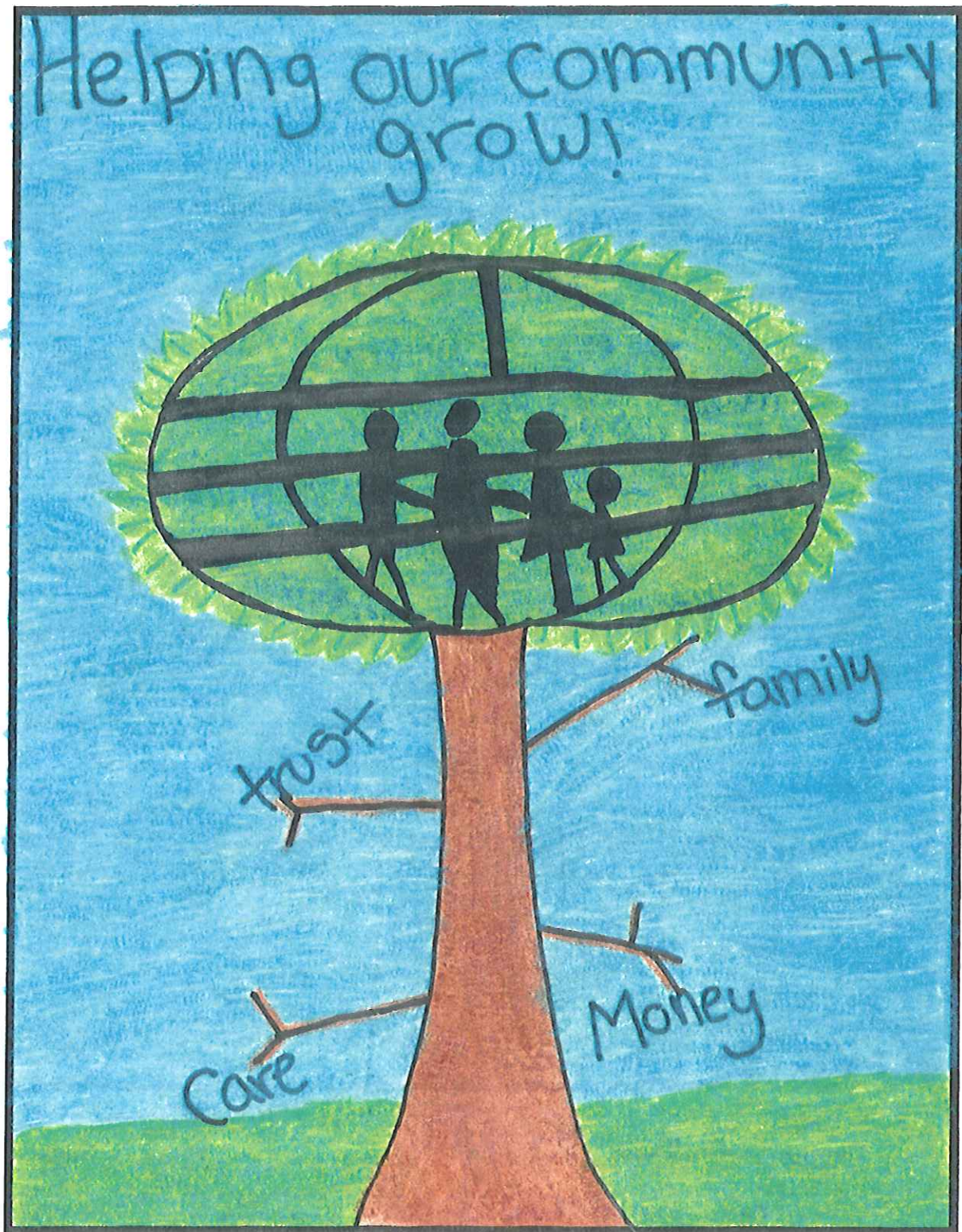


# 2013 ANNUAL REPORT BRUNO CREDIT UNION



Cover designed by: *Jadyn Borstmayer*

*BRUNO SAVINGS AND CREDIT UNION LIMITED*

*ANNUAL MEETING*

**AGENDA**

*Wednesday, April 2, 2014*

*Bruno Community Hall*

*6:30 Supper*

*7:30 Annual Meeting*

- 1. Call to Order*
- 2. President's Opening Remarks*
- 3. Confirmation of Quorum*
- 4. Adoption of Agenda*
- 5. Minutes of the 75<sup>th</sup> Annual Meeting*
- 6. Board of Directors' Report*
- 7. Auditor's Report*
- 8. Appointment of Auditors*
- 9. New or Unfinished Business*
- 10. Door Prizes*
- 11. Adjournment*
- 12. Presentation by Kevin Pulvermacher*





Saskatchewan  
Credit Unions

*Make it Real*

## Message from the Board

*On behalf of the board and staff I would like to welcome you to our 76<sup>th</sup> Annual General Meeting.*

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



# Bruno Savings and Credit Union Limited

## Vision

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

## Mission

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

## Values

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

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

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

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

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

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

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

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

## **Co-operative Principles**

As a true co-operative financial institution, Bruno Savings and Credit Union Limited acts in accordance with internationally recognized principles of co-operation:

### ***Voluntary and Open Membership***

Co-operatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

### ***Democratic Member Control***

Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are also organized in a democratic manner.

### ***Member Economic Participation***

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

### ***Autonomy and Independence***

Co-operatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

### ***Education, Training and Information***

Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operatives.

### ***Co-operation among Co-operatives***

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.



### ***Concern for Community***

Co-operatives work for the sustainable development of their communities through policies approved by their members.

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

Bruno Savings and Credit Union Limited voluntarily adheres to the Credit Union Market Code. This code has been jointly developed by Saskatchewan credit unions, SaskCentral and Credit Union Deposit Guarantee to ensure the protection of credit union members. The code sets forth guidelines for the following areas:

- Complaint handling, which outlines the process for dealing with all complaints regarding the service, products, fees or charges of Bruno Savings and Credit Union Limited.
- Fair sales by outlining the roles and relationship of staff to all members and in accordance with the financial services agreement.
- Financial planning process to advise members on the risks and benefits associated with financial planning services.
- Privacy to protect the interests of those who do business with Bruno Savings and Credit Union Limited. Privacy is the practice to ensure all member information is kept confidential and used only for the purpose for which it was gathered.
- Professional standards to preserve a positive image of Bruno Savings and Credit Union Limited among our members and communities.
- Capital management to ensure our capital structure aligns with our risk philosophy.
- Financial reporting to adhere to business and industry standards.
- Governance practices to adhere to the intent and stipulation of our corporate bylaws, which are approved by the membership of Bruno Savings and Credit Union Limited.
- Risk management to ensure all risks are measured and managed in an acceptable fashion.

## **Management Discussion and Analysis**

### ***Introduction***

Bruno Savings and Credit Union Limited is an independent Saskatchewan credit union owned by our members. Under the current credit union legislation, Bruno Savings and Credit Union Limited is able to provide financial services to members and non-members. As at December 31, 2013 we had 1313 members and 385 non-members. Non-members do not participate in the democratic processes of the credit union nor the patronage program.

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

## Strategy

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

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

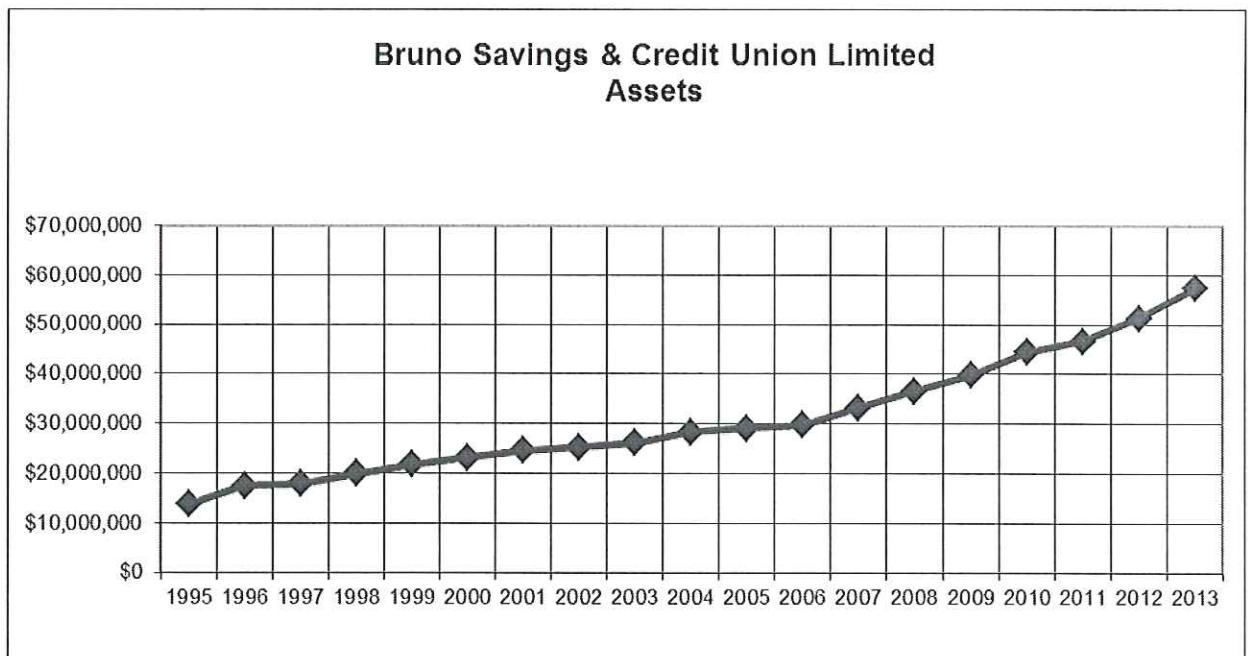
- to have staff that are knowledgeable, empowered and self-motivated
- to have a strategically focused, knowledgeable Board of Directors
- to have a fully satisfied membership
- to provide access to a broad range of products and services that best meet members' needs
- to attract and retain new members and business
- to be a financially viable organization
- to be compliant with all legislation and regulatory requirements
- to have technology in place to meet our members' needs and the needs of our credit union.

## Results

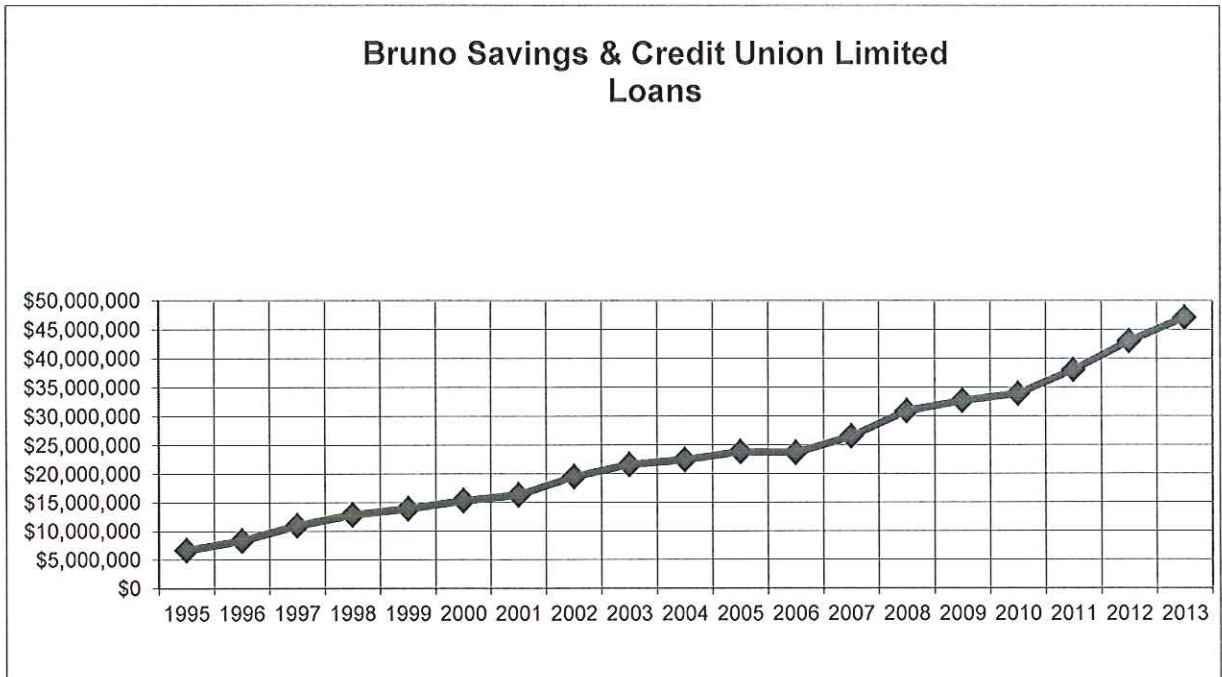
### Financial Performance

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

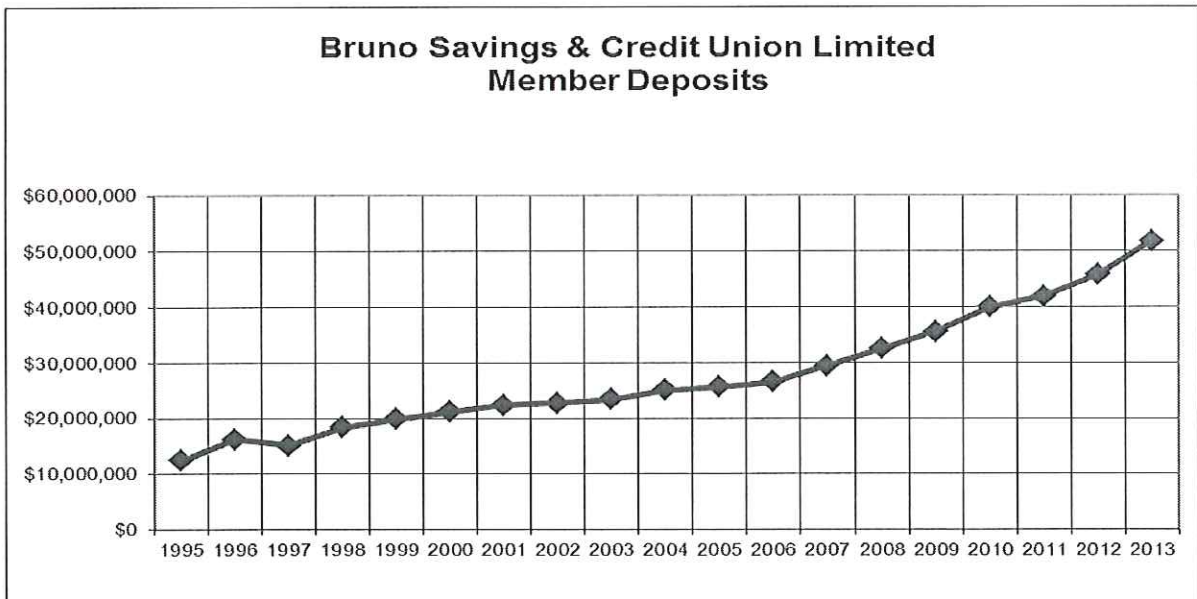
The first is growth: This year we had growth in assets of 11.85% or \$6,079,484.



Loans increased by \$4.1 million or 9.59% and ended the year at 82.03% of assets as a percentage (last year end loans totalled 83.7% of assets). This ratio is calculated on loans and leases and includes accrued interest on the loans outstanding to these members. This is just slightly higher than our target of 80%.



Member deposits increased by approximately 13.08% or \$5.99 million.





Investments increased by \$0.65 million.

### **Credit Risk**

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

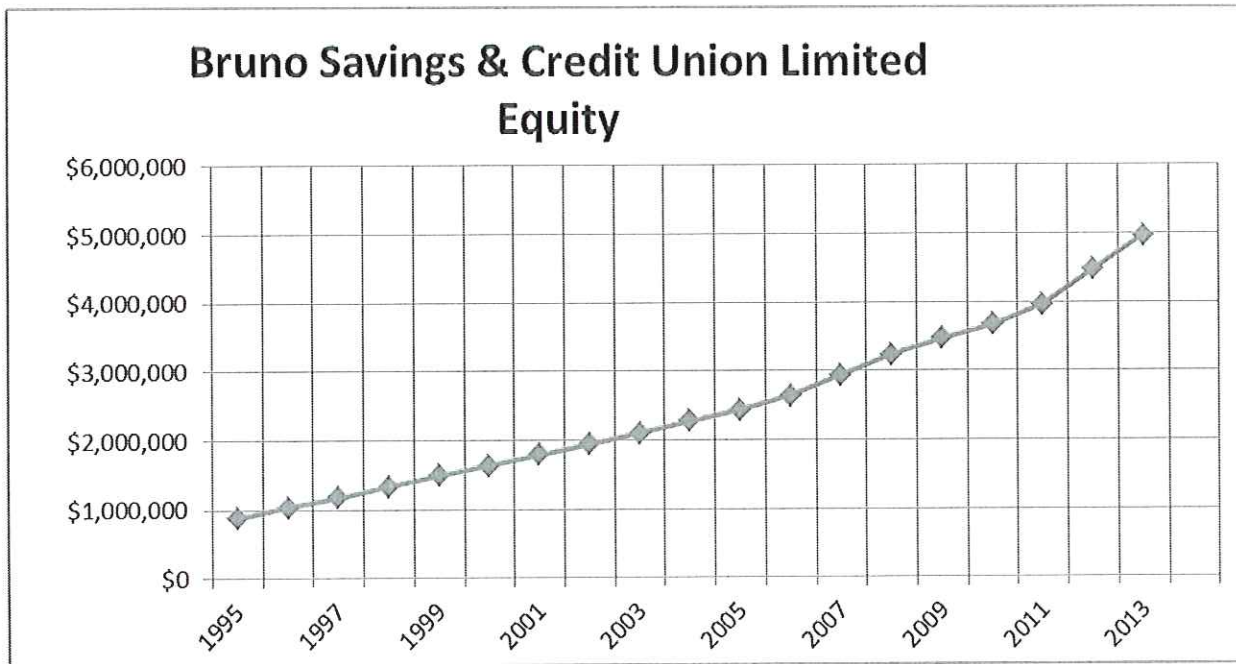
The primary type of risk is associated with loans. After writing off one loan for \$6,707 we decreased our allowance for loan losses to \$0.00. (compared to an allowance of \$6,974 at Dec 31, 2012). We ended the year with \$0.00 of impaired loans. (compared to \$8,475 last year). There were \$2,611,262 of loans that were in arrears 1 day or more. (compared to \$2,505,733 last year.) Our lending staff work with all borrowers, with loan arrears, to make suitable arrangements for repayment. In the rare situations where suitable arrangements can't be made, legal action is taken.

### **Liquidity Risk**

Liquidity is yet another factor which we monitor. Liquidity risk is the potential inability to meet obligations, such as liability maturities, deposit withdrawals, or funding loans without incurring unacceptable losses. Liquidity risk includes the inability to manage unplanned decreases or changes in funding sources. We completed the year in a negative liquidity position: -\$803,977 compared to negative -\$2,832,086 last year. This was with \$3.2 million in approved loans not yet disbursed at year end. We can sell loans, purchase deposit through a broker or borrow funds from Concentra Financial to help deal with a liquidity shortfall if needed.

### **Equity**

Equity, the difference of assets and liabilities which is the measure of ownership, remained strong this year. Equity can be measured both as a percentage of assets or as a dollar amount. This year we completed the year with \$ 4,964,479 or 8.65% compared to \$4,472,270 or 8.72% last year. There is also an additional \$597,441 or 1.04% in member allocated equity accounts. CUDGC sets standards for the Credit Unions to follow, one of the standards being that we must have 5% equity in our organization or we become subject to supervision by CUDGC. We also rate our equity under the Bank of International Standards. Under BIS standards we are required to hold 8% equity of risk rated assets, we presently hold 12.84% compared to the peer group average of 13.20% and system average of 11.942%. Regulatory standards also require the Credit Union to maintain a minimum leverage ratio of 5%. This ratio is calculated by dividing eligible capital by total assets less deductions from capital plus specified off-balance sheet exposures. Our leverage ratio is 9.51%



A strong equity position comes from good profitability. This year our profitability was just slightly less than in 2012. Profit after tax allocation was \$492,209 compared to \$510,666 last year.

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

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

#### PRODUCTIVITY

	<b>BRUNO</b>	<b>LIKE SIZE</b>	<b>PROVINCIAL AVERAGE</b>
<b>Assets/Staff</b>	\$ 5,885,316	\$ 4,554,590	\$ 5,253,224
<b>Deposits/Staff</b>	\$ 5,293,573	\$ 4,144,264	\$ 4,605,444
<b>Loans/Staff</b>	\$4,796,243	\$ 3,137,042	\$ 4,215,353
<b>Membership/Staff</b>	174	155	166
<b>Personnel costs/Staff</b>	\$ 64,703	\$ 65,319	\$ 76,201

Like size or peer group credit unions are the 18 smallest credit unions in the province ranging in size from \$16 million to \$57 million. There are 18 out of 53 Credit Unions in Saskatchewan in this category.

### ***Enterprise Risk Management***

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



The Board, Management, and Staff annually review and update a strategic plan and an Annual review of our ERM is completed. This year we contracted Sask Central to help with a complete review and update of our ERM.

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

### **Strategic Risk**

Strategic risk is the risk that adverse decisions, ineffective or inappropriate business plans or failure to respond to changes in the competitive environment, customer preferences, product obsolescence or resource allocation will impact our ability to meet our objectives. This risk is a function of the compatibility of an organization's strategic goals, the business strategies developed to achieve these goals, the resources deployed against these goals and the quality of implementation.

### **Market Risk**

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

### **Legal and Regulatory Risk**

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

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

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

### **Operational Risk**

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or external events. Exposures to this risk arise from deficiencies in internal controls, technology failures, human error, employee integrity or natural disasters. Operational risks are looked at by the board regularly throughout the year as they effect the day to day operations. They include risks such as:

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



## ***Regulatory***

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

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

The governance of the Bruno Savings and Credit Union Limited is anchored in the 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 the Bruno Savings and Credit Union Limited. In acting in the best interests of the credit union and its members, the board's actions adhere to the standards set out in *The Credit Union Act 1998*, the *Standards of Sound Business Practice* and other applicable legislation.

### *Board Composition*

The board is composed of 9 individuals elected on a regional basis. Terms are for 3 years. Nominations are made by district. Voting is by paper ballot and election results are announced at the Bruno Savings and Credit Union Limited's annual general meeting. As you will note from the list of the Staff and Directors attached, Bentley Carberry, Peter Krebs and Corrine Doetzel, have had their terms of office expire this year.

Nominations were held from Feb 7th, 2014 to Feb 28th, 2014. At the time nominations ceased, there were two nominations for the Bruno District and one for the Prud'homme district. They were Bentley Carberry, Corrine Doetzel (Bruno) and Peter Krebs (Prud'homme). Since the number of nominations equalled the number of vacancies, elections did not need to take place, and by acclamation the following directors were elected for 3 year terms: Bentley Carberry, Corrine Doetzel and Peter Krebs. A big thank you to the directors for leaving their names stand for re-election.

### *Board Compensation*

Bruno Savings and Credit Union Limited is fortunate to have competent guidance through the dedication of Management and the Board of Directors. As in past years the Board of Directors was very busy with regular and committee meetings throughout the year. 10 regular meetings were held as well as other meetings, consisting of a Strategic Planning meeting and a meeting to do the general manager's annual performance review. The audit committee met 2 times, the conduct review committee met once and the credit committee met once in 2013.

Directors and committee members are compensated with a per diem for meetings attended. Out of pocket expenses such as mileage and meal costs are also reimbursed to directors for expenses incurred from attending meetings and training. Directors attended various meetings and training throughout the year. Some of these include training from CU-Source and a meeting on recommended employee compensation.

#### *Board Committees*

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

- > **Executive Committee:** acts on behalf of the board of directors between regular or special board meetings on all board matters except those which the board may not, in compliance with legislative requirements, delegate. The 2013 members of the committee were: Mark Kehrig, President , Andre Lafreniere, Vice-president and Jeff Mark, General Manager.  
The executive committee comprised of the president, vice president and the general manager.
- > **Conduct Review Committee:** ensures related party transaction comply with legislation, standards of sound business practice and with credit union or committee policies and procedures. They also ensure that all proposed related party transactions are fair to the credit union and that the exercise of the best judgment of the credit union has not been compromised as a result of real or perceived conflict of interest. 2013 members of this committee are: Corrine Doetzel, Kurtis Ellis, Bentley Carberry and alternates are Philip Lepage and Elaine Urban.  
The conduct review committee is appointed annually at the re-organization meeting.
- > **Nominating Committee:** oversees the nomination and election processes for the elections of credit union directors. 2013 members of this committee are Mark Kehrig, Elaine Urban and Philip Lepage.  
The nominating committee is appointed annually at the re-organization meeting.
- > **Audit Committee:** ensures an independent review of the credit union's operation on areas deemed necessary to maintain the integrity of financial data, adequacy of internal controls and adherence to relevant legislation, regulations and standards. 2013 members of this committee were: Elaine Urban, Ryan Hering, Mark Kehrig and Andre Lafreniere.  
The Audit committee is appointed annually at the re-organization meeting.
- > **Credit Committee:** To analyze and make decisions on credit applications within the provision of policy and legislation on any loans brought to them for approval. To review loans granted by management that are exceptions to loans policy and monitor if the exceptions are reasonable. 2013 members of this committee were: Philip Lepage; Peter Krebs, Jeff Mark and Joan Manderscheid.  
The credit committee is appointed annually at the re-organization meeting.

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



## Executive Management

The Executive Management consist of the General Manager, Branch Supervisor , Office Supervisor and Loans officer. As you can see by the attached chart the Executive Management team has OVER 100 years of combined Credit union experience. Constant updates and meetings keep the management busy, both attending and reporting back to directors and staff.

## Staff\Employees

Lisa Weiman was hired in August of 2013 as a Member Service Representative. She was hired to fill in for Karen Thiel who is currently on long term disability leave. We wish Karen the best with her recovery.

Andrea Hoffman worked as our summer student at the Bruno office.

At our Prud'homme office, effective Jan 1, 2014 Candice Regush took over as the Branch Supervisor. Doris Hounjet will be easing into retirement and will continue to work on a part time basis.

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

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

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

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





## QUICK FACTS

(as of Dec 31, 2013)

- Today there are 53 credit unions in Saskatchewan serving 254 communities through 285 service outlets
- Saskatchewan credit union assets reached \$18.2 billion with revenue of over \$809 million.
- Credit Union lending amounts to \$14.6 billion
- Almost 500 board members are locally elected by members of each credit union to provide strategic direction to their management teams.
- Credit unions are a major contributor to Saskatchewan's economy, employing almost 3500 people.
- As independent financial institutions owned and controlled by their members, credit unions are shaped by community needs. Saskatchewan credit unions range in asset size from \$16 million to more than \$4 billion.
- Funds held on deposit in Saskatchewan Credit Unions are fully guaranteed through the Credit Union Deposit Guarantee Corporation. The full guarantee is made possible through a comprehensive deposit protection regime that is focused on prevention.

**BRUNO SAVINGS AND CREDIT UNION LIMITED**

**BRUNO , SASKATCHEWAN**

**INCORPORATED: April 7, 1938**

**CREDIT UNION CHARTER NO. 13**

**OFFICERS:**

**PRESIDENT – MARK KEHRIG**

**VICE-PRESIDENT – ANDRE LAFRENIERE**

**SECRETARY-TREASURER – JEFF MARK**

**DIRECTORS**

<b>NAME</b>	<b>YEARS of SERVICE</b>	<b>OCCUPATION</b>	<b>ADDRESS</b>	<b>TERM EXPIRES</b>	<b>Reg Meeting Attendance Rate</b>
Bentley Carberry	21	Sales manager	Bruno	2014	60%
Peter Krebs	9	Administrator	Prud'homme	2014	70%
Corrine Doetzel	3	Education Assistant	Bruno	2014	100%
Philip Lepage	8	Farmer	Bruno	2015	80%
Mark Kehrig	14	Farmer	Bruno	2015	100%
Elaine Urban	9	Farmer	Bruno	2015	100%
Ryan Hering	4	Farmer	Bruno	2016	100%
Kurtis Ellis	4	Electrician	Bruno	2016	60%
Andre Lafreniere	19	Farmer	Prud'homme	2016	90%

**STAFF**

<b>NAME</b>	<b>POSITION</b>	<b>YEARS OF CO-OPERATIVE SERVICE</b>	
Jeff Mark	General Manager	33	
Joan Manderscheid	Loans Officer	26	
Cheryl Solar	Office Supervisor	8	
Shannon Weiman	Loans clerk	16	
Colleen Niebrugge	Member Service Rep	25	
Susan Corbett	Member Service Rep	5	
Brandy Moritz	Member Service Rep	15	
Karen Thiel	(On disability leave)	5	
Lisa Weiman	Member Service Rep	0.7	
Doris Hounjet	Branch Supervisor	36	
Heike Fink	Member Service Rep	3	Part time
Candice Regush	Member Service Rep	2	Part time

**EXECUTIVE COMMITTEE**

*Mark Kehrig  
Andre Lafreniere  
Jeff Mark – secretary*

**AUDIT COMMITTEE**

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

**CREDIT COMMITTEE**

*Philip Lepage  
Peter Krebs  
Jeff Mark  
Joan Manderscheid*

**CONDUCT REVIEW COMMITTEE**

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

*Philip Lepage  
Elaine Urban  
Jeff Mark*

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

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

In 2013 over \$13,000 was spent on local sponsorships. Some of the groups and events that we provided support to were:

-Heartland 4-H Beef Club Achievement day, Village of Prud'homme (web page design) , Vonda Skating Rink, Bruno Skating Rink, Prud'homme Library (computer) , Bruno T Birds Sr Hockey, Vonda School Grad award; Bruno School Grad Award, Sask Co-operative Youth Program , Bruno Jr Boys Broomball (Jerseys), Bruno Car Show, Prud'homme Ukrainian Dance Club (mirrors) , Bruno Multi use building (new tables) and others.

## ***Capital Management***

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

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

For total eligible capital to risk weighted assets the regulatory standard is 8.00% and we were 12.84%.

For tier 1 capital to risk-weighted assets the regulatory standard is 6.00% and we were 11.45%.

For Common equity tier 1 capital to risk-weighted assets the regulatory standard is 4.50% and we were 11.45%.

The minimum leverage ratio is 5.00% and we were 9.51%.

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

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



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

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



**Bruno Savings and Credit Union Limited**  
**Summary Financial Statements**  
*December 31, 2013*



ACCOUNTING › CONSULTING › TAX  
701 - 9TH STREET, BOX 2590; HUMBOLDT SK; S0K 2A0  
1-877-500-0789 P: 306-682-2673 F: 306-682-5910 [www.MNP.ca](http://www.MNP.ca)

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

To the Members of Bruno Savings and Credit Union Limited:

The accompanying summary financial statements, which comprise the summary statement of financial position as at December 31, 2013, and the summary statements of comprehensive income, changes in equity and cash flows for the year then ended, are derived from the audited financial statements of Bruno Savings and Credit Union Limited for the year ended December 31, 2013. We expressed an unmodified opinion on those financial statements in our report dated February 27, 2014. Those financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

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

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

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

### *Auditors' Responsibility*

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

### *Opinion*

In our opinion, the summary financial statements derived from the audited financial statements of Bruno Savings and Credit Union Limited for the year ended December 31, 2013 are a fair summary of those financial statements, in accordance with International Financial Reporting Standards.

Humboldt, Saskatchewan  
February 27, 2014

*MNP* LLP  
Chartered Accountants



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

*As at December 31, 2013*

	2013	2012
<b>Assets</b>		
Cash and cash equivalents	1,543,070	263,977
Investments	8,686,949	8,030,562
Loans	47,071,007	42,953,530
Other assets	9,442	15,183
Property, plant and equipment	71,366	39,098
	57,381,834	51,302,350
<b>Liabilities</b>		
Line of credit	-	358,200
Deposits	51,772,934	45,783,837
Other liabilities	40,415	59,546
Membership shares	6,565	6,610
Equity accounts	597,441	621,887
	52,417,355	46,830,080
<b>Commitment</b>		
<b>Equity</b>		
Retained earnings	4,964,479	4,472,270
	57,381,834	51,302,350

Approved:



Director



Director

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

*For the year ended December 31, 2013*

	2013	2012
<b>Interest income</b>		
Loan interest	1,931,116	1,797,456
Investments	197,887	189,368
	<b>2,129,003</b>	<b>1,986,824</b>
<b>Interest expense</b>		
Deposits	525,711	489,851
Borrowed money	1,752	2,668
	<b>527,463</b>	<b>492,519</b>
<b>Net interest income</b>	<b>1,601,540</b>	<b>1,494,305</b>
<b>Recovery of credit losses</b>	<b>267</b>	<b>19,126</b>
<b>Net interest income before other income</b>	<b>1,601,807</b>	<b>1,513,431</b>
<b>Other income</b>	<b>116,745</b>	<b>131,297</b>
<b>Net interest and other income</b>	<b>1,718,552</b>	<b>1,644,728</b>
<b>Operating expenses</b>		
Personnel	630,854	604,395
Security	52,169	48,017
Organizational	39,679	35,385
Occupancy	30,891	31,833
General business	397,471	339,079
	<b>1,151,064</b>	<b>1,058,709</b>
<b>Income before provision for income taxes</b>	<b>567,488</b>	<b>586,019</b>
<b>Provision for income taxes</b>	<b>75,279</b>	<b>75,353</b>
<b>Total comprehensive income</b>	<b>492,209</b>	<b>510,666</b>

**Bruno Savings and Credit Union Limited**  
**Summary Statement of Changes in Equity**  
*For the year ended December 31, 2013*

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	2013	2012
Retained earnings, beginning of year	4,472,270	3,961,604
Add:		
Total comprehensive income	492,209	510,666
Retained earnings, end of year	4,964,479	4,472,270

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**Bruno Savings and Credit Union Limited**  
**Summary Statement of Cash Flows**

*For the year ended December 31, 2013*

	2013	2012
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Interest received from loans	1,927,616	1,778,367
Interest received from investments	186,230	180,621
Other income received	116,745	131,297
Income taxes paid	(96,163)	(63,476)
Interest paid to members	(510,762)	(507,266)
Interest paid on borrowed money	(1,752)	(2,668)
Cash payments to suppliers and employees	(1,130,472)	(1,061,205)
	491,442	455,670
<b>Financing</b>		
Line of credit advances	-	358,200
Line of credit repayments	(358,200)	-
Net change in deposits	5,974,147	3,826,715
Redemption of membership shares	(45)	(240)
Reduction of equity accounts	(24,446)	(18,666)
	5,591,456	4,166,009
<b>Investing</b>		
Net change in loans	(4,113,710)	(4,920,463)
Net change in investments	(644,730)	(694,513)
Purchase of property, plant and equipment	(45,365)	(4,922)
	(4,803,805)	(5,619,898)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>1,279,093</b>	<b>(998,219)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>263,977</b>	<b>1,262,196</b>
<b>Cash and cash equivalents, end of year</b>	<b>1,543,070</b>	<b>263,977</b>