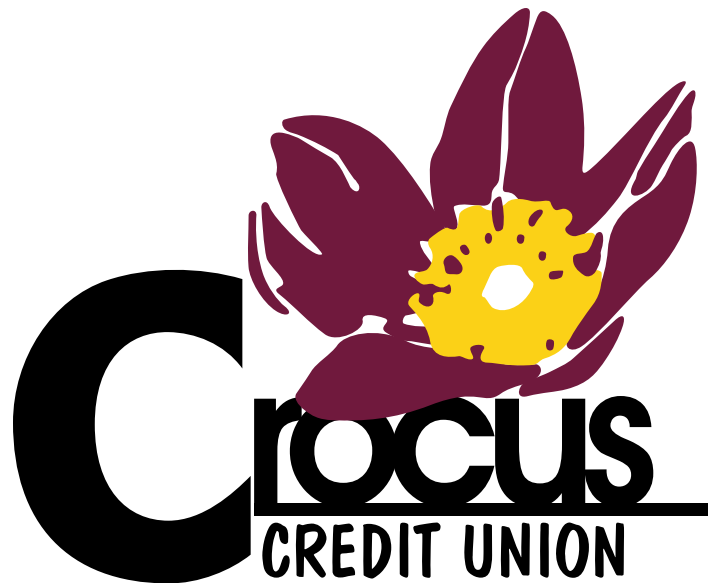


# ANNUAL REPORT 2015







*Serving YOU since 1952*

## MAIN BRANCH

1016 Rosser Avenue  
Brandon, Manitoba R7A 0L6  
Phone 729-4800

Open:  
Monday to Thursday 9:00 a.m. to 5:00 p.m.  
Friday 9:00 to 5:30 p.m.  
Saturday 10:00 to 2:00 p.m.

ATM on-site

## ON-LINE BANKING – MEMBER DIRECT

[www.crocuscu.mb.ca](http://www.crocuscu.mb.ca)

## TELEPHONE BANKING – CU BY PHONE

Phone 1-877-523-1949

## THOMAS MALL BRANCH

742 18th Street  
Brandon, Manitoba R7A 5B5  
Phone 729-4820

Open:  
Monday to Friday 10:00 a.m. to 6:00 p.m.

ATM on-site

## BOARD OF DIRECTORS:

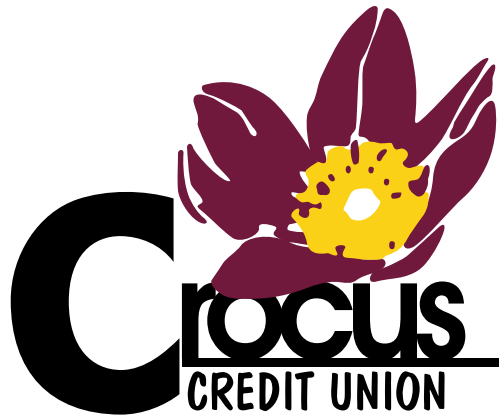
*Term expires:*

|  |      |
|--|------|
| D'Arcy Barker<br>– <i>President</i>        | 2015 |
| Tony DeVliegere<br>– <i>Vice-President</i> | 2017 |
| Todd Burton<br>– <i>Secretary</i>          | 2015 |
| Sharon Maguire                             | 2016 |
| Rod Ficek                                  | 2016 |
| Rae Smith                                  | 2016 |
| Jonathan Richert                           | 2017 |
| Quentin Derhak                             | 2017 |



## STAFF:

Jamie Antonation, ACUIC – *Manager of Accounting*  
Morgan Belcher, *Accounting Clerk*  
Neal Boyce, FCUIC, CFP – *Manager of Wealth Management*  
Arlene Cairns – *Consumer Loans Officer*  
Luis Chorro Martinez – *Business Development Officer, Ethnic Market*  
Lorena Ducharme – *Member Service Representative (MSR)*  
Arnie Guist, FCUIC – *Chief Executive Officer*  
Susan Harris – *Investment Assistant*  
Courtney Jewar – *Loans Clerk*  
Shirley Kozoroski – *MSR/Receptionist*  
Melanie Krauss-Wakely – *Member Services Supervisor*  
Jennifer Lowe – *Loans Clerk*  
Caralee Marsh – *Office Manager*  
Tom Maxwell – *Loans Manager*  
Courtney Millar – *MSR*  
Ingrid Miron de Cruz – *MSR*  
Darcie Monk – *MSR*  
Jolene Morcombe – *Loans/Clearing Clerk*  
Corelei Poyser – *Commercial Loans Officer*  
Glenda Ross – *Team Lead, Member Services*  
Christine Schulz – *MSR*  
Mandi Shaw – *Consumer Loans Officer (on maternity leave)*  
Nataliia Siruk – *MSR*  
Debra Smith – *MSR*  
Alycia White – *Consumer Loans Officer*



## AGENDA

### CROCUS CREDIT UNION ANNUAL GENERAL MEETING DECEMBER 10, 2015

Welcome and Call to Order

1 minute silence in honor of departed Crocus members

Motion regarding quorum

Minutes of Previous Meeting (December 10, 2014)

Introduction of Board, Staff & Guests

Door Prizes

- Reports:
- 1) President
  - 2) CEO
  - 3) Audit Committee -motion regarding appointment of auditor
  - 4) Nomination Committee
  - 5) Announcement re: winners of Nov. 23-27, 2015  
In-Branch Election of Directors

Guest Speaker

– Garth Manness, President & CEO, Credit Union Central of Manitoba

Door Prizes

Presentation of Long-term Service Awards

Questions & Answers

Door Prizes

Adjournment

## PRESIDENT'S REPORT

Crocus Credit Union is one of 34 credit unions in Manitoba (and 338 credit unions and caisses populaires outside of Quebec). Once again, due to prudent financial management by our excellent staff, we achieved another solid year of asset growth of over 4%.

Since the 2008 international liquidity crisis, financial institutions around the world have had to adapt to changes in financial reporting and asset/liability management. Governments like the Province of Manitoba, which provides a “constructive obligation” to guarantee credit union deposits through the Deposit Guarantee Corporation of Manitoba, have been increasing the oversight of credit unions in order to ensure that credit union assets are amongst the best-managed in the world.

In early 2015, this increased oversight resulted in some changes in how Crocus Credit Union is “examined”. In addition to senior management and the President being “tested and scrutinized” by a field team from Deposit Guarantee Corporation, the Chairman of the Audit Committee (Rae Smith) had also undergone an intense evaluation of how the Audit Committee serves the members and provides additional financial security for our members’ money. Our members will be very happy to know that, as in past examinations, Crocus Credit Union received very high grades from Deposit Guarantee Corporation for the way Crocus administers its financial affairs and conducts governance through the Board of Directors and its committees.

How does all of this affect you, the member? Firstly, it means that in addition to ensuring that we provide, on average, the lowest up-front loan/mortgage rates in the province, the highest up-front deposit rates in the province, and the lowest up-front service charges in the province, we’re now required to build more capital reserves (equity) than we’ve done in the past. Unlike financial institutions in the United States, or especially in Europe, we actually operate well above the required equity levels already. We’re very solid. We just need to ensure that we remain financially strong, and therefore we need to improve our equity position.

How does this impact patronage? For the foreseeable future, we expect we’ll need to see our equity levels increase and, therefore, we won’t be paying out the dollar levels of patronage dividends that we’ve done in the past. The Board of Directors does have a plan, however, to ensure that our surplus shareholders receive superior value for their investment in the credit union.

On behalf of the Board of Directors and our superior staff, I appreciate the support you, the member, have given Crocus Credit Union Limited. We continue to grow, and thrive, all because of your ownership in the credit union, the deposits/investments you have with our Wealth Management Team, and the loans/mortgages you have with our Credit Team. We look forward to continuing to grow together.

Respectfully,

**D’Arcy E. Barker, B.Sc., REBC**

*President, Crocus Credit Union Limited*

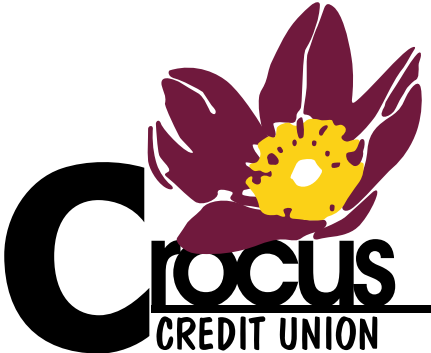
# DIRECTORS & OFFICERS DISCLOSURE

Statutory provisions of the Credit Unions and Caisses Populaires Act of Manitoba require the disclosure of the aggregate remuneration paid to all Directors; the aggregate amount paid to Directors for reimbursement of expenses and the details of any loans made to Directors or Officers which do not conform to the Credit Union's ordinary lending practices.

The following is the disclosure of remuneration and expenses for the Board of Directors and Officers for the year ending September 30, 2015:

|  |          |
|--|----------|
| Aggregate amount of Board of Directors honoraria and per diems. . . . .                                | \$13,425 |
| Aggregate amount of Board of Directors related expenses . . . . .                                      | \$ 134   |
| Aggregate amount of Board of Directors meeting, training & conference costs. . . . .                   | \$ 5,254 |
| Aggregate amount of benefits in loan interest foregone<br>or discounted to Board of Directors. . . . . | 0.00     |
| TOTAL . . . . .  | \$18,813 |

There were no loans advanced to Directors or Officers that did not conform to the Credit Union's ordinary lending practices.



**MISSION STATEMENT**

*To be a dynamic, socially responsible, co-operative financial organization that provides personal, quality service to our membership and community. Not the biggest; simply the best!*

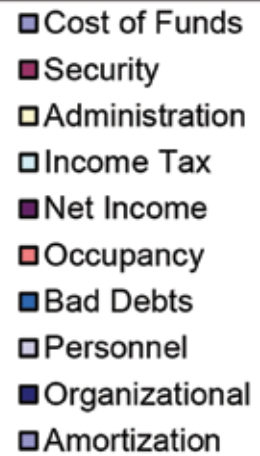
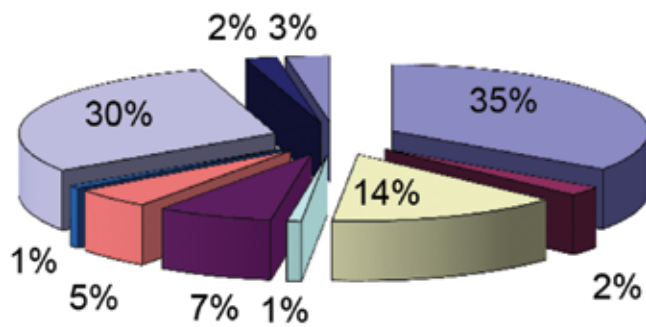
## BOARD OF DIRECTORS' ATTENDANCE – OCTOBER 1, 2014 TO SEPTEMBER 30, 2015

| Director                        | Board Meetings | Audit Committee | Nominating Committee | CEO Performance Appraisal Meeting |
|---------------------------------|----------------|-----------------|----------------------|-----------------------------------|
| D'Arcy Barker, Chair            | 11/12          |                 |                      | 1/1                               |
| Tony DeVliegere, Vice-President | 12/12          | 2/2             | 2/2                  | 1/1                               |
| Todd Burton, Secretary          | 11/12          | 1/2             |                      | 1/1                               |
| Sharon Maguire (1)              | 11/12          | 2/2             |                      | 1/1                               |
| Rod Ficek (1)                   | 10/12          |                 | 2/2                  |                                   |
| Rae Smith (1)                   | 11/12          | 2/2             |                      |                                   |
| Jonathan Richert (1)            | 3/12           |                 | 2/2                  |                                   |
| Quentin Derhak (1)              | 9/12           |                 | 1/2                  | 1/1                               |
| Jason Gobeil (1) (2)            | 0/3            |                 |                      |                                   |

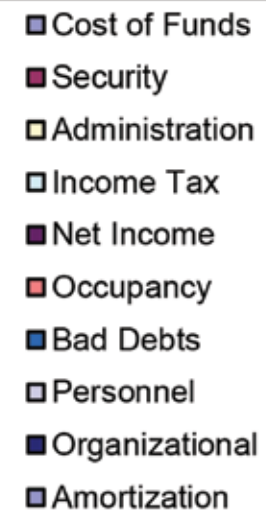
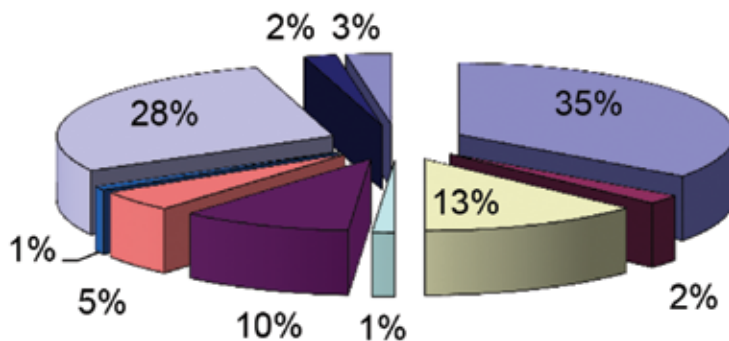
(1) Director

(2) resigned Jan/15

### 2014 FINANCIAL PIE



### 2015 FINANCIAL PIE





**Crocus Credit Union Limited**  
**Summary Financial Statements**  
*For the year ended September 30, 2015*

## Independent Auditors' Report

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To the Members of Crocus Credit Union Limited:

The accompanying summary financial statements of Crocus Credit Union Limited, which comprise the summary statement of financial position as at September 30, 2015, and the summary income statement, statements of changes in members' equity and cash flows for the year then ended are derived from the audited financial statements of Crocus Credit Union Limited for the year ended September 30, 2015. We expressed an unmodified audit opinion on those financial statements in our report dated November 23, 2015.

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

Management is responsible for the preparation and fair presentation of these summary financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of summary financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, these summary financial statements, derived from the audited financial statements of Crocus Credit Union Limited for the year ended September 30, 2015 are a fair summary of those financial statements.

Brandon, Manitoba

November 23, 2015

*MNP* LLP

Chartered Professional Accountants

**Crocus Credit Union Limited**  
**Summary Statement of Financial Position**

*As at September 30, 2015*

|  | <b>2015</b>        | <b>2014</b> |
|--|--------------------|-------------|
| <b>Assets</b>                                  |                    |             |
| Cash and cash equivalents                      | <b>3,281,226</b>   | 3,603,703   |
| Investments and accrued interest               | <b>19,349,988</b>  | 11,343,344  |
| Members' loans receivable and accrued interest | <b>93,566,182</b>  | 96,155,275  |
| Prepaid expenses                               | <b>52,949</b>      | 46,368      |
| Property and equipment                         | <b>1,532,798</b>   | 1,558,405   |
|  | <b>117,783,143</b> | 112,707,095 |
| <b>Liabilities</b>                             |                    |             |
| Member deposits and accrued interest           | <b>108,408,224</b> | 103,837,140 |
| Current tax payable                            | <b>18,270</b>      | 5,489       |
| Accounts payable                               | <b>465,185</b>     | 396,408     |
| Deferred tax                                   | <b>18,000</b>      | 18,000      |
|  | <b>108,909,679</b> | 104,257,037 |
| <b>Members' equity</b>                         |                    |             |
| Member shares                                  | <b>1,417,823</b>   | 1,488,577   |
| Retained earnings                              | <b>7,455,641</b>   | 6,961,481   |
|  | <b>8,873,464</b>   | 8,450,058   |
|  | <b>117,783,143</b> | 112,707,095 |

Approved on behalf of the board

Signed "D'Arcy Barker"  
Director

Signed "Todd Burton"  
Director

**Crocus Credit Union Limited**  
**Summary Income Statement**  
*For the year ended September 30, 2015*

|  | 2015             | 2014      |
|--|------------------|-----------|
| <b>Interest income</b>   |                  |           |
| Member loans   | 3,815,265        | 3,715,791 |
| Investments  | 326,061          | 252,619   |
|  | <b>4,141,326</b> | 3,968,410 |
| <b>Interest expense</b>  |                  |           |
| Deposits   | 1,724,764        | 1,569,068 |
| Interest on borrowed money   | -                | 21,737    |
|  | <b>1,724,764</b> | 1,590,805 |
| <b>Gross financial margin</b>  | <b>2,416,562</b> | 2,377,605 |
| <b>Operating expenses</b>  |                  |           |
| Administration   | 642,244          | 671,583   |
| Amortization   | 130,811          | 126,784   |
| Member security  | 102,412          | 102,244   |
| Occupancy  | 235,264          | 226,721   |
| Organizational   | 92,740           | 89,447    |
| Personnel  | 1,409,961        | 1,362,411 |
|  | <b>2,613,432</b> | 2,579,190 |
| <b>Net operating loss</b>  | <b>(196,870)</b> | (201,585) |
| <b>Other income</b>  | <b>806,530</b>   | 613,387   |
| <b>Income before provision for impaired loans, patronage refund and income taxes</b> | <b>609,660</b>   | 411,802   |
| <b>Provision for impaired loans</b>  | <b>43,630</b>    | 35,611    |
| <b>Income before patronage refund and income taxes</b>                               | <b>566,030</b>   | 376,191   |
| <b>Provision for patronage refund</b>  | <b>6,600</b>     | -         |
| <b>Net income before income taxes</b>  | <b>559,430</b>   | 376,191   |
| <b>Provision for income taxes</b>  |                  |           |
| Current  | 65,270           | 41,489    |
| <b>Net income</b>  | <b>494,160</b>   | 334,702   |

**Crocus Credit Union Limited**  
**Summary Statement of Changes in Members' Equity**  
*For the year ended September 30, 2015*

|                                   | <i>Member<br/>shares</i> | <i>Retained<br/>earnings</i> | <i>Total equity</i> |
|-----------------------------------|--------------------------|------------------------------|---------------------|
| <b>Balance October 1, 2013</b>    | <b>1,573,385</b>         | <b>6,626,779</b>             | <b>8,200,164</b>    |
| Net income                        | -                        | 334,702                      | 334,702             |
| Issuance of member shares         | 75,314                   | -                            | 75,314              |
| Redemption of member shares       | (160,122)                | -                            | (160,122)           |
| <b>Balance September 30, 2014</b> | <b>1,488,577</b>         | <b>6,961,481</b>             | <b>8,450,058</b>    |
| Net income                        | -                        | 494,160                      | 494,160             |
| Issuance of member shares         | 162,149                  | -                            | 162,149             |
| Redemption of member shares       | (232,903)                | -                            | (232,903)           |
| <b>Balance September 30, 2015</b> | <b>1,417,823</b>         | <b>7,455,641</b>             | <b>8,873,464</b>    |

**Crocus Credit Union Limited**  
**Summary Statement of Cash Flows**  
*For the year ended September 30, 2015*

|   | 2015               | 2014                |
|---|--------------------|---------------------|
| <b>Cash provided by (used for) the following activities</b> |                    |                     |
| <b>Operating activities</b>                                 |                    |                     |
| Interest received from members' loans                       | 3,834,845          | 3,691,535           |
| Interest and dividends received from investments            | 328,552            | 272,627             |
| Other income received                                       | 806,530            | 613,387             |
| Payments to suppliers and employees                         | (2,427,025)        | (2,893,424)         |
| Interest paid to members                                    | (1,706,117)        | (1,558,404)         |
| Interest paid on borrowed money                             | -                  | (21,737)            |
| Income taxes paid   | (52,489)           | (4,418)             |
|   | <b>784,296</b>     | <b>99,566</b>       |
| <b>Financing activities</b>                                 |                    |                     |
| Net change in member deposits                               | 4,552,437          | 12,226,171          |
| Issuance of member shares                                   | 162,149            | 75,314              |
| Redemption of member shares                                 | (232,903)          | (160,122)           |
|   | <b>4,481,683</b>   | <b>12,141,363</b>   |
| <b>Investing activities</b>                                 |                    |                     |
| Net change in members' loans receivable                     | 2,525,883          | (9,607,313)         |
| Net purchases of investments                                | (8,009,135)        | (1,610,405)         |
| Purchases of property and equipment                         | (105,204)          | (90,462)            |
|   | <b>(5,588,456)</b> | <b>(11,308,180)</b> |
| <b>Increase (decrease) in cash and cash equivalents</b>     | <b>(322,477)</b>   | <b>932,749</b>      |
| <b>Cash and cash equivalents, beginning of year</b>         | <b>3,603,703</b>   | <b>2,670,954</b>    |
| <b>Cash and cash equivalents, end of year</b>               | <b>3,281,226</b>   | <b>3,603,703</b>    |



# DEPOSIT GUARANTEE CORPORATION OF MANITOBA

## DEPOSIT GUARANTEE IS A LEGAL RESPONSIBILITY OF THE DEPOSIT GUARANTEE CORPORATION OF MANITOBA

Manitoba provincial law requires the Corporation to guarantee credit union deposits. The exact wording under Section 143 of The Credit Unions and Caisses Populaires Act is:

“Purposes of a deposit guarantee corporation:

The purposes of a guarantee corporation are to guarantee the deposits of members of credit unions and to ensure and promote the development of sound financial procedures and controls to protect credit unions against financial losses and, without limiting the generality of the foregoing, a guarantee corporation shall do such things as are necessary to enable a credit union assigned to it to satisfy the claims of the members of the credit union for withdrawals of deposits.”

### What is the Corporation?

Formed in 1965 as The Credit Union Stabilization Fund, the Corporation was originally created by initiative of the Manitoba credit union system. Since 1970, the role of the Corporation has been set out in legislation in The Credit Unions and Caisses Populaires Act.

### How does it Work?

As the ultimate guarantor of your deposits, the Corporation continually monitors critical practices and procedures throughout the Manitoba credit union system. Corporation staff regularly inspect and analyze lending practices, financial performance, and operating procedures of each credit union in the Province.

Any issues identified are brought to the attention of the credit union’s Board and management. The Corporation has authority under the Credit Unions and Caisses Populaires Act, to require prompt resolution of any issues it raises with a credit union.

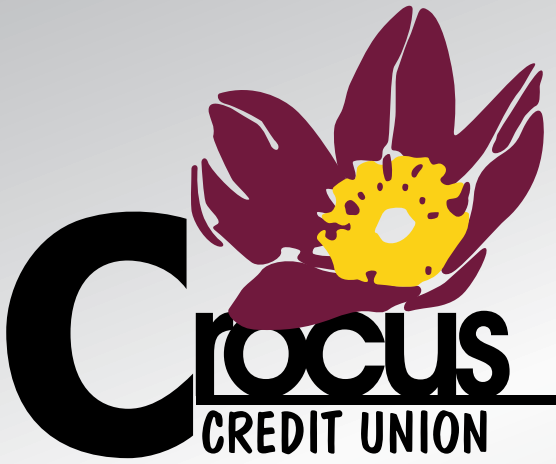
### Mission Statement

To guarantee deposits in Manitoba credit unions and promote sound business practices through the authority provided in The Credit Unions and Caisses Populaires Act, and by working cooperatively with Credit Unions, Credit Union Central and the Government of Manitoba.

### Guiding Principles

In all that it does, the Credit Union Deposit Guarantee Corporation will strive to:

- Act in a prudent and ethical manner.
- Consider the needs and viewpoints of Credit Unions, Credit Union Central and Government
- Recognize and acknowledge the value of individuals by relating to them fairly, honestly and respectfully.
- Seek proactive, innovative and equitable solutions to issues and problems.
- Employ balanced, common-sense measures which will minimize undue risk.
- Communicate clearly with individuals and stakeholder organizations.



# SERVICES AND MORE

## DEPOSITS

- Maximizer Chequing / Savings
- US \$ Chequing
- Golden Accounts
- Plan 24 – Daily Savings
- Regular Chequing
- RRSP; RRIF & RESP
- Special Savings
- Term Deposits
- Full-Package Service Plan
- Transaction 30 Service Plan
- Transaction 60 Service Plan
- Tax Free Savings Accounts



## LOANS

- Commercial Lines of Credit
- Commercial Loans
- Interim financing
- Mortgages
- Overdraft Protection
- Personal / Equity Lines of Credit
- Personal Loans
- Student Loans



## OTHER

- Automated Teller Machine- in Branch
- Automatic Transfers
- Commissioner for Oaths
- Certified Financial Planner
- Credit Union MasterCard®
- Credential Securities®
- CU by Phone – telephone banking
- CU @ Home – internet banking
- Direct Payroll / Pension Deposits
- Electronic Statements
- Extended Hours of Operation
- Insurance: Travel, Home , Life, Mortgage & Disability
- MemberCard® Debit Card
- Mobile Banking
- Money Orders & Drafts
- Mutual Funds
- Night Depository
- Interac E-Transfers
- Qtrade® Investor Brokerage Service
- Safety Deposit Boxes / Safe Keeping
- Travellers Cheques
- Utility Bill Payments & Transfers by Phone & Internet
- Website – [www.crocuscu.mb.ca](http://www.crocuscu.mb.ca)