

Niverville 
CREDIT UNION

Come on over.

ANNUAL REPORT 2012



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 of our communities.

Leadership: lead by example in everything we do.

Integrity and Trust: strong professionalism and confidentiality.

Financial Success: yours and ours.



Niverville Branch Staff



Photos by Kathy Harder ~ Soul Pix Photography ©

(Left to Right)

Back Row: Angela Vincent, Richard Pearse, Darryl Rempel, Dorothy Dyck, Ken Rempel, Ron Ashcroft, Leighton Reimer, Wes Groen, Lise Peters

Middle Row: Nancy Penner, Leona Reimer, Norma Toews, Christie Spencer, Carroll Dyck, Denise Stoesz, Carmen Giesbrecht, Marlene Carr

Front Row: Anita Klassen, Debbie Lamirande, Brigitte Simard, Gabi Hiebert, Jackie Rasetti, Cecile Gerardy, Kristina Gerbrandt, Charlene Gauthier

Missing: Rosemary Johnston, Jodi Justin, Lauren Neufeld

Landmark Branch Staff



Photos by Kathy Harder ~ Soul Pix Photography ©

(Left to Right)

Back Row: Cynthia Kroeker, Brian Ryall, Leona Gerbrandt, Shari Voth

Front Row: Teresa Soper, Denise Collins, Denise McBurney

Missing: Janessa Penner

CEO's Message

2012 was a year of opportunity, change and challenge for Niverville Credit Union . The Board of Directors, Senior Management, and Staff all contributed to the development of a new strategic plan and a refreshed Vision, Mission and Values Statement for Niverville Credit Union , which will serve as our guide for future growth.

A Community survey was undertaken to better understand the financial needs of the communities in which we do business, the results of which will help us to determine the products and services we will offer to our communities in the future. We introduced new accounts and services offerings for members and provided a more competitive variable savings rate for registered products.

Income before taxes was \$831,336.00, an increase of approximately 46% over 2011. Total capital increased to 6.20% of financial assets and the retained earnings portion of total capital stands at 3.64% of assets, versus 3.47% in 2011 and 2.83% in 2010. We are committed to increasing retained earnings as a percentage of our assets in order to ensure future compliance with BASEL III guidelines.

Assets grew by 2.30% and loan growth was 1.26%. We had significant growth in our commercial loan portfolio , but faced strong competition from large tier one and secondary financial institutions in the consumer mortgage segment. Despite the competitive pressures, significant progress was achieved in increasing the local component of our deposit base and the local component of our consumer mortgage portfolio.

Southeastern Manitoba continues to exhibit robust economic growth and a young, growing population. We are excited about the growth opportunities South Eastern Manitoba provides for Niverville Credit Union and our membership.

I would like to thank the Niverville Credit Union staff for their commitment and the board of directors for their guidance and support this past year

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

Ken Rempel





Photos by Kathy Harder ~ Soul Pix Photography ®

(Left to Right)

Back Row: Stan Doerksen, Cal Schellenberg, Carl Fast, Alexander Wallace

Front Row: Libby Hanna, Ernie Reimer, Patricia Lewis

Board of Directors Report

On March the 17th sixty three years ago our Niverville Credit Union held its first Annual meeting. Its membership consisted of 23 members. The focus was local and the decisions they made only affected those members who used the limited services available. What's changed? While our focus still remains on providing the service wants of our membership; we are now operating in a globalized financial market. This means that decisions and events happening around the world have a financial impact on the decisions made around the Board table at the Niverville Credit Union.

To ensure our decisions continue to be made in the best interest of our membership, our Board, Management and Staff abide by the Standards of Sound Business Practice, the Principles of Enterprise Risk Management and regular Strategic Planning Sessions. The role of your directors is to become knowledgeable in these areas to facilitate setting directions for our Credit Union. To do this, Directors participate in training courses, attend conferences and participate in planning sessions to ensure we fulfill our commitment to our membership and remain steadfast in our financial stewardship. In addition we will continue to work diligently to understand the changing dynamics in the communities we serve and the impact of the global financial decisions which will influence our future.

While we continue to be challenged by increased compliance and regulations, information technology and a competitive market place, our operating principles set around providing service excellence, financial and social support to our membership have remained constant.

As a Board of Directors and on behalf of our membership we want to recognize Ernie Reimer, a long term member of our Board. Ernie has decided to retire after serving on the Board for twenty eight years. Ernie, on behalf of our membership, thank you for your service and commitment to the Niverville Credit Union.

We want to thank Ken Rempel our CEO, his management team and employees for their continued support and drive for service excellence. In addition, we want to recognize and thank our staff, for their financial contributions, and volunteering more than 700 hours of their personal time to the communities we serve. The directors have also made personal financial contributions to the Co-operative Development Foundation of Canada, an organization working overseas in areas of need.

Thank you, our membership, for your continued support. We appreciate and always respect your thoughts and comments about how we can better serve you. Please feel free to approach the directors or management with any suggestions.

Thank You,

Niverville Credit Union Board of Directors



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Winnipeg MB R3C 4L5 Canada

Report of the Independent Auditor on the Summary Financial Statements

To the Members of NIVERVILLE CREDIT UNION LIMITED

The accompanying summary financial statements, which comprise the summary consolidated balance sheets as at September 30, 2012, September 30, 2011 and October 1, 2010 and the summary consolidated statements of comprehensive income, summary consolidated statements of changes in members' equity and summary consolidated statements of cash flows for the years ended September 30, 2012 and 2011, are derived from the audited consolidated financial statements of **Niverville Credit Union Limited** for the years ended September 30, 2012 and 2011. We expressed an unmodified audit opinion on those financial statements in our report dated November 9, 2012.

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 the Note to Consolidated Financial Statements.

Opinion

In our opinion, the summary financial statements derived from the audited consolidated financial statements of **Niverville Credit Union Limited** for the years ended September 30, 2012 and September 30, 2011 are a fair summary of those financial statements, on the basis described in the Note to Consolidated Financial Statements.

BDO Canada LLP

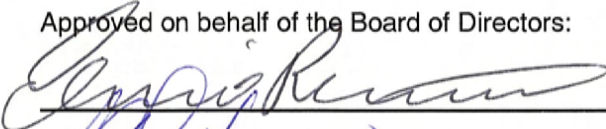
Chartered Accountants


Winnipeg, Manitoba
November 9, 2012

NIVERVILLE CREDIT UNION LIMITED
Summary Consolidated Balance Sheet

	September 30 2012	September 30 2011	October 1 2010
Assets			
Funds on hand and on deposit	\$ 3,774,936	\$ 12,853,399	\$ 47,899,880
Income taxes recoverable	-	-	31,538
Other assets	495,086	273,460	1,153,239
Investments	42,127,727	29,982,866	19,764,229
Loans to members	199,992,324	197,518,786	199,826,966
Property, plant and equipment	2,599,319	2,720,537	2,845,642
Intangible assets	369,927	391,178	439,078
Investment property	254,226	265,689	277,152
	\$ 249,613,545	\$ 244,005,915	\$ 272,237,724
Liabilities and Members' Equity			
Income taxes payable	\$ 84,640	\$ 16,753	-
Other liabilities	1,495,752	1,617,860	3,543,452
Members' deposits	232,263,787	227,046,908	253,732,435
Insurance reserve	257,572	264,146	276,428
Deferred income tax liability	28,300	62,500	38,600
Members' shares	1,233,922	1,504,742	887,064
	235,363,973	230,512,909	258,477,979
Commitments			
Members' Equity			
Members' shares	4,992,271	4,876,336	5,444,754
Provision for issue of shares	172,780	154,620	251,640
Retained earnings	9,084,521	8,462,050	8,063,351
	14,249,572	13,493,006	13,759,745
	\$ 249,613,545	\$ 244,005,915	\$ 272,237,724

Approved on behalf of the Board of Directors:


 _____ Director


 _____ Director

NIVERVILLE CREDIT UNION LIMITED
Summary Consolidated Statement of Comprehensive Income

For the years ended September 30	2012	2011
Revenue		
Interest on loans to members	\$ 8,990,927	\$ 9,298,123
Investment Income		
Liquidity deposits	1,132,066	1,203,538
CUCM shares	186,313	197,997
	<u>10,309,306</u>	10,699,658
Cost of funds	<u>5,928,168</u>	6,712,267
Gross financial margin	<u>4,381,138</u>	3,987,391
Operating Expenses		
Personnel	2,046,192	1,996,218
Administrative	1,298,927	1,264,660
Occupancy	487,851	479,279
Members' security	243,617	260,317
Organizational	161,863	167,121
	<u>4,238,450</u>	4,167,595
Gross operating expenses	<u>4,238,450</u>	4,167,595
Less other income	<u>1,100,818</u>	1,055,197
	<u>3,137,632</u>	3,112,398
Gross operating income	<u>1,243,506</u>	874,993
Provision for impaired loans	<u>351,170</u>	253,406
	<u>892,336</u>	621,587
Other Items		
Donations	20,925	19,685
Distributions to members	40,147	35,844
	<u>831,264</u>	566,058
Income before income taxes	<u>831,264</u>	566,058
Provision for Income Taxes		
Current	127,201	40,498
Deferred	(34,200)	23,900
	<u>93,001</u>	64,398
Net and total comprehensive income for the year	<u>\$ 738,263</u>	<u>\$ 501,660</u>

The accompanying note is an integral part of these summary consolidated financial statements.

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

For the years ended September 30

	Provision for Issue of Shares	Members' Shares	Retained Earnings	Total
Balance at October 1, 2010	\$ 251,640	\$ 5,444,754	\$ 8,063,351	\$ 13,759,745
Net income for the year	-	-	501,660	501,660
Distributions to members	152,000	-	(102,961)	49,039
Issue of members' shares	(249,020)	358,524	-	109,504
Redemption of members' shares	-	(309,264)	-	(309,264)
Transfer (to) from liabilities	-	(617,678)	-	(617,678)
Balance at September 30, 2011	154,620	4,876,336	8,462,050	13,493,006
Net income for the year	-	-	738,263	738,263
Distributions to members	170,250	-	(115,792)	54,458
Issue members' shares	(152,090)	164,249	-	12,159
Redemption of members' shares	-	(319,135)	-	(319,135)
Transfer (to) from liabilities	-	270,821	-	270,821
Balance at September 30, 2012	\$ 172,780	\$ 4,992,271	\$ 9,084,521	\$ 14,249,572

The accompanying note is an integral part of these summary consolidated financial statements.

NIVERVILLE CREDIT UNION LIMITED

Summary Consolidated Statement of Cash Flows

For the years ended September 30	2012	2011
Cash Flows from Operating Activities		
Net income for the year	\$ 738,263	\$ 501,660
Adjustments for		
Interest and investment revenue	(10,309,306)	(10,699,658)
Interest expense	5,928,168	6,712,267
Depreciation expense	209,367	217,173
Provision for impaired loans	351,170	253,406
Loss on disposal of property, plant and equipment	15,027	4,130
Deferred income taxes	(34,200)	23,900
Insurance reserve	(6,574)	(12,282)
	<u>(3,108,085)</u>	<u>(2,999,404)</u>
Change in other assets and liabilities	(343,734)	(1,045,813)
Change in income taxes payable	67,887	48,291
	<u>(275,847)</u>	<u>(997,522)</u>
Changes in member activities (net)		
Change in loans to members	(3,007,797)	2,169,460
Change in members' deposits	5,466,984	(25,963,211)
	<u>2,459,187</u>	<u>(23,793,751)</u>
Cash flows related to interest, dividends, and income taxes		
Interest received on loans to members	9,174,016	9,183,437
Interest received on investments	1,318,613	1,432,898
Interest paid on members' deposits	(6,178,273)	(7,434,583)
	<u>4,314,356</u>	<u>3,181,752</u>
Total cash flows from operating activities	<u>3,389,611</u>	<u>(24,608,925)</u>
Cash Flows from Investing Activities		
Redemption of investments	1,623,230	-
Purchase of property, plant and equipment	(40,095)	(36,835)
Purchase of intangibles	(30,366)	-
Total cash flows from investing activities	<u>1,552,769</u>	<u>(36,835)</u>
Cash Flows from Financing Activities		
Issue of common and surplus shares	164,249	358,524
Redemption of common and surplus shares	(319,135)	(309,264)
Dividends on shares (net of income tax recovery)	(97,632)	(199,981)
Total cash flows from financing activities	<u>(252,518)</u>	<u>(150,721)</u>
Net increase (decrease) in cash and cash equivalents	4,689,862	(24,796,481)
Cash and cash equivalents, beginning of year	<u>38,103,399</u>	<u>62,899,880</u>
Cash and cash equivalents, end of year	<u>\$ 42,793,261</u>	<u>\$ 38,103,399</u>
Comprised of the following		
Funds on hand and on deposit	\$ 3,774,936	\$ 12,853,399
Credit Union Central of Manitoba term deposits	39,018,325	25,250,000
	<u>\$ 42,793,261</u>	<u>\$ 38,103,399</u>

The accompanying note is an integral part of these summary consolidated financial statements.

NIVERVILLE CREDIT UNION LIMITED

Note to Consolidated Financial Statements

For the years ended September 30, 2012 and 2011

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, 2012 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.

Come on over.

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