



2023

ANNUAL Report



Lafleche

CREDIT UNION

Community minded...just like you!



**Saskatchewan
Credit Unions**

saskcu.com

VISION

Working together to
build a better
community and
provide exceptional
financial service to
members.

We are Saskatchewan's
first *Rural Credit Union* –
leading, developing and
supporting our
communities through our
members' financial
success.

MISSION STATEMENT

VALUES

Service Excellence

Product Excellence and Creativity

Stability, Security and Long-Term
Prosperity

Leadership and Community
Involvement

Teamwork

Employee Satisfaction

Financial Performance,
Productivity & Growth

Democratic Process

Marketing



Co-operative Principles

As a true co-operative financial institution, LCU 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 to 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.



86th ANNUAL MEETING

THURSDAY, APRIL 25, 2024

LAFLECHE CLUB 50

PROPOSED AGENDA

- 1. REGISTRATION**
- 2. CALL TO ORDER**
- 3. CONFIRMATION OF QUORUM & NOTICE OF MEETING**
- 4. APPOINTMENT OF SECRETARY**
- 5. ADOPTION OF AGENDA**
- 6. MINUTES OF THE PREVIOUS ANNUAL MEETING**
- 7. BUSINESS ARISING FROM MINUTES**
- 8. PRESIDENT'S MESSAGE**
- 9. MANAGEMENT DISCUSSION & ANALYSIS**
- 10. NOMINATIONS COMMITTEE REPORT**
- 11. AUDITORS REPORT & PRESENTATION OF FINANCIAL STATEMENTS**
- 12. ADOPTION OF REPORTS**
- 13. APPOINTMENT OF AUDITOR FOR 2024**
- 14. PRESENTATION OF SERVICE AWARDS**
- 15. ADJOURNMENT**

85th ANNUAL MEETING OF THE LAFLECHE CREDIT UNION LIMITED
THURSDAY, APRIL 27, 2023

The meeting was held at the Lafleche Club 50.

President Debbie Ash called the meeting to order at 7:00 p.m.

Tracy Williamson presented confirmation of Quorum with 20 members and 1 guest in attendance. She also gave proof of notice of meeting more than 20 days in advance with the meeting being advertised in branches, LCU website, Facebook and the Gravelbourg Tribune.

President Debbie Ash appointed Carmen Ellis as Secretary of the meeting.

Christine Cronan/Marcia Clermont: Moved to adopt the agenda as presented. Carried.

Laura Greffard/Aline Dumont: Moved that the minutes of the last annual meeting be adopted as presented. Carried.

Debbie Ash presented the Board of Directors report.

Tracy Williamson stated she is available for any questions on the the Management discussion & analysis report.

Tracy handed out & presented an interesting Fun Fact document on LCU's past 85 years.

Dawn Mitchell presented the Nominations Committee report.

Christie Dipaola, from Meyers Norris Penny, presented the audited summary financial statements that are included in the annual meeting report. Christie also noted that complete sets of financial statements are available for any member to review.

Trent Packet/Bren Keenan.: Moved to approve the reports from the Board of Directors, Nominations Committee, General Manager & Auditor. Carried.

Dawn Mitchell/Christine Cronan: Moved that we appoint Meyers Norris Penny as our auditors for 2023. Carried.

The following Service Awards were presented; **DIRECTORS:** Larry Wall - 6 yrs, Trent Packet – 3 yrs, Garrett Verhelst – 3 yrs. **STAFF:** Tracy Williamson – 25 yrs.

Dawn Mitchell adjourned the meeting at 7:33 p.m.



President



Secretary



President's Message

Welcome to Lafleche Credit Union's 86th Annual General Meeting.

As President of the Board of Directors, I am pleased to announce that once again we had a very profitable year which would not have been possible without you our membership. And despite the challenges that we face in the ag sector, our assets, deposits and loan portfolio continue to grow year after year.

On behalf of the entire board I would like to thank you the members for your continued support.

I would also like to thank the management and staff for making 2023 another successful year for Lafleche Credit Union. This credit union's success is very much due to the hard work of management and staff, and this is reflected in our most recent performance assessments by internal and external auditors.

I would also like to thank the Board for the support they have given me as Chairman during the past year; for the dedication and commitment they gave to serving our members; and most importantly to their dedication towards discharging their duties. We will continually strive to provide the financial services that meet the needs of our members.

Last, I am pleased to announce that the management and Board has decided to share this success with the members. We will make a patronage allocation of \$688,000 to our members this year. This allocation is a 15% rebate on loan interest paid and 15% bonus on deposit interest earned by members in 2023. The highest payment ever paid in the 86 years of the credit union.

Respectfully,

Larry Wall, President



Incorporated: March 29, 1938
 Credit Union Charter No. 12

Executive

President: Larry Wall
 Vice - President: Debbie Ash
 Recording Secretary: Carmen Ellis
 Treasurer: Tracy Williamson

2023 BOARD OF DIRECTORS

NAME	OCCUPATION	ADDRESS	TERM EXPIRY
Bren Keenan	Business Owner	Lafleche	2024
Larry Wall	Co-op Manager	Hazenmore	2024
Debbie Ash	Bus Driver	Glentworth	2025
Dawn Mitchell	Rancher	Glentworth	2025
Aline Dumont	Administrator	Lafleche	2025
Kathy DeWulf	Retired	Thomson Lake	2026
Trent Packet	Business Owner	Lafleche	2026



Larry Wall



Debbie Ash



Aline Dumont



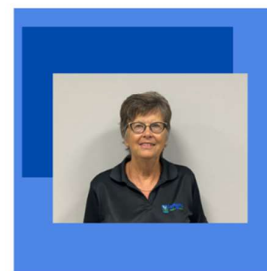
Dawn Mitchell



Trent Packet



Bren Keenan



Kathy Dewulf

STAFF



Tracy Williamson
General Manager



Carmen Ellis
Operations Manager



Lori Mclean
Lending Supervisor



Jody Packet
Lending Officer II



Christine Cronan
Member Service Rep



Sandra Watteyne
Lending Officer I



Jill Starke
Member Service Rep



Laura Greffard
Member Service Rep



Marcia Clermont
P/T
Member Service Rep



Trudy Sewell
P/T
Lending Admin



Beth Tallon
Casual
Member Service Rep

**WITH OVER 160 YEARS OF COMBINED
SERVICE WITH LCU!**



Management Discussion and Analysis

Introduction

LCU is an independent Saskatchewan credit union owned by our members. Under current credit union legislation, LCU is able to provide financial services to members and non-members. At **Dec 31, 2023**, LCU had **1,800** members and did not have any non-members. Non-members would not participate in the democratic processes of the credit union, nor in any patronage distribution should it be declared in any particular year.

Our credit union has branches in **Lafleche** and **Glentworth** and service all of the surrounding communities. We provide financial services through third party arrangements with Calidon Financial Leasing Services, EQ Bank (Concentra) and our Wealth Management Program through our alliance with Sunstone Retirement Specialists.

Board of Directors

Mandate and Responsibilities:

The board is responsible for the strategic oversight, business direction and supervision of the General Manager. By 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 key roles of the board include formulation of strategic business plans and setting goals; evaluating the performance of the GM; approving corporate vision, mission and values; monitoring corporate performance against strategic business plans; ensuring compliance with laws and regulations; keeping members informed regarding plans; and any other important matters.

Board Composition:

The board is composed of 7 individuals elected on an "at large" basis by members. Terms are usually for 3 years and tenure is limited to 12 years (4 terms). Nominations are made by filling out a nomination paper during the allotted time period prior to the annual meeting. Voting is by paper ballot, done in-branch, and election results are announced at LCU's annual general meeting.

Committees:

The responsibilities of the board of a financial services organization involves an ever-growing list of duties. LCU 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.

- **Executive Committee**

This committee is comprised of the President, Vice-President, and one other director and they act as the official representatives of the Board. The Executive Committee is the most senior committee and can act on behalf of the board in between meetings where timely decisions are required.



- **Audit and Risk Committee (ARCO)**
This Committee oversees the enterprise risk management (ERM) and financial reporting process, reviews financial statements, liaises with internal and external auditors and regulators, and reviews internal control procedures. The committee consists of the President, Vice-President and one other Director.
- **Conduct Review Committee**
This committee ensures that LCU acts with the full integrity and objectivity of its directors and employees, by having in place policies, processes and practices that protect people and the organization from claims and from the perception of unfair benefit or conflict of interest. The committee is chosen at the annual reorganization meeting. It is comprised of 3 directors that are in charge of reviewing the conduct of dealings that take place during the fiscal year with all directors, management and their family members. The CRC meets at minimum semi-annually to review these transactions.
- **Building Committee**
This committee works with management in the development of policies and plans relevant to the credit union service facilities. The committee also oversees the maintenance and improvements of all properties, within approved budgetary constraints, that are owned by the credit union for its own use. The committee is comprised of 3 directors appointed each year by the board at the reorganization meeting.
- **Nominating Committee**
This committee oversees the nomination and election processes for elections of credit union directors. The committee is comprised of the 2 or 3 directors elected in the prior year. Its primary purpose is to ensure that all those coming forward to run as a director of the credit union qualifies in all material respects before accepting the nomination papers. As well, the Nominating Committee has the role of seeking out members to run for vacant board positions who they feel would be an asset to the Board of Directors. The Nominating Committee will consult with management to ensure that the potential candidate operates their affairs in a satisfactory manner and that no conflict of interest is evident.

Governance Practices:

Promoting a successful, healthy credit union is accomplished through processes of good governance. Corporate governance involves a set of relationships between a credit union's board, management, members and other stakeholders and being effective is essential in achieving and maintaining the trust and confidence between all parties.

LCU's governance practices are assessed periodically by internal and external auditors and the credit union system regulator (CUDGC). All 2023 reviews confirm that our board is using effective governance practices that comply with emerging regulatory guidelines.

Compensation and Attendance:

LCU holds monthly board meetings plus strategic planning sessions, budget meeting and GM performance plan/review each year. In addition, the directors also attend special board meetings, committee meetings, and the annual general meeting. The directors are compensated for attending regular and committee meetings throughout the year and are paid mileage for traveling as required.



The budgeted amount for board remuneration and travel in 2023 was \$14,800 and actual expenditures for the year were **\$12,724**.

In 2023 there were 9 regular board meetings and 8 committee meetings held. 10 of these meetings were 100% attended and the other 7 had an average attendance of 75%.

Director Training:

Board members are encouraged to take training to achieve a professional designation and improve their governance skills. Our board vice-president Debbie Ash is a graduate of the national Credit Union Director Achievement (CUDA) training program, while the others are working towards their designation. The Board also participated in various in-house training sessions for anti-money laundering, privacy, market code and code of conduct in 2023.

Bren Keenan is our Member Representative to SaskCentral.

Management & Staff

It is through our employees that we are able to build an organization that offers strong financial products and services with competency, courtesy and concern for you, our members. It is the staff's commitment that is key to our continued success and viability.

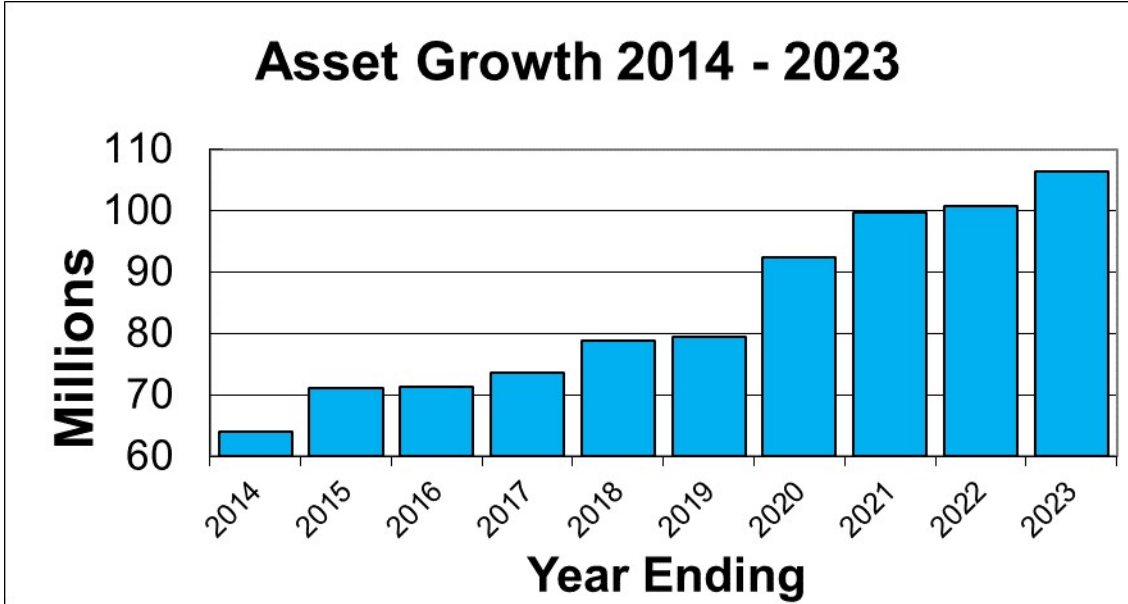
In order to continue to seek ways to make service delivery more seamless for members and offer the services in the methods the members like, staff training is essential and ongoing. Staff attended numerous educational webinars and virtual meetings throughout the year.

Financial Performance

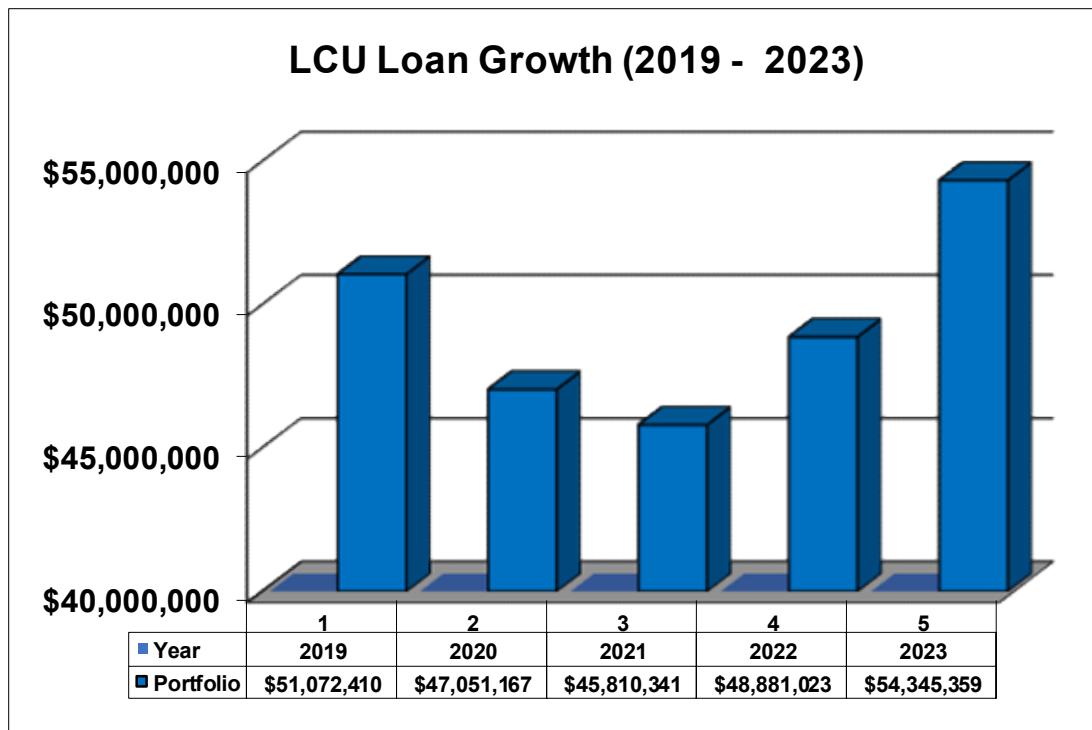
LCU establishes annual financial performance objectives through a business plan that is reviewed and approved each year by the board of directors. Each month the board receives an accrued financial statement showing assets, liabilities, income and expenses, as well as a number of key ratios, percentages, and changes to the statement from last month and from last year to date. Each quarter the board also reviews a comparison of actual figures to budget from the business plan. This report is reviewed in detail to measure our success compared to the budget projections.



Balance Sheet – 2023 brought forward an asset growth rate of **5.57%** which exceeded our budget of 4%. We ended the year with a record breaking **\$106.4** million in assets. The graph below illustrates our 10-year Asset growth, with an average growth rate of **5.83%**.



A key measurement of liquidity is the ratio of total loans to total assets. LCU monitors and manages this ratio to ensure a strong return to the organization while at the same time ensuring a position of sufficient liquidity. Accounting for **51.1%** of total assets, our loan portfolio ended the year at **\$54.3** million which represents a **11%** increase from last year. Our loan to asset ratio ended the year within our targeted range of 50 - 65%. In 2023, we disbursed loans totaling **\$7.8** million compared to **\$8** million in 2022 and funded **\$4.2** million in leases. We had **\$5** million in syndicated loans at the end of 2023 compared to **\$4.5** million at the end of 2022.



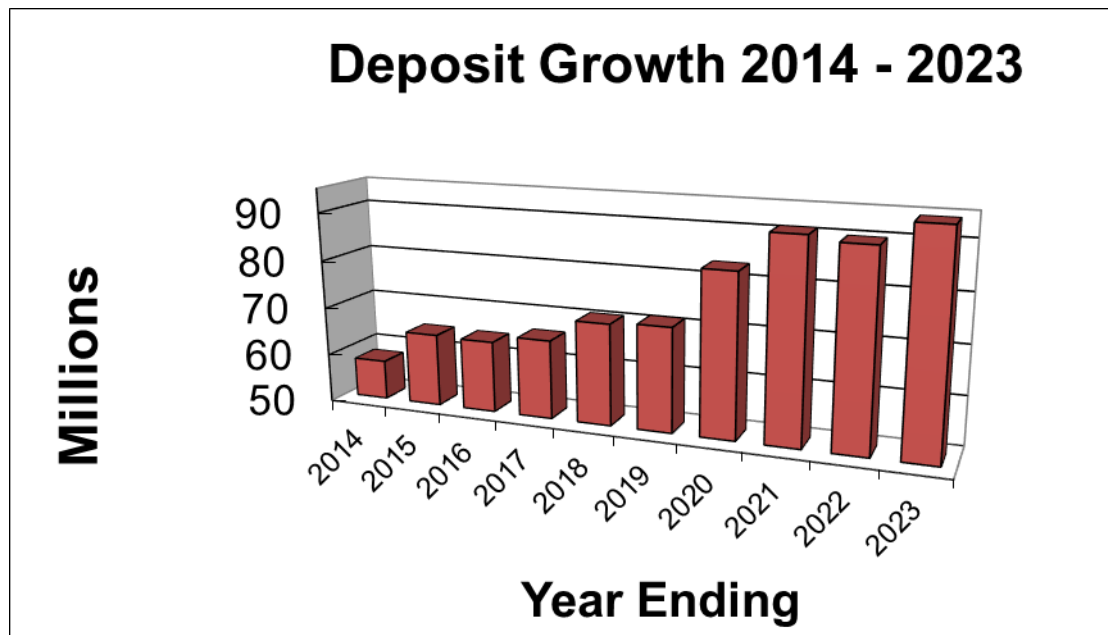


Loan delinquency ended the year at **0%** (target 2% - set in our Risk Appetite Statement). The loan loss provision expense for 2023 was **\$20,434**. Total losses to report of **\$15,214** in 2023.

We have acquired one foreclosed property in 2023 with a value of **\$64,813.48**.

Member Deposit growth of **4.93%** exceeded budget of 3%. Over the last 10 years, as illustrated on the Deposit Growth graph below, our deposits have increased from **\$58.1** million in 2014 to **\$94.3** million at the end of 2023. This growth strengthens our ability to meet liquidity requirements and is mainly due to the excellent support of our membership. To reward this support, the board of directors has approved a patronage payment for 2023 (details on page 21).

We would also like to remind everyone that LCU deposits are **100% guaranteed** by the regulator of Saskatchewan credit unions, Credit Union Deposit Guarantee Corporation (CUDGC).



Profitability – The profitability of LCU is determined by our ability to manage net interest margin, non-interest revenues and non-interest expenses. Our pre-tax and pre-patronage income for 2023 was **\$1,297,538**. This exceeds last year income of **\$976,145** (removing the **\$1.1** million non-taxable dividend from SK Central). This increase was mainly due to interest rate increases throughout the year.

Non-interest expenses include personnel, administration, occupancy, organizational, and member security costs. Total non-interest expenses were **\$1.92** million as compared to **\$1.78** million in 2022. Non-interest expenses as a percentage of assets were **1.80%**. This percentage continues to be well below the SK credit union system average of **2.19%**.



Capital Ratio – One of the primary measures of financial strength in a financial institution is its capital position. Capital levels are managed in accordance with policies and plans that are reviewed and approved by the Board of Directors. Credit Unions measure capital using 2 methods, the first of which is a simple comparison of Tier 1 (total) capital to total assets. The 2nd ratio compares capital to our risk weighted assets.

Our regulator, CUDGC, requires that all Sask credit unions hold a recommended minimum of 7% under the simple calculation. Under the 2nd key ratio calculation CUDGC requires Sask credit unions to hold a recommended minimum of 10.50% of risk weighted (eligible) capital.

As of Dec 31, 2023 LCU's eligible capital was **19.65%** compared to SK CU system average at **16.43%**. Total (Tier 1) Capital as a percentage of total assets was **18.17%** compared to the system average at **15.67%**. LCU's total Tier 1 capital is made up of retained earnings and member equity held as shares. While our capital levels have been stable, we must continue our efforts to increase capital due to the growth we have experienced in the past several years. Our regulators continue to monitor our capital levels to ensure strength of our credit union.

For several years now we have been measuring our capital through a method known as Internal Capital Adequacy Assessment Process or **ICAAP** for short. This is part of CUDGC's regular supervisory review process and all SK credit unions are required to have ICAAP in place to assess capital requirements. Our December 31, 2023, the assessment indicates that we continue to exceed the required capital levels as set out by CUDGC.

Lafleche CU recognizes the need to sustain and build the credit union's capital position in order to continue to meet regulatory and sound business practices. 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 LCU 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 could be perceived that the credit union is not generating sufficient return on its capital.

LCU'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 and maintained a relatively low level of risk in its loan and investment portfolio. Liquidity has been maintained within a very comfortable range. This has proven to be an effective strategy through this extended period of low interest rates. Lafleche CU continues to grow its balance sheet and maintain profitability in this increasing competitive financial services market.

Enterprise Risk Management (ERM)

As a financial institution, Lafleche Credit Union must manage the risks it faces to achieve its business objectives. In doing so, it must balance the risk with the potential reward for optimum return. The fundamental strength of a credit union is the level of capital it holds to protect against normal, anticipated and unexpected business events. Our credit union has a strong level of capital but have chosen to take a moderate approach to risk. Our main



objective is to preserve and build capital while maintaining market share and growing wallet share by providing our members with competitive products and excellent service.

As our credit union continues to grow and experiences further product and service diversification, the risk profile of the organization will change. Capital adequacy measurements have evolved from the asset allocation of the balance sheet to the lines of business, operating, technology, reputation and other known risks. Allocation of capital is required to offset these various risks.

Our risk management process has evolved to the point where we:

- Identify risks to which the credit union is exposed
- Measure our exposure to identified risks
- Ensure that an effective risk monitoring program is in place
- Monitor risk exposure on an ongoing basis
- Control and mitigate risk exposures
- Report to the Board on risk exposures

We do this through our risk management regime, which consists of the following:

- **ERM Review** – risks are identified and tracked
- **Risk Appetite Statement** – identifies the amount and type of risk the credit union is able and willing to accept in pursuit of its business objectives
- **ICAAP Report** – determines LCU’s ability to absorb financial and economic stress
- **Capital Plan** – determines the capital levels that are considered appropriate given the current risk profile and risk appetite
- **Liquidity Plan** – establishes the credit union’s ability to fund its business activities
- **Strategic/Business Plan** – sets strategic direction and related operational plans
- **Budget** – projects the effect of any steps taken through the capital & liquidity plans

Our risk management framework manages risks in the following categories:

Liquidity Risk

Liquidity risk is the risk of having insufficient cash resources, or equivalents, to meet members’ demand for loans or drawdown of deposits. This risk arises from general funding activities and through management of assets and liabilities.

One of LCU’s primary objectives as a financial institution is to prudently manage liquidity to ensure we can generate or obtain sufficient cash or cash equivalents in a timely manner, at a reasonable price, to meet commitments as they become due, even under stressed conditions. LCU’s liquidity management framework, targets and strategies are established and documented in a Liquidity Plan as well as our financial plan which is approved by the board on an annual basis. These calculations and ratios are reviewed quarterly with the board to make sure that we are meeting the objectives set out in the liquidity plan.

LCU has established policy, procedures and processes with respect to liquidity and the management of funding requirements. Our primary source of funding, being our deposit portfolio which was at **\$94.3M** at yearend.

In addition to deposits, LCU has a **\$2M** line of credit at SK Central to help manage clearing, settlement and unforeseen funding requirements. At December 31, 2023, this credit facility was not in use.

The credit union’s liquidity is measured by an operating liquidity ratio, which considers projected cash inflows as a percentage of projected outflows.



Another important measure of liquidity risk is the Liquidity Coverage Ratio (LCR). The objective of the LCR is to ensure that a credit union has an adequate stock of unencumbered high quality assets (HQLA) that:

- Consists of cash or assets that can be converted to cash at little or no loss of value; and
- Meets its liquidity needs for a 30-day calendar day stress scenario, by which time it is assumed corrective actions have been taken by the credit union.

LCU has completed an assessment of the Liquidity Coverage Ratio on December 31, 2023 and our ratio was 398%. This ratio continues to exceed the regulatory minimum standard of 100%.

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, obsolete products or resource allocation will impact the 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. Lafleche Credit Union has formal planning processes which result in a strategic business plan focused on strategic objectives outlined in this report. The credit union has reporting processes in place to monitor performance relative to plans and provides regular updates to the Board. The ERM process further identifies emerging risks and formulates plans as risks are identified. In addition, directors attend training sessions, as well as system meetings and conferences, to hear other perspectives and learn from other credit union directors.

Credit / Concentration Risk

Credit risk is the risk of financial loss arising from a borrower or counterparties inability to meet its obligations, and the risk that the credit union is unable to meet loan growth targets. LCU is affected primarily by its direct lending activities. In addition to lending to members, LCU assumes risks related to loans purchased from other credit unions and affiliates, leases financed by Calidon Leasing, and to a lesser extent, by holdings within its investment portfolio. Some key individual credit risks are: default risk, portfolio concentration risk, inadequate allowance risk and policy exceptions risk. Our loan portfolio and lending practices undergo regular and ongoing independent assessment through external audit, internal audit and regulatory reviews by Deposit Guarantee Corp. Reports are provided to management and to the Board of Directors through the Audit & Risk Committee (ARCO). LCU had internal and external audits performed during 2023, and there were no significant concerns or issues identified.

Residential Mortgage Portfolio

In accordance with regulatory guidelines, LCU is required to provide additional credit disclosures regarding our residential mortgage portfolio.

LCU is limited to providing residential mortgages of no more than 80% of the collateral value, also known as loan-to-value (LTV). Lending at a higher LTV is permitted but requires default insurance. The insurance is contractual coverage that protects the credit union against potential losses caused by borrower default. Default insurance can be provided by either government backed entities or other approved private mortgage insurers. Currently LCU uses Canada Mortgage and Housing Corporation (CMHC) to provide mortgage default insurance.



A Home Equity Line of Credit (HELOC) is a form of non-amortizing (revolving) credit that is secured by a residential property. Unlike a traditional residential mortgage, most HELOCs are not structured to fit a predetermined amortization, although regular, minimum periodic payments are required. LCU is limited to providing HELOCs of no more than 65% of the collateral value.

To determine the potential impact of an economic downturn, which may result in an increase in defaults and decrease in housing prices, LCU performs stress tests. The stress testing uses historical delinquency and write-off information over the past 5 years. Our results show that in an economic downturn, LCU's capital position would be sufficient to absorb residential mortgage and HELOC losses.

Residential Mortgage Portfolio						
	2023	%	2022	%	Change	%
Insured	\$1,056,814.81	2.6%	\$1,349,803.00	2.8%	(\$292,988.19)	-0.2%
Uninsured	\$8,892,772.51	22.3%	\$8,278,097.00	17.1%	\$614,675.51	5.2%
HELOC	\$0.00	0.0%	\$0.00	0.0%	\$0.00	0.0%
Total Loans	\$9,949,587.32	19.9%	\$9,627,900.00	19.9%	\$321,687.32	0.0%

Market Risk

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

LCU's market risk is impacted primarily by movements in interest rates, specifically from the timing differences that exist between re-pricing of loans, investments, and deposits. Our exposure to changes in interest rates is monitored by management through our contract for financial services with EQ Bank (Concentra/Wyth). They monitor and measure our exposure and provide reports to management, board and auditors which includes rate forecasts and market trends.

Legal & Regulatory Risk

Regulatory risk is the risk arising from potential violation of, or nonconformance with, laws, rules, regulations, prescribed practices, or ethical standards. No matters came before the Audit & Risk Committee or MNP, our external auditors, which would indicate any such violations occurred in 2023. LCU operates in a highly regulated environment and undergoes numerous audits from entities such as MNP, Internal Audit, FINTRAC, CUMIS and the Credit Union Deposit Guarantee Corporation. Due to this high degree of regulatory oversight, the risk in this area is greatly diminished.

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, and natural disasters



Credit Union Market Code:

LCU voluntarily adheres to the Credit Union Market Code. This code has been jointly developed by Saskatchewan Credit Unions, SaskCentral, and Credit Union Deposit Guarantee Corporation 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 LCU.
- **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 LCU. 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 LCU 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 LCU.
- **Risk management** to ensure all risks are measured and managed in an acceptable fashion.

Privacy Code

Credit Unions in Canada have a long history of respecting the privacy of their members. As a co-operative financial institution, we are committed to developing policies, procedures and service offering that address privacy concern. We continue to protect your privacy and your right to control the collection, use and disclosure of your personal information. We have procedures in place that guide our employees and directors in maintain confidentiality.

We are committed to keeping your personal information accurate, confidential, secure and private. Your credit union board of directors has adopted the Credit Union Code for the Protection of Personal Information. Our employees understand the importance of this Privacy Code based on ten interrelated principals of accountability, identifying purposes, consent, limiting collection, limiting use, disclosure, retention, accuracy, safeguards, openness, individual access and compliance and follow them carefully.



Corporate Social Responsibility (CSR)

Lafleche Credit Union measures success in terms of personal relationships, not market share, asset size or annual earnings. The staff and board's commitment is to the members and we believe it is in our member's best interest to keep things small for now.

As a small credit union, we rely on our partnerships with other credit unions to provide back office support, products, services and technologies to meet member needs. We work with other provincial credit unions to allow us ways to improve our back office efficiencies and share information.

We will continue our best efforts to ensure that members receive the best quality financial services we can provide with the resources that we have available. With our members' continued support this should be possible for many more years to come.

As part of our mandate of working together to build better communities the credit union continues to maintain a local presence and contribute to various organizations and be actively involved in community projects and events.

Local Presence:

Our tag line states, Community Minded ... Just Like You. In order to re-establish ground after the restrictions of the pandemic, our main strategic focus for 2023 was to support our communities in any way we could. We chose to promote "**Supporting Local and Shopping Local**".

- ✓ Staff volunteered **996** hours of community service to various boards, committees, and other volunteer and/or elected positions.
- ✓ We employ **11** local people between our two branches and have contributed over **\$500,000** in payroll to our local communities in 2023.

Donations & Contributions:

- ✓ We are giving back to our members through our Member Profit Sharing Program.
- ✓ In celebration of our 85 years, we provided support to our membership and communities by providing the following:
 - Monthly \$85 member draws at each branch.
 - Member Appreciation Lunches celebrating our 8.5% Patronage Payment.
 - Distribution of \$85,000 to our community organizations.

Details provided on the following three pages.



Lafleche

CREDIT UNION

Community minded...just like you!

IT PAYS TO BE A MEMBER!

We are paying back over
HALF A MILLION DOLLARS
of our 2023 profits to our
members

**Thank you
for your continued
support!**

15% dividend paid on 2023
deposit interest earned and
loan interest paid.

****Celebration June 2024****



85th Anniversary Celebration!

Monthly \$85 WINNERS

	Lafleche	Glentworth
January	Raymond Clermont	Rylan Poirier
February	Darcy Packet	Brenda Peterson
March	Lawson Layman	Kohan Blake
April	Leon Decap	Judy Fitzpatrick
May	Kayson Packet	Tammi Baldock
June	Guy Monette	Garth Flynn
July	Brekke Masse	Don Huyghebaert
August	Jeanne Fiset	Pam Lee
September	Murray Decap	Kyla McLean
October	Adrian Poirier	Penny Flynn
November	Randy Newans	Gail Peterson
December	Doreen Bouvier	Lisa Millen



85th Anniversary Donations

Organization

Lafleche:

Lafleche United Church
Wood River Hall
People of Praise
Taekwondo
Lafleche Health Centre
Music Festival
Lafleche Sr Flyers
Lafleche Merchants Ball
Lafleche Minor Ball
Lafleche Museum
Lafleche Club 50
Lafleche Fire Dept
Lafleche School
Lafleche Daycare
Chinook Library - Lafleche

Thomson Lake:

Ladies Golf Club
Thomson Lake Cottage Owners

Glentworth:

Team Okraincee – U18 Curling
Waverley Players
Wood River Horticultural Society
Waverly Minor Hockey
Glentworth Come & Go
Glentworth School
Glentworth Hall
Chinook Library -Glentworth

Meyronne:

Meyronne Rec Club

McCord:

McCord Rec Centre

Woodrow:

Wood River Riding Club

Mossbank:

Furrows & Faith Retirement Villa

Ferland:

Busy Bee Daycare

Wood Mountain:

Camp Woodboia
Wood Mountain Historical Society
Wood Mountain Rec Club

Fir Mountain:

Fir Mountain Signs

Board Recognition

Staff Recognition



Tracy Williamson – 25 Years of Service



Larry Wall
6 Years of Board Service



Trent Packet
3 Years of Board Service



Garrett Verhelst
3 Years of Board Service
Retirement



SASKATCHEWAN CREDIT UNION

Quick Facts

(as of December 31, 2023 unless otherwise indicated)

- There are 32 provincial credit unions and one federal credit union in communities across Saskatchewan.
- Provincial credit unions offer financial products and services to close to 445,000 members.
- Saskatchewan provincial credit union assets reached \$26.4 billion with revenue of more than \$1.3 billion.
- Provincial credit union lending amounts were more than \$19.7 billion.
- There are more than 300 board members who 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 provincial credit unions range in asset size from \$50.48 million to more than \$7.7 billion.
- In 2023, Saskatchewan provincial credit unions returned over \$7 million to their members in the form of patronage equity contribution and dividends.
- Provincial credit unions are a major contributor to Saskatchewan's economy, employing close to 3,000 people.
- Funds held on deposit in Saskatchewan provincial credit unions are fully guaranteed through the Credit Union Deposit Guarantee

**Lafleche Credit Union – 1st Saskatchewan Rural Credit Union serving our communities from 1938 to 2023
85 Years Strong!**

NOMINATION COMMITTEE REPORT

2024 Election Process:

The purpose of the Nomination Committee is to oversee the annual nomination and election of directors for the Lafleche Credit Union. Policy states that the Nomination Committee shall consist of directors that are not candidates for re-election in the current year's election.

The Nomination Committee for **2024** was Trent Packet and myself. The Board of Directors appoints a returning officer each year that is responsible for advertising for nominations, collecting the nominations, and advertising and supervising the election process. Carmen Ellis was appointed as the returning officer. The General Manager acts as a staff resource to the Nomination Committee.

It is the policy of Lafleche Credit Union to actively solicit qualified prospective candidates to seek election to the Board of Directors, and to provide director contact for any member who expresses an interest in running for the board, or to make inquiries about the election process.

The committee ensures that there are sufficient nominees to fill each vacancy on the Board. The Board consists of seven directors, with two or three director's terms expiring each year when possible, so that we are able to maintain some level of stability/experience on the Board.

During the 2024 nomination period Larry Wall and Bren Keenan filed papers with the returning officer prior to the deadline. These 2 candidates were elected by acclamation, as no other nomination papers were received during the allotted time period. Thank you to all our current directors for your commitment to Lafleche Credit Union.

Respectfully submitted,
On behalf of the Nomination Committee


Kathy DeWulf,
Chairperson

Lafleche Credit Union Limited
Summary Financial Statements
December 31, 2023

To the Members of Lafleche Credit Union Limited:

Opinion

The summary financial statements, which comprise the summary statement of financial position as at December 31, 2023, and the summary statements of comprehensive income, changes in equity and cash flows for the year then ended, are derived from the audited financial statements of Lafleche Credit Union Limited (the "Credit Union") for the year ended December 31, 2023.

In our opinion, the accompanying summary financial statements are a fair summary of the audited financial statements, in accordance with the basis described in Note 1.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards (IFRS). Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated March 12, 2024.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of the summary financial statements in accordance with the basis described in Note 1.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are a fair summary of the audited financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standards (CAS) 810, Engagements to Report on Summary Financial Statements.

Regina, Saskatchewan

March 12, 2024



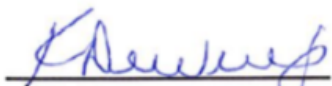
Chartered Professional Accountants

Lafleche Credit Union Limited
Summary Statement of Financial Position

As at December 31, 2023

	2023	2022
Assets		
Cash and cash equivalents	6,880,051	8,534,252
Investments	44,810,637	41,969,468
Member loans receivable	54,345,359	48,881,023
Other assets	175,504	1,225,422
Property and equipment	231,033	215,587
	106,442,584	100,825,752
Liabilities		
Member deposits	94,320,447	89,892,154
Income taxes payable	19,792	79,863
Other liabilities	1,335,770	813,589
Membership shares and equity accounts	708,889	653,755
	96,384,898	91,439,361
Members' equity		
Retained earnings	10,057,686	9,386,391
	106,442,584	100,825,752

Approved on behalf of the Board



Director



Director

Lafleche Credit Union Limited
Summary Statement of Comprehensive Income
For the year ended December 31, 2023

	2023	2022
Interest income		
Member loans	2,851,612	2,316,503
Investments	1,909,248	1,939,470
	4,760,860	4,255,973
Interest expense		
Member deposits	1,752,983	701,354
Borrowed money	2,111	1,282
	1,755,094	702,636
Gross financial margin	3,005,766	3,553,337
Other income	211,937	299,882
	3,217,703	3,853,219
Operating expenses		
Personnel	911,719	856,386
Member security	94,353	88,447
Organizational	23,464	28,693
Occupancy	96,387	91,213
Administration	794,242	712,335
	1,920,165	1,777,074
Income before provision for patronage refund and provision for income taxes	1,297,538	2,076,145
Provision for impaired loans	20,434	-
Patronage refund	544,628	193,048
Income before provision for income taxes	732,476	1,883,097
Provision (recovery) for income taxes		
Current	134,092	113,463
Deferred	(72,911)	(3,036)
	61,181	110,427
Comprehensive income	671,295	1,772,670

Lafleche Credit Union Limited
Summary Statement of Changes in Equity
For the year ended December 31, 2023

	<i>Retained earnings</i>	<i>Total equity</i>
Balance December 31, 2021	7,613,721	7,613,721
Comprehensive income	1,772,670	1,772,670
Balance December 31, 2022	9,386,391	9,386,391
Comprehensive income	671,295	691,295
Balance December 31, 2023	10,057,686	10,057,686

Lafleche Credit Union Limited
Summary Statement of Cash Flows

For the year ended December 31, 2023

	2023	2022
Cash provided by (used for) the following activities		
Operating activities		
Interest received from member loans	2,757,723	2,177,310
Interest received from investments	2,914,827	704,875
Net change in member deposits	3,981,236	(1,055,730)
Net change in member loans receivable	(5,382,535)	(2,986,856)
Other non-interest income received	211,937	299,882
Cash paid to suppliers and employees	(1,834,537)	(1,656,869)
Interest paid on member deposits	(1,305,926)	(686,460)
Interest paid on borrowed money	(2,111)	(1,282)
Income taxes (paid) received	(194,163)	16,199
	1,146,451	(3,188,931)
Financing activities		
Net change in membership shares and surplus shares	55,134	65,256
Investing activities		
Purchases of property and equipment	(123,099)	(84,206)
Net change in investments	(2,732,687)	543,574
	(2,855,786)	459,368
Decrease in cash and cash equivalents	(1,654,201)	(2,664,307)
Cash and cash equivalents, beginning of year	8,534,252	11,198,559
Cash and cash equivalents, end of year	6,880,051	8,534,252

Lafleche Credit Union Limited

Note to the Summary Financial Statements

For the year ended December 31, 2023

1. Basis of the summary financial statements

Management has prepared the summary financial statements from the December 31, 2023 audited financial statements, which are prepared in conformity with International Financial Reporting Standards. A full set of audited financial statements can be obtained at the Lafleche Credit Union Limited branches. The detailed notes included in the audited financial statements are not included in these summary financial statements.

The criteria developed by management for the preparation of the summary financial statements is as follows: that the information included in the summary financial statements is in agreement with the related information in the complete financial statements, and that the summary financial statements contain the information necessary to avoid distorting or obscuring matters disclosed in the related complete financial statements, including the notes thereto, in all material respects.



CREDIT UNION DEPOSIT GUARANTEE CORPORATION ANNUAL REPORT MESSAGE 2023

January 2024

Credit Union Deposit Guarantee Corporation (the Corporation) functions as the deposit guarantor for Saskatchewan credit unions and serves as the primary regulator for credit unions and Credit Union Central of Saskatchewan (SaskCentral). Collectively, these entities are referred to as Provincially Regulated Financial Institutions or “PRFIs”. The Corporation operates under provincial legislation, namely, *The Credit Union Act, 1998* and *The Credit Union Central of Saskatchewan Act, 2016*. The responsibility for overseeing the Corporation is assigned to the Registrar of Credit Unions at the Financial and Consumer Affairs Authority of Saskatchewan as stipulated by provincial legislation.

Established in 1953, the Corporation holds the distinction of being the first deposit guarantor in Canada, ensuring the successful guarantee of deposits. Through the promoting of responsible governance and prudent management of capital, liquidity, and guaranteeing deposits, the Corporation plays a crucial role in fostering confidence in Saskatchewan PRFIs.

For more information about the Corporation’s responsibilities and its role in promoting the strength and stability of Saskatchewan PRFIs, consult the Corporation’s web site at www.cudgc.sk.ca.