

67<sup>TH</sup>  
ANNUAL GENERAL MEETING

ANNUAL REPORT  
2014

**Niverville**   
CREDIT UNION

*Come on over.*



# CEO'S MESSAGE

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Improved fiscal results and continued investments in Niverville Credit Union operations were highlights for 2014.

Our focus on profitable growth resulted in improved profitability and improved capital ratios.

Income before taxes was \$1,505,390.00, an increase of approximately 36.5 % over 2013. Total capital increased to 6.47% and the retained earnings portion of total capital stands at 4.13% of assets, versus 3.92% in 2013.

Assets grew by 6.23% and loan growth was 5.33%. Our commercial portfolio continued to show strength and improvements were made in our consumer mortgage segment. Our local deposit and mortgage business efforts resulted in improvements in both these categories, as we continue to provide a competitive local option for people in our trading area.

Our asset composition has changed due to an average of 10% organic growth over the past three years, so that 86% of our assets now originate from the communities in which we do business.

We continue to explore collaboration opportunities with other credit unions to seek potential opportunities for cost reduction and revenue enhancement. In 2014, we entered into a new telephone banking agreement with six other credit unions which resulted in reduced costs for all of the credit unions involved.

ATM upgrades and a very successful launch of the Niverville Credit Union Facebook page were the main operational initiatives of 2014, reflecting our goal of using technology to provide services to our members as well as using technology as a communication tool.

A 3% dividend on all common and surplus shares was declared for 2014, a yield that reflects our commitment to pay a competitive dividend as well as build our capital base.

Although regulatory and compliance pressures continue to increase, Niverville Credit Union is fortunate to be located in such a robust economic region as Southeast Manitoba, which allows us the opportunity for profitable growth.

I would like to thank the Niverville Credit Union staff for their commitment and the NCU Board of Directors for their guidance and support this past year.

On behalf of the entire NCU team, I thank you, our members, for choosing Niverville Credit Union as your financial services provider.

Ken Rempel



# OUR STAFF

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## NIVERVILLE BRANCH STAFF

**Back Row** (Left to right)

Richard Montgomery, Brigitte Simard, Carroll Dyck, Gabi Hiebert, Marlene Carr, Norma Toews, Kayleigh Callow, Gracy Giesbrecht, Nancy Penner, Jackie Rasetti

**Middle Row**

Talitha Smith, Rosemary Johnston, Samantha Rouire, Carmen Giesbrecht, Sandy Charette, Dorothy Dyck, Ashley Link, Christina Abolade

**Front Row**

Richard Pearse, Russ Neufeld, Ken Rempel, Ty Wood, Darryl Rempel, Ron Ashcroft

**Missing**

Cecile Gerardy, Stacy Hamm, Sarah Johnson, Leighton Reimer, Debbie Lamirande, Carrie Theoret



Photos by Kathy Harder - SoulPix Photography®

## LANDMARK BRANCH STAFF



**Back Row** (Left to right)

Katherine Andres, Cynthia Kroeker, Leona Gerbrandt, Shauna Plett, Shari Voth

**Front Row**

Denise Collins, Denise McBurney, Teresa Soper

Photos by Kathy Harder - SoulPix Photography®

# BOARD OF DIRECTORS REPORT

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Community involvement and improved financial performance were highlights of 2014. As well as sponsoring community barbecues and providing support to numerous community groups and sports teams, we hosted the first Imagine Radiothon for Mental Health.

While we continue to be challenged by increased compliance and regulations, information technology, and a competitive marketplace, our operating principles set around providing service excellence and financial and social support to the communities we serve and to you, our members, remain our highest priority.

During the past year, the directors completed various governance, financial management, and human resource courses as part of the continuing director education process to ensure we remain compliant with the federal and provincial regulations.

Collaboration discussions are increasing in the Manitoba Credit Union System as a way of responding to the many changes in our industry. We continue to explore opportunities with other credit unions to find areas of cost savings while improving service delivery. Collaboration with other credit unions is important, as the pace of change continues to accelerate in the financial services industry.

We want to recognize and thank our staff for their financial contributions to charities of their choice and for volunteering their personal time to the communities we serve. We also want to recognize and thank our staff for continuing to strive for excellence.

And to you, our members, we always appreciate and respect your thoughts and comments about how we can better serve you. Please feel free to approach the staff or directors with any suggestions you may have.

Thank you for your continued support.



Alexander Wallace, President



Calvin Schellenberg, 1st Vice President



Libby Hanna, 2nd Vice President



Stan Doerksen, Director



Patricia Lewis, Director



John Schmitke, Director



Don Doerksen, Director



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## Report of the Independent Auditor on the Summary Financial Statements

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### To the Members of NIVERVILLE CREDIT UNION LIMITED

The accompanying summary financial statement, which comprise the summary consolidated balance sheet as at September 30, 2014 and the summary consolidated statement of comprehensive income, summary consolidated statement of changes in members' equity and summary consolidated statement of cash flows for the year then ended, are derived from the audited consolidated financial statements of Niverville Credit Union Limited for the year ended September 30, 2014. We expressed an unmodified audit opinion on those financial statements in our report dated December 17, 2014.

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

### Management's Responsibility for the Summary Financial Statements

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

### Auditor's Responsibility

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

### Opinion

In our opinion, the summary financial statements derived from the audited consolidated financial statements of Niverville Credit Union Limited for the year ended are a fair summary of those financial statements, on the basis described in Note 1.

*BDO Canada LLP*

Chartered Accountants

Winnipeg, Manitoba  
December 17, 2014

**NIVERVILLE CREDIT UNION LIMITED**  
**Summary Consolidated Balance Sheet**

September 30	2014	2013
<b>Assets</b>		
Funds on hand and on deposit	\$ 6,579,597	\$ 14,064,242
Other assets	199,180	259,409
Investments	34,825,477	22,865,454
Loans to members	223,206,413	211,922,074
Property, plant and equipment	2,741,200	2,678,858
Intangible assets	277,576	318,309
Investment property	231,301	242,763
	<b>\$ 268,060,744</b>	<b>\$ 252,351,109</b>
<b>Liabilities and Members' Equity</b>		
Income taxes payable	\$ 58,354	\$ 9,902
Other liabilities	1,226,336	2,387,162
Members' deposits	249,178,295	233,421,893
Insurance reserve	218,357	239,572
Deferred income tax liability	51,800	59,200
Members' shares	715,053	1,114,278
	<b>251,448,195</b>	<b>237,232,007</b>
<b>Commitments</b>		
<b>Members' Equity</b>		
Members' shares	5,361,215	5,047,022
Provision for issue of shares	181,000	183,500
Retained earnings	11,070,334	9,888,580
	<b>16,612,549</b>	<b>15,119,102</b>
	<b>\$ 268,060,744</b>	<b>\$ 252,351,109</b>

Approved on behalf of the Board of Directors:

  
 \_\_\_\_\_ Director  
  
  
 \_\_\_\_\_ Director

**NIVERVILLE CREDIT UNION LIMITED**  
**Summary Consolidated Statement of Comprehensive Income**

<b>For the year ended September 30</b>	<b>2014</b>	<b>2013</b>
<b>Revenue</b>		
Interest on loans to members	\$ 8,944,529	\$ 8,755,736
Investment Income		
Liquidity deposits	636,754	865,779
CUCM shares	43,228	91,831
Debentures	30,225	25,166
	<b>9,654,736</b>	9,738,512
<b>Cost of funds</b>	<b>4,803,416</b>	5,181,975
<b>Gross financial margin</b>	<b>4,851,320</b>	4,556,537
<b>Operating Expenses</b>		
Personnel	2,029,522	2,047,764
Administrative	1,227,665	1,339,924
Occupancy	541,317	510,816
Members' security	254,112	258,921
Organizational	163,600	160,090
<b>Gross operating expenses</b>	<b>4,216,216</b>	4,317,515
<b>Less other income</b>	<b>1,023,400</b>	1,119,137
	<b>3,192,816</b>	3,198,378
<b>Gross operating income</b>	<b>1,658,504</b>	1,358,159
<b>Provision for impaired loans</b>	<b>112,940</b>	206,360
	<b>1,545,564</b>	1,151,799
<b>Other Items</b>		
Donations	18,995	16,885
Distributions to members	21,179	32,520
<b>Income before income taxes</b>	<b>1,505,390</b>	1,102,394
<b>Provision for Income Taxes</b>		
Current	172,244	142,234
Deferred	(7,400)	30,900
	<b>164,844</b>	173,134
<b>Net and total comprehensive income for the year</b>	<b>\$ 1,340,546</b>	\$ 929,260

The accompanying notes are an integral part of these summary consolidated financial statements.



**NIVERVILLE CREDIT UNION LIMITED**  
**Summary Consolidated Statement of Changes in Members' Equity**

For the year ended September 30

2014

	Provision for Issue of Shares	Members' Shares	Retained Earnings	Total
Balance at September 30, 2012	\$ 172,780	\$ 4,992,271	\$ 9,084,521	\$ 14,249,572
Net income for the year	-	-	929,260	929,260
Distributions to members	179,814	-	(125,201)	54,613
Issue of members' shares	(169,094)	179,471	-	10,377
Redemption of members' shares	-	(244,363)	-	(244,363)
Transfer (to) from liabilities	-	119,643	-	119,643
<b>Balance at September 30, 2013</b>	<b>\$ 183,500</b>	<b>\$ 5,047,022</b>	<b>\$ 9,888,580</b>	<b>\$ 15,119,102</b>
<b>Net income for the year</b>	<b>-</b>	<b>-</b>	<b>1,340,546</b>	<b>1,340,546</b>
<b>Distributions to members</b>	<b>179,971</b>	<b>-</b>	<b>(158,792)</b>	<b>21,179</b>
<b>Issue members' shares</b>	<b>(182,471)</b>	<b>194,317</b>	<b>-</b>	<b>11,846</b>
<b>Redemption of members' shares</b>	<b>-</b>	<b>(279,350)</b>	<b>-</b>	<b>(279,350)</b>
<b>Transfer (to) from liabilities</b>	<b>-</b>	<b>399,226</b>	<b>-</b>	<b>399,226</b>
<b>Balance at September 30, 2014</b>	<b>\$ 181,000</b>	<b>\$ 5,361,215</b>	<b>\$ 11,070,334</b>	<b>\$ 16,612,549</b>

The accompanying notes are an integral part of these summary consolidated financial statements.

# NIVERVILLE CREDIT UNION LIMITED

## Summary Consolidated Statement of Cash Flows

For the year ended September 30	2014	2013
<b>Cash Flows from Operating Activities</b>		
Net income for the year	\$ 1,340,546	\$ 929,260
Adjustments for		
Interest and investment revenue	(9,654,736)	(9,738,512)
Interest expense	4,803,416	5,181,975
Depreciation expense	255,439	221,000
Provision for impaired loans	112,940	206,360
Loss on disposal of property, plant and equipment	28,091	-
Deferred income taxes	(7,400)	30,900
Insurance reserve	(21,215)	(18,000)
	<u>(3,142,919)</u>	<u>(3,187,017)</u>
Change in other assets and liabilities	(1,100,595)	1,127,087
Change in income taxes payable	48,452	(74,738)
	<u>(1,052,143)</u>	<u>1,052,349</u>
Changes in member activities (net)		
Change in loans to members	(11,211,198)	(12,122,581)
Change in members' deposits	15,946,444	1,750,796
	<u>4,735,246</u>	<u>(10,371,785)</u>
Cash flows related to interest, dividends, and income taxes		
Interest received on loans to members	8,758,448	8,742,207
Interest received on investments	695,524	1,131,504
Interest paid on members' deposits	(4,993,458)	(5,774,665)
	<u>4,460,514</u>	<u>4,099,046</u>
<b>Total cash flows from operating activities</b>	<u><b>5,000,698</b></u>	<u><b>(8,407,407)</b></u>
<b>Cash Flows from Investing Activities</b>		
Purchase of investments	-	(750,000)
Redemption of investments	306,885	991,620
Purchase of property, plant and equipment	(280,862)	(237,458)
Purchase of intangibles	(12,816)	-
<b>Total cash flows from investing activities</b>	<u><b>13,207</b></u>	<u><b>4,162</b></u>
<b>Cash Flows from Financing Activities</b>		
Issue of common and surplus shares	33,025	64,989
Redemption of common and surplus shares	(279,350)	(244,363)
<b>Total cash flows from financing activities</b>	<u><b>(246,325)</b></u>	<u><b>(179,374)</b></u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u><b>4,767,580</b></u>	<u><b>(8,582,619)</b></u>
<b>Cash and cash equivalents, beginning of year</b>	<u><b>34,210,642</b></u>	<u><b>42,793,261</b></u>
<b>Cash and cash equivalents, end of year</b>	<u><b>\$ 38,978,222</b></u>	<u><b>\$ 34,210,642</b></u>
<b>Comprised of the following</b>		
Funds on hand and on deposit	\$ 6,579,597	\$ 14,064,242
Credit Union Central of Manitoba term deposits	<u>32,398,625</u>	<u>20,146,400</u>
	<u><b>\$ 38,978,222</b></u>	<u><b>\$ 34,210,642</b></u>

The accompanying notes are an integral part of these summary consolidated financial statements.

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# NIVERVILLE CREDIT UNION LIMITED

## Notes to Summary Consolidated Financial Statements

**For the year ended September 30, 2014**

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1. Management is responsible for the preparation of summary financial statements. The summary presented includes only the summary consolidated balance sheet and the summary consolidated statement of comprehensive income, summary consolidated statement of changes in members' equity and summary consolidated statement of cash flows. It does not include any other schedules or the notes to the financial statements. The summary consolidated balance sheet and summary consolidated statement of comprehensive income, summary consolidated statement of changes in members' equity and summary statement of consolidated cash flows are presented in the same detail as the audited financial statements except the note referencing has been removed.

Copies of the September 30, 2014 audited consolidated financial statements are available at the Credit Union's head office at 62 Main Street, Niverville Manitoba and online at [www.nivervillecu.mb.ca](http://www.nivervillecu.mb.ca).

### **2. Compliance with Minimum Capital and Liquidity Requirements**

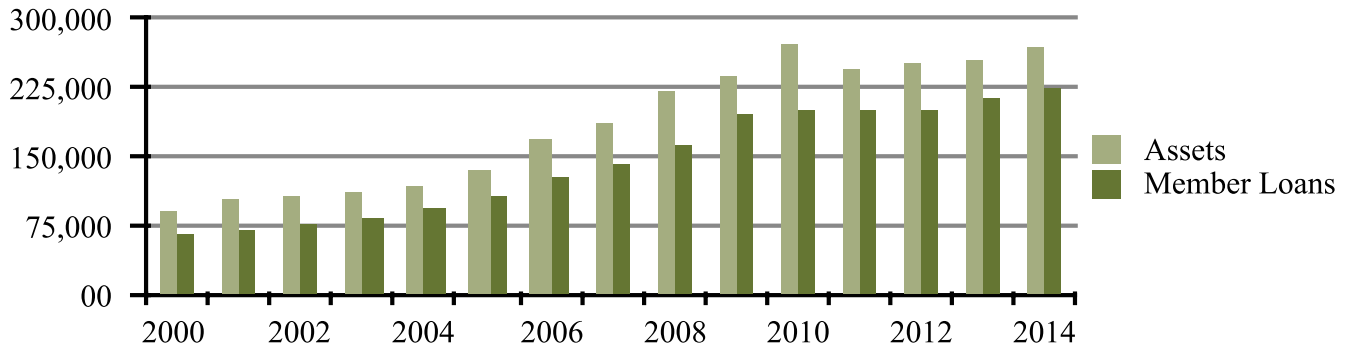
The Credit Union is in compliance with the capital and liquidity reserve requirements at September 30, 2014 established by the Regulations to The Credit Unions and Caisses Populaires Act of Manitoba.

Readers of the summary financial statements are advised that in order to appropriately interpret the Credit Union's capital and liquidity, the reader must refer to the audited consolidated financial statements including notes for the year ended September 30, 2014, which contain the information detailing the calculations.

# NIVERVILLE CREDIT UNION GROWTH

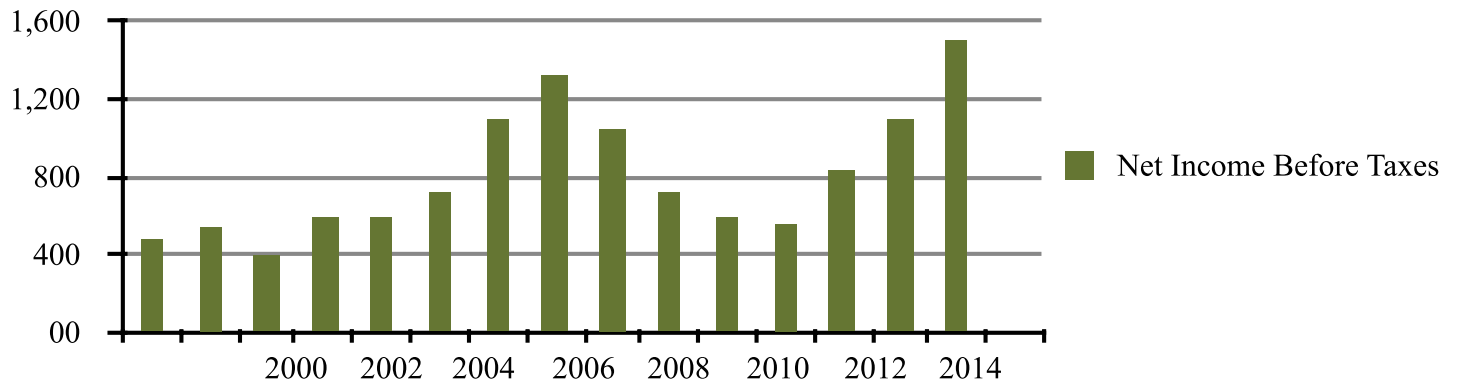
## Assets & Loans

(in thousands)

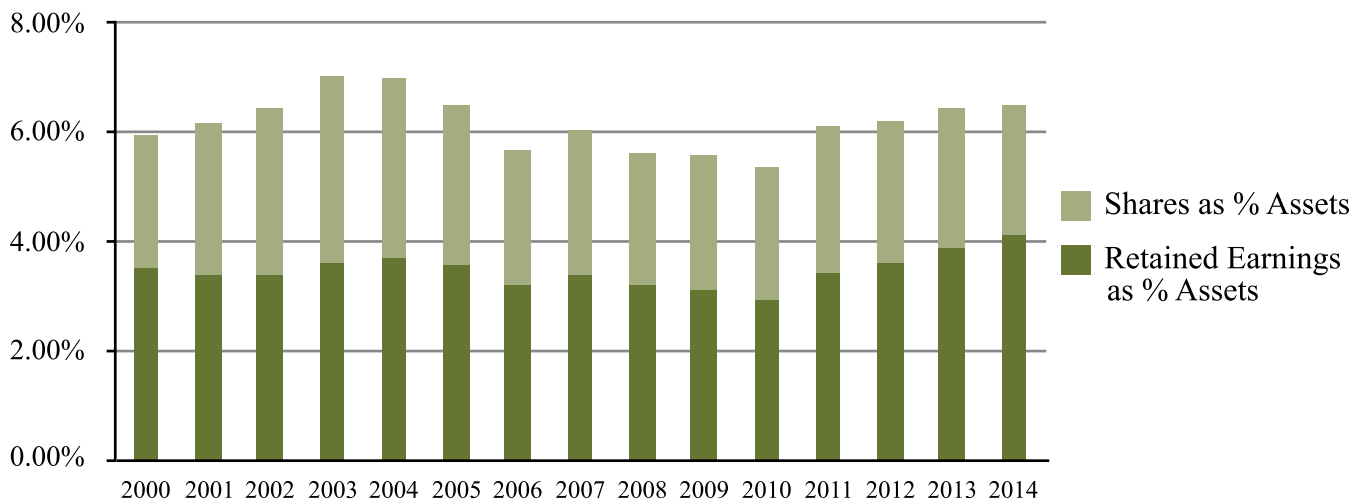


## Net Income Before Taxes

(in thousands)



## Equity as % of Assets



# STAFF CONTRIBUTIONS

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Our Staff Contributions to the Communities We Live and Work In for 2014

## ***Jean Day***

Donations were collected throughout the year for Jean Days, the last Friday of every month. Proceeds are going to two local charities in Niverville and Landmark.

## ***Staff Christmas Toy Drive***

An abundance of toys were collected at our Christmas party for the Landmark/Tache Christmas hampers.

## ***Supported local sports teams in Niverville & Landmark***

## ***Hosted a BBQ in Niverville & Landmark on Fair weekends***

## ***2014 Highlights***

- Imagine Radiothon in support of mental health
- Southside Ladies Golf Tournament sponsorship for Breast Cancer Awareness
- New ATM machines
- Dinner in a Field
- Launched Facebook page
- Began Referral Program



## NCU EMPLOYEES

CONTINUE TO GIVE OF THEMSELVES TO THE FOLLOWING ORGANIZATIONS:

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- |                                     |  |
|-------------------------------------|--|
| Autism Society of Manitoba          | Manitoba Cancer Society                              |
| Church of the Rock                  | Maranatha Church                                     |
| Clipper Ice Sports                  | Minor Hockey Clipper Ice Sports Board & Jr. Clippers |
| Daffodil Fundraiser                 | Mitchell Minor Baseball                              |
| Eastman Atom and Novice League      | Niverville Community Fellowship                      |
| Eastman Raiders Football Club       | Niverville Fair                                      |
| Fourth Avenue Bible Church          | Niverville Helping Hands                             |
| Good Time Hockey League             | Niverville Minor Baseball                            |
| Gospel Fellowship Church, Steinbach | Southland Church, Steinbach                          |
| Imagine Run                         | Southwood School, Steinbach                          |
| Landmark Friendship Festival        | United Way   |
|                                     | Word of Life Mission Church                          |

# MISSION

Through lasting relationships and competitive, value-added financial solutions, we help our members realize their goals and dreams while enhancing the communities we serve.

# VISION

To be a neighbourly, people-focused, and financially successful Credit Union.

# VALUES

People First: Our employees, our members, our communities  
Leadership: Lead by example in everything we do  
Integrity and Trust: Strong professionalism and confidentiality  
Financial Success: Yours and ours



*Come on over.*

**NIVERVILLE BRANCH**

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