

Saskatchewan Credit Unions: The Way Forward

2014 ANNUAL GENERAL MEETING



Churchbridge Credit Union
Bringing Communities Together



**Saskatchewan
Credit Unions**

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CHURCHBRIDGE CREDIT UNION
69TH ANNUAL GENERAL MEETING

MONDAY, APRIL 27TH, 2015
7:00 PM

AGENDA

1. Call to Order
2. Adoption of Agenda
3. Reading of the Minutes from the Last Annual General Meeting held APRIL 28th, 2014
4. Business Arising from the Minutes/Adoption of the Minutes
5. President's Report
6. Management Discussion and Analysis
7. Auditor's Report
8. Presentation of the Financial Statements
9. Motion to Accept Reports
10. Appointment of Auditors
11. Election Report
12. Long Term Service Awards Presentations
13. Question Period
14. Door Prizes
15. 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>
Calvin Swanson	Churchbridge	Miner	2015
Rodney Flunder	Churchbridge	Retired Farmer	2015
Debra Fuhr	Langenburg	Home Maker	2016
Randy Kaeding	Churchbridge	Farmer	2016
Robert Rathgeber	MacNutt	Farmer	2017
Larry Severin	Langenburg	Farmer	2017
Wendy Lutz	Churchbridge	Retired Teacher	2017

EXECUTIVE

President	Rodney Flunder
Vice President	Larry Severin
Secretary	Debra Fuhr
Treasurer	Perry Wishlow



Back Row L-R Calvin Swanson, Debra Fuhr, Robert Rathgeber, Randy Kaeding, Larry Severin
Front Row L-R Rodney Flunder, Wendy Lutz

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>	
Kathleen Antony	Casual Member Service Rep	6	Months
Katelyn Rodman	Casual Member Service Rep	1	Year
Megan Schaan	Full Time Member Service Rep	1	Year
Kendra Patzwald	P/T Member Service Rep	2.5	Years
Rebecca Kitz	P/T Member Service Rep	2.5	Years
Stephanie Pasloski	Casual Member Service Rep	3	Years
Lois Laboucane	Loans Officer	5.5	Years
Janessa Liepert	Member Service Rep	6	Years
Danielle Shackleton	Casual Member Service Rep	6.5	Years**
Cheryl Kitz	Senior MSR	6.5	Years
Deidra Schaan	Loans Officer	7	Years
Elliana Margarit	Loans Officer	7.5	Years
Andrew Barker	Loans Supervisor	12.5	Years
Rachele Marlowe	Office Assistant	13.5	Years
Brenda Yanke	MSR Supervisor	16.5	Years
Audrey Petracek	P/T Member Service Rep	17.5	Years
Gaylene Putland	Support Services Assistant	17.5	Years
Connie Olm	Support Services Manager	20.5	Years
Susan Miller	Accounting Assistant	21	Years
Iva Petracek	Manager of Admin	25.5	Years
Brad Schultz	Manager of Retail	28.5	Years
Susan Bewcyk	Financial Advisor	28.5	Years
Rhonda Moskaluke	Loans Assistant	31	Years
Perry Wishlow	General Manager	34	Years
Charlene Popp	Branch Manager	38.5	Years



Churchbridge Branch



Langenburg Branch



MacNutt Branch

**Includes Credit Union and Co-op Experience

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, 2014 Churchbridge Credit Union had 2,743 members and 450 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 and surrounding areas of Churchbridge, Langenburg, MacNutt. In these communities we provide a full range of financial services including: financial, investment, commercial, agricultural and personal loans and mortgages, insurance, wealth management services, 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 have 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 2014 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 the 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.
- Continued management and monitoring of Enterprise Risk Management.
- 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

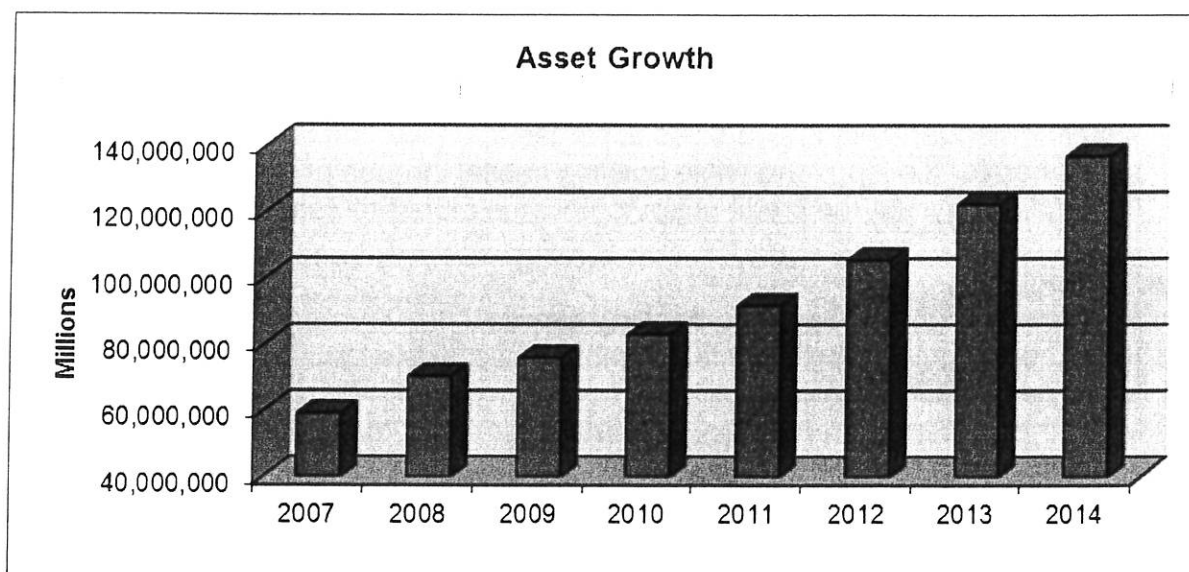
- Develop a program that focuses on increasing awareness with members and the general public on the products and services we offer.
- Develop a program that creates awareness and understanding with the general public on the difference the credit union makes to the members and the community.
- Determine 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.

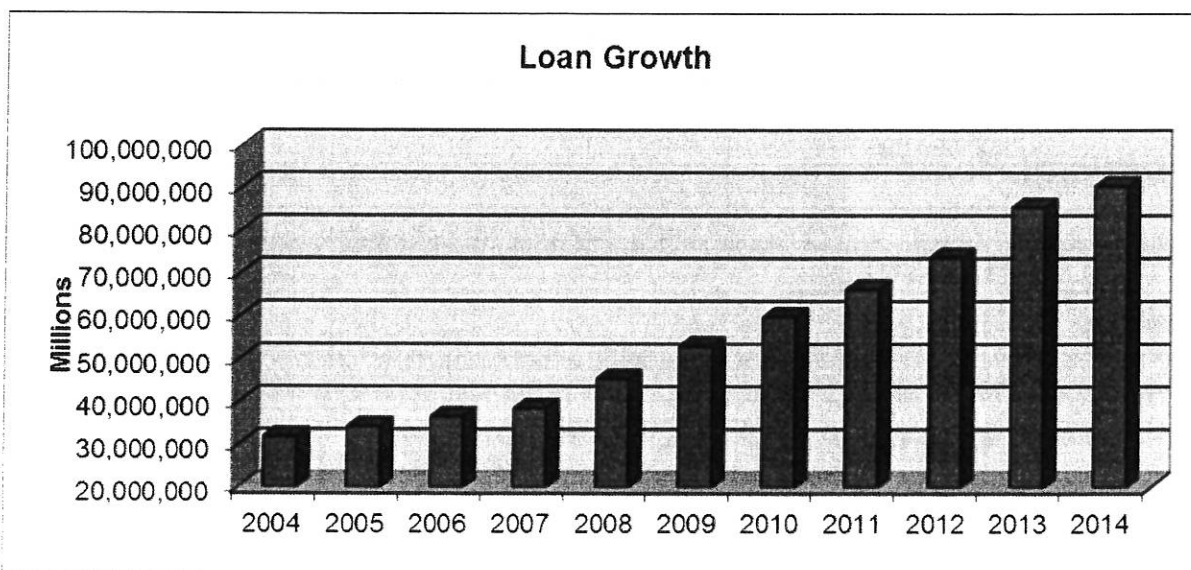
Assets

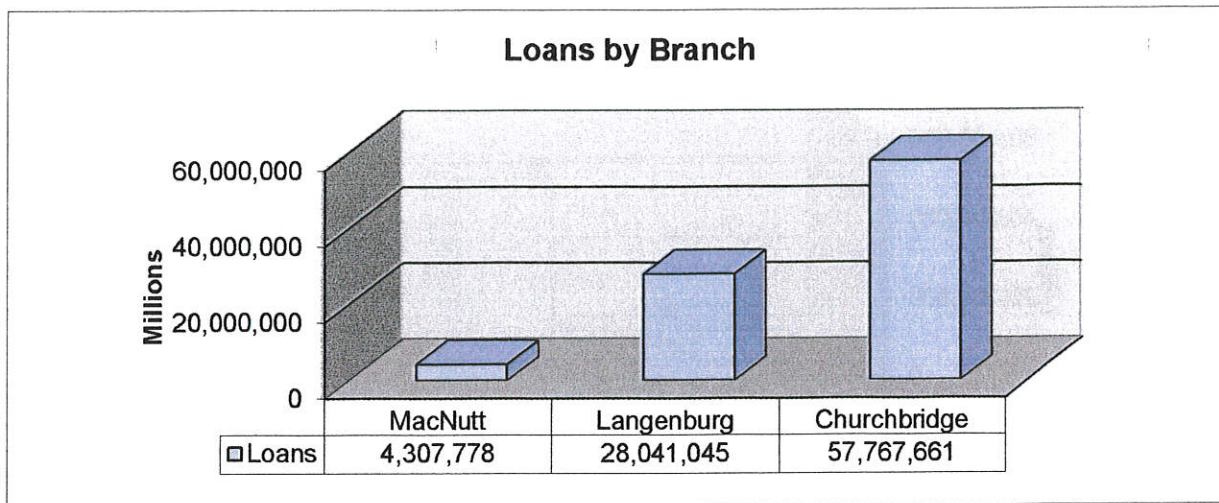
Our assets at year end were **\$136,883,945**, which includes "on book" assets of **\$116,572,097** and "off book" mutual funds in the amount of **\$20,311,848**. This is an increase of **\$13,459,198** or **10.90%** from 2013.



Member Loans

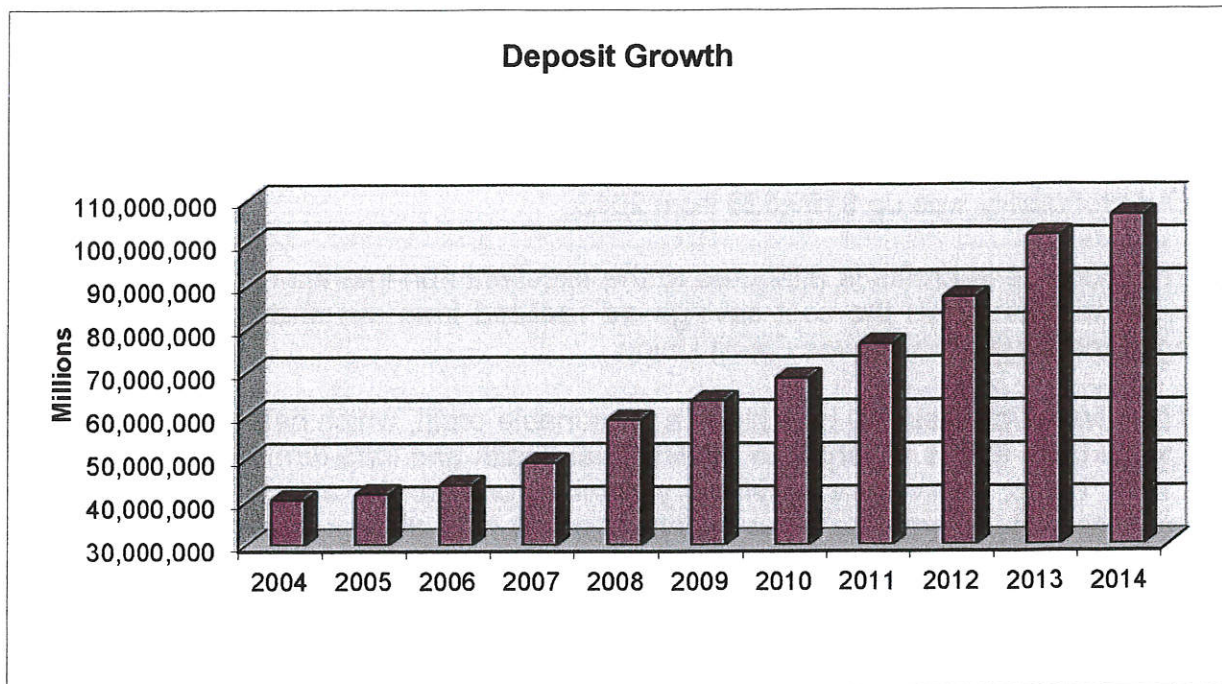
Our member loans, which form a majority of our assets, at year end, were at **\$90,486,905**, which is up **\$4,941,536** or **5.78%** from 2013. Our overall delinquency at year end was at **2.40%**, which is an increase of **.42%** from 2013. Our over 90 day delinquency decreased **.19%** from last year's total of **.35%**. In 2014, we approved, extended or amended **703** loans, which is up **15** from last year. In dollars this amounted to **\$40,485,051**, which is up **\$2,398,233** or **6%** from 2013. We anticipate that 2014 will be another busy year in lending, with the demand in residential mortgages leading the way.

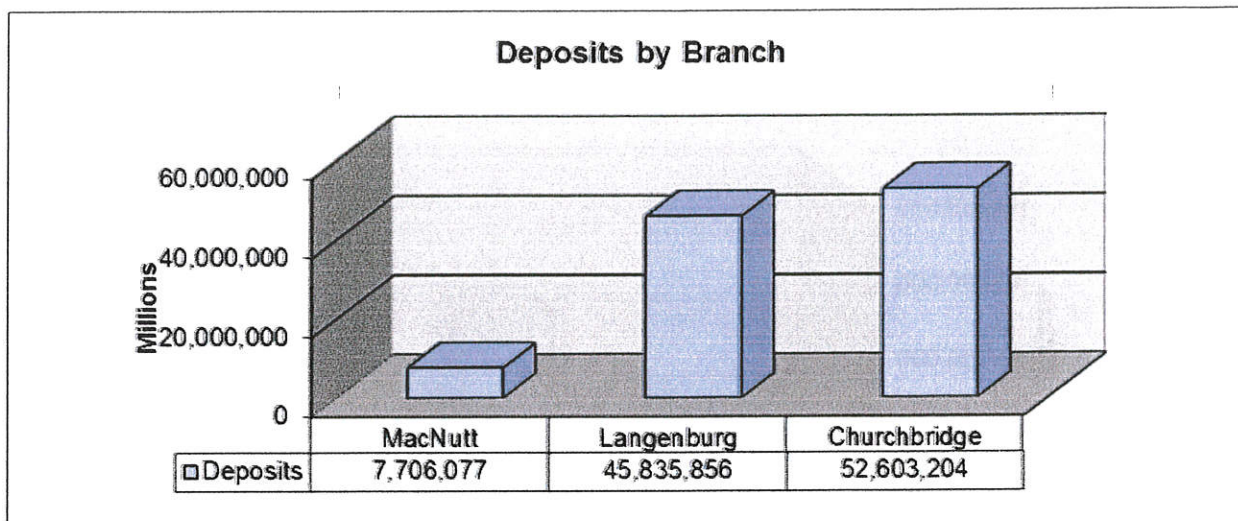




Deposit Growth

As of year end member deposits totaled **\$106,435,729** which is an increase of **\$4,623,912** or **4.54%**. 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 continued to be very popular accounts in 2014.





Along with good deposit growth, we continue to see tremendous growth in our “off book” Mutual Fund Portfolio. Our portfolio increased in 2014 from **\$11,442,803** to **\$20,311,848**, which is an increase of **\$8,869,045** or **77.51%**.

Profitability

Our income prior to our **Member Profit Sharing Dividend** and reserve allocations was **\$1,062,434** and was distributed as follows:

Member Profit Sharing Dividend	\$300,000
Retained Earnings	\$762,434

Our profitability was up **\$199,528** from 2013.

The increase in profits is attributed to the excellent non-interest revenue and loan revenue, along with the cost savings we realized from our shared management agreement with Crossroads Credit Union.

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 2014 we will be paying out **28%** of our year-end profits back to our members in the form of a **Member Profit Sharing Dividend**. This amounts to **\$300,000** in Member Profit Sharing Dividends for 2014, giving us a total of nearly **\$4.0** million paid out in the last fifteen 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.

Regulators have issued more stringent standards for holding and reporting capital in financial institutions. The **Deposit Guarantee Corporation (DGC)** implemented a new capital framework in 2013. Which was a fundamental shift in capital management, the new standard more accurately measures the need for capital based on a credit union's corporate risk profiles. It considers not only the quantity of capital, but also the quality.

In 2014 Churchbridge Credit Union's capital grew **\$762,434** from operations and **\$161,647** from patronage allocations to member equity accounts. Retained earnings represented **6.41%** of equity, we also have **.07%** allocated to a collective loan allowance which is eligible for use in calculating equity holdings, plus we have another **1.68%** in member held equity accounts, bringing our total equity to **8.16%**, which is an increase of **.39%** from 2013. The increase is attributed to the moderate deposit growth, along with the strong profitability we achieved in 2014.

We also monitor the ratio of eligible capital (retained earnings plus member held equity plus collective loan allowance) against risk weighted assets. New

regulatory standards also require us to calculate a leverage ratio, which is an indicator of the credit union's total capital relative to its assets and certain off balance sheet exposures, such as loans to members that have been committed to, but not yet disbursed.

Loan growth in excess of asset growth tends to have a negative effect on capital ratios. However, through careful balance sheet management and controlled growth, the credit union maintains strong capital levels. We achieved an eligible capital to risk weighted asset ratio of **12.88%** and tier 1 capital to risk weighted asset ratio of **10.01%** at the end of 2014.

We obtain tier 1 capital through profitability, which contributes to total retained earnings. Allocations to member equity accounts have traditionally been an integral part of our long-term capital growth strategy. Managed growth of the member equity accounts is an important part of our overall capital plan.

Capital is a limited resource. The ability to raise capital is restricted to profit from operations, which is either kept in retained earnings or shared with members through patronage payments to member equity accounts. Earnings are allocated in the following order:

1. Capital until capital standards are met
2. Additional capital to support growth, development and financial soundness
3. Patronage allocations or dividends (Member Equity Program)

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>Result Areas</u>	<u>Target/Goal</u>	<u>Actual</u>	<u>Peers</u>
Deposit Growth	8.0%	4.54%	7.75%
Off-Balance Sheet Growth (Mutual Funds)	10.0%	27.13%	28.32%
Loan Growth	8.0%	15.86%	8.11%
Loan Delinquency (>90 days)	< 3%	.16%	.33%
Leverage Ratio	10.0%	7.91%	7.79%
Tier 1 Capital/Risk Weighted Capital	12.0%	10.01%	12.01%
Total Eligible Capital/Risk Weighted Assets	14.0%	12.88%	12.79%
Non-interest Revenue	\$903,693	\$994,062	\$722,954
Profit (Prior to tax & Patronage Div)	\$995,294	\$1,182,644	\$1,028,386

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 2014, we

had budgeted \$12,000 and the actual remuneration was \$17,725. We also budgeted \$1,500 for mileage and our actual expense was \$3322.49. 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 2014 we budgeted \$6,000 for director training and our actual expense was \$4576.50.

Executive Management

The executive management team 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, Connie Olm - Support Services Manager, Andrew Barker - Loans Supervisor and Brenda Yanke – Member Service Supervisor.

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 2014 profitability, we have also set aside \$12,000, 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 2014, Churchbridge Credit Union has allocated **\$300,000** towards a **MPS** dividend payment. This marks the **15th** year in a row that we have done so and we are just under the **\$4.0** million mark in total allocations. Our **MPS Day** will be held during Churchbridge's June Days at our community BBQ, on **Friday, June 12th**. Please stop by to pick up your equity statement &/or cheque and help us support a worthwhile community cause by joining us in Churchbridge for a burger, coffee, donuts and for coffee and donuts in both Langenburg and MacNutt.

President's Report 2014

On behalf of the Board of Directors of the Churchbridge Credit Union, it is with great pleasure to present this report to you.

2014 has been another very profitable year for our credit union, and we continue to provide a patronage payment to our members. Once again, we thank our dedicated management and staff for their expertise in providing professional service to our members. We also thank our members for their loyal support, which enables us to achieve our continued growth and success. With the increasing pace of change in the financial services industry, all credit unions are taking time to reflect on their futures and Churchbridge is no different.

Much of the board's focus in 2014 was on a proposed merger with Crossroads Credit Union. Given the great success of our shared management services agreement with Crossroads, a merger seemed like the logical next step. It would bring even greater efficiency and profitability, along with the opportunities to enhance what we can offer our members. Both boards and management teams spent the first half of the year investigating the possibility of a partnership – based model of merger. Given member approval, we had originally planned to merge in early 2015. However, we've agreed to take additional time to finalize our plan. Since both credit unions are coming into the process from a position of strength, we felt there was no need to rush the process. In the meantime, we'll continue to collaborate wherever we can.

Recent changes in federal government policy are making it harder for credit unions to compete with banks and support our communities and members. In 2014 Crossroads participated in *My Credit Union Matters*, a national grassroots and social media campaign to educate the federal government on the critical role credit unions play. I'd like to thank those members who supported the campaign with postcards, emails and social media posts. We also participated in a successful lobby to have the provincial government hold off on implementing the change, which would see many credit unions paying increased taxes, leaving less money for community support and lending.

2015 expects to be another positive year for credit unions, even though we continue to face increased costs for technology, products, services and stronger regulatory requirements.

Finally, I thank my fellow directors for their co-operation and commitment of their time and effort of working together on your behalf.

Thank you,



Rodney Flunder
Board President

CHURCHBRIDGE CREDIT UNION'S MEMBER PROFIT SHARING DAY

The Board Has Approved **\$300,000** To Be Returned To
Our Members.

We have paid over **\$3.7 Million** in Member Profit Sharing in the
last 16 years.

Join us on

Friday, June 12

in conjunction with our June Daze BBQ

11am - 1:30pm

at the Churchbridge Curling Rink

10:00 - 11:00 & 1:30 - 4:00

Coffee and Donuts in the Churchbridge Branch

10am - 4:00pm

Langenburg & MacNutt Branches

Coffee and Donuts



GRAD 2014



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 2014, the scholarships were awarded as follows:

- ♦ Churchbridge Public School - Shaylea Haydt
- ♦ Langenburg High School - Braden Adam
- ♦ Parkland Regional College - Chantel Kitz

2014 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 2014, the Churchbridge Credit Union gave away **\$10,000** to local organizations.



\$5,000 Churchbridge Curling Rink



\$1,500 Churchbridge Arena



\$1,500 Langenburg Arena



\$2,000 MacNutt Parkland Library

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:

- ♦ Big Brothers Big Sisters
- ♦ Bredenburg Lions Calendar
- ♦ Bredenburg Quad Derby
- ♦ Calder Poker Derby
- ♦ Churchbridge Arena
- ♦ 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 Gun Club
- ♦ Churchbridge CanSkate
- ♦ Churchbridge Recreation
- ♦ Community Corner(Four Town Journal)
- ♦ CPS Yearbook
- ♦ CPS Scholarship
- ♦ CPS Grad
- ♦ CPS Track Ribbons
- ♦ CPS Football game- Warriors
- ♦ Daffodils for Cancer
- ♦ Family & Friends Grad Luncheon - Chbg & Lbg



- ♦ Family & Friends Grad Legacy Fund
- ♦ Fish & Game
- ♦ Knights of Columbus
- ♦ Langenburg Arts Council
- ♦ 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
- ♦ Leaps and Bounds Dance Club
- ♦ Little Poppets
- ♦ MacNutt Curling Club
- ♦ MacNutt Light Horse 4-H Club
- ♦ Music for MS
- ♦ Parkland Regional College Scholarship
- ♦ Potashville Music Festival
- ♦ Relay for Life
- ♦ Snow-a-rama
- ♦ TeleMiracle
- ♦ United Soccer Organization
- ♦ Welcome Baskets

HOCKEY:

- ♦ 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
- ♦ MacNutt Fire Department Curling Bonspiel



GOLF:

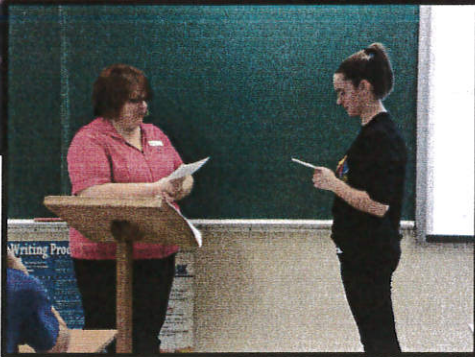
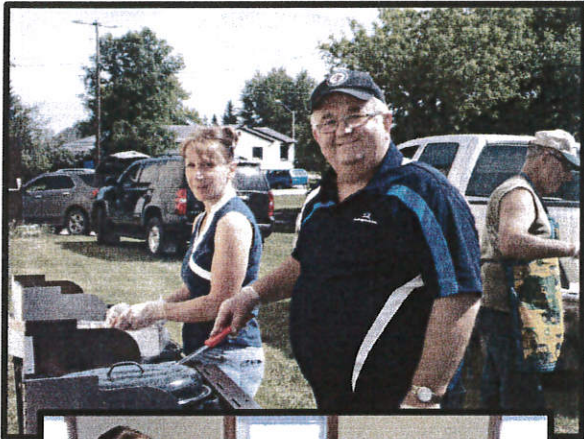
- ♦ Bredenburg Golf Open Tourney
- ♦ Bredenburg Par 3 Tourney
- ♦ Bredenburg Members Tourney
- ♦ Churchbridge Seniors Tourney
- ♦ Churchbridge Ladies Tourney
- ♦ Churchbridge Antler Acres Fun Golf Night
- ♦ Churchbridge Mens Golf
- ♦ Kaminski Tourney
- ♦ Langenburg Lions Golf



Plus Many Many More.....

2014 Donations, Sponsorships & Community Events

Photos courtesy of the
Four-Town Journal



Member Appreciation Supper



Connie Brick - Churchbridge



Carla Jacob - Langenburg



Frank Becker - MacNutt

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 2014, some of organizations we donated to include:



TeleMiracle



ALS



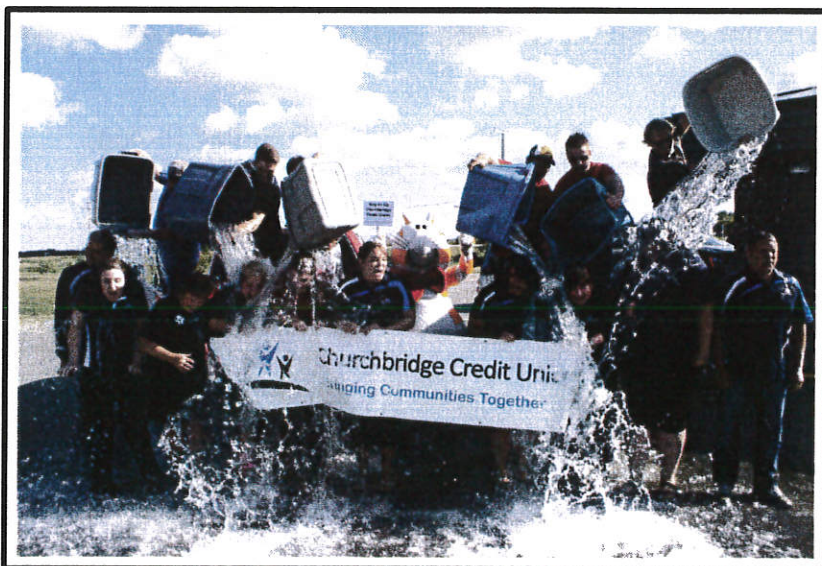
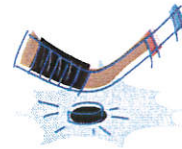
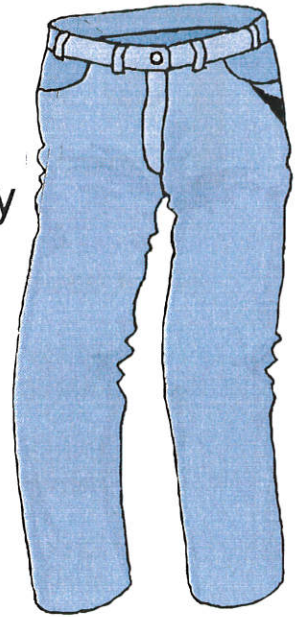
Pink Day - Breast Cancer Awareness



Parkland Lions Sponsor



Langenburg Volleyball Tourney Sponsor



ALS Ice Bucket Challenge

*\$500.00 Raised for
ALS*

Quick Facts

(as of December 31, 2014, unless otherwise indicated)

- Today there are 49 credit unions in Saskatchewan serving 250 communities through 282 service outlets.
- Credit unions offer financial products and services to more than 475,000 members.
- Saskatchewan credit union assets reached \$19.7 billion with revenue of over \$882 million.
- Credit union lending amounts to \$15.8 billion.
- Almost 500 board members are locally elected by members of each credit union to provide strategic direction to their management teams.
- As independent financial institutions owned and controlled by their members, credit unions are shaped by community needs. Saskatchewan credit unions range in asset size from \$19 million to more than \$5 billion.
- In 2014, Saskatchewan credit unions returned close to \$9 million to their members in the form of patronage equity contribution and dividends.
- Credit unions are a major contributor to Saskatchewan's economy, employing almost 3,500 people.
- In 2013, Saskatchewan credit unions contributed \$75,362 to international development projects to help co-operatives and credit unions in other countries. (2014 numbers are not available.)
- In 2013, Saskatchewan credit unions contributed more than \$6.2 million to growing communities. Our fundraising efforts brought in almost \$300,000 for causes like the Children's Hospital Foundation of Saskatchewan, Red Cross Disaster Relief, Terry Fox Run and Telemiracle. Our employees logged nearly 35,000 hours of volunteer time for community organizations. (2014 numbers are not available.)
- 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 2014

January 2015

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. The Corporation has successfully guaranteed the repayment of deposits held in Saskatchewan credit unions for over 60 years. By guaranteeing deposits and promoting responsible governance, the Corporation contributes to confidence in Saskatchewan credit unions.

The Corporation will continue research and development to respond to regulatory changes at the international and federal levels such as those for liquidity and capital requirements, and accounting standards changes. We will engage with stakeholders and inter-jurisdictional regulators to promote and advocate for common approaches to liquidity in support of a strong and stable provincial credit union system.

In 2014 the Corporation completed a multi-year project to revise its supervisory framework. The revised framework aligns with industry best practices and regulatory expectations, including methodology to assess a credit union's risks, risk management practices and corporate governance. In 2015 credit unions will see the Supervisory Framework implemented along with re-designed tools that correspond with the revised framework and methodology.

The Corporation acknowledges that Saskatchewan credit unions have a long history of holding themselves to high standards, and have demonstrated their willingness to adopt credible, industry-based standards. This helps to ensure Saskatchewan credit unions can successfully meet the challenges of a 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.

Report of the Independent Auditors on the Summary Financial Statements

To the members
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, 2014, 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, 2014. We expressed an unmodified audit opinion on those financial statements in our report dated March 17, 2015.

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, 2014 are a fair summary of those financial statements, on the basis described in note 1.

Collins Barrow PQ LLP

Yorkton, SK
March 17, 2015

Per:

Mandy Pua CPA, CA


Churchbridge Credit Union

Churchbridge, Saskatchewan

Statement of Financial Position as at December 31, 2014

	2014	2013
Assets		
Cash and cash equivalents	2,498,878	5,064,049
Investments	21,902,366	18,554,174
Loans	90,486,905	85,545,369
Accounts receivable	955	1,847
Prepaid expenses	65,685	60,916
Property, plant and equipment	1,497,823	1,590,233
Intangible assets	78,085	115,353
Deferred income tax assets	41,400	28,700
Total Assets	\$ 116,572,097	\$ 110,960,641
Liabilities		
Deposits	106,435,729	101,811,817
Accounts payable	644,730	593,871
Income tax payable	34,092	21,738
Member equity accounts	1,953,967	1,792,320
Membership shares	27,430	27,180
Total Liabilities	109,095,948	104,246,926
Equity		
Retained earnings	7,476,149	6,713,715
Accumulated other comprehensive income	0	0
	7,476,149	6,713,715
Total Liabilities and Equity	\$ 116,572,097	\$ 110,960,641

Approved on behalf of the board:



Director

Director

Churchbridge Credit Union
Income Statement
For the year ended December 31, 2014

	2014	2013
Interest Income		
Loan interest	4,217,079	3,940,773
Investments	<u>289,967</u>	<u>322,047</u>
	<u>4,507,046</u>	<u>4,262,820</u>
Interest Expense		
Deposits	1,210,070	1,199,769
Borrowed money	2,241	2,549
Patronage allocation	<u>300,000</u>	<u>275,000</u>
	<u>1,512,311</u>	<u>1,477,318</u>
Net Interest	2,994,735	2,785,502
Provision for credit losses	<u>4,017</u>	<u>96,565</u>
Net Interest Margin	2,990,718	2,688,937
Other income	<u>994,062</u>	<u>803,001</u>
Net Interest and Other Income	<u>3,984,780</u>	<u>3,491,938</u>
Operating Expenses		
Personnel	1,663,186	1,508,966
General business	1,065,612	990,550
Occupancy	189,381	155,373
Security	106,581	92,331
Organizational	<u>77,376</u>	<u>67,411</u>
	<u>3,102,136</u>	<u>2,814,631</u>
Net Income Before Provision for Tax	882,644	677,307
Income tax expense	<u>120,210</u>	<u>89,401</u>
Net Income	<u>\$ 762,434</u>	<u>\$ 587,906</u>

Churchbridge Credit Union
Statement of Comprehensive Income
For the year ended December 31, 2014

	2014	2013
Net Income	<u>\$ 762,434</u>	<u>\$ 587,906</u>
Other Comprehensive Income	<u>\$ 0</u>	<u>\$ 0</u>
Comprehensive Income	<u>\$ 762,434</u>	<u>\$ 587,906</u>

Churchbridge Credit Union
Statement of Changes in Equity
For the year ended December 31, 2014

	2014	2013
Retained Earnings		
Balance, beginning of year	6,713,715	6,125,809
Add: Net income for the year	<u>762,434</u>	<u>587,906</u>
Balance, end of year	<u>\$ 7,476,149</u>	<u>\$ 6,713,715</u>
Unrealized Gains/Losses - AFS Financial Assets	<u>\$ 0</u>	<u>\$ 0</u>
Total Equity	<u>\$ 7,476,149</u>	<u>\$ 6,713,715</u>

Churchbridge Credit Union
Cash Flows Statement
For the year ended December 31, 2014

	2014	2013
Cash Provided By (Used In):		
Operations		
Net income for the year	<u>762,434</u>	<u>587,906</u>
Adjustment for:		
Provision for impaired loans	4,017	96,565
Net amounts recovered/(written off)	(1,332)	(16,306)
Depreciation and amortisation	169,675	160,197
Deferred income tax provision	(12,700)	(5,000)
	<u>159,660</u>	<u>235,456</u>
Changes in working capital items:		
Other assets	8,478	41,983
Interest receivable - investments	(8,372)	898
Interest receivable - loans	(35,297)	(35,588)
Interest payable - deposits	(74,429)	3,665
Other liabilities	50,860	43,039
	<u>(58,760)</u>	<u>53,997</u>
	<u>863,334</u>	<u>877,359</u>
Investing activities		
Investments	(3,339,820)	(654,283)
Loans	(4,908,926)	(11,754,948)
Capital assets purchases	(39,997)	(141,789)
	<u>(8,288,743)</u>	<u>(12,551,020)</u>
Financing activities		
Deposits	4,698,341	14,344,873
Share capital	161,897	126,619
	<u>4,860,238</u>	<u>14,471,492</u>
Net Cash Increase (Decrease) for the Year	(2,565,171)	2,797,831
Cash position, beginning of year	<u>5,064,049</u>	<u>2,266,218</u>
Cash Position, End of Year	<u>\$ 2,498,878</u>	<u>\$ 5,064,049</u>

Churchbridge Credit Union
Notes to Financial Statements
For the year ended December 31, 2014

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, 2014 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.