



**2020 ANNUAL MEETING**  
**Wednesday April 21, 2021**

---

**AGENDA**

1. Registration
2. Opening Remarks
3. Supper 6:00 p.m.
4. Call to Order 7:00pm
5. Introduction of Guests
6. Adoption of Proposed Agenda.
7. Confirmation of Meeting Notice and Quorum.
8. Appointment of Chairman
9. Appointment of Recording Secretary.
10. Approval of Minutes of July 15, 2020 Annual Meeting
11. Business Arising from the Minutes
12. Board of Director's Report
13. General Manager's Report
14. Auditor's Report and Financial Statements
15. Adoption of the Reports
16. Appointment of an Auditor for 2021
17. New Business:
  - (a) Election of Directors:
  - (b) Bylaw Change
18. Service Awards Presentation
19. Other Business
20. Adjournment.



**Stoughton Credit Union  
Incorporated May 1960,**

**Board of Directors**

<b>Name</b>	<b>Address</b>	<b>Term Expires</b>	<b>Years of Service</b>
Harold Johnston	Kenossee Lake, sk	2021	17
Deric Reaney	Stoughton, Sk	2021	11
Zandra Slater	Stoughton, Sk	2021	11
Shirley Coderre	Stoughton, Sk	2022	9
Brad Gervais	Stoughton, Sk	2022	4
Roger Wyatt	Kisbey, Sk	2022	5
Darwin Fenn	Stoughton, Sk	2023	7
Greg Goudy	Stoughton, Sk	2023	25
Danielle Hoffman	Stoughton, Sk	2023	1

**Executive**

President	Greg Goudy
Vice President	Harold Johnston
Secretary/Treasurer	Christine Corscadden





## CREDIT UNION DEPOSIT GUARANTEE CORPORATION ANNUAL REPORT MESSAGE 2020

January 2021

---

Credit Union Deposit Guarantee Corporation (the Corporation) is the deposit guarantor for Saskatchewan credit unions. The corporation is also the primary regulator for credit unions and Credit Union Central of Saskatchewan (SaskCentral). Together, these entities are considered Provincially Regulated Financial Institutions or "PRFIs". The Corporation is mandated through provincial legislation, *The Credit Union Act, 1998* and *The Credit Union Central of Saskatchewan Act, 2016* in performing its duties. Provincial legislation also assigns responsibility for oversight of the Corporation to the Registrar of Credit Unions at the Financial and Consumer Affairs Authority of Saskatchewan.

The Corporation was the first deposit guarantor in Canada and has successfully guaranteed deposits since it was established in 1953. By promoting responsible governance and prudent management of capital, liquidity and guaranteeing deposits, the Corporation contributes to confidence in Saskatchewan PRFIs.

For more information about the Corporation's responsibilities and its role in promoting the strength and stability of Saskatchewan PRFIs, consult the Corporation's web site at [www.cudgc.sk.ca](http://www.cudgc.sk.ca).



## Quick Facts

(as of December 31, 2020, unless otherwise indicated)

- Today there are 36 credit unions in Saskatchewan serving 208 communities through 234 service outlets.
- Credit unions offer financial products and services to more than 486,000 members.
- Saskatchewan credit union assets reached over \$26.5 billion with revenue of over \$1.04 billion.
- Credit union lending amounts were over \$19.3 billion.
- There are 349 board members who are locally elected by members of each credit union to provide strategic direction to their management teams.
- 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 \$26 million to more than \$6 billion.
- In 2020, Saskatchewan credit unions returned over \$6.07 million to their members in the form of patronage equity contribution and dividends.
- Credit unions are a major contributor to Saskatchewan's economy, employing over 3,200 people.
- 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. Read more about the [guarantee](#).

[back to Media Centre](#)



**MINUTES – ANNUAL GENERAL MEETING**

Happy Nun Forget, Sk  
July 15, 2020

President Goudy thanked everyone for coming

Holly Fraser gave the blessing

President Goudy introduced the guests in attendance:

Sheila Fillion – Auditor – Virtus Group

**Call to Order:**

The meeting was called to order by Goudy at 7:00pm

**Adoption of Agenda:**

**Ken H/ Raymond A:**

That the agenda be adopted as presented  
Carried

**Confirmation of Meeting Notice:**

General Manager Christine Corscadden reported the annual meeting was advertised on our Facebook page, Website and by posters in both branches starting June 9<sup>th</sup>, 2020. The 2019 Annual Report was available to the members on June 29, 2020

**Quorum:**

General Manager Christine Corscadden reported there were 34 members and 1 guest registered which constitutes a quorum.

**Appointment of Chairman:**

**Deric R/Darwin F:**

That Greg Goudy be appointed as Chairman.

**Karla G/ Grant H:**

That nominations cease.

Carried

**Appointment of Recording Secretary:**

**Zandra S/Kienen P:**

That we appoint Christine Corscadden as recording secretary



Nominations cease

Carried

**Approval of Minutes:**

**Holly F/ Deric R:**

That the minutes of the last annual meeting held April 17, 2019 as circulated in the Annual Report be approved as presented.

Carried

**Business Arising from the Minutes**

Nil

**Reports to Membership:**

The Board of Director's Report was presented by Greg Goudy.  
The General Manager's Report was presented by Christine Corscadden.  
The Auditor's Report was presented by Sheila Fillion of Virtus Group.

**Deric R/ Zandra S:**

That the reports be adopted as presented.

Carried

**Appointment of Audit Firm:**

**Zandra S/ Roger W:**

That the audit firm Virtus Group be appointed as auditors for the 2020 year.

Carried

**New Business**

**Election:**

President Goudy turned the review of the election process over to Brad Gervais as a member of the nominating committee. Brad talked about the 4 names that were put forward for the Board of Directors. Greg Goudy, Darwin Fenn, Alysson Slater, & Danielle Hoffman. We had 3 spots on the board available. Ballots and voting was discussed with the mention that 3 names had to be filled in on every ballot or the ballot would not be counted.

**Crystal C. /Brenda C.:**

Made a motion that nominations cease

Carried



Shiela Fillion was appointed as a scrutineer for the election and Brad asked for a member not associated with staff, board or nominees to assist in the count. Kristy Hartfield volunteered to help.

Shiela announced that Greg Goudy, Darrwin Fenn & Danielle Hoffman were elected to the Board

**Roger W/Raymond A:** Made a motion to destroy the Ballots.  
Carried

**Presentations:**

One employee were presented an award for recognition for their service to the organization:

Barb Corbin 15 years

Two members of the board were recognized for their contribution to Stoughton Credit Union

Roger Wyatt 5 years  
Garry Donnelly 30 years

**Other Business:**

Nil

President Goudy thanked the staff and owners of the Happy Nun for the delicious meal.

**Door Prizes:**

Prize draws

**Adjournment:**

**Darwin F:** That the meeting be adjourned at 7:38pm.

A handwritten signature in blue ink that reads "Greg Goudy".

Greg Goudy  
President

A handwritten signature in blue ink that reads "Christine Corscadden".

Christine Corscadden  
Secretary



## **2020 BOARD OF DIRECTORS REPORT**

I welcome our members and guests to our 61st Annual Meeting. Thank you for your attendance, participation and interest.

2020 was a strange year for everyone including our credit union. In March we were hit like everyone with the province wide shut down where we had to execute our Pandemic Plan.

Even with all the uncertainty of 2020 our staff pulled together to get us through these unprecedented times as we are showing a profit of almost \$400,000.

Another exciting thing that happened in 2020 was the building and opening of our new location. Due to many issues in the existing building the board carefully looked at the cost to fix and the cost to build new. The New build made the most sense as many of the renovations to the old building would have been structural and would have caused employee and member interference and the cost was going to be comparable.

On behalf of the board I would like to thank our dedicated management and staff for their expertise in providing professional service to our members. Also, we thank our members for their loyal support, this enables us to achieve our continued growth and success.

Our Board of Directors met regularly throughout the year this changed from month to month based on the restrictions put in place by the government. But even with the changes we were able to meet sometimes electronically and sometimes in person to ensure appropriate policies were in place at the credit union and that we complied with all aspects of financial regulation including capital requirements and enterprise risk management.

In closing, I thank my fellow Board members for their dedication and commitment of their time and effort working together on your behalf. We will continually strive to provide the financial services that meet the needs of our members.

A handwritten signature in blue ink that reads "Greg Goudy". The signature is written in a cursive style.

Respectfully Submitted  
Greg Goudy President





## **REPORT TO THE MEMBERSHIP**

Welcome to the 61st annual meeting of Stoughton Credit Union.

This was an unpredictable and unprecedented year for the credit union. We had our ups and our downs.

The year started out very positive as we had our plans for the new building and things were moving forward. Then we heard rumblings about a new virus but it seemed far away until March when we had to face the hard truth that even we in rural Saskatchewan were going to be affected by this. Since March we have been operating on a version of our Pandemic Plan. As everyone has probably noticed we have changed and adapted to new ways of helping members. Masks and barriers have become our norm.

But with all this uncertainty we were able to build and move into our new building on Main Street in Stoughton. We are all very proud of our new building and love the image it projects to our members. We are here to stay, we are strong, and we support our community.

2020 marked Stoughton Credit Unions 60<sup>th</sup> anniversary. When we started thinking and designing our new building we had dreams of a big 60<sup>th</sup> anniversary celebration where we could celebrate the past and the future. Unfortunately with the restrictions in place we were unable to do much.

We moved into our new building on October 31st 2020. The staff all pulled together and we got the move completed in one day.

Overall I am very proud of our staff and the resiliency they have shown through the many changes we had in 2020.

### **Staff**

In 2020 Nathalie Neal made the decision to retire from the Credit Union. We wish her all the best in her retirement.

### **Board of Directors**

Our directors are volunteers and devote a number of hours to the organization. We thank them for their commitment and contributions.



## **Members**

In 2020 we continued to work on expanding our presence through ad campaigns and social media. We had scheduled to update our website and our online banking in 2020 but like everything in 2020 that has been pushed back so we will be working on these projects for 2021.

## **Financial**

We are showing an after tax profit of \$393,466. Early in 2020 we saw major decreases in both lending and investing rates. This affected our interest revenue significantly. We saw a 3.7% drop in our loan portfolio but a 12.5% drop in interest revenue. Similarly we increased our cash and investments in 2020 by 45% but saw a decrease in our investment revenue 8%. Resulting in a decrease in interest revenue of 453,000. Overall we managed our overall expenses in 2020 and were able to show a profit. In light of our decrease in revenue. We ended 2020 with 1,754 members.

## **Corporate Sponsorship**

2020 was a different year when it came to our sponsorships. Community groups and organizations were on a hiatus but we were still able to make a difference to some much needed causes. On National Credit Union Day we contributed \$3,000 to 4 local groups (Stoughton & District Playschool, Stoughton Central Breakfast Club, Kisbey Silver Threads and New Hope Pioneer Lodge Activity Fund). Despite the year, we are pleased to still be a strong corporate citizen and community leader. We also congratulate our employees who volunteer throughout the year.

## **Conclusion**

2020 had many challenges, which with the backing of the board and staff we have been able to meet head on. We have a fantastic Team and I am looking forward to the future.

Thank you to the Board of Directors for their leadership. Thank you to the staff who work tirelessly to deliver a great member experience. Thank you to the membership who make it all possible.

A handwritten signature in blue ink that reads "Greg Goudy".

Greg Goudy  
President

A handwritten signature in blue ink that reads "Christine Corcadden".

Christine Corcadden  
General Manager



## **Corporate Profile**

Stoughton Credit Union is an independent Saskatchewan credit union owned by our members. Under the current credit union legislation, Stoughton Credit Union is able to provide financial services to members and non-members. As at December 31, 2020 Stoughton Credit Union had 1754 members.

Our credit union serves the communities of Kisbey, Stoughton and surrounding areas through two branches. In these communities, we provide a range of financial services including agricultural, commercial, personal loans and lines of credit, retail and commercial deposit services, card products electronic banking and mobile banking.

The Credit Union Act, 1998 and The Credit Union Regulations, 1999, regulate the credit union. The credit union must comply with the Credit Union Deposit Guarantee Corporation's (CUDGC) Standards of Sound Business Practices and with Credit Union articles, bylaws and policies. Other provincial and federal regulations and common law create additional legal rights and obligations.

## **Vision, Mission and Values**

### **Vision**

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

### **Mission**

Stoughton Credit Union will:

- Maintain and develop an organizational structure that attracts and maximizes the potential of all our human resources.
- Attract and retain sufficient capital through a variety of competitively priced products designed to meet members' needs.
- Maximize use of capital for the benefit of members, security of capital, liquidity and return.
- Manage revenues and expenses in order to meet financial objectives of the Credit Union and its members.
- Develop the Credit Union and its services to meet the changing needs of members and potential members'.
- Research and promote services that will develop the credit union and its members.

### **Values**

We follow the seven Cooperative Principles

#### 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 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 organization, 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, employees so they can contribute effectively to the development of their co-operatives. They inform the public – particularly young people and opinion leaders – about the nature and benefits of co-operation.

### Co-operation among Cooperatives

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**

Stoughton Credit Union 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 Stoughton Credit Union.
- **Fair sales** by outlining the roles and relationship of staff to all member/clients and in accordance with the financial services agreement.
- **Financial planning process** to advise member/clients on the risks and benefits associated with financial planning services.
- **Privacy** to protect the interests of those who do business with Stoughton Credit Union. Privacy is the practice to ensure all member/client information is kept confidential and used only for the purpose for which it was gathered.
- **Professional standards** to preserve a positive image of Stoughton Credit Union among our members, clients 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 Stoughton Credit Union.
- **Risk management** to ensure all risks are measured and managed in an acceptable fashion.

### **Code of Conduct**

All credit union directors and employees adhere to the principles of ethical conduct and responsible business behavior as reflected in the credit union Code of Conduct.

Any situation that requires clarification will be escalated to senior management, the Conduct Review Committee or legal counsel.

Adherence to the Code of Conduct is mandatory for all employees and directors.

### **Privacy Code**

Stoughton Credit Union has an established privacy compliance program based on the ten principles of the Credit Union Code for the Protection of Personal Information.

The credit union adheres to the principles regarding privacy as reflected in the Market Code that is based on the Code for the Protection of Personal Information.

### **Strategy**

The vision of Stoughton Credit Union is to be a local, democratically controlled, responsible, viable cooperative financial institution, that is responsive to the economic and social needs of current and potential members. To monitor specific objectives throughout the year that support this vision, a Strategic Plan Document has been developed that outlines the four



quadrants that builds into our vision statement. The four quadrants, people, organization, technology and financial strength have objectives in each of them. These objectives are formed into tactical plans for the year. The board of directors is kept current with progress to date by the quarterly manager’s report.

Our key strategic objectives in 2020 were;

**People**

- We will have well trained directors and staff
- Develop and maintain a Succession Plan for staff and directors

**Organization**

- We will meet or exceed compliance requirements
- Implement organizational changes to ensure an efficient organization

**Technology**

- Ensure we have the technology required to provide the best service to our members

**Financial/Growth**

- Ensure viability and profitability

**Key Performance Drivers**

To monitor our success in accomplishing our goals and objectives, the following key performance drivers have been established:

<b>Results</b>	<b>Targets</b>	<b>Actual</b>
Asset Growth	3.00% - 4.00%	19.31%
Deposit Growth	2.00% - 3.00%	20.67%
Loan Growth	5.00%	-3.79%
Loan / Asset Ratio	65.00%	45.63%
Leverage Ratio (Capital)	8.25%	7.17%
Eligible Capital	12.00% - 14.00%	14.51%
Operating Costs	<3.00%	1.44%

**Corporate Structure and Governance**

The governance of Stoughton Credit Union is anchored in the co-operative 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 Stoughton Credit Union. 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.

The board of directors is accountable to the members of the credit union for directing the affairs of the credit union and maintaining policies that are responsive to their needs, and the needs of the credit union for sound operations.

### **Board Composition**

The board is composed of nine directors elected on an at large basis. Changes to the bylaws approved by the membership have directed that the directors will be elected at large. Directors are elected by the membership to 3 year terms. The Nominating Committee has oversight responsibility for director nominations and the election of directors is in accordance with bylaws and policies. Nominations are made by advertising for nominations.

The election is held during the Annual General Meeting. Voting is by paper ballot and election results are announced at Stoughton Credit Union's Annual General Meeting.

### **Committees**

The responsibilities of the board of a modern financial services organization involve an ever-growing list of duties. Stoughton Credit Union maintains a number of committees comprised of directors. This partitioning of responsibilities enables a clear focus on specific areas of activity vital to the effective operation of our credit union. Each committee is comprised of directors appointed by the board for a one year term.

- **Executive Committee** is comprised of the President, two directors and the General Manager (voting ex-officio) and act as the official representatives of the Board of Directors between regular of special meetings on most board matters. Committee members are: Greg Goudy, Brad Gervais, Deric Reaney, Christine Corscadden
- **Conduct Review Committee** ensures that Stoughton Credit Union acts with the full integrity and objectivity of its directors and employees, by having in place policies, processes and practices that protect people and the organization from claims and from the perception of unfair benefit or conflict of interest. The committee consists of three directors: Shirley Coderre, Darwin Fenn, Danielle Hoffman
- **Audit and Risk Committee** oversees risk management and ensures the integrity of financial reporting, reviews financial statements, liaises with internal and external auditors and regulators, and reviews internal control procedures. The committee consists of all the directors.



- **Public Relations Committee** oversees the member relations and marketing programs for Stoughton Credit Union. The committee consists of four directors: Shirley Coderre, Danielle Hoffman, Harold Johnston, Roger Wyatt
- **Facilities Committee** oversees the maintenance and repair of the properties of the credit union. This committee consists of three directors: Brad Gervais, Roger Wyatt, Darwin Fenn

### **Meetings and Attendance**

The board holds regularly scheduled board meetings. In addition to regular board meetings, directors attend special board meetings, the annual general meeting and serve on one or more of the board committees.

There is an expectation that directors attend all board meetings and meetings of committee to which they have been appointed.

### **Board Compensation**

Board members are volunteers and are compensated for expenses and time. Director compensation for 2020 totaled \$18,621 (2019 – 20,182) and includes:

- A per diem for each board member and committee meeting attended
- A per diem for activities attended as a representative of the Stoughton Credit Union board
- Travel costs, where applicable, to cover time and mileage to attend meetings

### **Director Training**

Directors continued to participate in professional development during 2020

### **Executive Management**

The Management team is charged with carrying out the operations of Stoughton Credit Union, according to the overall strategic direction outlined by the Board of Directors.

Stoughton Credit Union operates under the following management structure:

- Christine Corscadden                      General Manager
- Derek Baumgartner                      Manager of Lending Services
- Nathalie Neal                              Manger of Operations





***Our 2020 Staff***

The staff of Stoughton Credit Union provides high quality service to our members in our communities. Staff continue to enroll in training courses to improve their skills. Stoughton Credit Union employs 14 staff which supports their communities with pride. Our staff commits many hours of their own time on service clubs, sports teams, municipal and churches.

**STOUGHTON**

Christine Corscadden  
Derek Baumgartner  
Nathalie Neal  
Jolene Martin  
Vivian Gheysens  
Barb Corbin  
Donna Adams  
Victoria Fraser  
Karla Gervais  
Sherry Ksenych  
Holly Fraser  
Kienen Piper

General Manager  
Manager of Lending  
Manger of Operations  
Loans Officer  
MSR Supervisor  
Loan Clerk  
MSR 2 – Casual Part-time  
MSR 2 – On Leave  
MSR – Accounting Clerk  
MSR  
MSR – Casual Part-time  
MSR

**KISBEY**

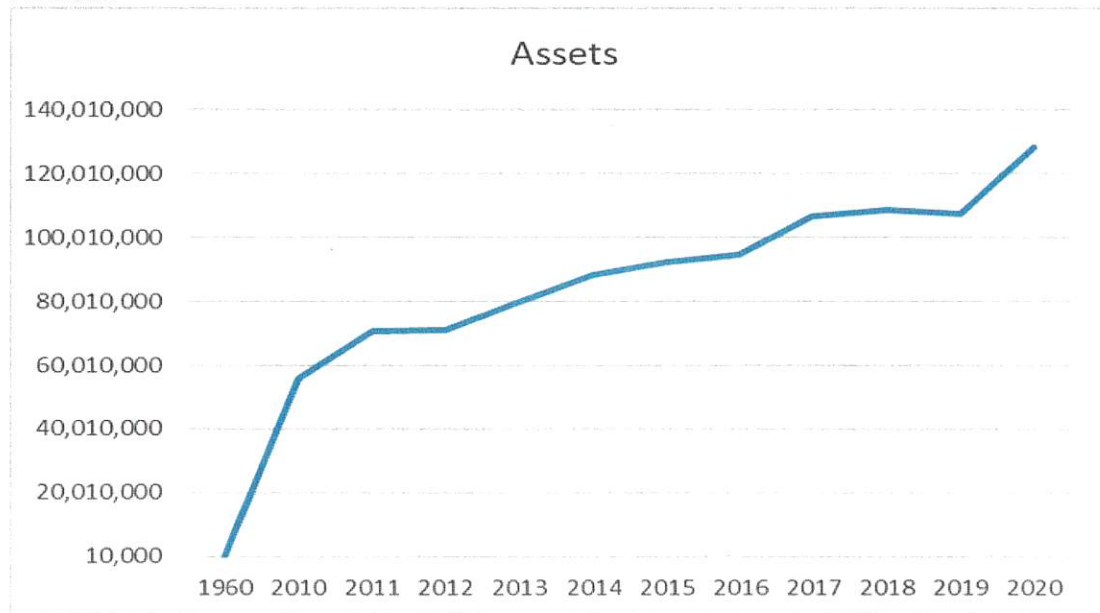
Crystal Cutler  
April Breault

MSR 2  
MSR

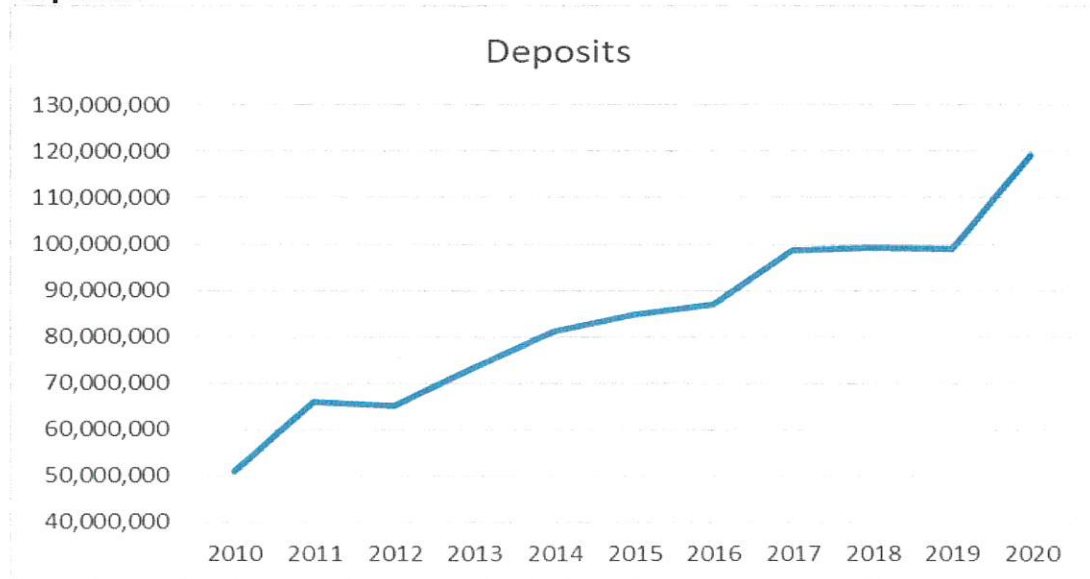


## Financial Performance Review

### Assets

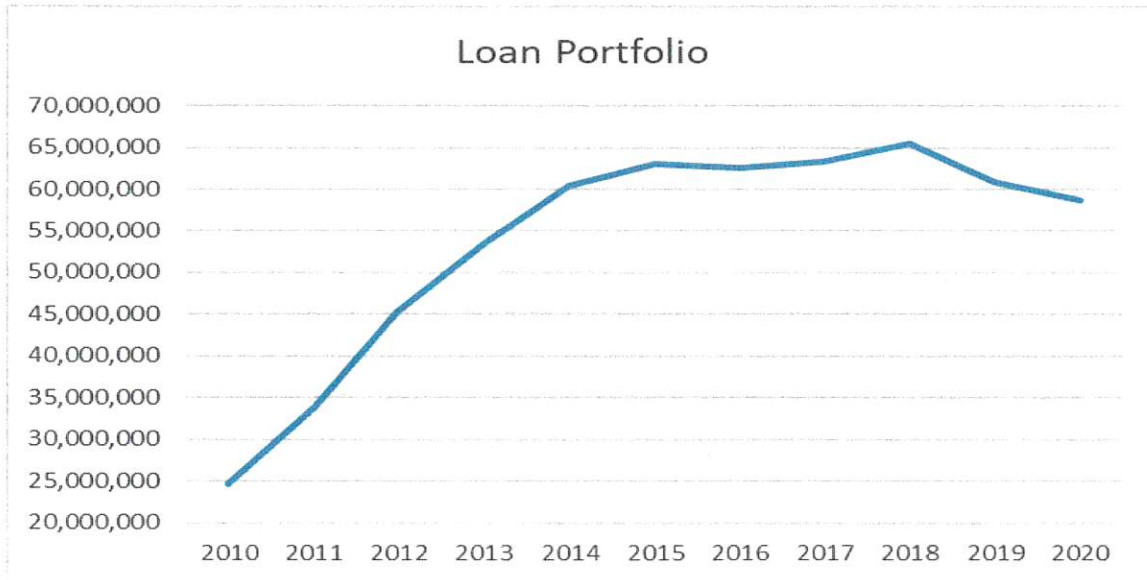


### Deposits



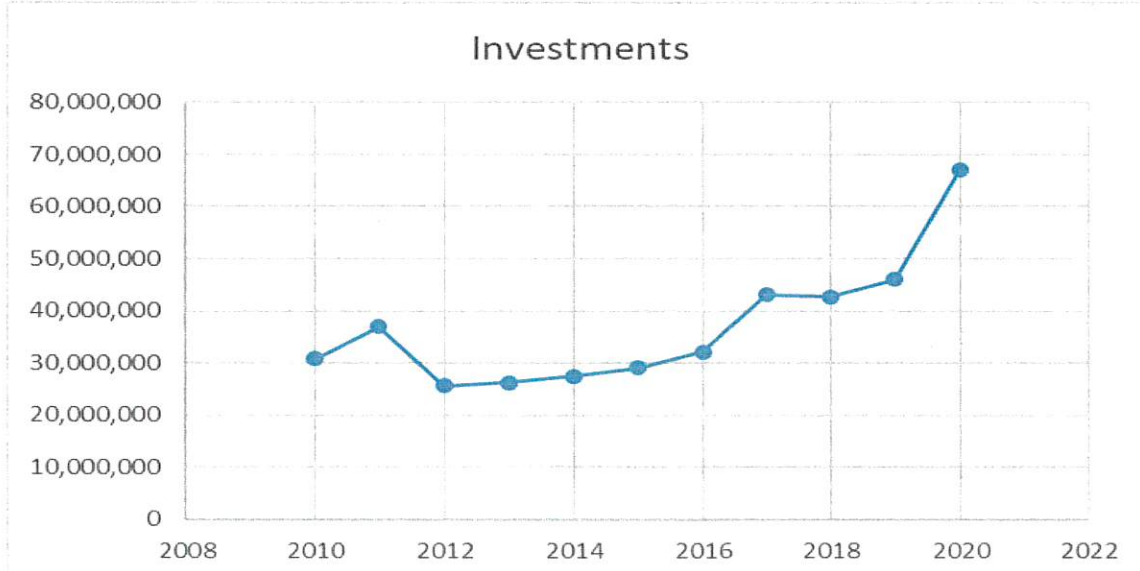
The Credit Union's deposits are 100% guaranteed by the regulator of credit unions in Saskatchewan, Credit Union Deposit Guarantee Corporation (CUDGC).

**Loans**



At the end of 2020 26 Million of the loan portfolio is made up of participation loans and leases

**Investments**



Credit unions are required by the provincial regulator, CUDGC to maintain 10% of their member deposit liabilities on deposit with SaskCentral for the Provincial Liquidity program. In addition to these Statutory Liquidity Investments on deposit with SaskCentral, the Credit Union maintains a high quality, liquid pool of investments to satisfy payment obligations and protect against unforeseen liquidity events.



### **Loan and Residential Mortgage Portfolio**

Stoughton Credit Union's loan portfolio can be influenced by excessive concentration in a number of ways: geographic region, type of product, industry, demographic characteristic and associated groups or individuals. Land values, commodity prices, home values and personal incomes all have a direct influence on risk in the loan portfolio. Also, local industries and the agricultural community are subject to market and weather conditions beyond the control of the credit union and can be difficult to anticipate.

Credit Union Deposit Guarantee Corporation introduced Regulatory Guidance relating to Residential Mortgage Underwriting. The guideline reaffirms the need for credit unions to have a stress testing process that considers unlikely, but plausible, scenarios and their impact on the residential portfolio. Results of these stress tests should be considered in the credit union's internal capital adequacy assessment process (ICAAP). Credit unions should reflect sets with inherently greater risk through risk-sensitive increases in capital identified through their ICAAP.

Stoughton Credit Union has a balanced loan portfolio with 32.56% consumer, 37% commercial, 36.37% agriculture; the remaining 0.50% is made up of leases. However: there is material exposure by product type, demographic characteristic, or associated groups/individuals. The credit union does have limited geographic exposure given our two branches in southeastern Saskatchewan and therefore use participation loans to diversify the loan portfolio as well as manage concentration limits. The credit union continues to manage on the assumption that a dramatic downturn in any industry could impact earnings/capital of the loan portfolio.

At year-end the credit union \$58.6 M loan portfolio was comprised of 4.5% insured residential mortgages and 18.92% uninsured residential mortgages. The credit union does not have any home equity line of credits. In line with the Residential Mortgage Underwriting Guideline the credit union will continue to review its mortgage underwriting practices/documentation to ensure it meets the guideline standards. The credit union does not have undue risk in the uninsured mortgage portfolio or the underwriting practices. The current risk weighted asset based concentration provisions in ICAAP sufficiently address risk in the residential portfolio.

### **Credit Quality**

As a credit granting organization, credit quality is a key risk management of the Credit Union. Despite the potential impacts of the recent economic conditions, the Credit Union's standard credit quality measures have remained strong. Loan delinquency greater than 90 days was 6.43% for 2020. At December 31, 2019, loan delinquency was 6.31%. This ratio is above the credit union's target of 2.0% for delinquency. Loan loss provision for 2020 was 199,471, in 2019 we had set up a provision of \$1.7 million, as of today we have not realized any losses from the provision set up in 2019



The Credit Union monitors its exposure to potential credit losses and maintains specific loan allowances. The quality of the credit portfolio is confirmed by both internal and external audit processes conducted annually.

### **Liquidity**

A primary objective of Stoughton Credit Union is to prudently manage liquidity to ensure that the Credit Union is able to generate or to obtain sufficient cash equivalents in a timely manner and at a reasonable price, to meet commitments as they come due. The Credit Union has an established policy with respect to liquidity, as well as processes and practices with respect to the management of funding requirements. The Credit Union maintains liquid assets and regularly measures and monitors its available liquidity. The Credit Union also maintains external borrowing facilities to complement its liquidity management process.

SaskCentral is the statutory liquidity manager for the Saskatchewan Credit Union system. Credit Unions are required to hold 10% of member deposits in statutory liquidity funds and adjust those figures on a quarterly basis. As of year-end the credit union was at 10.69%.

The credit union regulator issued new Liquidity Standards that came into effect January 1, 2017. The new standards allow the regulator to assess if the credit union maintains adequate and appropriate liquidity levels. A key component of the Liquidity Standards is the introduction of the Liquidity Coverage Ratio (LCR). The objective of the LCR is to ensure that the credit union has an adequate level of unencumbered high quality assets (HQLA) that:

- Consists of cash or assets that can be converted to cash at little or no loss of value.
- Meets its liquidity needs for a 30 calendar day liquidity stress scenario, by which time it is assumed corrective actions have been taken by the credit union and/or the regulator.

Stoughton credit union has approved a minimum LCR ratio of 150%. The credit union ended 2020 with the ratio above the standard at 546.34%.

### **Profitability**

Total income for the year was \$393,466 an increase from \$(344,198) in 2019. Total interest income was \$3.50 million which has decreased from \$3.95 million in 2019. Interest expense on deposits has increased to \$1.27 million from \$1.19 million in 2019.

Other income includes insurance commissions, loan fees, foreign exchange and account service fees. Other income increased by \$8,384.

Operating expenses include general business, occupancy, organizational, personnel and security. The total operating expense was \$1.853 million an increase from \$1.815



in 2019. As a percentage of total assets, operating expenses were 1.44% a decrease from 1.69% in 2019.

**Capital Management**

Capital is the core of risk management and the key variable in measuring the ability of Stoughton Credit Union to accept risk. Credit Union’s measure capital adequacy through four measures. The measures are: Common Equity Tier 1 Capital to Risk Weighed Assets, Total Tier 1 Capital to Risk Weighed Assets, Total Eligible Capital to Risk Weighed Assets and a Leverage Ratio.

Risk Weighted Assets to Capital Ratios measure capital in relation to the risk in Stoughton Credit Union’s balance sheet and operations. The Leverage Ratio measures the quality of Stoughton Credit Union’s capital.

Capital adequacy for Saskatchewan Credit Unions is set and measured in accordance with guidelines issued by the regulator of credit unions, Credit Union Deposit Guarantee Corporation. The capital adequacy rules issued by Credit Union Deposit Guarantee Corporation have been based on the Basel III framework, consistent with the financial industry in general. The Standards of Sound Business Practice of CUDGC that incorporate the Basel III framework took effect on July 1, 2013.

Failure to comply with regulatory limits in these two capital elements (capital and risk weighted capital) may result in regulator intervention. Stoughton Credit Union is in compliance with regulated limits.

Stoughton Credit Union maintains a capital plan and in 2017 the plan was updated to a three year document. The objectives of the capital plan are to:

- Ensure capital meets regulatory standards
- Sustain growth in current market operations
- Maintain flexibility to accommodate strategic business plans and growth initiatives
- Provide confidence to regulator and member
- Provide a financial cushion against potential losses, satisfy liquidity and protect against insolvency

**Capital Trends**

The capital position of the credit union remains strong from both an Eligible Capital and a Risk Weighted Capital standpoint.

Total Tier 1 and Eligible Capital decreased from last year due to the net loss in 2019 but we are still above all our internal targets. The table below outlines the CUDGC minimum standards and the credit union position in relation to the standards.

	<u>Regulatory</u>	<u>Board Policy</u>	<u>2020 Actual</u>	<u>2019 Actual</u>
Total Tier 1	8.50%	12.00%	14.20%	16.04%



Eligible Capital	10.50%	12.0% - 14.0%	14.51%	16.32%
Leverage	5.00%	6.00%	7.17%	8.75%

Effective January 1, 2016 an additional Conservation Buffer of 2.50% was added to both Tier 1 Capital and Eligible Capital to bring the minimums to 8.50% and 10.50% respectively.

The table shows that Stoughton Credit Union is operating above the regulatory standards and within our targets. The targets for Stoughton Credit Union are approved by the board of directors and reviewed annually to reflect our current economic operating issues and marketing opportunities.

Credit unions are to have a process in place for assessing their overall capital adequacy in relation to their risk profile and a strategy for building and maintaining their capital levels. This process is part of the Internal Capital Adequacy Assessment Process or ICAAP that credit unions implemented in 2013 as the reporting standards of Basel III to our regulator are now in effect. Basel III is the international standard for capital that financial institutions must adhere to and these standards increased effective January 1, 2016. As a component of ICAAP, Stoughton Credit Union is required to perform rigorous, forward-looking stress testing to complement and validate risk management approaches and identify possible events or changes in market conditions and their effect on the financial condition of the organization.

**Patronage**

The patronage rebate payment to members was suspended again for the 2020 year. The ever changing and increasing regulatory standards for capital was the reason for this decision. These standards are a result of increased capital standards as monitored by the credit union regulator and govern the majority of International Financial Institutions. Credit Unions build capital through their annual net profit. Payment of the Patronage Rebate to members will continue to be reviewed on an annual basis

***Enterprise Risk Management (ERM)***

As a financial institution, Stoughton Credit Union is exposed to a variety of risk. Risk is the downside that exists in almost every aspect of the Credit Union’s activities. Risk represents the potential negative impact to the Credit Union’s ability to achieve important goals. Risk can also cause financial loss and harm to a credit union’s reputation. Managing, or appropriately, balancing risk with business opportunities is the top priority for the Board of Directors and Management. Building sound policies and operational processes, audit practices, capital strategies and liquidity management, supported by strong human resources is the heart of strategic objectives.



Stoughton Credit Union is exposed to risks that are classified within one of the following categories: credit, market, liquidity, operational, legal and regulatory, emerging/reputation and strategic. ERM prioritizes the level of risk and identifies the strategies or gaps that are to be addressed in each risk category. The risk areas identified for Stoughton Credit Union are as follows:

### **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.

Stoughton Credit Union has an annual strategic planning process. Management reports to the Board of Directors on a quarterly basis the monitoring of the performance to the plan.

### **Market / Interest Rate 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.

Stoughton Credit Union utilizes management processes to determine existing market, past trends and possible future direction. There are specific policies that define risk limits in this area. Management utilizes Static Gap Modelling to regularly monitor and manage this risk.

### **Liquidity Risk**

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.

Stoughton Credit Union has a liquidity and capital plan as well as specific policies and regulatory limits to manage this risk. Stoughton Credit Union maintains sufficient liquid resources to fund our balance sheet and to meet the cash requirements of our members. Stoughton Credit Union has a portfolio of liquid assets and has a line of credit with SaskCentral.





### **Credit Risk**

Credit risk is the risk of loss arising from a borrower or counterparty's inability to meet its obligations. [Examples of sources of credit risk may include direct lending activities and holdings of investment securities.]

Credit risk is managed through approved policies, procedures, standards, regulations and controls. The credit portfolio and lending practices are regularly reviewed and assessed by our external and internal auditors. The audit results are reported to the Board of Directors.

### **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.

Stoughton Credit Union has policies and processes in place to ensure compliance requirements are met. Internal and external audits are conducted and the results are reported to the Board of Directors.

### **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.

Stoughton Credit Union uses policies, procedures, controls and monitoring to mitigate operational risk. Risk is managed and monitored through internal audits, insurance, business continuity planning and technology plans, procedures and processes.

### **Emerging / Reputation**

Emerging risks are issues that could have an impact on the credit union in the future. Emerging risk may change very rapidly; thus the importance of identifying and monitoring.

To reinforce the ERM process the Credit Union's board of directors review policies annually to address changes to the financial services industry and to make changes/set limits that match the credit union's risk tolerance. The credit union continues to have external input to address the ever-changing environment. The financials are reviewed semi-annually by our external auditors. Also, on an annual basis the credit union subcontracts the internal audit function to review policy, procedures and practices of the credit union.

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

Stoughton Credit Union is committed to being a strong corporate citizen within our trading area. The Credit Union provides funds to projects that add improvement to



quality of life, improve public facilities or host events that enrich the community. The Credit Union believes that corporate responsibility and social responsibility go hand in hand – there is a responsibility to be a good corporate citizen by giving back to the communities in which we live and do business.

### **Donations/Sponsorships**

Stoughton Credit Union continues to support other organizations in our communities as well through cash donations, sponsorships and volunteer activities. In 2020 the credit union donated over \$5,000 in cash and gifts-in-kind to organizations in our trading area. We took this slower year to put aside funds for future donations and look forward to supporting the community for years to come.

### **Scholarships**

Each year, Stoughton Credit Union presents a \$500 scholarship award to the graduates that will continue their education. A total of three scholarship awards are presented.

**BYLAWS  
STOUGHTON CREDIT UNION LIMITED**

**ARTICLE 1 – MEANING OF TERMS**

**1.1** Defined Terms

As used in these Bylaws the following terms have the definitions set forth below:

- (a) "Act" means *The Credit Union Act, 1998*;
- (b) "Annual Meeting" means the Annual Meeting required under *The Credit Union Act, 1998*;
- (c) "At Large" means the position of Director which is elected by all members and not limited to any particular place or District;
- (d) "Credit Union" means Stoughton Credit Union Limited;
- (e) "Basis of business done with or through the Credit Union" means and is determined in the manner set forth in *The Credit Union Act, 1998*, as amended from time to time for determining and calculating patronage returns;
- (f) "Business Area" means and is determined with reference to the geographical area primarily serviced by the Branch and/or residences of the members whose accounts are located at that Branch;
- (g) "Primary Account" means and is determined with reference to the quantity and value of services and deposits handled in that account;
- (h) "Primary Financial Institution" means and is determined with reference to the quantity and value of services and deposits handled between accounts at the Credit Union and elsewhere;
- (i) "Proposal" means a proposal as defined by Section 85 of *The Credit Union Act, 1998*;
- (j) "Fundamental Change" means a fundamental change as defined by the Regulations;
- (k) "Regulations" means the regulations to *The Credit Union Act, 1998* as amended from time to time;
- (l) "Voting Period" means the period for voting for election of Directors or voting on a Fundamental Change as set out by the Regulations;
- (m) "Key Management Person" means and includes an individual who is employed in an executive management position in the Credit Union or is a Director of the Credit Union.

**1.2** Other Terms

Other terms, whenever used in these Bylaws, shall have the respective meanings ascribed to each such term in *The Credit Union Act, 1998* as amended from time to time.

**ARTICLE 2 – HEADINGS**

**2.1** Headings

The Section headings used in these Bylaws are not substantive and are included solely for the convenience of reference only.

**ARTICLE 3 - MEMBERSHIP**

**3.1** Qualification

Subject to the Articles, membership in the Credit Union is open to all persons.

**3.2** Minimum Membership Shares

All persons wishing to become a member shall hold a minimum of one (1) membership share.

**ARTICLE 4 - ASSIGNMENT**

**4.1** Assignment

Shares and other similar interest(s) may only be assigned or transferred with the approval of the Board of Directors.

**ARTICLE 5 – DIRECTORS**

**5.1** Number of Directors

Subject to the Articles, the minimum number of Directors shall be five (5) and the maximum will be fifteen (15).

**5.2** Election of Directors

(a) Election of Directors At Large

Directors will be elected At Large.

Members will elect nine (9) Directors

### **5.3** Qualifications of Directors

In addition to the qualifications set out in the Act, nominees and directors shall have the following qualifications:

Each Nominee and Director shall:

- (a) have been a member of the Credit Union for a minimum of one (1) year as at the Closing Date for Nominations;
- (b) use the Credit Union as his/her Primary Financial Institution;
- (c) not be involved in legal proceedings against the Credit Union or any of its affiliates or subsidiaries, in the previous year;
- (d) not be a spouse of a person involved in legal proceedings against the Credit Union or any of its affiliates or subsidiaries;
- (e) not have any loans or credit in arrears (in excess of 90 days) with the Credit Union in the previous five years or have any Judgment registered against them;
- (f) not be an employee of the Credit Union or of the Credit Union Deposit Guarantee Corporation within one year of the Closing Date for Nominations;
- (g) not be a Director or employee of a business selling competitive products or services except as a representative of the Credit Union;
- (h) not be a spouse of a Key Management Person of the Credit Union;
- (i) must be bondable and remain eligible for fidelity bonding.

### **5.4.** Nominations of Directors

- (a) The Board of Directors will advertise the opening and closing date for the nomination of directors which shall be set at least twenty-one (21) days before the Voting Period.
- (b) Nominations will close five (5) days before the Voting Period.
- (c) Nominations will not be accepted after the closing date.
- (d) All nominees must sign a nomination paper confirming the nominee meets the eligibility requirements set out in the Act and in these Bylaws.
- (e) The Board shall establish specific policies and procedures in connection with the nomination committee functions including establishing guidelines and criteria for determining suitable candidates based on skill, experience and attributes.

### **5.5** Conduct of Elections

- (a) Election of Directors will take place during the Voting Period;
- (b) The Voting Period will be set annually by the Board of Directors;
- (c) The Voting Period will not be less than 7 days or more than 21 days in length and shall begin not more than 28 days or end less than 7 days before the Annual Meeting;

- (d) Voting for Directors will be conducted by secret ballot in the manner which is approved by the Board of Directors. The manner of voting may include but is not limited to voting polls, in branch voting, mail in or electronically or by all such methods. If the Board of Directors authorizes electronic voting for Directors, a member may also vote at a polling station within a credit union branch;
- (e) Each member is entitled to one vote;
- (f) Where a member votes for more or less than the number of Directors to be elected on the ballot, the ballot is not counted;
- (g) Ballots shall be counted by the Returning Officer prior to the Annual Meeting and successful candidates will be announced at the Annual Meeting. Resolution for destruction of ballots shall be made at the Annual Meeting;
- (h) If a meeting is scheduled at which business is to be conducted during the Voting Period for election of Directors, and the credit union is permitting electronic voting, a member or shareholder shall be allowed to participate in such meeting by means of telephonic, electronic or other communication facility and vote in person as if participating in the meeting in person.

## **5.6** Term of Office

After expiry of the initial term, all Directors will be elected for a term of three (3) years.

## **5.7** Removal of Directors

### (a) Removal by Members

Members may remove a director by two thirds of the votes cast at a meeting.

### (b) Disqualification

A director who fails to attend a minimum of 75% or three consecutive meetings of the regularly called Board of Directors' meetings in any one year without just cause is disqualified to remain as a Director. The Board of Directors shall determine just cause.

Any person removed by members or disqualified for failing to attend the minimum number of meetings is also disqualified from any committee or representative body that requires an individual to be a director.

## **5.8** Vacancies

The Board of Directors may fill a vacancy on the board until the next Annual Meeting provided there is a quorum.

## **5.9** Remuneration

Directors shall be reimbursed for expenses incurred in connection with Director duties. Directors may be paid a per diem for attending Board or Committee meetings or for performing official Director or Committee functions at rates established by the Board of Directors from time to time. The Board of Directors may also establish and pay reasonable annual or monthly retainer fees in addition to or in lieu of per diems.

# **ARTICLE 6 – MEETINGS OF MEMBERS**

## **6.1** Conduct

If approved by the Board, meetings of members may be held using telephonic, video, electronic or other communication facilities. Unless a chair is otherwise appointed, the President or any other Director designated by the Board of Directors shall preside over all meetings of the Credit Union and the Board.

## **6.2** Voting

If approved by the Board, voting at a meeting conducted using telephonic, electronic or other communication facilities shall be by show of hands or secret ballot or by any other means that will identify the voter and vote cast to the Returning Officer appointed for such location.

## **6.3** Location

Meetings of the Credit Union may be held at more than one location. If approved by the Board, meetings may be held separately or simultaneously at more than one location. Where arrangements are made for members to participate in the meeting through electronic, video, telephonic or other communication such meeting is considered to be a meeting in one location.

## **6.4** Meetings at More than One Location

For meetings at more than one location, members should attend and vote at the meeting for their Branch. Members may only vote once on any question. The Returning Officer will keep lists of members who registered to vote at each Branch and may deny registration to any member who previously registered at another Branch.

## **6.5** Resolutions for Meetings at More than One Location

Votes on resolutions will be held at each meeting and the resolution will only pass if the aggregate of the votes cast in all meetings is sufficient to pass the resolution. Resolutions from the floor are not permitted.

## **6.6** Proposals

All Proposals must be submitted in the time and manner prescribed by *The Credit Union Act, 1998*. Resolutions that have not been presented in the time and manner required for Proposals may, at the discretion of the Chair, be presented and debated at an Annual Meeting. Any such resolution is non-binding and will be received by the Board for informational purposes only.

## **6.7** Annual Meeting Agenda

The Annual Meeting agenda may include the following items of business in addition to those specified by the Regulations.

- (a) Announcement of successful candidates from the conduct of elections (for Branch or At Large elections);
- (b) Other business including presentment and debate of non-binding resolutions;
- (c) Other specific agenda items (e.g. Amendment to Bylaws).

## **6.8** Notice of Meetings

Notice of Meetings may be provided by all methods authorized or permitted under the Act or Regulations.

## **6.9** Other Meetings

The Credit Union may hold semi-annual or other periodic meetings of the members.

## **6.10** Quorum

The quorum at an annual meeting of members:

- (a) is 15 members entitled to vote; and
- (b) where the meeting is held at more than one location, is not less than 10 members who are entitled to vote at each location.

## **6.11** Voting on a Fundamental Change

- (a) Voting on a resolution respecting a Fundamental Change will be conducted by secret ballot in the manner which is approved by the Board of Directors. The manner of voting may include, but not limited to, in person, electronic voting, by mail or by any other approved voting method during a Voting Period established by the Board of Directors.
- (b) If the board authorizes electronic voting on a resolution to approve a Fundamental Change, the credit union must also allow a member to vote at a polling station within a credit union branch.



- (c) If the credit union authorizes electronic voting on a Fundamental Change during a Voting Period a member shall be allowed to participate in the meeting at which the resolution is presented and vote by means of telephonic, electronic or other communication facility or vote in person if participating in the meeting in person.
- (d) Each member is entitled to one vote. All votes must be received during the Voting Period. The Returning Officer shall announce the results of the voting on the resolution to approve the Fundamental Change within three (3) business days after the close of the Voting Period.
- (e) The meeting at which the resolution to approve a Fundamental Change is presented and considered is not concluded until after expiry of the Voting Period and the counting of all votes cast by the voting methods authorized by the Board of Directors.

## **ARTICLE 7 – COMMITTEES**

- 7.1** The Board may appoint any person to a Committee.

## **ARTICLE 8 – TERMINATION OF MEMBERSHIP**

- 8.1** On any appeal from termination of membership, a vote to rescind the decision of the Board of Directors must be passed by 75% of the members present at the membership meeting.

## **ARTICLE 9 - REDEMPTION OF MEMBERSHIP SHARES**

- 9.1** When a member withdraws or is terminated from the Credit Union for whatever reason, all shares and other interests in the Credit Union shall be paid to the member not later than one (1) year after the effective date of withdrawal or termination; provided the Credit Union is solvent or that such withdrawal will not cause insolvency.
- 9.2** Where a member has a loan with the Credit Union, all shares and other interests shall be applied to the repayment of the loan with any balance remaining to be paid to the member.

## **ARTICLE 10 - MEMBERSHIP CERTIFICATE**

- 10.1** Membership share certificates need not be issued to members.

## **ARTICLE 11 - SERVICES TO NON-MEMBERS**

- 11.1** The Board may determine from time to time what services may not be provided to non-members.

## **ARTICLE 12 - ALLOCATION OF SURPLUS**

- 12.1** The Board shall determine annually the percentage of the patronage return allocated for members in any given financial year to be applied to the purchase of membership shares of the Credit Union.
- 12.2** Members shall be informed in writing of the number of shares purchased or to be purchased.
- 12.3** Issuance of shares shall be with the approval of the Board or in a manner approved by the Board.
- 12.4** The credit union may allocate a portion of a surplus arising from the operation of the credit union to non-members.
- 12.5** Any closed or terminated account will not qualify for any dividend or patronage returns declared by the Board at a subsequent date.

## **ARTICLE 13 - BUSINESS WITH THE CREDIT UNION**

- 13.1** Members may do business with the credit union at any Branch of the credit union and nothing in these Bylaws is intended to or shall be interpreted to restrict the member from conducting business at any Branch.

## **ARTICLE 14 – CHARGE AND SETOFF**

- 14.1** The Credit Union has a charge on all membership shares including any joint membership share for a debt of the member and may apply such shares or monies standing to the credit of the member towards payment of such debt.

We hereby certify that the existing Bylaws of Stoughton Credit Union Limited have been rescinded and replaced with the attached Bylaws. These Bylaws have been duly authorized by the members of the Credit Union, at the annual meeting held on April 21, 2021.

Dated at Stoughton, Saskatchewan, this 21<sup>st</sup> day of April, 2021.

\_\_\_\_\_  
President

\_\_\_\_\_  
Secretary

**STOUGHTON CREDIT UNION LIMITED**

**STOUGHTON, SASKATCHEWAN**

**INDEPENDENT AUDITORS' REPORT AND  
FINANCIAL STATEMENTS**

**DECEMBER 31, 2020**

## MANAGEMENT'S RESPONSIBILITY COMMUNICATION


To the Members,  
Stoughton Credit Union Limited

Management has responsibility for preparing the accompanying financial statements and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and making objective judgements and estimates in accordance with International Financial Reporting Standards.

In discharging its responsibilities for the integrity and fairness of the financial statements and for the accounting systems from which they are derived, management maintains the necessary system of internal controls designed to provide assurance that transactions are authorized, assets are safeguarded and proper records are maintained.

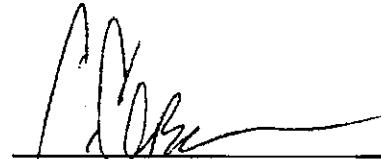
Ultimate responsibility for financial statements to members lies with the Board of Directors. An Audit Committee of Directors is appointed by the Board to review financial statements in detail with management and to report to the Board of Directors prior to their approval of the financial statements for publication.

Independent auditors appointed by the members audit the financial statements and meet separately with both the Audit Committee and management to review their findings. The independent auditors report directly to the members and their report follows. The independent auditors have full and free access to the Audit Committee to discuss their audit and their findings as to the integrity of the Credit Union's financial reporting and the adequacy of the system of internal controls.



---

Chair of the Audit Committee



---

General Manager



**VIRTUS  
GROUP**  
Chartered Professional Accountants  
& Business Advisors LLP

## INDEPENDENT AUDITORS' REPORT

**To the Members,  
Stoughton Credit Union Limited**

### *Opinion*

We have audited the financial statements of **Stoughton Credit Union Limited**, which comprise the statement of financial position as at December 31, 2020, and the statements of members equity, comprehensive income, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Credit Union as at December 31, 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Credit Union in accordance with the ethical requirements that are relevant to our audit of the financial statements in Saskatchewan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Information Other than the Financial Statements and Auditors' Report Thereon*

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

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

In preparing the financial statements, management is responsible for assessing the Credit Union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Credit Union or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Credit Union's financial reporting process.

continued .../

## INDEPENDENT AUDITORS' REPORT continued

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Credit Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Credit Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Credit Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with those charged with governance regarding, among other matters, the planned scope and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

March 24, 2021  
Regina, Saskatchewan

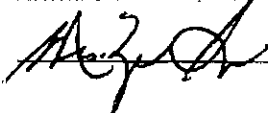
VIRTUS GROUP LLP  
Chartered Professional Accountants



**STOUGHTON CREDIT UNION LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2020**  
**(with comparative figures for 2019)**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and cash equivalents (Note 4)	\$ 27,958,175	\$ 15,879,538
Investments (Note 5)	39,065,464	30,185,445
Loans receivable (Note 6)	58,617,067	60,926,030
Other assets (Note 7)	157,580	337,145
Property and equipment	<u>2,659,863</u>	<u>335,212</u>
	<u>\$ 128,458,149</u>	<u>\$ 107,663,370</u>
<b>LIABILITIES</b>		
Deposits (Note 9)	\$ 119,272,329	\$ 98,842,309
Other liabilities (Note 11)	65,845	94,452
Shares (Note 12)	<u>8,770</u>	<u>8,870</u>
	119,346,944	98,945,631
<b>MEMBERS' EQUITY</b>		
Retained earnings	9,111,205	8,717,739
Accumulated other comprehensive income	<u>-</u>	<u>-</u>
	<u>\$ 128,458,149</u>	<u>\$ 107,663,370</u>

APPROVED BY THE BOARD:

 Director

 Director

*"See Accompanying Notes"*

**STOUGHTON CREDIT UNION LIMITED**  
**STATEMENT OF CHANGES IN MEMBERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
(with comparative figures for the year ended December 31, 2019)

	<u>2020</u>	<u>2019</u>
<b>RETAINED EARNINGS</b>		
Retained earnings - beginning of year	\$ 8,717,739	\$ 9,061,937
Net income (loss)	<u>393,466</u>	<u>(344,198)</u>
Retained earnings - end of year	<u>\$ 9,111,205</u>	<u>\$ 8,717,739</u>
<b>ACCUMULATED OTHER COMPREHENSIVE INCOME</b>		
Accumulated other comprehensive income - beginning of year	\$ -	\$ -
Other comprehensive income	<u>-</u>	<u>-</u>
Accumulated other comprehensive income - end of year	<u>\$ -</u>	<u>\$ -</u>
<b>TOTAL EQUITY</b>	<u><u>\$ 9,111,205</u></u>	<u><u>\$ 8,717,739</u></u>

*"See Accompanying Notes"*



**STOUGHTON CREDIT UNION LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME (LOSS)**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
(with comparative figures for the year ended December 31, 2019)

	<u>2020</u>	<u>2019</u>
<b>Interest revenue</b>		
Loan	\$ 2,676,526	\$ 3,057,752
Investment	822,703	894,663
	<u>3,499,229</u>	<u>3,952,415</u>
<b>Interest expense</b>		
Member deposits	<u>1,271,030</u>	<u>1,198,365</u>
<b>Net interest</b>	2,228,199	2,754,050
<b>Provision for credit losses</b>	<u>199,471</u>	<u>1,697,779</u>
<b>Net interest after provision for credit losses</b>	<u>2,028,728</u>	<u>1,056,271</u>
<b>Other income</b>	<u>284,888</u>	<u>276,504</u>
<b>Operating expenses</b>		
General business	783,101	632,967
Occupancy	69,974	63,226
Organizational	44,383	56,123
Personnel	869,386	978,054
Security	86,496	85,575
	<u>1,853,340</u>	<u>1,815,945</u>
<b>Income (loss) before income taxes</b>	460,276	(483,170)
<b>Income taxes (Note 18)</b>		
Current (recovery)	31,610	(100,172)
Deferred (recovery)	35,200	(38,800)
	<u>66,810</u>	<u>(138,972)</u>
<b>Net income (loss) before other comprehensive income</b>	<u>393,466</u>	<u>(344,198)</u>
<b>Other comprehensive income</b>	<u>-</u>	<u>-</u>
<b>Total comprehensive income (loss)</b>	<u>\$ 393,466</u>	<u>\$ (344,198)</u>

*"See Accompanying Notes"*

**STOUGHTON CREDIT UNION LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
(with comparative figures for the year ended December 31, 2019)

	<u>2020</u>	<u>2019</u>
<b>Cash provided by (used in) operating activities:</b>		
Net income (loss)	\$ 393,466	\$ (344,198)
Items not involving cash:		
- Amortization	62,107	58,876
- Provision for credit losses	199,471	1,697,779
Net change in other assets and other liabilities	150,958	(467,207)
	<u>806,002</u>	<u>945,250</u>
<b>Cash provided by (used in) investing activities:</b>		
Investments	(8,880,019)	8,267,524
Loans receivable	2,109,492	2,919,230
Property and equipment	(2,386,758)	(170,580)
	<u>(9,157,285)</u>	<u>11,016,174</u>
<b>Cash provided by (used in) financing activities:</b>		
Deposits	20,430,020	(253,776)
Shares	(100)	440
	<u>20,429,920</u>	<u>(253,336)</u>
<b>Increase in cash</b>	12,078,637	11,708,088
<b>Cash position - beginning of year</b>	<u>15,879,538</u>	<u>4,171,450</u>
<b>Cash position - end of year</b>	<u>\$ 27,958,175</u>	<u>\$ 15,879,538</u>

*"See Accompanying Notes"*