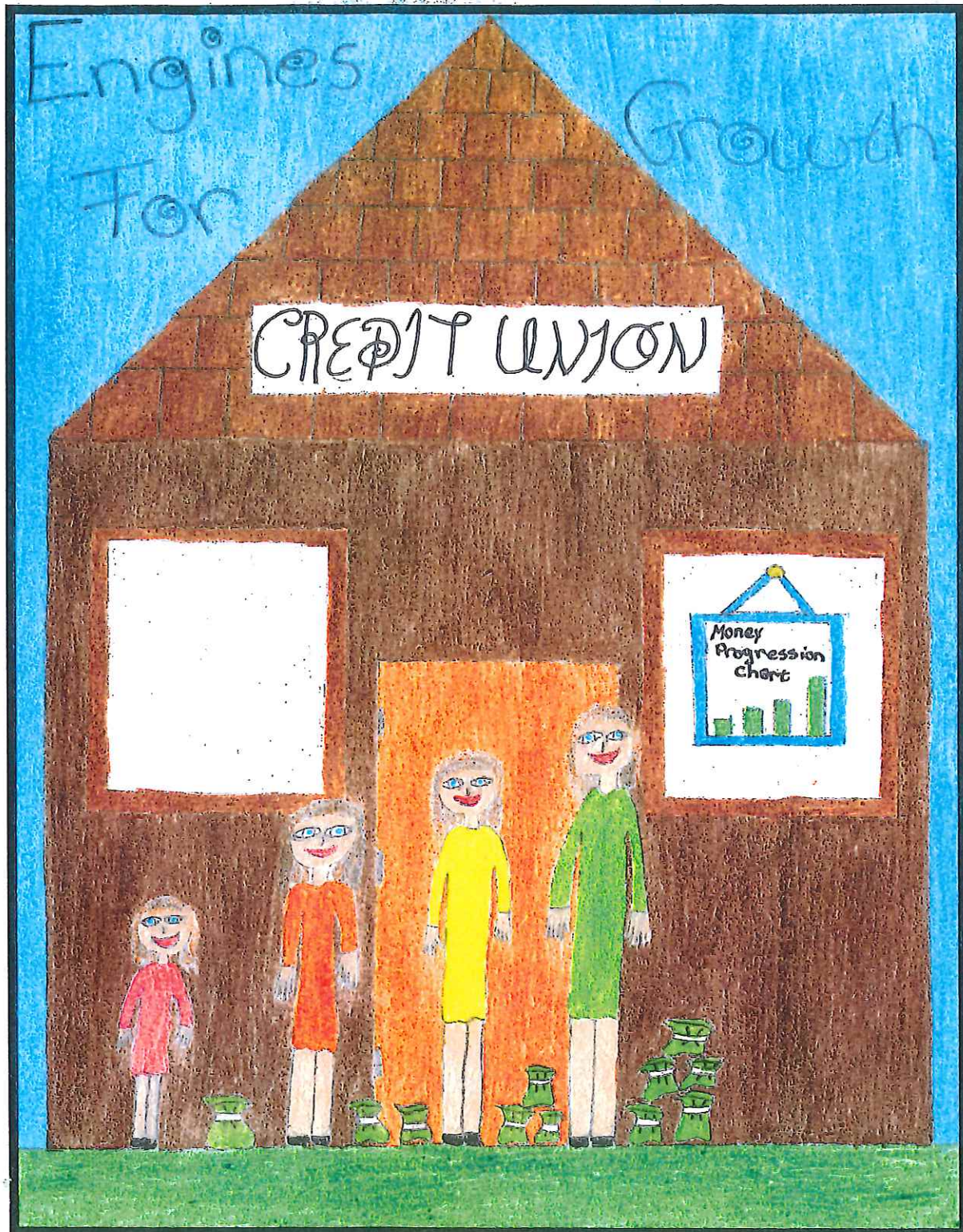


# 2015 ANNUAL REPORT BRUNO CREDIT UNION



Cover designed by: Kennedy White

*BRUNO SAVINGS AND CREDIT UNION LIMITED*

*ANNUAL MEETING*

**AGENDA**

*Wednesday, April 6, 2016*

*Bruno Community Hall*

*6:30 Supper*

*7:30 Annual Meeting*

- 1. Call to Order*
- 2. President's Opening Remarks*
- 3. Confirmation of Quorum*
- 4. Adoption of Agenda*
- 5. Minutes of the 77<sup>th</sup> Annual Meeting*
- 6. Board of Directors' Report*
- 7. Auditor's Report*
- 8. Appointment of Auditors*
- 9. New or Unfinished Business*
- 10. Door Prizes*
- 11. Adjournment*
- 12. Presentation by*  
*Robin & Arlene Karpan*  
*Parkland Publishing*

**BRUNO SAVINGS AND CREDIT UNION LIMITED**  
**MINUTES OF THE ANNUAL MEMBERSHIP MEETING**

March 25, 2015

Minutes of the 77th Annual Meeting as held March 25, 2015 at the Bruno Community Hall. There was a banquet at 6:30 with about 95 people present. Chairman for the meeting was President Mark Kehrig. The meeting was called to order at 7:30.

The chairman confirmed that there were sufficient numbers in attendance to constitute a quorum.

Bentley Carberry / Corrinne Arnold that the agenda be adopted as presented. Carried

Peter Pulvermacher / Fr. Joe Acherman that the minutes of the 76<sup>th</sup> annual meeting held on April 2, 2014 be approved as presented. Carried

Mark Kehrig presented the Directors' Report.

John White / Peter Krebs that the directors report be approved as presented. Carried

Jeff Mark presented the financial statement as prepared by Meyers Norris Penny. The statement showed total assets of \$61,083,016 and a net income of \$583,001.

Philp Lepage / Bradley Schlosser that the financial statement be approved as presented. Carried

Kevin Pulvermacher / Sharon Huber that the audit firm of Meyers Norris Penny be re-appointed as auditors for 2015. Carried

Other Business: NONE

Door prize draws were made.

Mark Kehrig adjourned the meeting at 7:50

Entertainment: Pam Schwann, Executive Director Saskatchewan Mining Association gave a presentation about the Mining Industry in Saskatchewan.

\_\_\_\_\_  
(President)

\_\_\_\_\_  
(Secretary)



## CREDIT UNION DEPOSIT GUARANTEE CORPORATION ANNUAL REPORT MESSAGE 2015

January 2016

---

### Deposits Fully Guaranteed

Credit Union Deposit Guarantee Corporation (the Corporation) is the primary regulator and deposit guarantor for Saskatchewan credit unions. The Corporation is given its mandate through provincial legislation, *The Credit Union Act, 1998*, for the main purpose of guaranteeing the full repayment of deposits held in Saskatchewan credit unions. The Corporation has successfully guaranteed the repayment of deposits held in Saskatchewan credit unions for over 60 years. By guaranteeing deposits and promoting responsible governance, the Corporation contributes to confidence in Saskatchewan credit unions.

Continuing to respond to regulatory changes at the international and national levels was a key focus for the Corporation in 2015. At the provincial level, in support of the Standards of Sound Business Practice, work continued on the development of additional standards and guidance that align with current international standards. In addition, the Corporation was actively involved in discussions with provincial and federal authorities in relation to developments associated with the shift in federal policy direction. These efforts will ensure the Corporation is positioned to continue to deliver on its mandate of protecting credit union depositors which, in turn, contributes to the strength and stability of Saskatchewan credit unions.

In 2016 the Corporation will continue to focus on the implications of the changing regulatory environment in addition to carrying forward its preventive efforts to support credit unions as an effective first level of deposit protection. Maintaining constructive relationships with credit unions and investing in programs that reduce risk to the Deposit Guarantee Fund will continue to be a key priority.

For more information about deposit protection, the Corporation's regulatory responsibilities and its role in promoting the strength and stability of Saskatchewan credit unions, talk to a representative at the credit union or visit the Corporation's web site at [www.cudgc.sk.ca](http://www.cudgc.sk.ca).



Saskatchewan  
Credit Unions

*Make it Real*

## Message from the Board

*On behalf of the board and staff I would like to welcome you to our 78<sup>th</sup> Annual General Meeting.*

**Mark Kehrig** , Chair  
*On behalf of the  
Board of Directors*



# Bruno Savings and Credit Union Limited

## Vision

To be a local, democratically controlled, responsible and viable financial institution that is responsive to the social and economic needs of current and potential members.

## Mission

To provide quality financial services beneficial to our members, community and environment in a manner responsible and accountable to all.

## Values

Our goal is to provide a measurable economic and social benefit to members and communities by incorporating the following values in all that we do:

**Co-operation and Accountability** - We are committed to working together to provide our members with the highest quality service. Our strength and development is enhanced by acting co-operatively as a system. We take into account the effect of our actions on each other.

**Service Excellence** - We have the highest quality service in the financial community. We provide all credit union members with friendly, knowledgeable and helpful service.

**Product Excellence** - Our continuous innovation ensures members receive added value. We provide access to a full range of financial products tailored to meet or exceed member needs.

**Financial Performance** - Our strong financial performance allows us to fulfill our co-operative principles. We balance our need for financial results with the needs of our members and communities. We earn the confidence of our members and ensure our continued growth and development by providing an unlimited guarantee on member deposits and adhering to sound business practices.

**Community Impact** - We actively support the development of our communities locally, provincially and beyond. Our communities are stronger because of the credit union system.

**Professional Conduct** - Members' financial affairs are conducted with integrity in a professional manner. Our ethical principles are rooted in the concern for the individual. Confidentiality is integral to the way we do business.

**Employee Satisfaction** - We respect our employees and their contribution to our success. We encourage employee involvement and participation. We recognize and reward them for their creativity, team work and for achieving objectives. We support their development by providing training and educational opportunities. We respect their need to balance personal and professional lives.

### **Co-operative Principles**

As a true co-operative financial institution, Bruno Savings and Credit Union Limited 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 into 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-operatives.

#### ***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.

### ***Credit Union Market Code***

Bruno Savings and Credit Union Limited voluntarily adheres to the Credit Union Market Code. This code has been jointly developed by Saskatchewan credit unions, SaskCentral and Credit Union Deposit Guarantee 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 Bruno Savings and Credit Union Limited.
- Fair sales by outlining the roles and relationship of staff to all members and in accordance with the financial services agreement.
- Financial planning process to advise members on the risks and benefits associated with financial planning services.
- Privacy to protect the interests of those who do business with Bruno Savings and Credit Union Limited. Privacy is the practice to ensure all member information is kept confidential and used only for the purpose for which it was gathered.
- Professional standards to preserve a positive image of Bruno Savings and Credit Union Limited among our members 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 Bruno Savings and Credit Union Limited.
- Risk management to ensure all risks are measured and managed in an acceptable fashion.

## **Management Discussion and Analysis**

### ***Introduction***

Bruno Savings and Credit Union Limited is an independent Saskatchewan credit union owned by our members. Under the current credit union legislation, Bruno Savings and Credit Union Limited is able to provide financial services to members and non-members. As at December 31, 2015 we had 1289 members and 414 non-members. Non-members do not participate in the democratic processes of the credit union nor the patronage program.

Our credit union serves the communities of Bruno and Prud'homme and their surrounding areas through 2 branches, one located in Bruno and one in Prud'homme. In these communities we provide a broad range of financial services including deposit and lending services. The lending is done out of the Bruno office.



## Strategy

The mission of Bruno Savings and Credit Union Limited is to provide quality financial services beneficial to our members and communities.

In order to meet this mission, some of our objectives are:

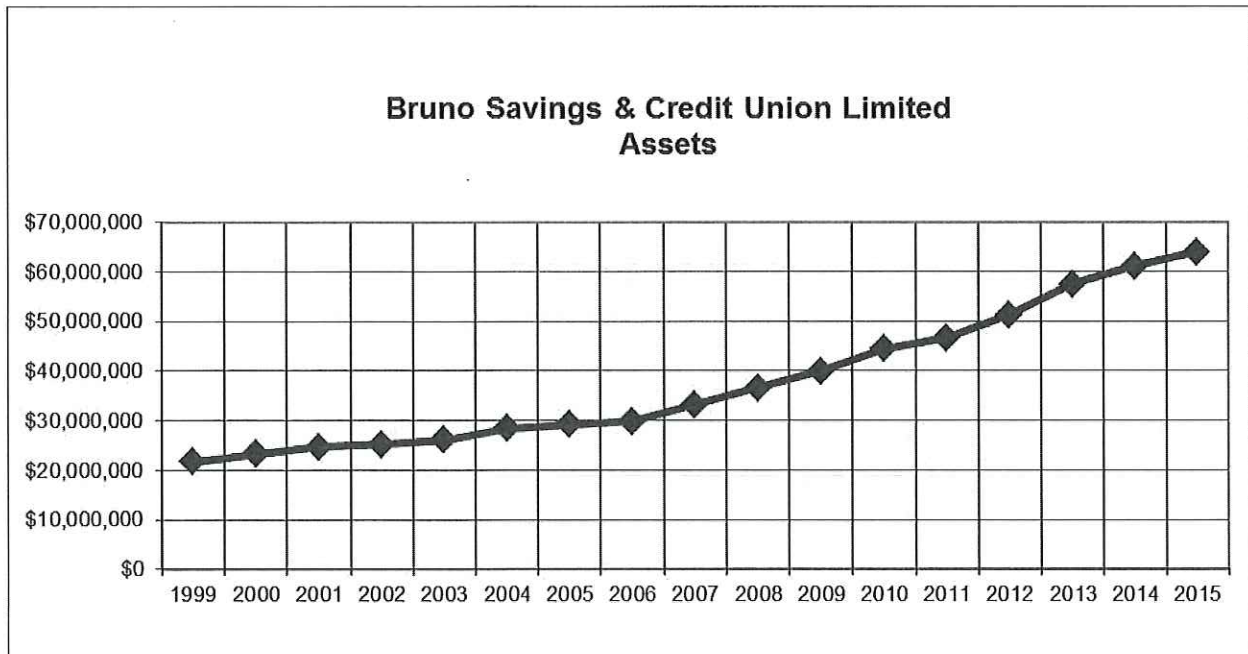
- to have professional, dedicated and motivated management, staff and board of directors that are contributing to the success of the community.
- to have strong governance, management and staff resources through effective succession planning, recruitment strategies and board/employee personal and professional development.
- to have a fully satisfied membership
- to provide access to a broad range of products and services that best meet members' needs
- to attract and retain new members and business
- to exceed member expectations
- to be a financially viable organization
- to be compliant with all legislation and regulatory requirements
- to have technology in place to meet our members' needs and the needs of our credit union.

## Results

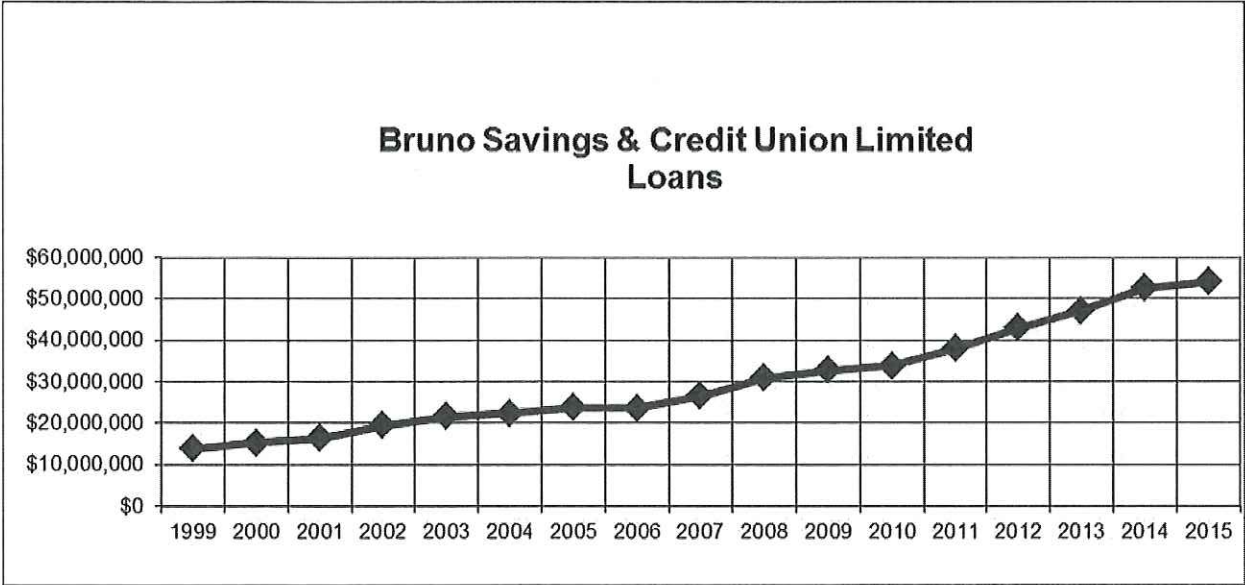
### Financial Performance

Following this report is the audited financial statements which give much more detail. The following are some highlights.

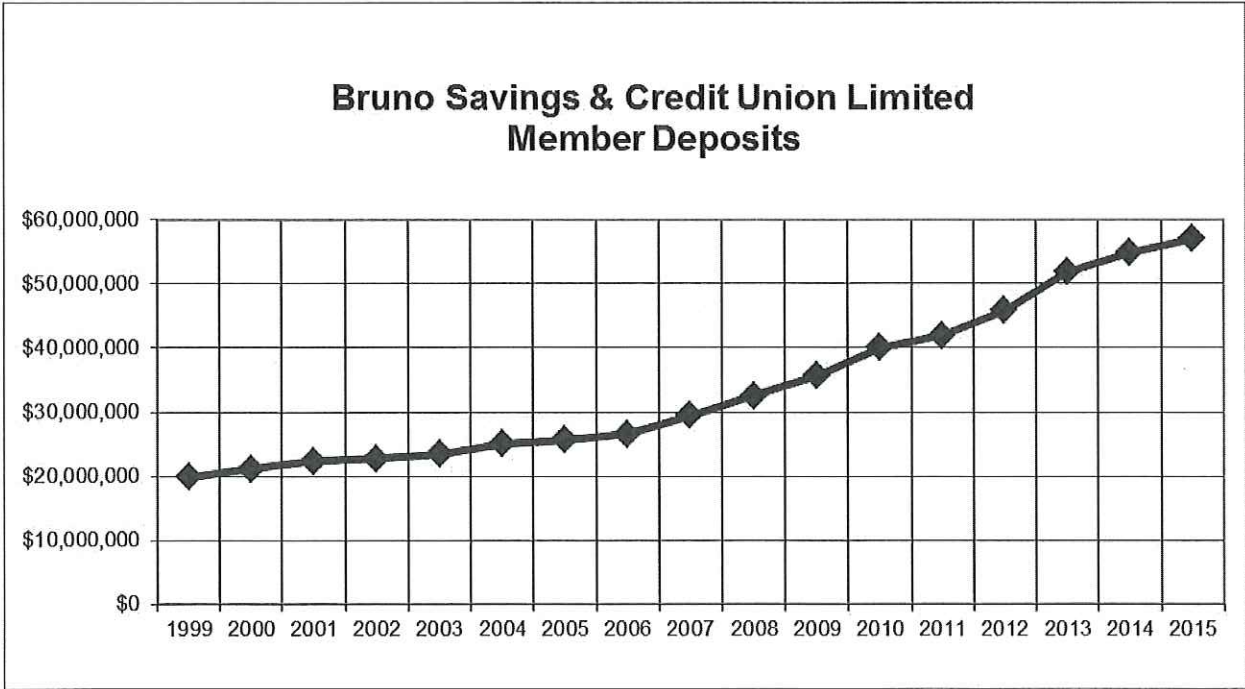
The first is growth: This year we had growth in assets of 4.65% or \$2,842,060.



Loans increased by \$1.74 million or 3.329% and ended the year at 84.9% of assets (last year end loans totalled 85.99% of assets). This ratio is calculated on loans and leases and includes accrued interest on the loans outstanding to these members. This is higher than our target of 80% but the board will be reviewing the target limit in 2016.



Member deposits increased by approximately 4.40% or \$2.42 million.



Investments increased by \$904,953 since deposit growth exceeded loan demand in 2015.

### **Credit Risk**

Credit risk is the risk of loss arising from a borrower not fulfilling their contractual payment obligations.

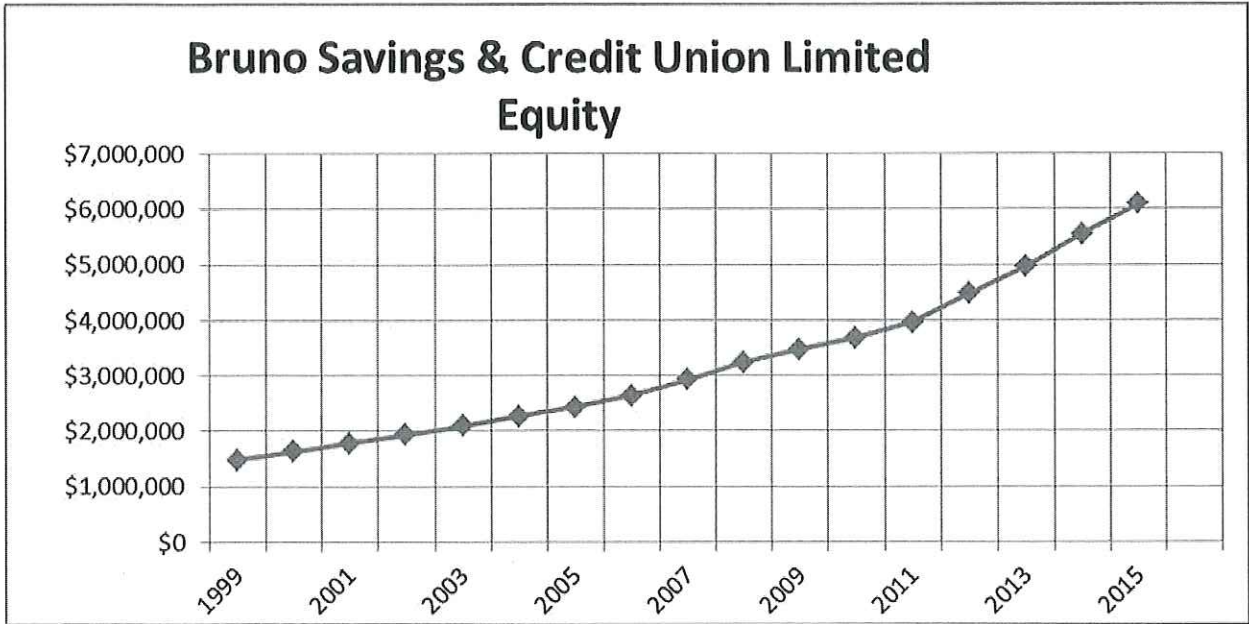
The primary type of risk is associated with loans. No loans were written off in 2015 and no allowances were set up. We ended the year with \$0.00 of impaired loans. (compared to \$0.00 last year). There were \$2,049,724 of loans that were in arrears 1 day or more at Dec 31, 2015. (compared to \$3,469,513 the prior year end ) Our lending staff work with all borrowers, with loan arrears, to make suitable arrangements for repayment. In the rare situations where suitable arrangements can't be made, legal action is taken.

### **Liquidity Risk**

Liquidity is yet another factor which we monitor. Liquidity risk is the potential inability to meet obligations, such as liability maturities, deposit withdrawals, or funding loans without incurring unacceptable losses. Liquidity risk includes the inability to manage unplanned decreases or changes in funding sources. We completed the year in a negative liquidity position: -\$547,244 compared to negative -\$1,073,741 last year. We can sell loans, purchase deposit through a broker or borrow funds from Concentra Financial to help deal with a liquidity shortfall if needed.

### **Equity**

Equity, the difference of assets and liabilities which is the measure of ownership, remained strong this year. Equity can be measured both as a percentage of assets or as a dollar amount. This year we completed the year with \$ 6,089,083 or 9.52% compared to \$5,547,480 or 9.08% last year. There is also an additional \$553,422 or 0.87% in member allocated equity accounts. CUDGC sets standards for the Credit Unions to follow, one of the standards being that we must have 5% equity in our organization or we become subject to supervision by CUDGC. We also rate our equity under the Bank of International Standards. Under BIS standards we are required to hold 8% equity of risk rated assets, we presently hold 13.75% compared to the peer group average of 13.65% and system average of 13.14%. Regulatory standards also require the Credit Union to maintain a minimum leverage ratio of 5%. This ratio is calculated by dividing eligible capital by total assets less deductions from capital plus specified off-balance sheet exposures. Our leverage ratio is 10.21%



A strong equity position comes from good profitability. This year our profitability was down a bit from last year as interest margins continue to decline in the current low interest rate environment. Profit after tax allocation was \$541,604 compared to \$583,000 last year.

Finally we will look at Productivity. Productivity remains competitive with other Credit Unions.

The following chart will show our productivity compared to peer group (like size) and the provincial average.

**PRODUCTIVITY**

	<b>BRUNO</b>	<b>LIKE SIZE</b>	<b>PROVINCIAL AVERAGE</b>
<b>Assets/Staff</b>	\$ 6,556,418	\$ 6,705,503	\$ 5,984,104
<b>Deposits/Staff</b>	\$ 5,850,291	\$ 6,078,724	\$ 5,121,085
<b>Loans/Staff</b>	\$ 5,536,654	\$ 4,812,080	\$ 4,790,210
<b>Membership/Staff</b>	175	160	163
<b>Personnel costs/Staff</b>	\$ 69,534	\$ 80,373	\$ 85,433

Like size or peer group credit unions are 20 credit unions in the province ranging in size from \$62.9 million to \$187 million. There are 20 out of 49 Credit Unions in Saskatchewan in this category.

***Enterprise Risk Management***

Each year our credit union spends significant resources measuring and assessing risks and ensuring we are adequately prepared to serve our communities now and in the future. This process is called **Enterprise Risk Management** or **ERM** for short, and is a requirement of credit unions in Saskatchewan as laid out by Credit Union Deposit Guarantee Corporation. The Board, Management, and Staff annually review and update a strategic plan and an Annual review of our ERM is completed.

Through this process, the following risks along with **Credit Risk** and **Liquidity Risk** previously listed in the Financial performance section have been identified risks according to their potential impact on the Bruno Savings and Credit Union Limited.

### **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, product obsolescence or resource allocation will impact our 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.

### **Market Risk**

Market risk is the exposure to potential loss from changes in market prices or rates. Losses can occur when values of assets and liabilities or revenues are adversely affected by changes in market conditions, such as interest rate or foreign exchange movement.

### **Legal and Regulatory Risk**

Legal and regulatory risk is the risk arising from potential violation of, or nonconformance with laws, rules, regulations, prescribed practices, or ethical standards.

The main legal & regulatory risk identified by Bruno Savings and Credit Union Limited is:

- The risk of potential violations of, or non-conformance with applicable laws, rules, regulations, prescribed practices, or ethical standards.

### **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 or natural disasters. Operational risks are looked at by the board regularly throughout the year as they effect the day to day operations. They include risks such as:

- The risk of not being able to offer/ afford all the technology related solutions for internal and / or member needs.
- The risk of not being able to retain key positions in our Credit Union
- The risk of not being profitable
- The risk of not providing certain/ specialized products/ services that members might need and become dissatisfied enough to lose business.
- The risk of losing business because of referring to outside sources

## ***Regulatory***

Regulatory matters are an ongoing concern of the Bruno Savings and Credit Union Limited. Presently there are many Regulatory bodies in which the Bruno Savings and Credit Union Limited has to comply with. To mention a few of the more important would include: The Registrar of Credit Unions, The Credit Union Deposit Guarantee Corporation (CUDGC), Office of the Superintendent of Financial Institutions (OSFI), Financial Transactions & Reports Analysis Center of Canada (FINTRAC) and Canada Revenue Agency (CRA).

## ***Corporate Structure and Governance***

The governance of the Bruno Savings and Credit Union Limited is anchored in the cooperative principle of democratic member control.

## **Board Of Directors**

### *Mandate and Responsibilities*

The board is responsible for the strategic oversight, business direction and supervision of management of the Bruno Savings and Credit Union Limited. In 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.

### *Board Composition*

The board is composed of 9 individuals elected on a regional basis. Terms are for 3 years. Nominations are made by district . Voting (if needed) is by paper ballot and election results are announced at the Bruno Savings and Credit Union Limited's annual general meeting. As you will note from the list of the Staff and Directors attached, Ryan Hering, Kurtis Ellis and Andre Lafreniere , have had their terms of office expire this year.

Nominations were held from Feb 12th, 2016 to March 4th, 2016. At the time nominations ceased, there were two nominations for the Bruno District. They were Ryan Hering and Kurtis Ellis. There was one nomination for Prud'homme District. It was for Andre Lafreniere. Since the number of nominations equalled the number of vacancies, elections did not need to take place, and by acclamation the following directors were elected for 3 year terms: Ryan Hering, Kurtis Ellis and Andre Lafreniere. A big thank you to the directors for leaving their names stand for re-election.

### *Board Compensation*

Bruno Savings and Credit Union Limited is fortunate to have competent guidance through the dedication of Management and the Board of Directors. As in past years the Board of Directors was very busy with regular and committee meetings throughout the year. 10 regular meetings were held as well as other meetings, consisting of a Strategic Planning meeting , a meeting to do the general manager's annual performance review and a meeting with CUDGC after their review. The audit committee met 3 times, the conduct review committee and the credit committee each met once in 2015.

Directors and committee members are compensated with a per diem for meetings attended. Out of pocket expenses such as mileage and meal costs are also reimbursed to directors for expenses incurred from attending meetings and training. Directors attended various meetings and training throughout the year. Some of these included online Governance training and attendance at a CUDGC informational meeting.

#### *Board Committees*

The Board of Directors organizes itself into several committees to ensure that oversight of various aspects of our operations and governance can be dealt with most effectively. The committees of the board are as follows:

> **Executive Committee:** acts on behalf of the board of directors between regular or special board meetings on all board matters except those which the board may not, in compliance with legislative requirements, delegate. The 2015 members of the committee were: Mark Kehrig, President , Elaine Urban , Vice-president and Jeff Mark, General Manager.

The executive committee comprised of the president, vice president and the general manager.

> **Conduct Review Committee:** ensures related party transaction comply with legislation, standards of sound business practice and with credit union or committee policies and procedures. They also ensure that all proposed related party transactions are fair to the credit union and that the exercise of the best judgment of the credit union has not been compromised as a result of real or perceived conflict of interest. 2015 members of this committee were: Corrine Doetzel, Kurtis Ellis, Bentley Carberry and alternates were Philip Lepage and Elaine Urban.

The conduct review committee is appointed annually at the re-organization meeting.

> **Nominating Committee:** oversees the nomination and election processes for the elections of credit union directors. 2015 members of this committee were Corrine Doetzel, Bentley Carberry and Peter Krebs .

The nominating committee is appointed annually at the re-organization meeting.

> **Audit Committee:** ensures an independent review of the credit union's operation on areas deemed necessary to maintain the integrity of financial data, adequacy of internal controls and adherence to relevant legislation, regulations and standards. 2015 members of this committee were: Elaine Urban, Ryan Hering, Mark Kehrig and Andre Lafreniere.

The Audit committee is appointed annually at the re-organization meeting.

> **Credit Committee:** To analyze and make decisions on credit applications within the provision of policy and legislation on any loans brought to them for approval. To review loans granted by management that are exceptions to loans policy and monitor if the exceptions are reasonable. 2015 members of this committee were: Philip Lepage; Peter Krebs, Jeff Mark and Joan Manderscheid.

The credit committee is appointed annually at the re-organization meeting.

Andre Lafreniere remains as the Delegate for the Bruno Savings and Credit Union Limited to Sask Central where he meets with other credit union delegates on a regular basis.

## Executive Management

The Executive Management consist of the General Manager, Branch Supervisor , Office Supervisor and Loans officer. As you can see by the attached chart the Executive Management team has OVER 75 years of combined Credit union experience. Constant updates and meetings keep the management busy, both attending and reporting back to directors and staff.

## Staff\Employees

Larissa Tremel worked as our summer student at the Bruno office in 2015 and will be working for us again this summer.

At our Prud'homme office, Candice Regush has completed her first full year as the Branch Supervisor.

We are fortunate to have many long time employees who are very committed to providing **excellent service to our members.**

We will be recognizing a couple of staff with long term service awards a little later in the evening.

WE WOULD NOT BE WHERE WE ARE TODAY WITHOUT OUR DEDICATED MANAGEMENT & STAFF.

Employees take required and optional training on an ongoing basis. Some of the training that is required on an annual basis is Anti-Money Laundering & Terrorist Financing as well as Privacy and Code of Conduct training.





## QUICK FACTS

(as of Dec 31, 2015)

- Today there are 46 credit unions in Saskatchewan serving 230 communities through 264 service outlets
- Saskatchewan credit union assets reached \$20.8 billion with revenue of over \$881 million.
- Credit Union lending amounts to \$16.6 billion
- Almost 450 board members are locally elected by members of each credit union to provide strategic direction to their management teams.
- Credit unions are a major contributor to Saskatchewan's economy, employing almost 3500 people.
- 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 \$17 million to more than \$5 billion.
- Funds held on deposit in Saskatchewan Credit Unions are fully guaranteed through the Credit Union Deposit Guarantee Corporation. The full guarantee is made possible through a comprehensive deposit protection regime that is focused on prevention.

**BRUNO SAVINGS AND CREDIT UNION LIMITED**

**BRUNO , SASKATCHEWAN**

**INCORPORATED: April 7, 1938**

**CREDIT UNION CHARTER NO. 13**

**OFFICERS:**

**PRESIDENT – MARK KEHRIG**

**VICE-PRESIDENT – ELAINE URBAN**

**SECRETARY-TREASURER – JEFF MARK**

**DIRECTORS**

<b>NAME</b>	<b>YEARS of SERVICE</b>	<b>OCCUPATION</b>	<b>ADDRESS</b>	<b>TERM EXPIRES</b>	<b>Reg Meeting Attendance Rate</b>
Bentley Carberry	23	Sales manager	Bruno	2017	91%
Peter Krebs	11	Administrator	Prud'homme	2017	73%
Corrine Doetzel	5	Education Assistant	Bruno	2017	82%
Philip Lepage	10	Farmer	Bruno	2018	91%
Mark Kehrig	16	Farmer	Bruno	2018	91%
Elaine Urban	11	Farmer	Bruno	2018	91%
Ryan Hering	6	Farmer	Bruno	2016	91%
Kurtis Ellis	6	Electrician	Bruno	2016	45%
Andre Lafreniere	21	Farmer	Prud'homme	2016	91%

**STAFF**

<b>NAME</b>	<b>POSITION</b>	<b>YEARS OF CO-OPERATIVE SERVICE</b>	
Jeff Mark	General Manager	35	
Joan Manderscheid	Loans Officer	28	
Cheryl Solar	Office Supervisor	10	
Shannon Weiman	Loans clerk	18	
Colleen Niebrugge	Member Service Rep	27	
Susan Corbett	Member Service Rep	7	
Brandy Moritz	Member Service Rep	17	
Lisa Weiman	Member Service Rep	3	
Candice Regush	Branch Supervisor	4	
Doris Hounjet	Member Service Rep	38	Part time
Heike Fink	Member Service Rep	5	Part time

**EXECUTIVE COMMITTEE**

*Mark Kehrig  
Elaine Urban  
Jeff Mark – secretary*

**AUDIT COMMITTEE**

*Elaine Urban  
Mark Kehrig  
Andre Lafreniere  
Ryan Hering  
Jeff Mark – secretary*

**CREDIT COMMITTEE**

*Philip Lepage  
Peter Krebs  
Jeff Mark  
Joan Manderscheid*

**CONDUCT REVIEW COMMITTEE**

*Corrine Doetzel                      Alternates:  
Kurtis Ellis  
Bentley Carberry                  Secretary:*

*Philip Lepage  
Elaine Urban  
Jeff Mark*

## ***Corporate Social Responsibility (CSR)***

- The Bruno Saving and Credit Union Limited has always contributed to the well-being of the communities that it serves above and beyond the financial and economic role that financial institutions play.

In 2015 over \$18,000 was spent on local sponsorships. Some of the groups and events that we provided support to were:

- Viscount 4-H Beef Club
- Bruno Sledge Hockey Team (Jerseys)
- Bruno T Birds Sr Hockey
- Vonda School Grad award
- Bruno School Grad Award
- Sask Co-operative Youth Program
- Bruno Jr Boys Broomball
- Bruno Skating Rink (towards new score clock)
- Bruno Car Show
- Bruno Senior Novice Hockey (towards Jerseys)
- Bruno Fire Department
- Bruno Minor Hockey (treat bags for tournament)
- Bruno Merchants fast ball
- Bruno Lions Club (towards playground equipment)
- Prud'homme Hall (towards projector and screen)
- Prud'homme Museum
- Prud'homme Fire Department
- Prud'homme Rec Board

## **Capital Management**

Our Regulator, The Credit Union Deposit Guarantee Corporation has set out minimum Standards for Credit Unions to follow with regards to capital limits. Credit Unions are expected to hold Capital in excess of these minimums and therefore are required to develop an **internal capital adequacy assessment process ( ICAAP)**.

The following compares CUDGC regulatory standards to our Credit Union's numbers at year end:

For total eligible capital to risk weighted assets the regulatory standard is 8.00% and we were 13.75%.

For tier 1 capital to risk-weighted assets the regulatory standard is 6.00% and we were 12.59%.

For Common equity tier 1 capital to risk-weighted assets the regulatory standard is 4.50% and we were 12.59%.

The minimum leverage ratio is 5.00% and we were 10.21%.

In addition to the minimum capital ratios, the Credit Union will be required to hold a capital conservation buffer of 2.50% effective January 1, 2016.

Equity is a reflection of the past success of your credit union. It also serves as the financial cushion that allows your credit union to expand product lines and develop new services.

Capital management can be very complex and includes 6 areas. These areas are:

- ▶ **Board and Management oversight**
  - Policies are developed
  - i.e desired capital levels, risk tolerance, capital expenditures
- ▶ **Sound capital assessment and planning**
  - Capital Plans are developed by management and board and reviewed ongoing
- ▶ **Comprehensive assessment of risks**
  - Risks to capital are assessed through processes such as Enterprise Risk management (ERM)
  - i.e where is the largest concentration of risk to capital ( credit/loans)
- ▶ **Stress Testing**
  - On a quarterly basis capital levels are tested for possible erosion
  - Stress testing programs are used to test the ability of the credit union to absorb losses
  - i.e How would rising interest rates effect our capital level or a large increase in deposit
- ▶ **Monitoring and Reporting**
  - Regular reports are prepared for the directors and Credit Union Deposit Guarantee Corporation.
- ▶ **Internal Control Review**
  - Ongoing internal controls and functions along with scheduled internal audits and CUDGC reviews

## Management's Responsibility

---

To the Members of Bruno Savings and Credit Union Limited:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and Audit and Risk Committee are composed entirely of Directors who are neither management nor employees of the Credit Union. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Audit and Risk Committee has the responsibility of meeting with management, internal auditors, and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee is also responsible for recommending the appointment of the Credit Union's external auditors.

MNP LLP is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Committee and management to discuss their audit findings.

March 17, 2016

  
\_\_\_\_\_  
General Manager

**Bruno Savings and Credit Union Limited**  
**Summary Financial Statements**  
*December 31, 2015*

## Report of the Independent Auditors' on the Summary Financial Statements

---

To the Members of Bruno Savings and Credit Union Limited:

The accompanying summary financial statements, which comprise the summary statement of financial position as at December 31, 2015, and the summary statements of comprehensive income, changes in members' equity and cash flows for the year then ended, are derived from the audited financial statements of Bruno Savings and Credit Union Limited for the year ended December 31, 2015. We expressed an unmodified opinion on those financial statements in our report dated March 17, 2016.

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

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

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

### *Auditors' Responsibility*

Our responsibility is to express an opinion on the 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".

### *Opinion*

In our opinion, the summary financial statements derived from the audited financial statements of Bruno Savings and Credit Union Limited for the year ended December 31, 2015 are a fair summary of those financial statements, in accordance with International Financial Reporting Standards.

Humboldt, Saskatchewan

March 17, 2016

*MNP LLP*

Chartered Professional Accountants

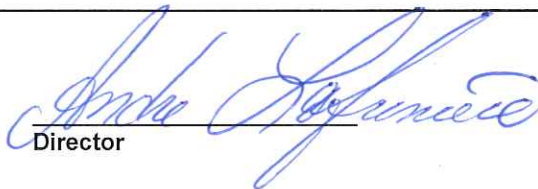
**Bruno Savings and Credit Union Limited**  
**Summary Statement of Financial Position**

*As at December 31, 2015*

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Cash and cash equivalents	2,681,147	2,495,756
Investments	6,853,317	5,948,364
Member loans receivable	54,272,404	52,526,828
Other assets	21,436	8,250
Property, plant and equipment	96,772	103,818
	<b>63,925,076</b>	<b>61,083,016</b>
<b>Liabilities</b>		
Member deposits	57,232,423	54,817,374
Other liabilities	43,703	126,275
Membership shares	6,445	6,565
Equity accounts	553,422	585,323
	<b>57,835,993</b>	<b>55,535,537</b>
<b>Commitment</b>		
<b>Members' equity</b>		
Retained earnings	6,089,083	5,547,479
	<b>63,925,076</b>	<b>61,083,016</b>

Approved on behalf of the Board

  
 Director

  
 Director



**Bruno Savings and Credit Union Limited**  
**Summary Statement of Comprehensive Income**

*For the year ended December 31, 2015*

	2015	2014
<b>Interest income</b>		
Member loans	2,141,087	2,167,717
Investments	141,279	133,265
	<b>2,282,366</b>	<b>2,300,982</b>
<b>Interest expense</b>		
Member deposits	605,660	553,693
Borrowed money	1,154	3,483
	<b>606,814</b>	<b>557,176</b>
<b>Net interest income before other income</b>	<b>1,675,552</b>	<b>1,743,806</b>
<b>Other income</b>	<b>160,108</b>	<b>161,136</b>
<b>Net interest and other income</b>	<b>1,835,660</b>	<b>1,904,942</b>
<b>Operating Expenses</b>		
Personnel	677,960	652,275
Security	60,424	58,117
Organizational	38,739	41,166
Occupancy	34,587	49,244
General business	376,677	403,216
	<b>1,188,387</b>	<b>1,204,018</b>
<b>Income before provision for income taxes</b>	<b>647,273</b>	<b>700,924</b>
<b>Provision for income taxes</b>		
Current	105,669	117,924
<b>Comprehensive income</b>	<b>541,604</b>	<b>583,000</b>

**Bruno Savings and Credit Union Limited**  
**Summary Statement of Changes in Members' Equity**  
*For the year ended December 31, 2015*

---

	<i>Retained earnings</i>	<i>Total equity</i>
Balance December 31, 2013	4,964,479	4,964,479
Comprehensive income	583,000	583,000
Balance December 31, 2014	5,547,479	5,547,479
Comprehensive income	541,604	541,604
Balance December 31, 2015	6,089,083	6,089,083

**Bruno Savings and Credit Union Limited**  
**Summary Statement of Cash Flows**  
*For the year ended December 31, 2015*

	2015	2014
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Interest received from member loans receivable	2,210,748	2,115,012
Interest received from investments	141,246	171,408
Other income received	160,108	161,136
Interest paid on deposits	(593,822)	(534,052)
Cash paid to suppliers and employees	(1,206,013)	(1,142,543)
Interest paid on borrowed money	(1,154)	(3,483)
Income taxes paid	(163,064)	(74,287)
	<b>548,049</b>	<b>693,191</b>
<b>Financing activities</b>		
Net change in member deposits	2,403,210	3,024,799
Net change in membership shares	(120)	-
Reduction of equity accounts	(31,901)	(12,118)
	<b>2,371,189</b>	<b>3,012,681</b>
<b>Investing activities</b>		
Net change in member loans receivable	(1,815,237)	(5,403,116)
Purchases of investments	(904,920)	-
Proceeds on disposal of investments	-	2,700,442
Purchases of property, plant and equipment	(13,690)	(50,512)
	<b>(2,733,847)</b>	<b>(2,753,186)</b>
<b>Increase in cash and cash equivalents</b>	<b>185,391</b>	<b>952,686</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>2,495,756</b>	<b>1,543,070</b>
<b>Cash and cash equivalents, end of year</b>	<b>2,681,147</b>	<b>2,495,756</b>