

# 2019 Annual Report

*"Building a better future with you"*



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**Swan Valley Credit Union Limited**  
**Summary Consolidated Financial Statements**  
*For the year ended December 31, 2019*

# Management's Responsibility

To the Members of Swan Valley Credit Union Limited:

Management is responsible for the preparation and presentation of the accompanying consolidated 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 consolidated 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 consolidated financial statements.

The Board of Directors is 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 Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Credit Union's external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the shareholders to audit the consolidated 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 Board and management to discuss their audit findings.

February 26, 2020



Chief Financial Officer



Chief Executive Officer

# **Report of the Independent Auditor on the Summary Financial Statements**

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To the Members of Swan Valley Credit Union Limited:

## **Opinion**

The summary consolidated financial statements, which comprise the consolidated statement of financial position as at December 31, 2019, and the summary consolidated income statement, summary statements of changes in members' equity and cash flows for the year then ended, are derived from the audited consolidated financial statements of Swan Valley Credit Union Limited (the "Credit Union") for the year ended December 31, 2019.

In our opinion, the accompanying summary financial statements are a fair summary of the audited financial statements of Swan Valley Credit Union Limited for the year ended December 31, 2019.

## **Report on Other Legal and Regulatory Requirements**

As at December 31, 2019 the Credit Union met the capital and liquidity reserve requirements established by Sections 15, 21 and 21(1) of the Regulations to the Credit Unions and Caisses Populaires Act of Manitoba.

Readers of the summary financial statements are advised that in order to appropriately interpret the Credit Union's capital and liquidity reserve requirements, the reader must refer to the audited financial statements and notes for the year ended December 31, 2019.

## **Summary Financial Statements**

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

## **The Audited Consolidated Financial Statements and Our Report Thereon**

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated February 25, 2020.

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

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

## **Auditor's Responsibility**

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

Brandon, Manitoba

March 24, 2020

*MNP LLP*

Chartered Professional Accountants

**Swan Valley Credit Union Limited**  
**Summary Consolidated Statement of Financial Position**  
*As at December 31, 2019*

	2019	2018
<b>Assets</b>		
Cash and cash equivalents	9,296,450	6,343,420
Accounts receivable	554,398	1,126,312
Investments and accrued interest	76,174,338	65,557,680
Members' loans receivable and accrued interest	198,581,044	199,207,732
Income taxes recoverable	26,870	13,573
Prepaid and other assets	164,739	186,299
Property and equipment	6,767,673	7,111,225
Goodwill	1,746,033	1,975,595
	<b>293,311,545</b>	<b>281,521,836</b>
<b>Liabilities</b>		
Member deposits and accrued interest	271,930,011	260,935,319
Income taxes payable	84,565	28,769
Accounts payable	1,481,605	1,581,748
Deferred tax	95,000	99,000
	<b>273,591,181</b>	<b>262,644,836</b>
<b>Members' equity</b>		
Member shares	3,051,248	3,387,723
Retained earnings	16,669,116	15,489,277
	<b>19,720,364</b>	<b>18,877,000</b>
	<b>293,311,545</b>	<b>281,521,836</b>

Approved on behalf of the Board



Director



Director

**Swan Valley Credit Union Limited**  
**Summary Consolidated Income Statement**  
*For the year ended December 31, 2019*

	2019	2018
<b>Interest income</b>		
Member loans	7,740,272	7,252,302
Investments	1,829,685	1,596,105
	<b>9,569,957</b>	8,848,407
<b>Interest expense</b>		
Member deposits	3,984,668	3,165,254
Borrowing	81	1,752
	<b>3,984,749</b>	3,167,006
<b>Net interest income</b>	<b>5,585,208</b>	5,681,401
<b>Operating expenses</b>		
Administration	1,458,482	1,514,622
Amortization and impairment	393,539	417,874
Member security	240,041	232,442
Occupancy	426,834	406,847
Organizational	229,488	241,796
Personnel	3,587,662	3,547,688
	<b>6,336,046</b>	6,361,269
<b>Net operating expenses</b>	<b>(750,838)</b>	(679,868)
<b>Other income</b>	<b>2,577,720</b>	2,444,030
<b>Income before provision for impaired loans and income taxes</b>	<b>1,826,882</b>	1,764,162
<b>Provision for impaired loans</b>	<b>269,969</b>	145,878
<b>Income before income taxes</b>	<b>1,556,913</b>	1,618,284
<b>Provision for income taxes</b>		
Current	379,612	291,626
Deferred	(4,000)	-
	<b>375,612</b>	291,626
<b>Net income</b>	<b>1,181,301</b>	1,326,658

**Swan Valley Credit Union Limited**  
**Consolidated Statement of Changes in Members' Equity**  
*For the year ended December 31, 2019*

	<i>Member shares</i>	<i>Retained earnings</i>	<i>Total equity</i>
<b>Balance December 31, 2017</b>	<b>3,699,806</b>	<b>14,164,081</b>	<b>17,863,887</b>
Net income	-	<b>1,326,658</b>	<b>1,326,658</b>
Issuance of member shares	<b>750</b>	-	<b>750</b>
Redemption of member shares	<b>(312,833)</b>	-	<b>(312,833)</b>
Dividend on preference shares, net of tax recovery	-	<b>(1,462)</b>	<b>(1,462)</b>
<b>Balance December 31, 2018</b>	<b>3,387,723</b>	<b>15,489,277</b>	<b>18,877,000</b>
Net income	-	<b>1,181,301</b>	<b>1,181,301</b>
Issuance of member shares	<b>550</b>	-	<b>550</b>
Redemption of member shares	<b>(337,025)</b>	-	<b>(337,025)</b>
Dividend on preference shares, net of tax recovery	-	<b>(1,462)</b>	<b>(1,462)</b>
<b>Balance December 31, 2019</b>	<b>3,051,248</b>	<b>16,669,116</b>	<b>19,720,364</b>



**Swan Valley Credit Union Limited**  
**Summary Consolidated Statement of Cash Flows**  
*For the year ended December 31, 2019*

	2019	2018
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Interest received from member loans	7,694,229	7,173,844
Interest and dividends received from investments	1,749,072	1,618,817
Other income received	2,977,734	2,444,030
Cash paid to suppliers and employees	(6,021,090)	(5,646,935)
Interest paid on deposits	(3,751,475)	(2,909,567)
Interest paid on borrowed money	(81)	(1,752)
Income taxes paid	(337,113)	(369,150)
	<b>2,311,276</b>	<b>2,309,287</b>
<b>Financing activities</b>		
Net change in member deposits	10,761,499	7,388,727
Issuance of member shares	550	750
Redemption of member shares	(337,025)	(312,833)
	<b>10,425,024</b>	<b>7,076,644</b>
<b>Investing activities</b>		
Net change in members' loans receivable	402,762	(16,034,728)
Proceeds from disposal of goodwill	400,000	-
Purchases of investments	(10,536,045)	-
Proceeds on disposal investments and accrued interest	-	9,458,849
Purchases of property and equipment	(49,987)	(140,973)
	<b>(9,783,270)</b>	<b>(6,716,852)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>2,953,030</b>	<b>2,669,079</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>6,343,420</b>	<b>3,674,341</b>
<b>Cash and cash equivalents, end of year</b>	<b>9,296,450</b>	<b>6,343,420</b>

# Board of Directors Leadership

Longevity

**66** Years

Swan Valley  
Credit Union  
incorporated on  
July 14th, 1953  
with a total of  
\$60.75 in capital

Assets

**\$293** Million

Swan Valley  
Credit Union  
assets grew by  
4.2% or  
11.8 Million dollars  
in 2019

Patronage

Over **\$11** Million

Since 1991 SVCU  
has allocated  
\$14.5 Million and  
paid \$11.6 Million  
in cash to  
members!

# Experience



**Brian Cotton**  
**President**  
[brian.cotton@svcu.mb.ca](mailto:brian.cotton@svcu.mb.ca)  
*Experience* Agriculture



**Ken Treasure**  
**1st Vice-President**  
[ken.treasure@svcu.mb.ca](mailto:ken.treasure@svcu.mb.ca)  
*Experience* Automotive-Industry



**Barb Lewis**  
**2nd Vice-President**  
[barb.lewis@svcu.mb.ca](mailto:barb.lewis@svcu.mb.ca)  
*Experience* Finance



**Ferlin Abrahamson**  
**Director**  
[ferlin.abrahamson@svcu.mb.ca](mailto:ferlin.abrahamson@svcu.mb.ca)  
*Experience* Agriculture  
NGO Administrator  
Transportation



**Lorna Bell**  
**Director**  
[lorna.bell@svcu.mb.ca](mailto:lorna.bell@svcu.mb.ca)  
*Experience* Administration  
Financial Services



**David Dayson**  
**Director**  
[david.dayson@svcu.mb.ca](mailto:david.dayson@svcu.mb.ca)  
*Experience* Healthcare, Coordinator



**Jaymie Klekta**  
**Director**  
[jaymie.klekta@svcu.mb.ca](mailto:jaymie.klekta@svcu.mb.ca)  
*Experience* Healthcare



**Glen McKenzie**  
**Director**  
[glen.mckenzie@svcu.mb.ca](mailto:glen.mckenzie@svcu.mb.ca)  
*Experience* Education  
Mayor, Town of Swan River



**Rosann Wowchuk**  
**Director**  
[rosann.wowchuk@svcu.mb.ca](mailto:rosann.wowchuk@svcu.mb.ca)  
*Experience* Education  
Agriculture  
MLA, Deputy Premier







# Message to Members

Brian Cotton,  
President



Craig Zamzow,  
CEO

**With our 2019 Annual Report highlighting the longevity and commitment of our employee**

**group, we're reminded of the stability of your local credit union. Swan Valley Credit Union has been serving the Swan Valley since 1953...**

On that topic, we celebrated our CEO Don Pratt's retirement early in 2020. Over Don's 7+ years as CEO, SVCU's assets grew from \$233MM to \$293MM. More importantly, our retained earnings ratio increased from 3.87% to 5.65%. While strengthening our business, SVCU also paid nearly \$2 million in cash to members from previously allocated patronage dividends since 2012. We wish Don & Debbie all the best in retirement, he will certainly be missed.

2019 saw our social media presence grow as we're now active on both Twitter and Facebook, and we've begun creating videos to better communicate with and engage our membership.

Our most important asset continues to be our people. Our SVCU team invested over 1,700 hours of volunteerism in our communities, as well as over 820 hours in training to serve our members better. Our Member Advisory Group surveys consistently confirm that our members are very satisfied with the level of service we pride ourselves on. From a member value perspective, SVCU paid out over \$330,000 in cash to members in 2019 from previously allocated patronage shares.

Our insurance agency operations in Swan River have been consolidated after the sale of our Cooperators franchise, with our staff moving across the street to our main branch office location. Entering 2020 we look to embrace change. We will be providing a new digital banking platform for our members. This includes a new website, as well as a new and improved online banking interface and mobile app. This will improve the member experience as our members continue to evolve from over the counter transactions in our branches, to self-serve transactions from the comforts of their home or anywhere in the world with our SVCU Mobile App.

We will continue to strive to be your trusted source for financial advice with a valued products and services offering, as we continue "Building A Better Future With You".

# Our Staff Commitment

Employees

**54**

⋮

SVCU operates 2 branches, 1 in Swan River & 1 in Benito as well as 2 insurance agencies, Swan Valley Insurance Group in Swan River & RG Fast in The Pas.

Volunteerism

**1700** Hours

⋮

SVCU employees volunteered over 1700 hours of their own time in support of 65 different organizations, community events & sport programs in our community.

Education

**822** Hours

⋮

Continuing our education in fraud, technology & service delivery to better serve our members is an important part of our co-operative values.

Donations

**\$5,295**

⋮

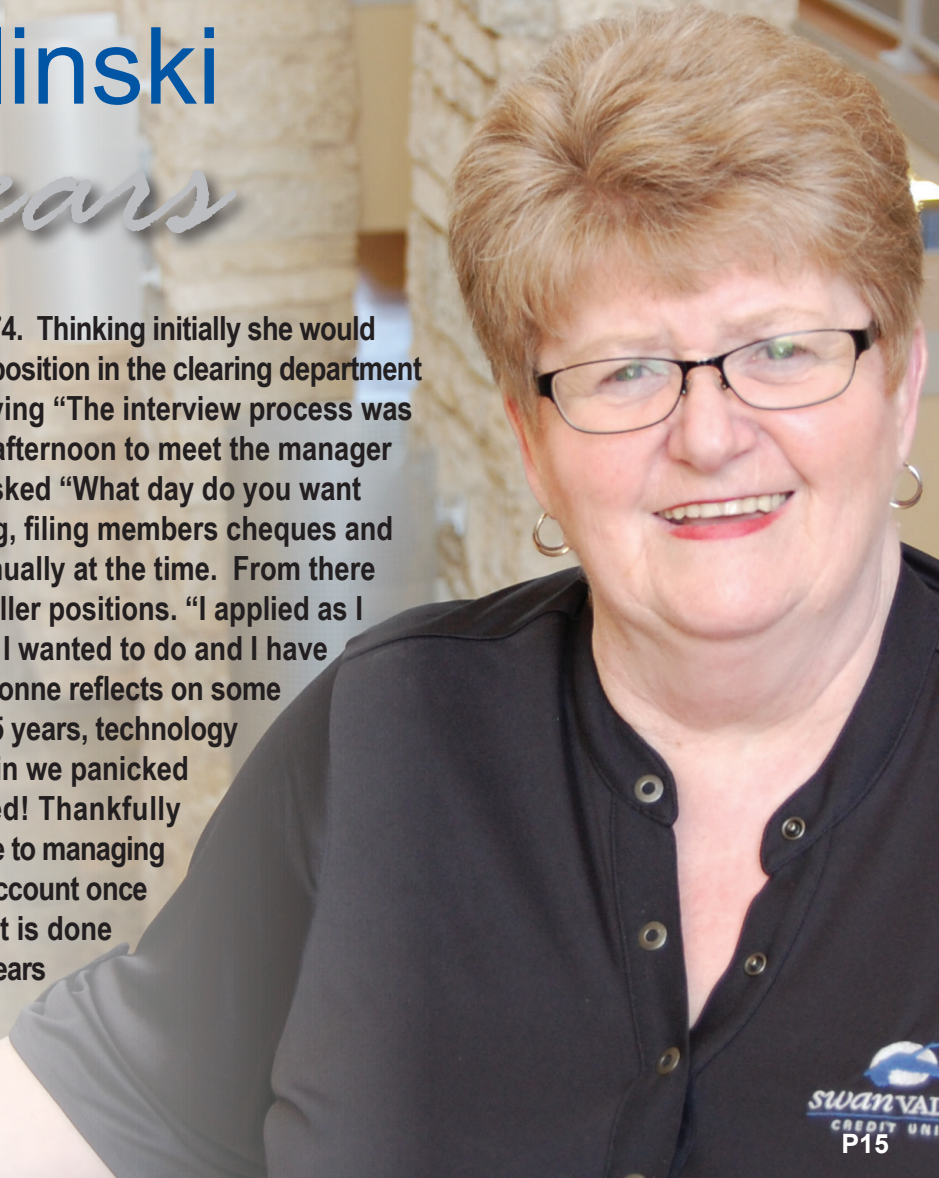
SVCU Employees, through their Jeans Day Fund raised \$5,295 dollars in donations. These funds were donated by the employees to 3 local Community Groups.



# Yvonne Brelinski

## 45 Years

Yvonne's career with SVCU began in April of 1974. Thinking initially she would become a teacher she switched paths to take a position in the clearing department of SVCU. Yvonne revisits that interview by saying "The interview process was very informal. I visited the CU on a Saturday afternoon to meet the manager and he showed me around the building and asked "What day do you want to start?" Her duties included: adding, sorting, filing members cheques and doing statements. All of which were done manually at the time. From there Yvonne moved into one of the first frontline teller positions. "I applied as I knew helping and serving members was what I wanted to do and I have remained in the department to this day." As Yvonne reflects on some of the most significant changes over the last 45 years, technology tops her list. "When ATM's were first brought in we panicked as we thought we would no longer be needed! Thankfully that has never been the case". And when it came to managing members' accounts, "The system updated the account once daily in an overnight run. Unlike today where it is done immediately." Looking back, Yvonne notes "45 years later I still feel privileged to be part of a great organization that treats me with respect!"



# Gayle Branconnier

## 35 Years

Gayle was approached by Mel Edmunds in December of 1984 to apply for one of several term positions they had open at the time. "I told him I had no qualifications for working at a financial institution but he said running the till and working with people and money was enough for qualifications". Taking on an administration position Gayle was trained for the Proof Teller position by Melodie Hunt and her Supervisor at the time was Lorna Bell. After her term was complete Gayle was offered a permanent position in the Administration Department. In 2001, Gayle was once again approached by Mel Edmunds, this time to take on the Administration Supervisor position. "I told him the only way I would do it is if I didn't have to go into an office, as I was used to working in the open area with the other girls". Something that has not changed since she took on the position. Reflecting on the last 35 years Gayle notes: "I have learned 3 new banking systems, remember when we used to film the daily work and watched technology replace Fiche machines, paper statements and how we communicate. I have seen numerous employees come and go, worked with many Directors on committees as an employee representative, experienced the move from the old Credit Union building to the new one and I am on my 4th CEO." What hasn't changed? "Anytime someone asks me why I am still working or when I am going to retire, I tell them I still like my job and the people I work with so why would I leave?"





# Stacey Mullin

## 30 Years

Stacey started work with SVCU in January of 1989. She was hired by Terry Chaykoski to fill a term position as a Loan Administration Clerk and trained by Caroline Willis. After a permanent full time position opened up in the Administration Department, she worked until her first child was born in 1994. Moving from part-time to full time work in 2005, Stacey has filled many roles within the SVCU organization including: Call Centre Associate, Financial Services Officer, Account Manager and Member Services Representative. When asked about the changes that have come about in the last 30 years, Stacey commented “Since I started things have become much more automated. I remember having to add 100’s of cheques daily, sort them by numerical order and read every cheque for any errors. Now we don’t even see the cheques that our members write. I recall one staff meeting our current General Manager, Art Bourgeault, telling us about this new feature that may be coming out in a few years’ time called the Debit Card. It was just in the testing stages and would be quite a few years before it would be available in Canada. I remember all of us commenting on how crazy that sounds and unimaginable that we wouldn’t have to write a cheque or pay with cash.” Despite all of the changes Stacey still looks to her favorite part of her job. “I enjoy working with the members and doing everything possible to meet their needs and have built some very good relationships with them. It is hard for me to believe that I have been at the Swan Valley Credit Union for over 30 years now, I guess time flies when you enjoy what you’re doing”.



# Don Pratt

## *Retirement*

**20 Years with SVCU**

After a career spanning an exceptional 46 years in the financial industry Don Pratt, CEO of Swan Valley Credit Union announced his decision to retire at the end of February 2020.

Don started his career with the Bank of Montreal serving in various locations throughout Manitoba & Saskatchewan. In 1993 Don & his family moved to Swan River, joining SVCU in 2000 through the purchase of the local BMO branch. The SVCU Board of Directors selected Don as CEO in October of 2012. Don & his wife Debbie plan to retire to Regina to be closer to their grandchildren.

*Congratulations!*





# *Our Community* **Donations**

Donations  
**\$71,000**



Arts  
\$6,600

Athletics  
\$16,900

Community  
Development  
\$19,500

Education  
\$12,300

Environment  
\$2,000

Health Care  
\$6,700

Sponsorships \$7,000

Organizations  
**135**



In 2019 Swan Valley Credit Union sponsored or donated to 135 different organizations, community events, sport programs and infrastructure projects



**Main Branch Swan River**  
**913 Main Street East - Swan River, Manitoba - Tel. 204.734.7828**

**Benito Branch**  
**103 Main Street - Benito, Manitoba - Tel. 204.539.2400**

**Minitonas Agency**  
**Minitonas Community Store, 267, 2nd Avenue - Minitonas, Manitoba**  
**Tel. 204.525.2623**

**[www.svcu.mb.ca](http://www.svcu.mb.ca)**

