

# ANNUAL REPORT

# 2022



# Lafleche

**CREDIT UNION**  
Community minded...just like you!

COVER



Saskatchewan  
Credit Unions

[saskcu.com](http://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.



**85<sup>th</sup> ANNUAL MEETING**  
**THURSDAY, APRIL 27, 2023**  
**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 2023**
- 14. PRESENTATION OF SERVICE AWARDS**
- 15. ADJOURNMENT**

**84<sup>th</sup> ANNUAL MEETING OF THE LAFLECHE CREDIT UNION LIMITED**  
**THURSDAY, APRIL 21, 2022**

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The meeting was held at the Lafleche Club 50.

President Debbie Ash called the meeting to order at 7:06 p.m.

Tracy Johnson presented confirmation of Quorum with 24 members and 3 guests 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.

Larry Wall/Kathy DeWulf: Moved to adopt the agenda as presented. Carried.

Christine Cronan/Marcia Clermont: Moved that the minutes of the last annual meeting be adopted as presented. Carried.

Debbie Ash presented the Board of Directors report.

Tracy Johnson summarized the Management discussion & analysis report.

Bren Keenan presented the Nominations Committee report.

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

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

Ben Filson/Evelyn Harding: Moved that we appoint Meyers Norris Penny as our auditors for 2022. Carried.

The following Service Awards were presented; **DIRECTORS:** Debbie Ash- 24 yrs, Kathy DeWulf- 9 yrs. **STAFF:** Carmen Ellis - 40 yrs.

Christine Cronan adjourned the meeting at 7:33 p.m.

  
\_\_\_\_\_  
President

  
\_\_\_\_\_  
Secretary



## President's Message

Welcome to the 85<sup>th</sup> Annual General Meeting (AGM) of Lafleche Credit Union Limited (LCU). The success of our AGM depends on the participation of our members and we appreciate your time and attendance this evening.

2022 was an exceptionally profitable and successful year for our Credit Union. We can contribute this success to the slowdown of the pandemic, increased interest rates and the very large dividend payment that we received due to the sale of Concentra Financial by Equitable Bank.

Once again, we will be paying a patronage payment this year. Because it is our 85<sup>th</sup> anniversary celebration, we felt it fitting to pay out 8.5% on all interest earned and paid.

As you may notice on our advertising, our Tag Line – Community Minded .. Just Like You. And making sure we follow through on our promise, we will be providing \$85,000 to numerous organizations and projects in our communities over the next year. We were also proud to provide volunteer support hours by our staff and board.

Our dedicated staff at LCU are all long term employees whom live within our communities. They are our neighbors, friends and family. This is what makes LCU successful and makes our members feel confident in knowing that our staff cares and truly understands their needs in a rural life setting filled with agriculture.

The staff also keep us informed of new changes, promotions and security threats through the CU website, social media, newsletters and my personal favorite, in person.

Thank you to my fellow board members for your commitment to our credit union and for meeting each new challenge by keeping educated on the overall operation of the credit union. The board's strength and dedication is a very valued asset to our credit union.

Finally, and most importantly, thank you to **OUR MEMBERS**. Your confidence, support and loyalty are important for the success of our CU and very much appreciated.

Respectfully,

Debbie Ash, President





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

**Executive**

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

## 2022 BOARD OF DIRECTORS

NAME	OCCUPATION	ADDRESS	TERM EXPIRY
Garrett Verhelst	Agronomist	Lafleche	2023
Trent Packet	Business Owner	Lafleche	2023
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



Debbie Ash



Larry Wall



Aline Dumont



Dawn Mitchell



Garrett Verhelst



Bren Keenan



Trent Packet



### MANAGEMENT & STAFF

		Years of CU Service
Tracy Williamson	General Manager	25
Carmen Ellis	Operations Manager	41
Lori McLean	Lending Supervisor	12
Jody Packet	Lending Officer II	23
Sandra Watteyne	Lending Officer I	18
Trudy Sewell (P/T)	Lending Administration	9
Christine Cronan	Member Service Rep	9
Jill Starke	Member Service Rep	7
Laura Greffard	Member Service Rep	8
Marcia Clermont (P/T)	Member Service Rep	9.5
Beth Tallon (Casual)	Member Service Rep	-







## ***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, 2022**, LCU had **1,794** 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, Concentra Bank (Wyth) 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 filing 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 2022 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 2022 was \$17,275 and actual expenditures for the year were **\$14,415**.

In 2022 there were 11 regular board meetings and 10 committee meetings held. 13 of these meetings were 100% attended and the other 8 had an average attendance of 80%.

***Director Training:***

Board members are encouraged to take training to achieve a professional designation and improve their governance skills. Our board 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 2022.

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.

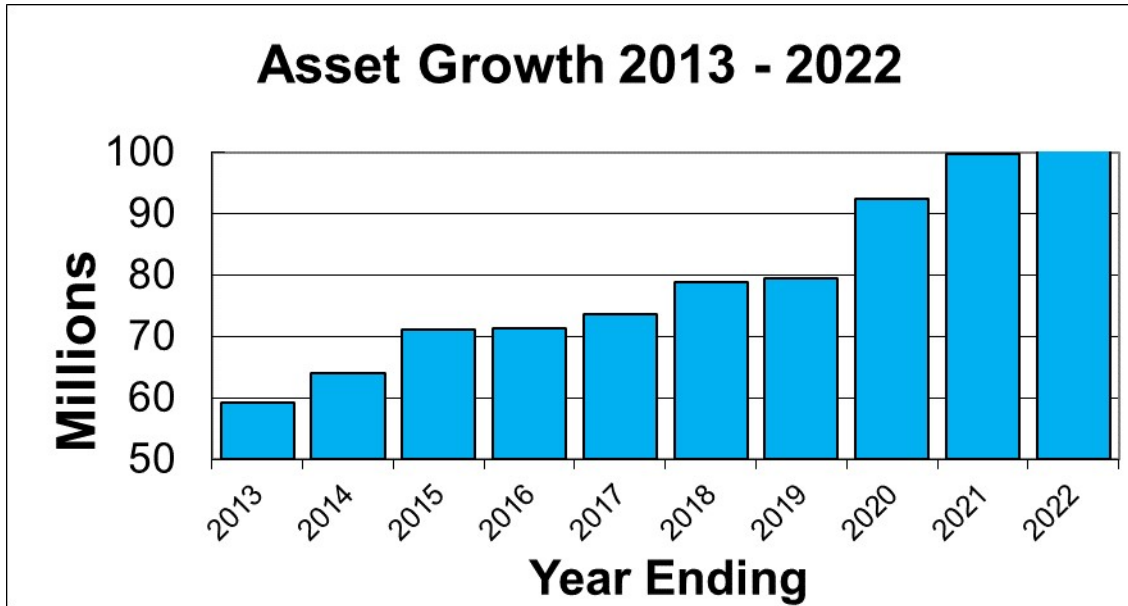
## ***Financial Performance***

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.

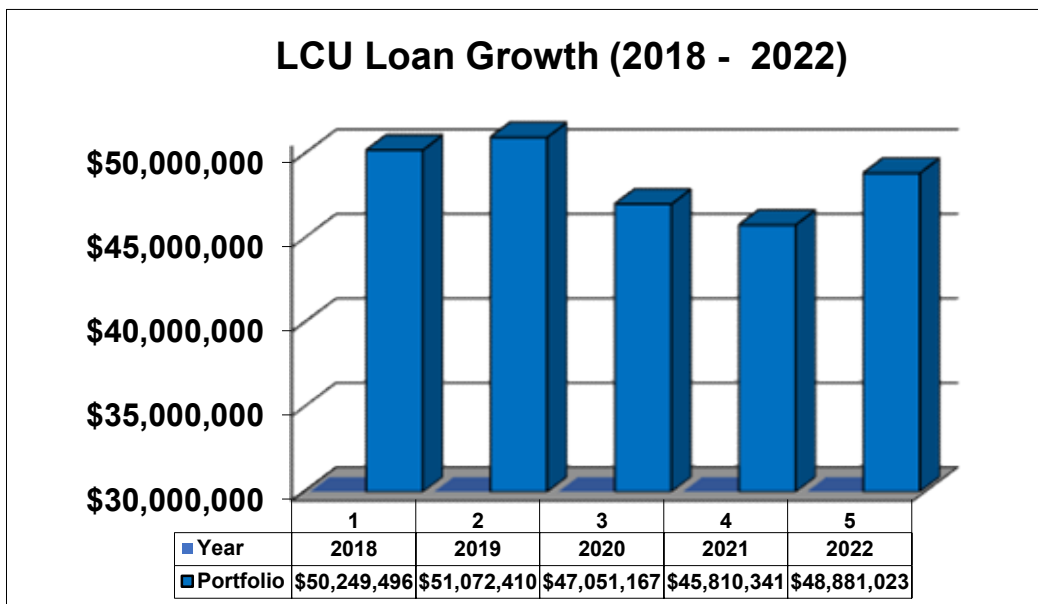




**Balance Sheet** – 2022 brought forward an asset growth rate of **1.08%** which was below our budget of 4% however ended the year with a record breaking **\$100.8** million in assets. The graph below illustrates our 10-year Asset growth, with an average growth rate of **6.11%**.



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 **48.5%** of total assets, our loan portfolio ended the year at **\$48.8** million which represents a **6.7%** increase from last year. Our loan to asset ratio ended the year just below our targeted range of 50 - 65%. In 2022, we disbursed loans totaling **\$8** million compared to **\$5.8** million in 2021 and funded **\$2** million in leases. We had **\$4.5** million in syndicated loans at the end of 2022 compared to **\$4.3** million at the end of 2021.

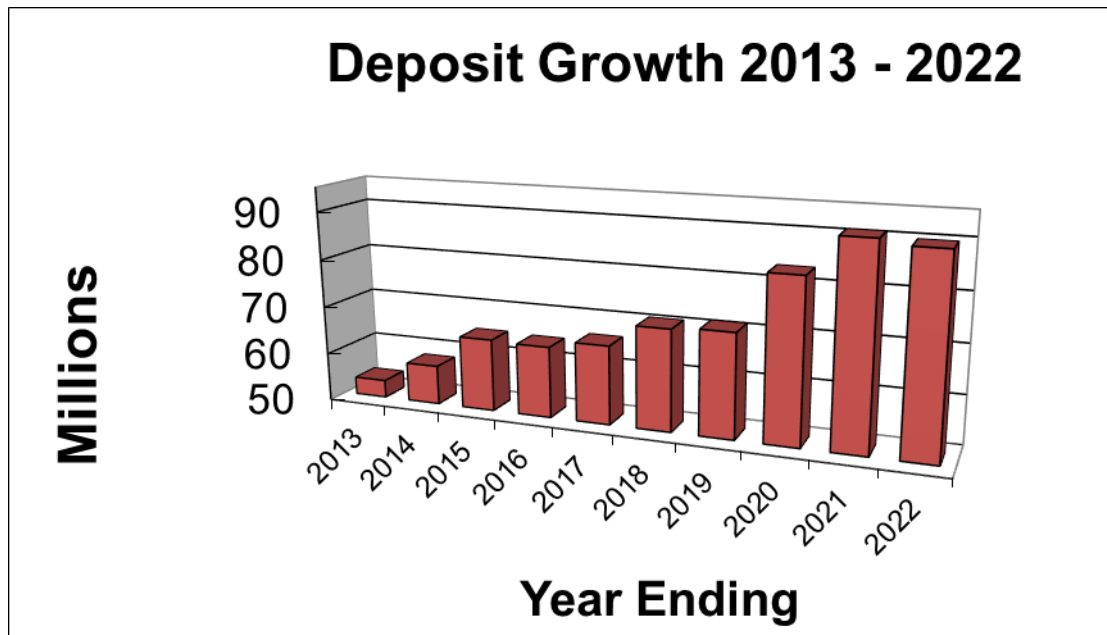




Loan delinquency ended the year at **0.12%**, which remains under our target of 2% that has been set in our Risk Appetite Statement. The loan loss provision expense for 2022 was **\$0** with no losses to report along with no foreclosed property.

Member Deposit growth was below budget this year. Our budget of 4% growth turned into an actual of **-1.14%** from 2021 to 2022. Over the last 10 years, as illustrated on the Deposit Growth graph below, our deposits have increased from **\$53.6** million to **\$89.9** million. 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 2022 (details on page 20). Along with a patronage payment, the board has also approved \$85,000 to be donated back to our communities in 2023 in conjunction with our 85<sup>th</sup> anniversary.

We would 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 2022 was **\$2,076,145**. We did receive a **\$1.1** million non-taxable dividend from SK Central (sale of Concentra to Equitable Bank). With this one-time dividend removed, our income was **\$962,084** compared to **\$674,483** the previous year. 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 **\$1.78** million as compared to **\$1.48** million in 2021. Non-interest expenses as a percentage of assets were **1.76%**. 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 2<sup>nd</sup> 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 2<sup>nd</sup> 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, 2022 LCU's eligible capital was **19.71%** compared to SK CU system average at **16.44%**. Total (Tier 1) Capital as a percentage of total assets was **18.24%** compared to the system average at **15.56%**. 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, 2022, 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 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 **\$89.9M** 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, 2022, 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, 2022 and our ratio was 487%. 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 counterparty's 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, external and CUMIS audits performed during 2022, 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.

<b>Residential Mortgage Portfolio</b>						
	<b>2022</b>	<b>%</b>	<b>2021</b>	<b>%</b>	<b>Change</b>	<b>%</b>
<b>Insured</b>	<b>\$1,349,803.00</b>	<b>2.8%</b>	<b>\$1,268,714.00</b>	<b>2.8%</b>	<b>\$81,089.00</b>	<b>0.0%</b>
<b>Uninsured</b>	<b>\$8,278,097.00</b>	<b>17.1%</b>	<b>\$7,779,600.00</b>	<b>17.1%</b>	<b>\$498,497.00</b>	<b>0.0%</b>
<b>HELOC</b>	<b>\$0.00</b>	<b>0.0%</b>	<b>\$0.00</b>	<b>0.0%</b>	<b>\$0.00</b>	<b>0.0%</b>
<b>Total Loans</b>	<b>\$9,629,922.00</b>	<b>19.9%</b>	<b>\$9,050,335.00</b>	<b>19.9%</b>	<b>\$579,587.00</b>	<b>0.0%</b>

### **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 Wyth (Concentra) Financial. 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 2022. 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 2022 was to support our communities in any way we could. We chose to promote "**Supporting Local and Shopping Local**".

- ✓ Staff volunteered **921** 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 2022.

### **Donations & Contributions:**

The following page is a list of the clubs, organizations and events that have benefited over the past year.



## 2022 Donations/Sponsorships

- Terry Fox Run - Lafleche & Glentworth Schools
- Bursaries for the Graduates of 2022
- Lafleche Royal Canadian Legion
- McCord Rec Centre & Fir Mountain Hall
- Thomson Lake Signage & Golf Tournaments
- Lafleche Community Center & Waverley Sports Gardens - Rink Signage
- Lafleche & Glentworth Minor Hockey & Minor Ball
- Lafleche & Glentworth Curling Club
- Mankota 4-H Beef Club
- CAT Country Radio
- Glentworth Giants & Lafleche Merchants Sr. Ball
- Wood Mountain Stampede & High School Rodeo
- Wood Mountain Library
- Waverley Players & Big sky Barrel Racing Series
- Wood River Roper's Jackpot
- Lafleche & District Music Festival
- Lafleche Health Centre & Lafleche Club 50
- Saskatchewan Stockgrowers Association
- Prairie South Holistic Mgt Ag Conference



**Kincaid Health Centre  
Gold Sponsor**

**\$10,000.00**

Supporting our  
communities since 1938





# IT PAYS TO BE A MEMBER!

The Board of Directors are proud to announce  
\$255,000 being paid back to our membership through  
Member Profit Sharing.



**Payout as Follows:**

**8.5% dividend paid on 2022 deposit interest earned  
and loan interest paid.**

**\*\*Celebration in June 2023\*\***





# Board Recognition

## Staff Recognition



**Carmen Ellis – 40 Years of Service**  
**(With Evelyn Harding who worked with LCU for 47 ½ years)**



**Aline Dumont**  
**New Board Member**



**Debbie Ash**  
**24 Years of Board Service**



**Kathy Dewulf**  
**Retirement – 9 Years of Board Service**



**The winners were Charla Holbrook, Larry Weisgerber, Dale Weisgerber & Deb Hazen representing Bengough Credit Union and Rockglen-Killdeer Credit Union**



# SASKATCHEWAN CREDIT UNION

## Quick Facts

(as of December 31, 2022 unless otherwise indicated)

- Today there are 33 credit unions in Saskatchewan serving 197 communities through 224 service outlets.
- Credit unions offer financial products and services to more than 497,000 members.
- Saskatchewan credit union assets reached over \$28.6 billion with revenue of over \$1.43 billion.
- Credit union lending amounts were over \$21 billion
- There are 317 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 credit unions range in asset size from \$40.85 million to more than \$7.2 billion.
- In 2022, Saskatchewan credit unions returned over \$18.86 million to their members in the form of patronage equity contribution and dividends.
- Credit unions are a major contributor to Saskatchewan's economy, employing over 3,400 people.
- Funds held on deposit in Saskatchewan credit unions are fully guaranteed through the Credit Union Deposit Guarantee Corporation.

**Lafleche Credit Union – 1<sup>st</sup> Saskatchewan Rural Credit Union serving our communities from 1938 to 2022  
84 years strong.**



## NOMINATION COMMITTEE REPORT

### 2023 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 **2023** was Debbie Ash, Aline Dumont 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 2023 nomination period Trent Packet and Kathy DeWulf 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

Dawn Mitchell,  
Chairperson

**Lafleche Credit Union Limited**  
**Summary Financial Statements**  
*December 31, 2022*



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, 2022, 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, 2022.

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 14, 2023.

## 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 14, 2023



Chartered Professional Accountants

**Lafleche Credit Union Limited**  
**Summary Statement of Financial Position**  
*As at December 31, 2022*

	2022	2021
<b>Assets</b>		
Cash and cash equivalents	8,534,252	11,198,559
Investments	41,969,468	42,392,508
Member loans receivable	48,881,023	45,810,341
Income taxes recoverable	-	49,799
Other assets	1,225,422	53,230
Property and equipment	215,587	205,845
	<b>100,825,752</b>	<b>99,710,282</b>
<b>Liabilities</b>		
Member deposits	89,892,154	90,932,990
Income taxes payable	79,863	-
Other liabilities	813,589	575,072
Membership shares and equity accounts	653,755	588,499
	<b>91,439,361</b>	<b>92,096,561</b>
<b>Members' equity</b>		
Retained earnings	9,386,391	7,613,721
	<b>100,825,752</b>	<b>99,710,282</b>

**Approved on behalf of the Board**



**Director**



**Director**

**Lafleche Credit Union Limited**  
**Summary Statement of Comprehensive Income**  
*For the year ended December 31, 2022*

	2022	2021
<b>Interest income</b>		
Member loans	2,316,503	2,077,043
Investments	1,939,470	417,364
	<b>4,255,973</b>	2,494,407
<b>Interest expense</b>		
Member deposits	701,354	614,378
Borrowed money	1,282	573
	<b>702,636</b>	614,951
<b>Gross financial margin</b>	<b>3,553,337</b>	1,879,456
<b>Other income</b>	<b>299,882</b>	276,896
	<b>3,853,219</b>	2,156,352
<b>Operating expenses</b>		
Personnel	856,386	737,903
Member security	88,447	81,488
Organizational	28,693	26,511
Occupancy	91,213	83,181
Administration	712,335	552,786
	<b>1,777,074</b>	1,481,869
<b>Income before provision for patronage refund and provision for income taxes</b>	<b>2,076,145</b>	674,483
<b>Patronage refund</b>	<b>193,048</b>	270,000
<b>Income before provision for income taxes</b>	<b>1,883,097</b>	404,483
Provision (recovery) for income taxes		
Current	113,463	33,601
Deferred	(3,036)	2,300
	<b>110,427</b>	35,901
<b>Comprehensive income</b>	<b>1,772,670</b>	368,582

**Lafleche Credit Union Limited**  
**Summary Statement of Changes in Equity**  
*For the year ended December 31, 2022*

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	<i>Retained earnings</i>	<i>Total equity</i>
<b>Balance December 31, 2020</b>	<b>7,245,139</b>	7,245,139
Comprehensive income	<b>368,582</b>	368,582
<b>Balance December 31, 2021</b>	<b>7,613,721</b>	7,613,721
Comprehensive income	<b>1,772,670</b>	1,772,670
<b>Balance December 31, 2022</b>	<b>9,386,391</b>	9,386,391



**Lafleche Credit Union Limited**  
**Summary Statement of Cash Flows**  
*For the year ended December 31, 2022*

	2022	2021
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Interest received from member loans	2,177,310	2,196,846
Interest received from investments	704,875	407,106
Net change in member deposits	(1,055,730)	7,757,216
Net change in member loans receivable	(2,986,856)	1,121,023
Other non-interest income received	299,882	276,883
Cash paid to suppliers and employees	(1,656,869)	(1,165,659)
Interest paid on member deposits	(686,460)	(720,003)
Interest paid on borrowed money	(1,282)	(573)
Income taxes received (paid)	16,199	(119,259)
	<b>(3,188,931)</b>	9,753,580
<b>Financing activities</b>		
Net change in membership shares and surplus shares	65,256	(29,952)
<b>Investing activities</b>		
Purchases of property and equipment	(84,206)	(106,549)
Net change in investments	543,574	(11,398,201)
	<b>459,368</b>	(11,504,750)
<b>Decrease in cash and cash equivalents</b>	<b>(2,664,307)</b>	(1,781,122)
<b>Cash and cash equivalents, beginning of year</b>	<b>11,198,559</b>	12,979,681
<b>Cash and cash equivalents, end of year</b>	<b>8,534,252</b>	11,198,559

**Lafleche Credit Union Limited**  
**Note to the Summary Financial Statements**  
*For the year ended December 31, 2022*

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**1. Basis of the summary financial statements**

Management has prepared the summary financial statements from the December 31, 2022 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 2022

**January 2023**

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Credit Union Deposit Guarantee Corporation (the Corporation) is the deposit guarantor for Saskatchewan credit unions. The Corporation is also the primary regulator for credit unions and Credit Union Central of Saskatchewan (SaskCentral). Together, these entities are considered Provincially Regulated Financial Institutions or "PRFIs". The Corporation is mandated through provincial legislation, *The Credit Union Act, 1998* and *The Credit Union Central of Saskatchewan Act, 2016* in performing its duties. Provincial legislation also assigns responsibility for oversight of the Corporation to the Registrar of Credit Unions at the Financial and Consumer Affairs Authority of Saskatchewan.

The Corporation was the first deposit guarantor in Canada and has successfully guaranteed deposits since it was established in 1953. By promoting responsible governance and prudent management of capital, liquidity and guaranteeing deposits, the Corporation contributes to 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](http://www.cudgc.sk.ca).