



COMPASS
CREDIT UNION

Your financial guide.



2018
ANNUAL REPORT



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

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

ERICKSON BRANCH

24 Main Street, P.O. Box 100
Erickson, Manitoba R0J 0P0
Phone 636-7771

Open:
Monday to Friday 9:30 a.m. to 5:00 p.m.
Saturday 9:30 to 1:00 p.m.
ATM on-site

ON-LINE BANKING – MEMBER DIRECT

www.crocuscu.mb.ca
www.ericksoncu.mb.ca

PHILLIPS INSURANCE AGENCY LTD.

B - 510 1st Street
Brandon, Manitoba R7A 2X1
Phone 727-0709

BOARD OF DIRECTORS:

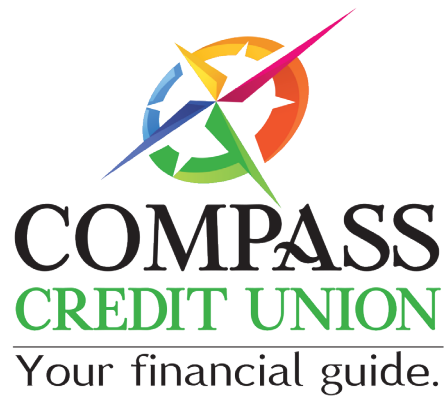
Term expires:

D'Arcy Barker – President	2020
Allan Hall – Vice-President	2020
Merrilea Price – Secretary	2018
Norval Lee	2018
Tony DeVliegere	2018
Sue Palmer	2019
Kerrie Butler	2019
Quentin Derhak	2020
Jack Coulson	2019



STAFF:

Martina Adams – *Member Service Representative (MSR)*
 Jamie Antonation, ACUIC – *Manager of Accounting, Technology & Wealth Management*
 Gladys Blakely – *Member Service Representative (MSR)*
 Luis Chorro Martinez – *Business Development Officer, Ethnic Market/ Investment Assistant*
 Marne Cutter – *Administrative Assistant*
 Karlina Gear – *Member Service Representative (MSR)*
 Arnie Guist, FCUIC – *Chief Executive Officer*
 Susan Harris – *Wealth Management Specialist*
 Julie Hutton – *Loans Clerk*
 Lilia Klass - *Member Service Representative (MSR)*
 Maryann Kologinski – *Loans Manager*
 Shirley Kozoroski – *Member Service Supervisor*
 Melanie Krauss-Wakely – *Manager of Member Service & Administration*
 Monica Lambourne – *Consumer Loans Officer*
 Sharon Larsen – *Manager of Member Service & Projects*
 Apryl Larson – *Senior MSR*
 Patrick Loewen – *Commercial Loans Officer*
 Jennifer Lowe – *Loans Clerk*
 Jennifer Maguire – *Loans Clerk*
 Caralee Marsh - *Manager of Compliance*
 Courtney Millar – *Member Service Representative (MSR)*
 Ingrid Miron de Cruz – *Accounting Clerk*
 Troy Peel – *Loans/Compliance Clerk*
 Corelei Poyser – *Chief Operating Officer*
 Kayla Ritchie – *MSR/Clearing Clerk*
 Mandi Percival – *Consumer Loans Officer (on maternity leave)*
 Debra Smith – *Member Service Representative (MSR)*
 Mike Theriault – *Banking System/System Support Analyst*
 Kerry van Buskirk – *Member Service Representative (MSR)*
 Sam Vopni – *Member Service Representative (MSR)*
 Libby Watkins – *Member Service Representative (MSR)*
 Alycia White, ACRML – *Consumer Loans Officer*



AGENDA

1st COMPASS CREDIT UNION ANNUAL GENERAL MEETING APRIL 30, 2019

Welcome & Call to Order

1 minute of silence in honor of departed Compass members

Motion regarding quorum

Minutes of Previous Meeting (Crocus Credit Union - December 19, 2017
& Erickson Credit Union - April 11, 2017)

Introduction of Board, Staff & Guests

Review of new by-laws - motion required

Door prizes

Reports: 1) President

2) CEO

3) Audit Committee - motion re: appointment of auditor

4) Nomination Committee

5) Announcement re: new Board of Directors

Door Prizes

Presentation of Long-term service awards

Acknowledgment of retiring Staff

Questions & Answers

Door Prizes

Adjournment

PRESIDENT'S REPORT

On January 1, 2018 Compass Credit Union Limited was born. After receiving approval from a steering committee made up of members from Erickson Credit Union and Crocus Credit Union, 2 sets of Boards of Directors, 2 separate government regulatory agencies and, most importantly, 2 separate sets of members, Western Manitobans witnessed the birth of a strong regional financial institution, uniquely positioned in the Parkland and in Manitoba's second-largest city to grow with our members and be responsive to the financial needs and desires of an ever-changing Manitoba.

Without a doubt, the merger has been challenging. But notwithstanding the complexities of merging 2 corporate banking systems, 2 different sets of policies and procedures, and 2 different employee groups, including the maintenance of our 3-year employee "job, hours, branches, and salary guarantee", Compass continues to meet its goals of "changes over time". All of the adjustments in which we've engaged (and continue to engage) have been done with the purpose of choosing "best practices". This permits Compass to offer, to all of its members, the "flavors of two communities".

Even though Compass has only 3 branches, and continues to be less than 20% of the average size of credit unions in the province, we continue to meet all of the industry challenges. Whether we are faced with the ramifications from U.S.-China trade negotiations, U.S. Federal Reserve and Bank of Canada increasing interest rates, retreating of Canada and U.S. Bonds, or the increasing cost of Canadian oil, our Compass team continues to be knowledgeable and flexible for our members.

As a result of the merger, one major advantage Compass has realized is its increased capacity for lending, and better deployment of the liquidity from the legacy credit unions. We have also consolidated and expanded our offerings in wealth management, and our insurance subsidiary, Phillips Insurance Agency Ltd. located in Brandon, has access to a greater membership for referrals, especially for our Parkland members.

In 2018, it was also announced by the Board of Directors that a Chief Executive Officer Search Committee has been formed after the formal announcement of retirement of Arnie Guist, CEO, effective December 31, 2020. The Committee is charged with the responsibility of engaging CEO candidates to further the superior foundation that has been built by our staff and CEO.

On behalf of the Board of Directors, I congratulate all of our management and staff in meeting all of our regulatory and technical requirements of our merger, including continuing to offer the very best in financial services to our expanded membership. I am very proud of all of the work you have done in making this the very best credit union for our members.

Respectfully,

D'Arcy E. Barker, B.Sc., REBC

President, Compass Credit Union Limited

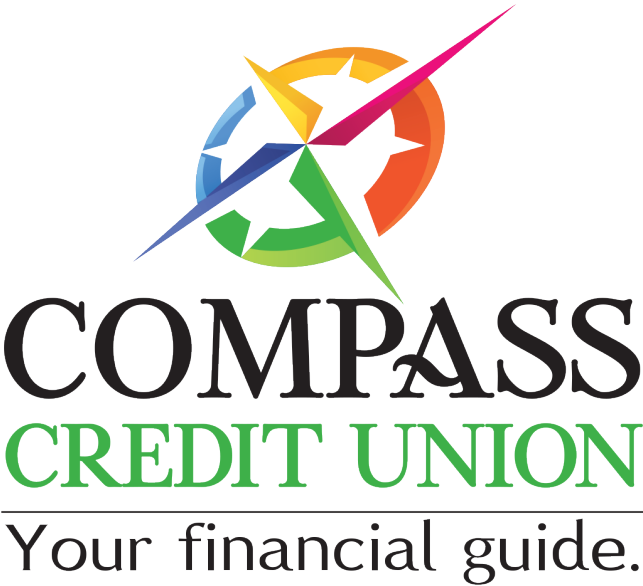
DIRECTORS & OFFICERS DISCLOSURE

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 December 31, 2018:

Aggregate amount of Board of Directors honoraria and per diems	\$17,351
Aggregate amount of Board of Directors related expenses	\$ 920
Aggregate amount of Board of Directors meeting, training & conference costs	\$ 2,137
Aggregate amount of benefits in loan interest foregone or discounted to Board of Directors	0.00
TOTAL	\$20,408

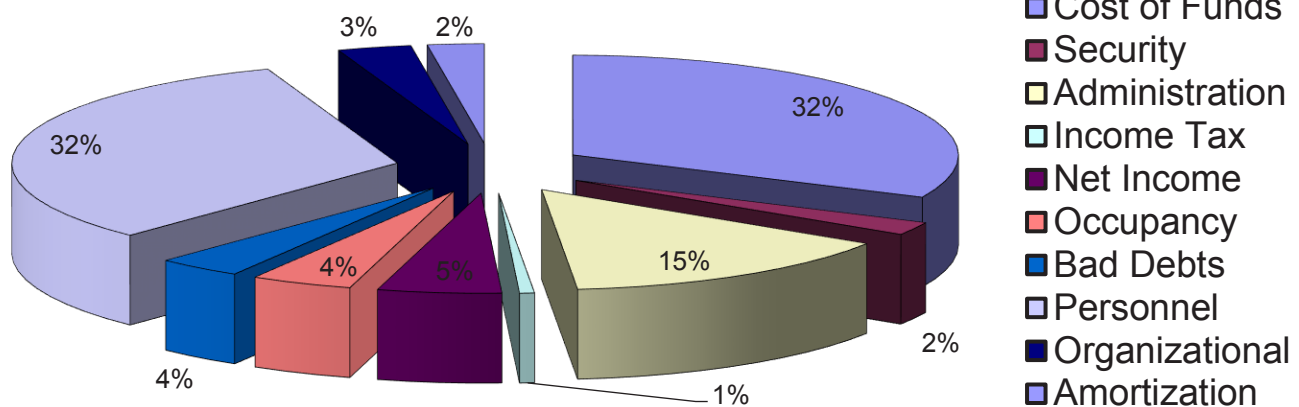
There were no loans advanced to Directors or Officers that did not conform to the Credit Union's ordinary lending practices.



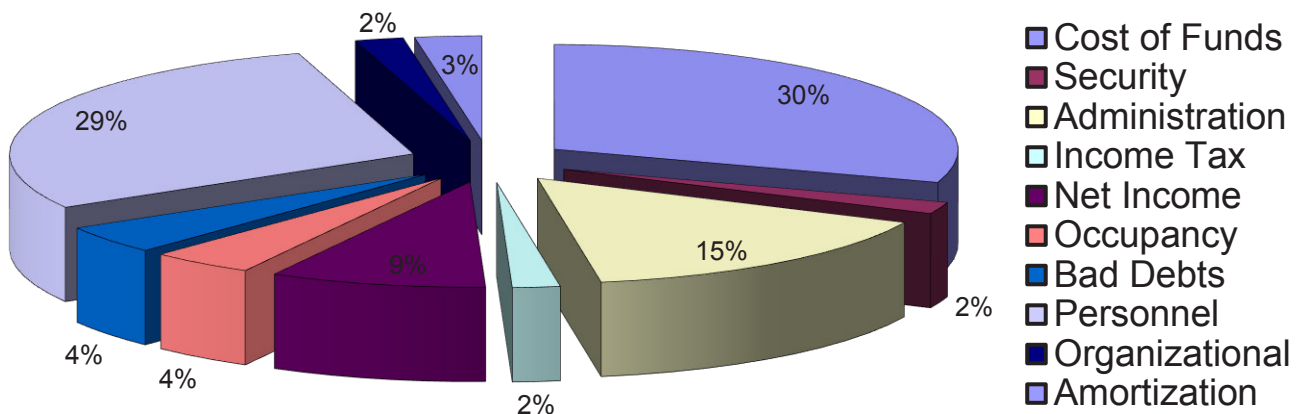
BOARD OF DIRECTORS' ATTENDANCE – JANUARY 1, 2018 TO DECEMBER 31, 2018

Director	Board Meetings	Audit Committee	CEO Performance Appraisal Meeting	Strategic Planning
D'Arcy Barker, Chair	10/12		1/1	1/1
Allan Hall, Vice-President	11/12			1/1
Merrilea Price, Secretary	11/12		1/1	1/1
Norval Lee	10/12			1/1
Tony DeVliegere	11/12	3/3	0/1	1/1
Sue Palmer	10/12	3/3	0/1	1/1
Kerrie Butler	7/12	1/3		1/1
Quentin Derhak	11/12		1/1	0/1
Jack Coulson	10/12			1/1

2017 FINANCIAL PIE



2018 FINANCIAL PIE



Compass Credit Union Limited
Summary Consolidated Financial Statements
December 31, 2018

Report of the Independent Auditor on the Summary Consolidated Financial Statements

To the Members of Compass Credit Union Limited:

The summary consolidated financial statements, which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated income statement, consolidated statements of changes in members' equity and cash flows for the year then ended, are derived from the audited financial statements of Compass Credit Union (the "Credit Union") for the year ended December 31, 2018.

In our opinion, the accompanying summary financial statements are a fair summary of the audited consolidated financial statements of Compass Credit Union Limited.

Report on Other Legal and Regulatory Requirements

As at December 31, 2018 the Credit Union met the capital and liquidity reserve requirements established by Sections 15, 21 and 21(1) of 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 reserve requirements, the reader must refer to the audited financial statements and notes for the year ended December 31, 2018.

Summary Consolidated Financial Statements

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

The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated April 22, 2019.

Management's Responsibility for the Summary Consolidated Financial Statements

Management is responsible for the preparation of the summary financial statements in accordance with International Financial Reporting Standards.

Auditor's Responsibility

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

Brandon, Manitoba

April 22, 2019

MNP LLP

Chartered Professional Accountants

Compass Credit Union Limited
Summary Consolidated Statement of Financial Position
As at December 31, 2018

	<i>December 31 2018</i>	<i>December 31 2017</i>
Assets		
Cash and cash equivalents	5,519,393	3,705,462
Accounts receivable	100,411	146,518
Investments and accrued interest	14,896,636	9,665,518
Members' loans receivable and accrued interest	156,712,938	105,925,519
Income tax receivable	-	29,056
Prepaid expenses	80,879	163,781
Property and equipment	1,711,877	1,260,629
Intangible assets and goodwill	1,240,240	1,132,637
	180,262,374	122,029,120
Liabilities		
Member deposits and accrued interest	165,312,710	111,724,444
Income taxes payable	39,760	-
Trade payables and accrued liabilities	480,593	541,204
Deferred tax liabilities	127,000	109,000
	165,960,063	112,374,648
Members' equity		
Member shares	1,429,327	1,132,090
Retained earnings	9,117,077	8,474,772
Contributed surplus	3,728,315	-
Non-controlling interest	27,592	47,610
	14,302,311	9,654,472
	180,262,374	122,029,120

Approved on behalf of the Board

Signed "Tony DeVliegere"
Director

Signed "Sue Palmer"
Director

Compass Credit Union Limited
Summary Consolidated Income Statement
For the year ended December 31, 2018

	<i>December 31 2018</i>	<i>3 Months Ended December 31 2017</i>
Interest income		
Member loans	5,686,387	958,598
Investments	541,424	126,232
	6,227,811	1,084,830
Interest expense		
Deposits	2,255,194	404,744
Interest on borrowed money	14,111	223
	2,269,305	404,967
Gross financial margin	3,958,506	679,863
Operating Expenses		
Administration	1,172,096	182,885
Amortization	201,365	30,113
Member security	136,006	26,827
Occupancy	311,638	53,995
Organizational	145,503	39,151
Personnel	2,177,188	410,121
	4,143,796	743,092
Net operating expenses	(185,290)	(63,229)
Other income	1,312,593	182,090
Income before provision for impaired loans, patronage refund and income taxes	1,127,303	118,861
Provision for impaired loans	326,869	45,349
Income before patronage refund and income taxes	800,434	73,512
Provision for patronage refund	6,700	-
Income before income taxes	793,734	73,512
Income taxes		
Current	143,050	9,863
Deferred	-	(2,000)
	143,050	7,863
Net income	650,684	65,649
Net income (loss) attributable to:		
Members of the Credit Union	642,305	73,783
Non-controlling interest	8,379	(8,134)
	650,684	65,649

Compass Credit Union Limited
Consolidated Statement of Changes in Members' Equity
For the year ended December 31, 2018

	<i>Member shares</i>	<i>Retained earnings</i>	<i>Contributed surplus</i>	<i>Attributable to members of the Credit Union</i>	<i>Non- controlling interest</i>	<i>Total equity</i>
Balance September 30, 2017	1,203,701	8,400,989	-	9,604,690	55,744	9,660,434
Net income (loss)	-	73,783	-	73,783	(8,134)	65,649
Issuance of member shares	2,300	-	-	2,300	-	2,300
Redemption of member shares	(73,911)	-	-	(73,911)	-	(73,911)
Balance December 31, 2017	1,132,090	8,474,772	-	9,606,862	47,610	9,654,472
Net income (loss)	-	642,305	-	642,305	8,379	650,684
Acquired through business combination	329,880	-	3,728,315	4,058,195	(28,397)	4,029,798
Patronage refund	6,700	-	-	6,700	-	6,700
Issuance of member shares	9,045	-	-	9,045	-	9,045
Redemption of member shares	(48,388)	-	-	(48,388)	-	(48,388)
Balance December 31, 2018	1,429,327	9,117,077	3,728,315	14,274,719	27,592	14,302,311

Compass Credit Union Limited
Summary Consolidated Statement of Cash Flows
For the year ended December 31, 2018

	<i>December 31</i> 2018	<i>3 Months Ended</i> <i>December 31</i> 2017
Cash provided by (used for) the following activities		
Operating activities		
Interest received from members' loans	5,614,993	942,327
Interest and dividends received from investments	536,121	139,522
Service charges and other income received	1,358,700	169,107
Cash paid to suppliers and employees	(4,072,759)	(667,510)
Interest paid to members	(1,875,869)	(469,704)
Interest paid on borrowed money	(14,111)	(223)
Income taxes (paid) recovered	(97,284)	(15,000)
	1,449,791	98,519
Financing activities		
Net change in member deposits	5,977,471	(4,760,313)
Proceeds from issuance of member shares	9,045	2,300
Payments for redemption of member shares	(48,388)	(73,911)
	5,938,128	(4,831,924)
Investing activities		
Net change in members' loans receivable	(15,224,392)	(2,875,643)
Proceeds on disposal investments and accrued interest	6,538,626	6,000,000
Purchases of property, plant and equipment	(67,197)	-
Purchases of intangible assets	(125,000)	-
Cash acquired on business combination	3,303,975	-
	(5,573,988)	3,124,357
Increase (decrease) in cash resources	1,813,931	(1,609,048)
Cash resources, beginning of year	3,705,462	5,314,510
Cash resources, end of year	5,519,393	3,705,462



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.



COMPASS CREDIT UNION

Your financial guide.

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
- Mortgages of Lease

OTHER

- Automated Teller Machine- in Branch
- Automatic Transfers
- Commissioner for Oaths
- Credit Union MasterCard®
- Credential Securities®
- 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
- www.ericksoncu.mb.ca

