax provision	( 2,900)	( 14,120)
	<u>139,261</u>	<u>96,524</u>
Changes in working capital items:		
Other assets	344	( 53,007)
Interest receivable - investments	9,617	39,528
Interest receivable - loans	( 14,415)	( 27,059)
Interest payable - deposits	( 36,238)	47,035
Other liabilities	( 155,650)	3,113
	<u>( 196,342)</u>	<u>9,610</u>
	<u>407,333</u>	<u>533,467</u>
Investing activities		
Investments	( 3,640,718)	( 1,802,904)
Loans	( 7,432,977)	( 6,526,743)
Capital assets purchases	( 52,212)	( 1,020,499)
	<u>( 11,125,907)</u>	<u>( 9,350,146)</u>
Financing activities		
Deposits	10,894,029	7,882,845
Share capital	179,274	225,228
	<u>11,073,303</u>	<u>8,108,073</u>
<b>Net Cash Increase (Decrease) for the Year</b>	354,729	( 708,606)
Cash position, beginning of year	<u>1,911,489</u>	<u>2,620,095</u>
<b>Cash Position, End of Year</b>	<u>\$ 2,266,218</u>	<u>\$ 1,911,489</u>

**Churchbridge Credit Union**  
Notes to Financial Statements  
For the year ended December 31, 2012

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**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, 2012 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.