

# 2024

# ANNUAL Report



**Saskatoon  
City Employees  
Credit Union**



**Saskatchewan  
Credit Unions**

[saskcu.com](http://saskcu.com)



## **Meeting Agenda**

### **78<sup>th</sup> Annual Meeting of the Saskatoon City Employees Credit Union March 25, 2025 – 7:30 PM Committee Room E, City Hall**

1. Call to order and Welcome
2. Registration and Declaration of Quorum
3. Adoption of Agenda
4. Reading and approval of previous year's annual meeting minutes
5. Business arising out of minutes
6. Board of Directors/Board Chair's Report
7. Deposit Guarantee Corporation Annual Report 2024
8. Management Discussion and Analysis Report
9. Management's Responsibility
10. Auditors Report and Presentation of Financial Statements
11. Adoption of reports
12. Appointment of auditors for 2025
13. Announcement of Directors
14. New and Other Business
  - Boyd Johnson Memorial Scholarship Awards Presentation
  - Long Service Awards
  - Other New Business
  - Door Prizes
15. Adjournment



**77<sup>th</sup> Annual General Meeting  
of the  
Saskatoon City Employees Credit Union  
March 19,2024**

**1.0 Call to Order & Welcome: Time: 7:05 pm**

**2.0 Registration & Declaration of Quorum:**

Minimum of 15 members required.

Quorum is declared.

**3.0 Adoption of Agenda:**

*Motion:*

Moved by: Michelle Lane                      Seconded by: Stevie Hopkins

“To adopt the agenda as presented.”

Carried

**4.0 Reading and approval of the previous year’s annual board minutes**

*Motion:*

Moved by: Stan Macala                      Seconded by: Stevie Hopkins

“That the minutes of the SCECU AGM meeting held on March 21,2023, be approved as presented.”

Carried

**5.0 Business arising Out of the minutes:**

None

**6.0 Board of Directors/Board Chair’s Report**

Chair Marian Voth presented her report and discussed with the membership.

**7.0 Deposit Guarantee Corporation Annual Report for 2023**

Posted on their website: [www.cudgc.sk.ca](http://www.cudgc.sk.ca)

Refer to page 9 of the Annual Report.

**77<sup>th</sup> Annual General Meeting  
of the  
Saskatoon City Employees Credit Union  
March 19,2024**

**8.0 Management Discussion and Analysis Report**

General Manager Dennis Lozinsky presented a slide deck and discussed with the membership. (refer to page 14-39)

**9.0 Management's Responsibility**

General Manger Dennis Lozinsky referred to page 43 of the annual report.

**10.0 Auditor's Report and Presentation of Financial Statements**

Brian Heinrichs, partner in Virtus Group, presented the auditor's report and the financial statements for 2023 to the membership.

*Motion:*

Moved by: Robert Voth                      Seconded by: Allen Beck

“That the Audited Financial statements for 2023 be accepted as presented”

Carried

**11.0 Adoption of Reports**

*Motion:*

Moved by: Craig Senick                      Seconded by: Sophie Korol

“That the Reports of the Board chair, deposit Guarantee annual report and the Management's discussion and Analysis Report be received as presented.”

Carried

**12.0 Appointment of Auditors for 2024**

*Motion:*

Moved by: Stan Macala                      Seconded by: Stevie Hopkins

“That the audit firm of The Virtus Group LLP be appointed to carry out the audit function for 2024.”

Carried

**77<sup>th</sup> Annual General Meeting  
of the  
Saskatoon City Employees Credit Union  
March 19,2024**

**13.0 Announcement of Directors**

This years nominating committee was made up of Alyson Edwards-Price, Craig Senick and credit union support of Scott Roesch.

Alyson provided an update.

*Motion:*

Moved by: Alyson Edwards-Price    Seconded by: Stan Macala

“That incumbent Richard Woodvine, be declared elected for another term of 3 years to the Board of Directors of the Saskatoon City Employees Credit Union “

Carried

**14.0 New and Other Business:**

- Boyd Johnson Memorial Scholarship Awards Presentation  
President Marian Voth announced the Boyd Johnson memorial awards to this year’s recipients, Jenna Roesch and Sarah Hartmann.
  
- Other new Business  
-None
- Door Prizes  
-draws

**15.0 Adjournment:**

*Motion:*

Moved by: Stan Macala                      Seconded by: Marty Irwin

“That the Annual General Meeting for 2023 be adjourned.”

Carried

Time: 8: 09 pm

## THE BOARD CHAIR'S REPORT

### OVERVIEW

#### **Financial Highlights**

**Net Income** - After tax and 2023 patronage disbursements in 2024, net income for the year was **\$278,988**. Retained earnings (retained capital) increased from **\$7.58M to \$7.86M** at the end of the fiscal year. Your credit union is in a very strong capital position holding capital well in excess of the regulatory requirement @ December 31, 2024, of **\$6.21M**.

**Patronage Allocation** - The Board approved a patronage allocation of **\$60,000 for 2024** to be distributed in **2025**. The patronage allocation for 2023 (distributed in 2024) was \$40,876.

#### **Challenges Throughout the 2024 and 2025 Years**

**Generally**, Credit unions will face most of the same pressures as the banks – increasingly uncertain global, national, and provincial economies, a world in chaos, the threat of wars, and multiple natural disasters. Canadian financial institutions expect to directly or indirectly feel the impact of US trade policy, and tariff wars to some degree. These overriding circumstances make budgeting and planning for most financial institutions more challenging. In this uncertain environment, SCECU's Management team, with the Board's support, strives to be flexible and adaptive, evaluating and adjusting its strategies as needed.

Note that some reports do forecast population and economic growth in Saskatchewan in 2025.

**Top challenges for our credit union** continues to be cybersecurity, implications of artificial intelligence, digital transaction processing, competing with other financial institutions, investing in technology and training, integrating new technology with existing infrastructure, membership growth, maintaining current member confidence, consumer price increases, and lost continuity as long-term staff retire. All these challenges, and more, must be addressed while still maintaining profitability, regulatory compliance. and providing outstanding service to our members.

**Interest rate margin compression** continues to limit the credit union's ability to generate earnings. To remain competitive, the credit union must offer high enough interest rates to attract new and renewable deposits (expense). Simultaneously, many loans are still locked in at lower rates (income) although this is changing as higher rates are now in effect for new and renewed loans. Because these loan and deposit transactions occur almost daily, the management team must employ constant vigilance in order to remain profitable in a very competitive industry.

The **mortgage stress test** still prevents some members from qualifying for a new mortgage (not renewals) which impacts the credit union's ability to lend out funds. 76% of our credit union's total loans receivable were for conventional residential, farm, and commercial mortgages.

**Membership** – The credit union experienced a net decrease in memberships from 2081 to **2053**. New memberships totalled 62. The reasons for closed memberships (90) varied, are generally out of the credit union's control, and include - closure of dormant accounts (6%), deceased members (28%), transfer of accounts to another financial institution (2%), account no longer needed (28%), settled estates (7%), and for various miscellaneous reasons (29%). Credit union staff are trained to listen to and understand our members' needs and preferences.



## STRATEGIC DIRECTION

**Unique Entity** - The SCECU is unique in that it serves a niche market of current and former City employees and their families. Our members continue to enjoy the benefits of high quality, personalized service setting your credit union apart from other financial institutions.

**Partnerships** – Your credit union continues to partner with other credit unions to reduce costs and increase revenues. Beneficial partnerships include the investment in participation loans that yield a higher interest rate, while having an acceptable level of risk, and the referral of members to Synergy Credit Union for wealth management services and non-guaranteed investments

**Technological Advances** - Your credit union continues to subscribe to technological advances as they become cost effective for its membership. On the security side, our staff worked directly with our providers CGI/Celero to implement an upgrade called “Zero Trust”, which strengthened the overall security of our credit union.

**Marketing** – To achieve long term sustainability, the Board recognizes that our credit union must attract new, full-service members as well as garnering a greater share of current members’ financial requirements. In response, our credit union continues to improve its services and to invest in viable new products that today’s members expect to be made available to them.

Marketing efforts are ongoing and include website improvements, promotional items displaying the credit union’s logo, and increased communication with potential and existing members. Our Marketing Coordinator continues to build on our growing relationship with the City of Saskatoon. For example, the City implemented a project where 50+ digital screens were installed in major staff/building areas. The credit union now has digital signage/SCECU advertising on these screens. We also enjoy internal poster distribution to City staff areas, MyCity Page digital signage (employee intranet), and access to the bi-monthly employee newsletter.

Additional marketing tools include the full utilization of an Instagram account and new Email Marketing platform, enhanced digital member banking such as the utilization of Marketing Banners and Enhanced Personal Messages (EPM’s). EPM’s were worked on and completed in 2024 with the goal of beginning to use this feature in 2025.

Our credit union celebrated Credit Union Day by providing coffee and donuts to all who came into the office. We expanded on this in 2024 by specifically inviting City departments located close by (Library, Transit, Police, and Firehall #1) to join us for the celebrations.

The credit union continues to be a sponsor of the City’s annual pancake breakfast. Our Acts of Kindness board displays both the City’s and the credit union’s logos highlighting our partnership status in this charitable event. All Board Directors and staff who were able to volunteer enjoyed helping to serve at the breakfast.

## THE CREDIT UNION SYSTEM

As independent financial institutions owned and controlled by their members, credit unions are shaped by community needs. On December 31, 2024, Saskatchewan credit unions ranged in asset size from **\$49.34M** to **\$8.28B**. Ongoing efforts continue to be made by credit unions to fully utilize resources, control costs, and improve services to effectively and efficiently maintain market share as they compete with the big banks.

**Nationally** - At the national level, the Canadian Credit Union Association (CCUA) has a major role in supporting the credit union system. This association lobbies on behalf of all credit unions to ensure that their interests are considered in any federal legislation or regulations.

**Provincially** - At the provincial level, credit union centrals provide support and services on a national scale. As an example, in Saskatchewan, SaskCentral holds an ownership position in strategic partners such as CCUA and Co-operators as a means of ensuring access to products and services Saskatchewan credit unions need to provide full service to their members.

#### **Specific to Saskatchewan –**

- On December 31, 2024, there were **32** credit unions in Saskatchewan with SCECU being **30th** in asset size on the list and the only closed bond credit union in the province.
- The total population estimated in the province in October 2024 was 1,246,691 people. The Credit Union Deposit Guarantee Corporation (CUDGC) documented that the number of memberships in Saskatchewan credit unions at the end of 2024 was **445,034** (and 64,132 non-members) at **192** locations across the province. Clearly, credit unions continue to be a strong, viable option to meeting the Saskatchewan population's banking needs.
- Cypress, Diamond North and Prairie Centre credit unions have come together, with a shared partnership approach, to form Prosperity Credit Union, focused on connecting the regions and communities of rural Saskatchewan through a sustainable financial services network.

## **BOARD ACTIVITIES**

**Governance** - The Board continues to utilize the Carver Model of Board Governance. Under this model, the Board prescribes the Ends (outcomes for members) and proscribes the Executive Limitations (conditions to be avoided). The General Manager is charged with the responsibility and authority to achieve the desired outcomes while avoiding the unacceptable means. The result is a balance between benefits to members and acceptable levels of risk.

**Board Charities** - Every year, the Board chooses to donate to at least one charity that makes a significant difference to people in the community. In 2024, the Board chose to donate **\$2,000** to the Prairie Hospice Society. The Society provides compassionate, non-medical client and family-centered care to end-of-life clients in the comfort of their own homes. It receives no government funding and depends on donations and dedicated volunteers to fulfill its mission.

**The Boyd Johnson Memorial Scholarship** - In 2024, the two scholarship amounts were increased from \$1,000 per person to **\$1,250**. There were seven eligible applications for the scholarships. The two winning recipients were **Payton Wehner**, and **Rowan Redekopp**. Both recipients have achieved amazing scholastic and volunteer accomplishments.

**Annual Internal Audit Review** - The Board received the 2024 Internal Audit Management Report from Brightside Consulting Services in June 2024. In addition to ensuring the credit union is functioning in compliance with applicable regulations, policies, and procedures, the primary objectives of the audit plan were to identify inherent and emerging risks and to evaluate the key internal controls put in place to mitigate those risks. The Board noted that the report was positive overall with minimal recommendations listed. Management responded by acknowledging and implementing the internal auditor's recommendations as time and opportunity permitted.

**Annual External Audit Review** - The Audit Review Committee approved the credit union's audited statements for 2024 presented by the Virtus Group LLP to the Committee. The auditors indicated that our credit union has complied, in all significant respects, with the provisions of the legislative and related authorities pertaining to financial reporting and disclosure requirements, safeguarding of assets, spending, revenue raising, borrowing, and investing activities as specified under the Credit Union Act, 1998. There were no significant outstanding audit issues. Note that the external auditors are independent, are appointed by the members annually, and report directly to the members at the credit union's Annual General Meeting.

**Enterprise Risk Management (ERM)** - The Board continues to address its role in Enterprise Risk Management (ERM). The General Manager and his staff have been the leaders in ERM for the credit union for several years. The General Manager provides annual ERM updates to the Board and quarterly updates to the Risk Management Plan including the Risk Appetite Dashboard, which compares the current levels of various risks in relation to the credit union's appetite for those risks. CUDGC, the credit union's regulator, publishes a quarterly ERM report on risk across the credit unions in the province. The Board is well informed and has set limits on the tolerable levels of risk through its Executive Limitations. The Board's plan for 2025 is to implement an ongoing review of all types of risk faced by deposit taking financial institutions. This high-level review will be a joint effort by the Board and its General Manager.

## **BOARD DEVELOPMENT**

- Annually, the Board reviews the Carver Model of Governance including how the utilization of this model impacts on the way that the credit union conducts its business; and,
- Reviews and signs off on the Board's Code of Conduct, and the credit union's Market Code.
- Board Directors must complete two on-line courses annually provided through ABC Solutions.
  1. The Credit Union Privacy Act (PIPEDA). Focuses on understanding how privacy laws in Canada govern the collection, use and disclosure of personal information and how these laws impact the credit union's business including information security policies, operational standards, and reporting of privacy breaches.
  2. Anti Money Laundering and Terrorist Financing (AML). Focuses on understanding the role of credit unions in combatting money laundering and terrorist financing. Topics include best practices to mitigate the various types of risk, ensuring that up-to-date policies and adequate control processes are in place to guide compliance under Canadian law. The Board receives quarterly AML reports from the credit union's Compliance Consultant.

## **BOARD APPRECIATION**

On behalf of the Board, I would like to thank our General Manager, Dennis Lozinsky, our Assistant Manager, Graeme Bittner, our Retail Services Office Manager, Scott Roesch, and our outstanding front-line employees for their continued commitment and exceptional customer service that makes our credit union the financial institution of choice for our members.

Also, my sincere appreciation for the Board's Directors who freely volunteer their time and expertise, The financial wellbeing of the credit union's members is always their prime objective.

Finally, many thanks to our credit union's members for their continued patronage and support.

Marian Voth, Board Chair.

**Saskatoon City Employees Credit Union**  
**BOARD GOVERNANCE POLICY**  
**Approved by the Board: June, 2014**

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**ENDS POLICY**

**MEMBER FINANCIAL WELL BEING**

**1.0 SAVING**

- 1.1 Members earn interest at competitive rates on money deposited in guaranteed accounts and/or investments;
- 1.2 Members can purchase non-guaranteed investments.

**2.0 BORROWING**

- 2.1 Members can borrow money at competitive rates subject to an acceptable credit record and sufficient collateral.

**3.0 TRANSACTIONS**

- 3.1 Members can initiate common financial transactions 24 hours a day - 7 days a week.
- 3.2 Transaction fees are competitive within the Saskatoon market place.

**4.0 PERSONALIZED SERVICE**

- 4.1 Members feel welcome, appreciated and respected by Saskatoon City Employees Credit Union staff.
- 4.2 Members receive effective service in a timely manner.

**5.0 SAFEKEEPING**

- 5.1 Members can store valuables in a deposit box subject to size and availability at the Saskatoon City Employees Credit Union for safekeeping.

**6.0 FINANCIAL KNOWLEDGE**

- 6.1 Members have access to sound financial information and advice

**7.0 EQUITY/DIVIDENDS**

- 7.1 Members receive their share of profits in the form of equity and patronage dividends.

**8.0 INSURANCE**

- 8.1 Members can purchase life and disability insurance for loans.



## CREDIT UNION DEPOSIT GUARANTEE CORPORATION ANNUAL REPORT MESSAGE 2024

**January 2025**

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Credit Union Deposit Guarantee Corporation (the Corporation) functions as the deposit guarantor for Saskatchewan's provincially regulated credit unions (Saskatchewan Credit Unions) and serves as the primary regulator for Saskatchewan Credit Unions and Credit Union Central of Saskatchewan (SaskCentral). Collectively, these entities are referred to as Provincially Regulated Financial Institutions or "PRFIs". The Corporation operates under provincial legislation, namely, *The Credit Union Act, 1998* and *The Credit Union Central of Saskatchewan Act, 2016*. The responsibility for overseeing the Corporation is assigned to the Registrar of Credit Unions with the Financial and Consumer Affairs Authority of Saskatchewan as specified by provincial legislation.

Established in 1953, the Corporation holds the distinction of being the first deposit guarantor in Canada, ensuring the safety of deposits against credit union failure. Through the promoting of responsible governance, risk management, and prudent management of capital, liquidity, along with guaranteeing deposits, the Corporation plays a crucial role in fostering 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, 2024, unless otherwise indicated)

- As of January 1, 2025, there are **30 provincial credit unions and one federal credit union** in communities across Saskatchewan.
- Provincial credit unions offer financial products and services to more than 445,000 members.
- Saskatchewan provincial credit union assets reached \$28 billion with revenue of close to \$1.5 billion.
- Provincial credit union lending amounts were more than \$21 billion.
- As independent financial institutions owned and controlled by their members, credit unions are shaped by community needs. Saskatchewan provincial credit unions range in asset size from \$49.34 million to close to \$8.3 billion.
- In 2024, Saskatchewan provincial credit unions returned over \$10.5 million to their members in the form of patronage equity contribution and dividends.
- Provincial credit unions are a major contributor to Saskatchewan's economy, employing more than 3,000 people.
- Funds held on deposit in Saskatchewan provincial 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.

## Vision Statement

Building on member's needs, cooperative ideals, partnerships, and sound financial principles, we provide comprehensive personalized financial services, in an ethical and prudent manner. We commit to the financial wellness of our growing and participative community of members.

## Mission Statement

The Saskatoon City Employees Credit Union exists to provide quality financial services to its members.

## Values

- Open and Voluntary memberships
- Democratic control
- Non-discriminatory
- Service to members towards increasing economic and social well-being
- Distribution towards members
- Build financial stability
- Ongoing education
- Cooperation amongst co-operatives
- Social responsibility

## *Credit Union Market Code*

Saskatoon City Employees Credit Union voluntarily adheres to the Credit Union Market Code. This code was jointly developed in 2006 by Saskatchewan Credit Unions, SaskCentral (in consultation with FCAA) and Credit Union Deposit Guarantee Corporation and last revised in 2021/22. The Market Code is under review by National Consulting Limited (NCL) on behalf of the NCL shareholders. The Market Code objectives are identification of market practice standards and consumer protection. The code sets forth guidelines for the following six themes and includes low fee or basic account:

- **Fair Sales** "information that focuses on the differences between preferential pricing and coercive tied selling, risk management and discrimination. The purpose of fair sales is to make sure the credit union's actions and decisions regarding member advice, information and recommendations made by the credit union are objective and reflective of the financial needs and the roles and responsibilities of the member and the credit union."
- **Transparency and Disclosure** "information that focuses on account opening and notice requirements. The credit union must be open and honest in its dealings with existing and potential members."

- **Professional Standards** “for Employees (employee licensing, training, and accreditation where applicable). The purpose of this objective is to have well-trained and well-informed employees who can provide financial information and advice members can trust.”
- **Complaint handling** “(Problem Resolution). The purpose of complaint handling is to provide a process for the resolution of complaints that arise from the provision of financial services to members.”
- **Protection of Vulnerable Members** “(identifying, communicating with, and endeavoring to mitigate harm to Vulnerable Members, and providing them with targeted financial advice, strategies, and support).”
- **Access to Banking Services** (including **Low fee accounts**). “The Account Opening Documentation and Process defines the relationship as a self-managed relationship where the member is provided with relevant product and service information to enable him/her to make informed decisions. The credit union’s obligation is to provide information.”

Credit unions will take reasonable measures to ensure access to a basic banking account consistent with the approach mandated by the Financial Consumer Agency of Canada (FCAC) for federally regulated financial institutions. The intent is to offer a basic banking account that will accommodate all persons. A low fee account is an option for individuals who conduct limited monthly transactions, or who would otherwise not have a bank account because of the higher costs associated with other types of accounts.”

## ***Co-operative Principles***

As a true co-operative financial institution, Saskatoon City Employees Credit Union 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 typically 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 the following purposes: developing their co-operative, setting up reserves (part of which at least would be indivisible; and benefit 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 co-operatives 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 public - particularly young people and opinion leaders - about the nature and benefits of co-operation.

*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.

## **Management Discussion and Analysis**

### ***Introduction***

Saskatoon City Employees Credit Union (SCECU) is an independent closed-bond Saskatchewan Credit Union owned by our members. Our Credit Union was officially incorporated on July 7<sup>th</sup>, 1947. Under the current credit union legislation and bylaws Saskatoon City Employees Credit Union can provide financial services to members and non-members. As of December 31, 2024, Saskatoon City Employees Credit Union had **2053** members and **19** non-members. Non-members do not participate in the democratic processes of the credit union nor the patronage program.

Our credit union serves the City of Saskatoon's employees, superannuates and their respective families through a single branch located in City Hall. We provide a full range of traditional retail banking services and products such as personal and business deposit account products, registered investments (RRSP, RRIF, TFSA, RESP, FHSA) ancillary financial services including US \$ chequing accounts, member debit cards, safety deposit boxes, on-line banking including e-transfer, mobile apps with deposit anywhere capabilities and Lock'N' Block features, domestic and international wire transfers, foreign currency exchange, consumer and business loans, lines of credit, creditor insurance products, Mastercard credit cards including a US\$ credit card, on-line brokerage services with Qtrade Investor and access to mutual fund sales and wealth management services.

### ***Strategy***

The vision of Saskatoon City Employees Credit Union is to be the leading provider of comprehensive financial services for the employees, superannuates of the city of Saskatoon and their families. To monitor specific objectives throughout the year that support this vision, the board has developed Ends Policy that establish, measure, and monitor our progress toward achieving our goals. Our strategy can be divided into four categories; a) Financial Performance and Risk Management; b) Members and Growth; c) Internal Business Processes, and d) People Performance and Development.

Our key 2024 strategic objectives cover four areas: i) Financial Performance and Risk Management, ii) Members and Growth, iii) Internal Business Processes, and iv) People Performance and Development. These strategies are; a) to pursue initiatives that enhance relevance and support long term sustainability, optimizing revenues, controlling expenses and managing risk-weighted assets, b) to develop a proactive member centric sales culture to benefit members and increase the number of full-service sustainable members; c) to ensure our physical branch footprint in Saskatoon increases our relevance to members (current and future), and d) strengthen our people's skills and competencies through training and to improve our desired member experience; and educate staff on what a proactive sales culture looks like.

The results of our activities in 2024 are: a) our net earnings have improved in 2024 though below our ROA (Return on Assets) target of .35%-.50%. Prior to the patronage allocation our ROA of 0.44% is within our ROA target range, however our after-tax ROA is at 0.33%. Our loan portfolio decreased slightly, assets, member deposits, and investments all increased. From our earnings your board was able to

**declare** a patronage dividend of \$60,000 from 2024 earnings to be paid in 2025; b) to develop a member centric sales culture we contracted with a Credit Union partner to deliver a member centric sales program to all the Credit Union employees in February 2024. A full-service member is having at least 3 of 5 services with our Credit Union (a deposit account with a member card, automatic payroll or pension deposit, a loan/credit product, an investment account, or a Collabria credit card); c) we continue to improve on service delivery channels both in branch and online, enhance security features with Celero implementing the Zero Trust initiative to safeguard our members plus regular reviews of our processes are undertaken to ensure quality member service, building member's trust, confidence, and satisfaction; and lastly, d) we continue to provide training opportunities for staff and management, by cross training and using online learnings and webinars, to enhance our competencies and to keep pace with the increasing complexities in the financial industry.

## **Key Performance Results**

The success of Saskatoon City Employees Credit Union is measured by its financial management and performance (asset, loan, and deposit growth), credit management including credit risk exposure, capital and profitability management, and liquidity management.

Our Credit Union's audited financial statements are attached to and form a part of this report. The following results analysis uses the externally prepared audited financial statements provided by Virtus Group LLP as of December 31, 2024.

### **Financial Performance:**

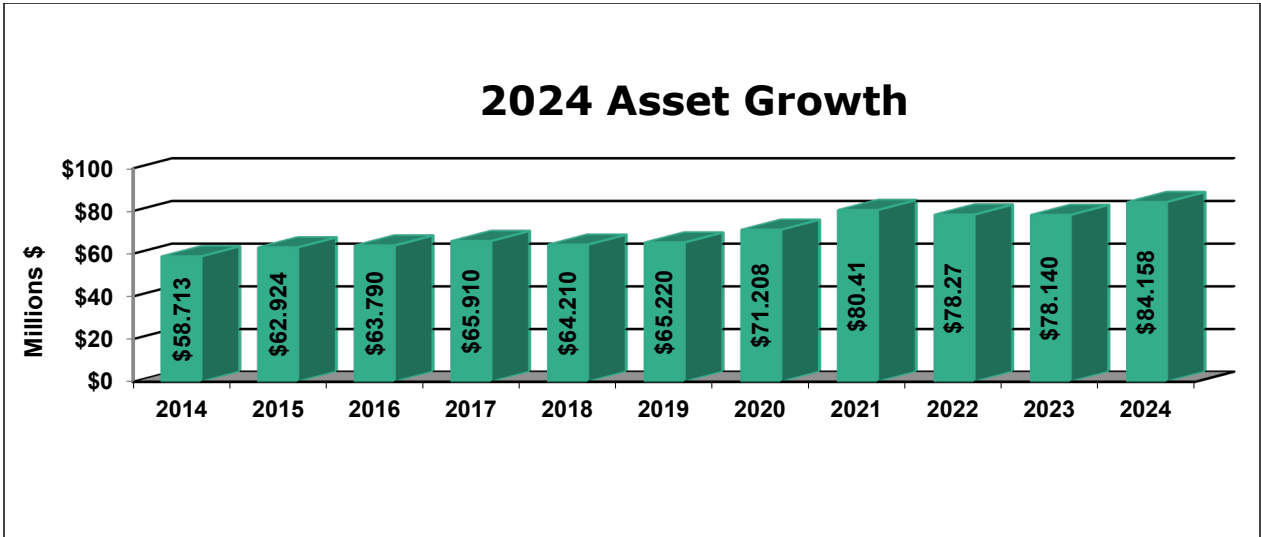
#### **Balance Sheet Analysis:**

Our assets increased year-over-year by 7.71% or (\$6.0M) to end 2024 at \$84.1M from \$78.1M in 2023. This compares to the 2023 decrease in asset growth of (\$132K) or (0.17%).

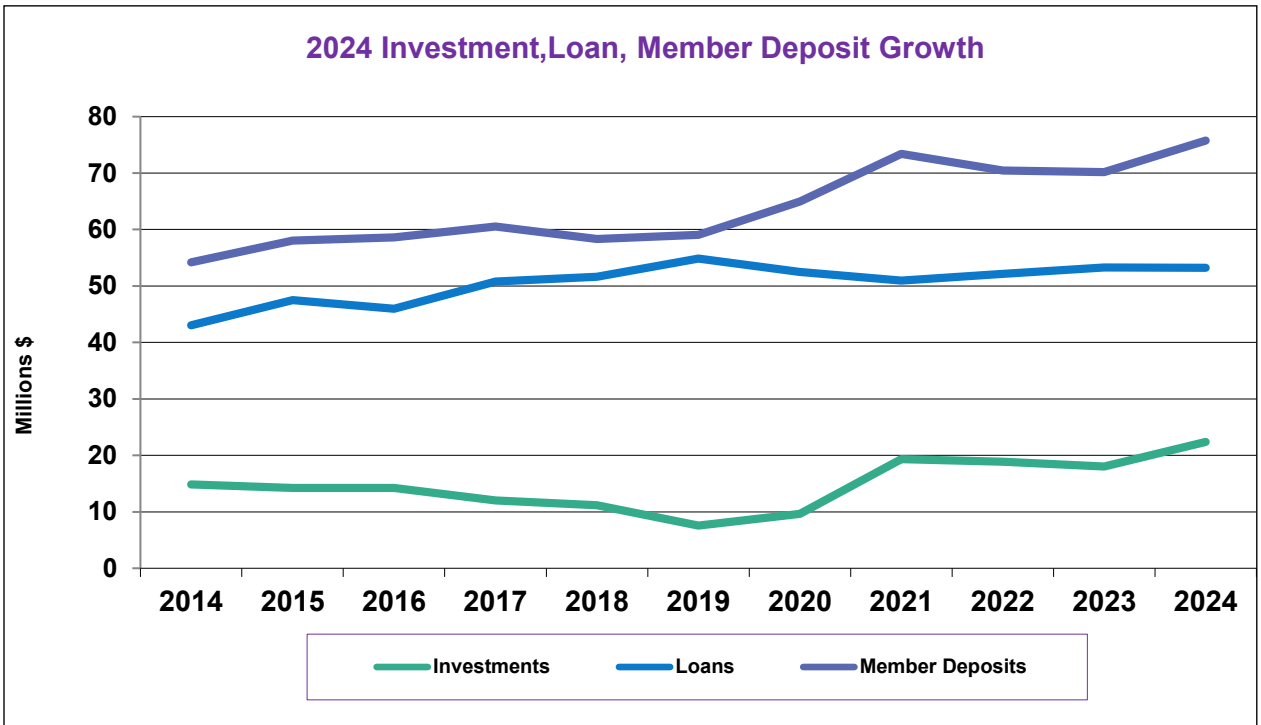
A year over year comparison shows our loan portfolio decreased minimally in 2024 by (0.15%) or (\$82.5K) to end the year at \$53.2M. This compares to 2023's increase of 2.12% or \$1.1M and 2022's loan increase of (2.41%) or (\$1.22M).

Our investments had increased year over year by \$4.3M or 24.31% to end 2024 at \$22.38M. In 2023 investments decreased by (\$873K) or (4.63%) as well in 2022 we saw a decrease in investments of (\$435K) or (2.25%). Our cash holdings increased from 2023 to 2024 by \$1.75M or 26.03% with cash deposits totalling \$8.45M up from \$6.71M in 2023. Cash Holdings include term investments maturing within 90 days of December 31, 2024 of \$7.0M. Actual cash holdings of \$1.36M represents 1.61% of total assets.

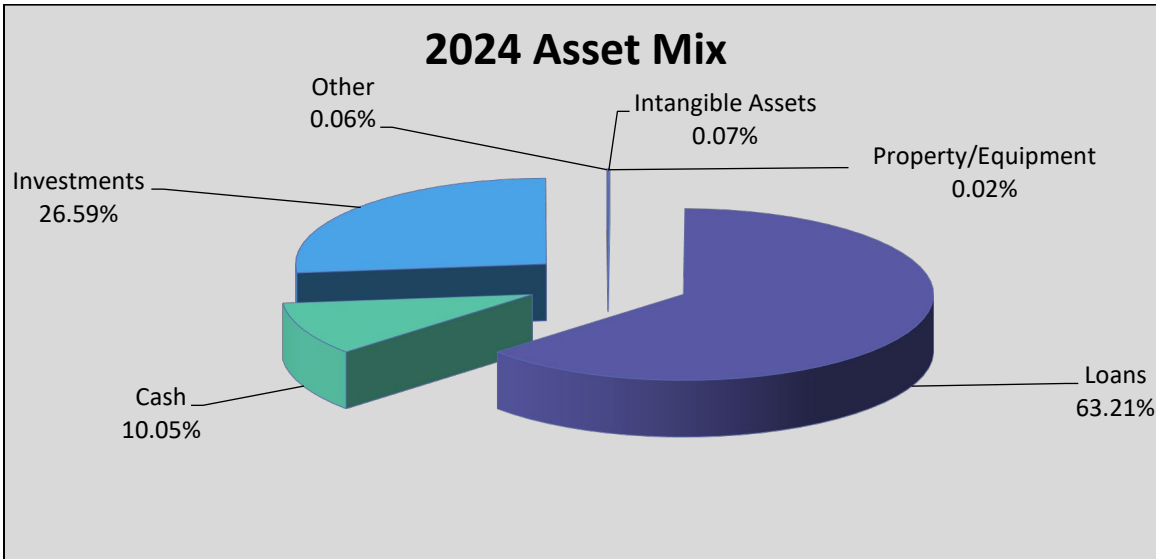
Member deposits increased year-over-year by a rate of 7.7% or \$5.34M as deposits grew from \$70.15M to \$75.76M as of December 31, 2024. This compares with 2023 results which saw a year over year decrease of (\$318K) or (0.45%). It should be noted that 2024 member deposits include \$1.1M of accrued interest compared to \$829K in 2023 reflecting the increase in interest rates paid on member deposits and the increase in interest earning deposits.



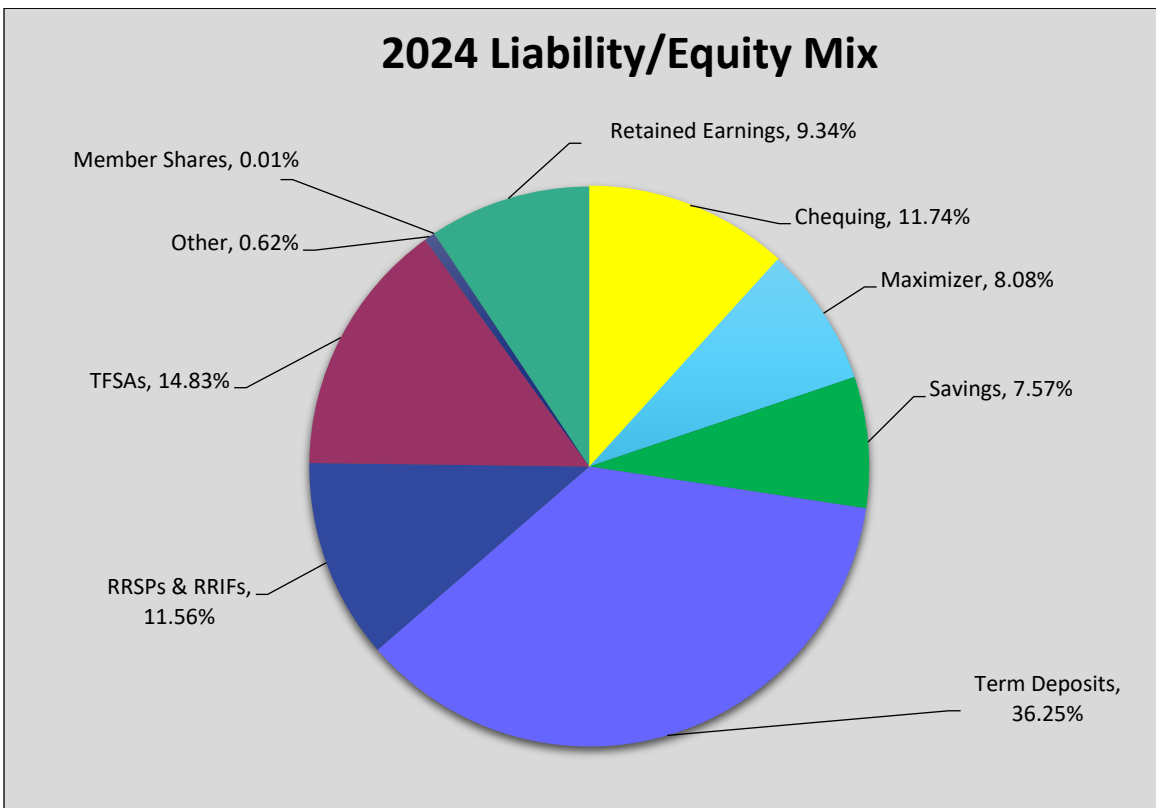
Member deposits fund member loan demand with the residual monies placed in investments. Should loan growth exceed deposit growth then the Credit Union will use investments to fund loan requests. The following chart illustrates the results in relational balance sheet items.



The following is an illustration of our asset composition as of December 31, 2024. Management and board target mix would see loans at 80%, cash holdings at 3-5% and investments at 12-15% where 95% of assets are generating revenues.



The chart below illustrates the composition of our liability and equity as of December 31, 2024.



## **Credit Management:**

Credit risk is the risk of loss arising from a borrower or counterparty's inability to meet its obligations. Our counterparty obligations are our investment and loan portfolios. Our statutory liquidity investments are held with SaskCentral and 100% insured by Credit Union Deposit Guarantee Corporation. Our excess liquidity investments are held with Canadian Western Bank (rated A-low), HSBC (rated A-high), Royal Bank (rated AA-high), Manulife HISA account (rated AA-low) and EQ Bank (formerly Concentra Bank), rated BBB by DBRS Morningstar signifying a low risk of failure and good prospects for ongoing viability. We consider our primary risk to be associated with loans. As of **December 31, 2024**, we had a total loss exposure, which are all loans 90 days or more delinquent, of zero (0%), no loans were in excess of 90 days in arrears. This compares to **December 31, 2023**, of one loan for **0.07% or \$36,393**. The 2024 average for the Saskatchewan Credit Union system is **0.66%**.

In compliance with IFRS 9 reporting which specifies how an entity should classify and measure financial assets, financial liabilities, and some contracts to buy or sell non-financial items. The analysis performed on our loan assets looks at the composition of our loan portfolio, our historical loan loss experience, the loan loss experience of the provincial Credit Union system and the current and future economic forecast. The objective is to use this information to estimate what the future or expected credit losses may be for our Credit Union and thus to ensure we have made adequate provisions to cover such a loss. Our analysis determined we should have an accumulated loan loss provision of **\$177,798**. As of December 31, 2024, we held **\$177,798** compared to December 31, 2023, where we held **\$211,260** in loan loss provisions. In **2024**, we wrote off five (5) loans for \$25,847, in 2023 we wrote off **two (2)** loans for \$10,603, and in 2022 we wrote off **zero** loans for **\$0.00**.

## **Loan Portfolio Mix:**

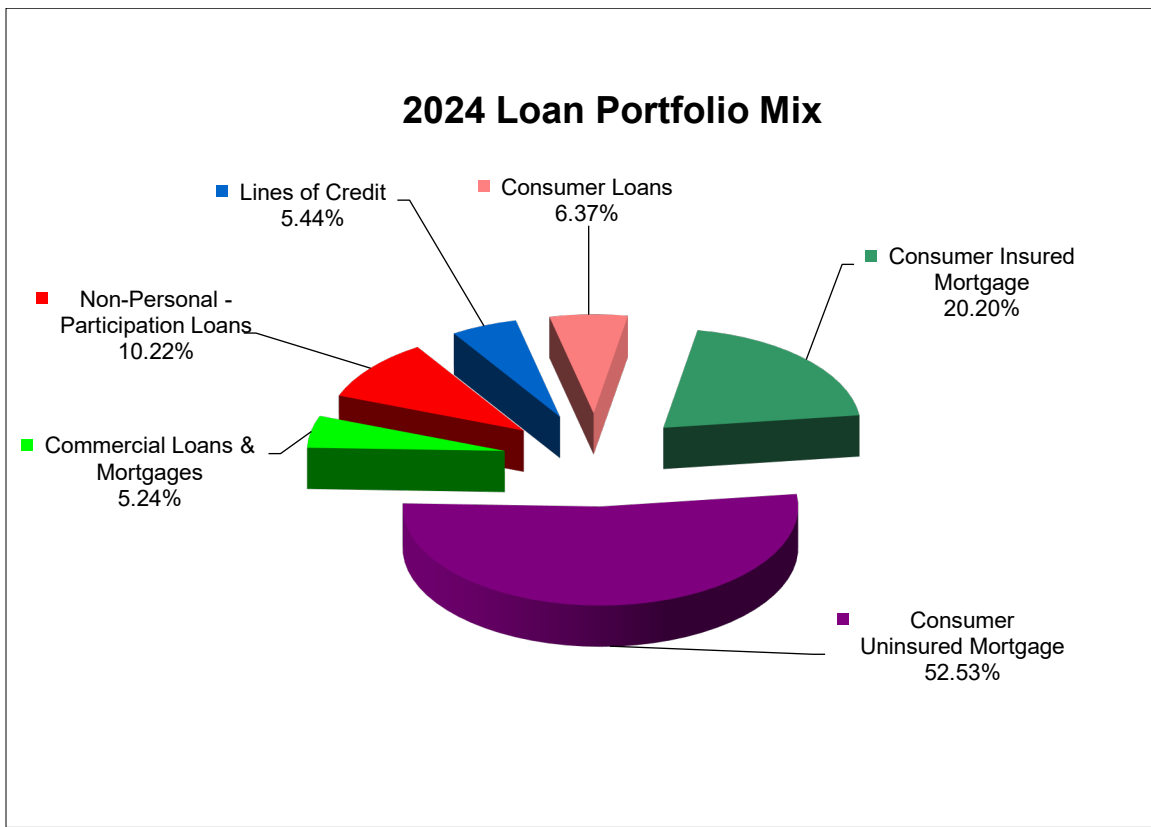
A minimal decrease in our loans and an increase in our assets resulted in our loan to asset ratio for 2024 to increase to **63.21%** (**68.19-2023; 66.66%-2022; 63.36%-2021**) of our assets. As this ratio is an indicator of our liquidity risk our regulator monitors this ratio. The target loan to asset ratio is 80.0%. Our loan demand remains soft and resulted in a year over year decrease in our loan portfolio of **(0.15%) or \$82.5K**, compared to an increase in **2023 of 2.12% or \$1.1M**. Our loan portfolio is predominantly consumer credit. Our consumer credit and lines of credit represent as of December 31, 2024, **84.55%**, (**81.09%** for December 31, 2023), of our total loan portfolio. Personal mortgages, less possible loan loss allowances, comprise **86.02%** of the consumer loan portfolio compared to **86.06%** the prior year. Our consumer mortgages, less possible loan loss allowances, represent **72.89%** (**2023-69.79%**) of our **total loan** portfolio. Consumer mortgages present a lower risk to the Credit Union and directly correlates to our strong risk weighted capital ratio.

Our board's risk appetite loan portfolio mix is as follows:

Consumer	50% - 95%;	Commercial	0% - 25%;	Agriculture	0% -10%.
Participation	0% - 25%;	Leases	0% - 30%.		

The risk appetite statement provides management with options to diversify the loan portfolio to optimize our current capital and pursue potentially higher earnings.

Our loan portfolio mix is illustrated in the chart below as of December 31, 2024.



An insured mortgage is a mortgage on a principal residence in which the mortgage debt is insured for default by Canada Mortgage Housing Corporation (CMHC) or an approved private insurance provider, for mortgages with less than a 20% down payment but with a minimum down payment of 5%. The insurer provides a guarantee of repayment to the lender for full repayment of the mortgage. Currently, our insured portfolio is underwritten by CMHC.

A conventional or uninsured mortgage requires a minimum down payment of 20% or where the loan to value ratio is less than 80%.

Credit Union Deposit Guarantee Corporation (CUDGC) standards require Credit Unions to manage credit such that *"The loan-to-value ratio for non-conforming residential mortgages cannot exceed 65% of the value of the mortgaged property"*.

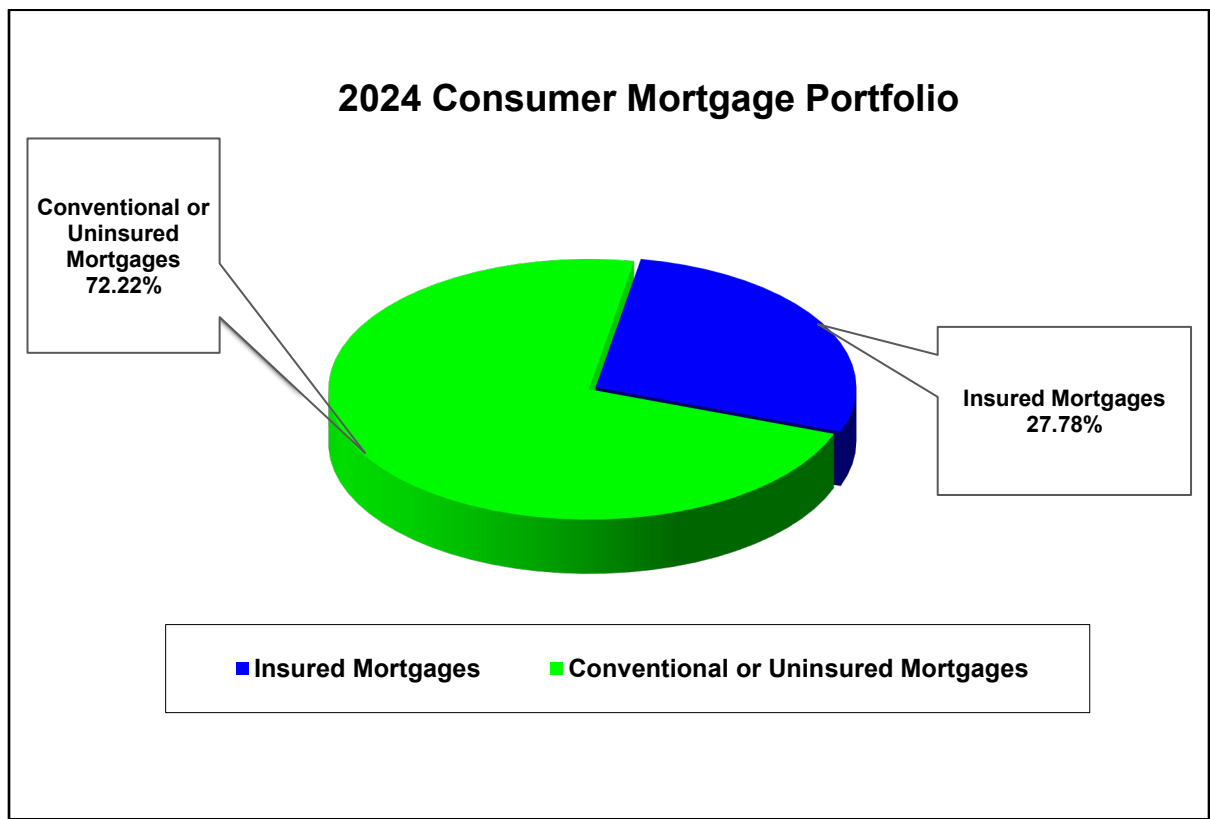
A non-conforming mortgage is defined by CUDGC as; *"non-conforming residential mortgages can include, in general, non-income qualifying loans, loans to those with low credit scores or high debt serviceability ratios, mortgages where attributes of the property cause the loan to carry credit risk (e.g., illiquid properties) or any loan that has clear deficiencies relative to a conforming residential mortgage."*

Saskatoon City Employees Credit Union to the best of my knowledge does not have any non-conforming mortgages.

Our mortgage portfolio is low risk with a very high probability of full repayment as our lenders fulfill all underwriting requirements and follow our lending policies and practices which, are compliant with the Standards of Sound Business Practice.

Our lending staff routinely stress test and properly qualify our mortgagors to ensure affordability for our members and a strong mortgage portfolio for the Credit Union.

Our residential mortgage portfolio of \$38,688,402 includes principal and accrued interest and is comprised of \$10,746,130 or 27.78% insured mortgages and 72.22% or \$27,942,272 of uninsured (conventional) mortgages.



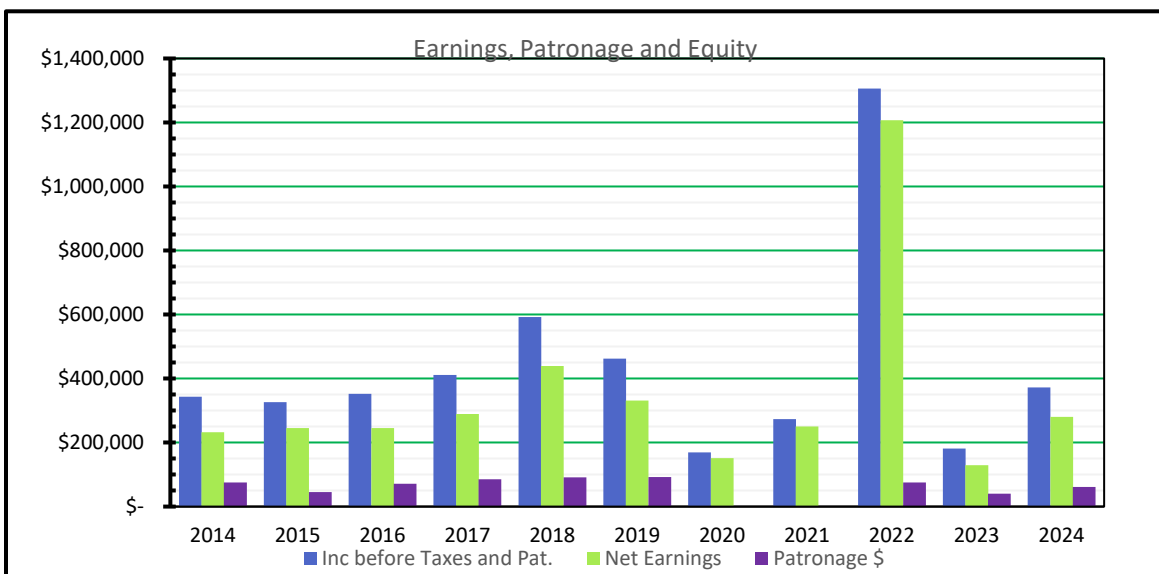


## Capital and Profitability Management

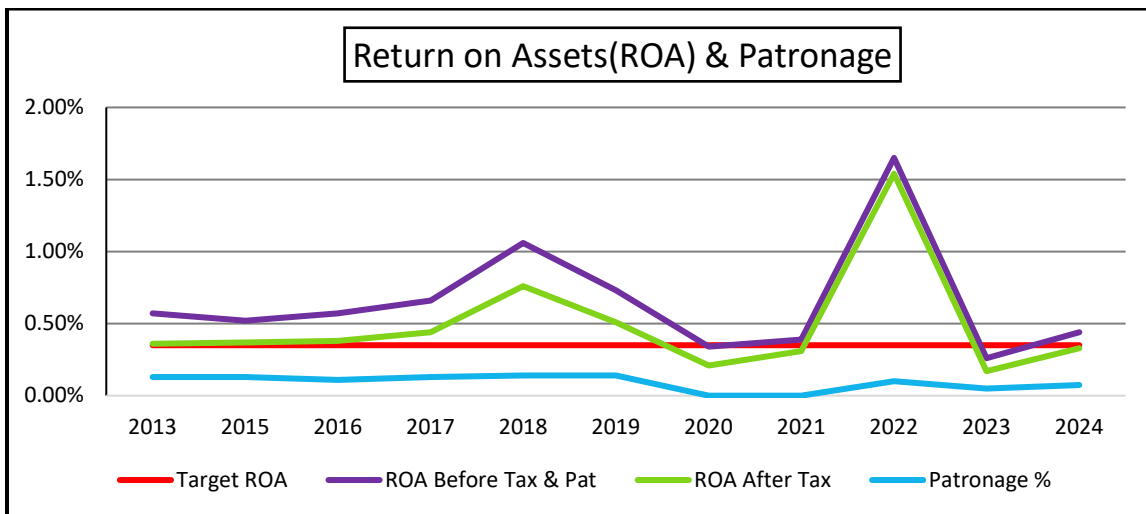
### Return on Assets (ROA):

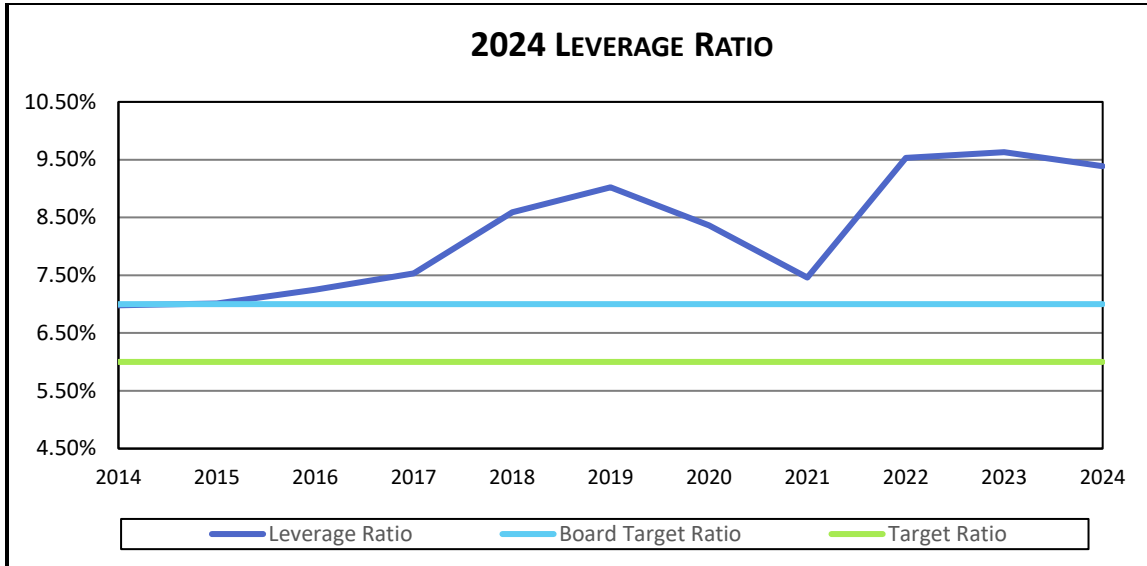
Profitability is another indicator of the Credit Union performance measured by the return on assets. ROA is net income generated compared to the assets of our credit union. Our ROA "after tax" from operations, as of **December 31, 2024**, is **33 basis points**, and a ROA of **44 basis points** "Before patronage and tax allocation".

This compares to the system ROA "after tax" of 52 basis points and the ROA "before patronage and tax allocation" of 56 basis points. Our ROA as of December 31, 2023 was 17 points and December 31, 2022, our ROA was 32 points before the Concentra dividend and 154 with the Concentra dividend. Ideally a ROA would be between 50 and 75 basis points. Your board has set a ROA target of 35 to 50 basis points.



This chart illustrates the relationship between ROA and patronage paid.

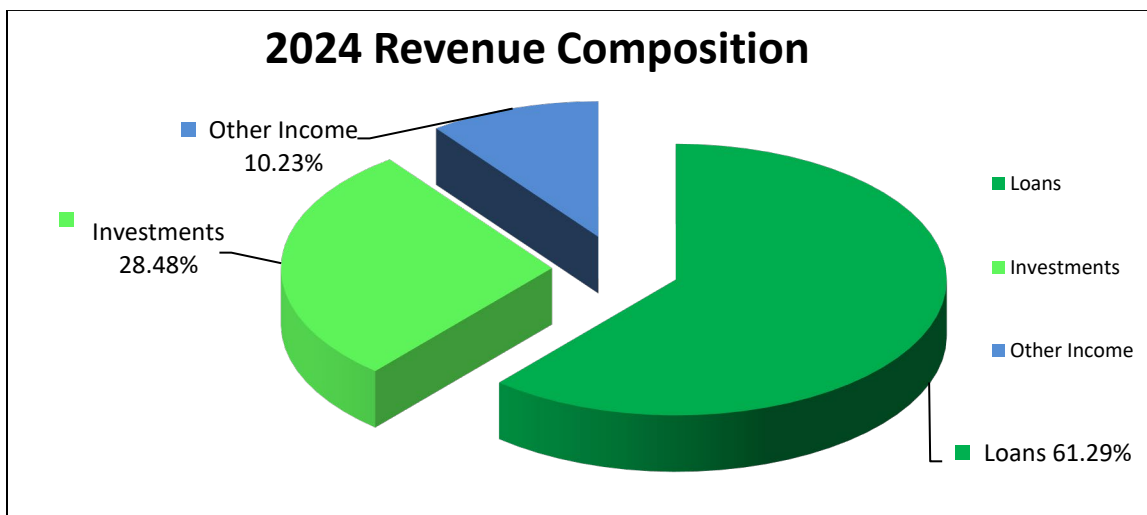




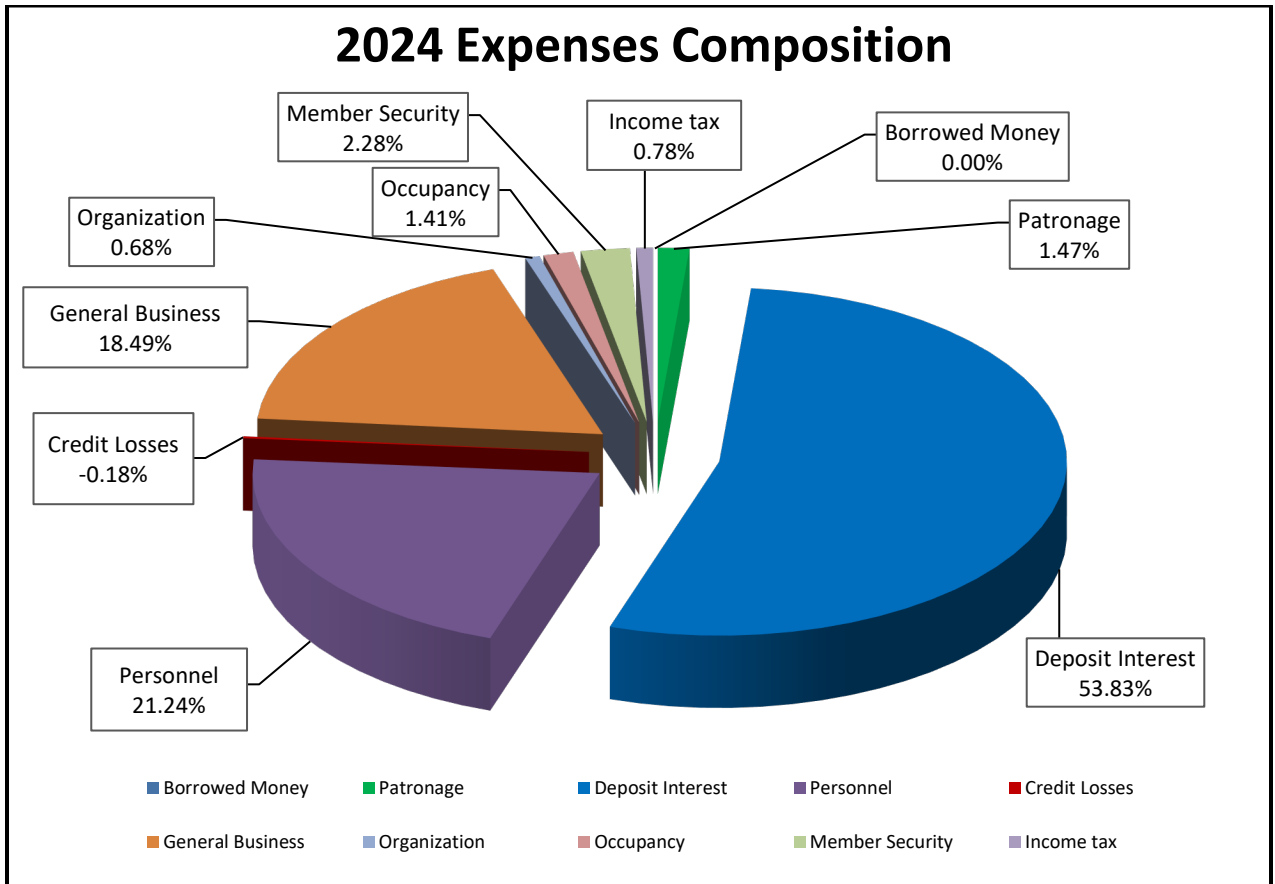
Our 2024 net earnings of \$278,988 is a 53.7% increase over 2023 net annual earnings of \$129,105. Revenue composition includes loan interest, investment income, and non-interest income. Our loan revenues increased (a reflection of higher interest rates) along with investment and non-interest income. Our year over year comparison reveals loan revenues increased by 20.11% as a result of higher interest rates and low-interest rate mortgages renewing at higher rates. Our investment income also increased by 22.12% from largely due to a larger portfolio.

Our non-interest income increased by 31.3% partially due to syndicated loan administrations revenues, mortgage rate buydowns, recapture of loan loss provisions, and foreign exchange gains. Our revenues were sufficient to meet regulatory expectations, growth, development, safety, and financial soundness.

Therefore, your board have approved a patronage refund from 2024 earnings of \$60,000 to be paid in 2025, without putting the Credit Union at unnecessary risk. The residual of \$876 was paid in 2024. We maintained our leverage ratio above the 7.0% minimum, at 9.39% and achieve an ROA after tax of 33 basis points.

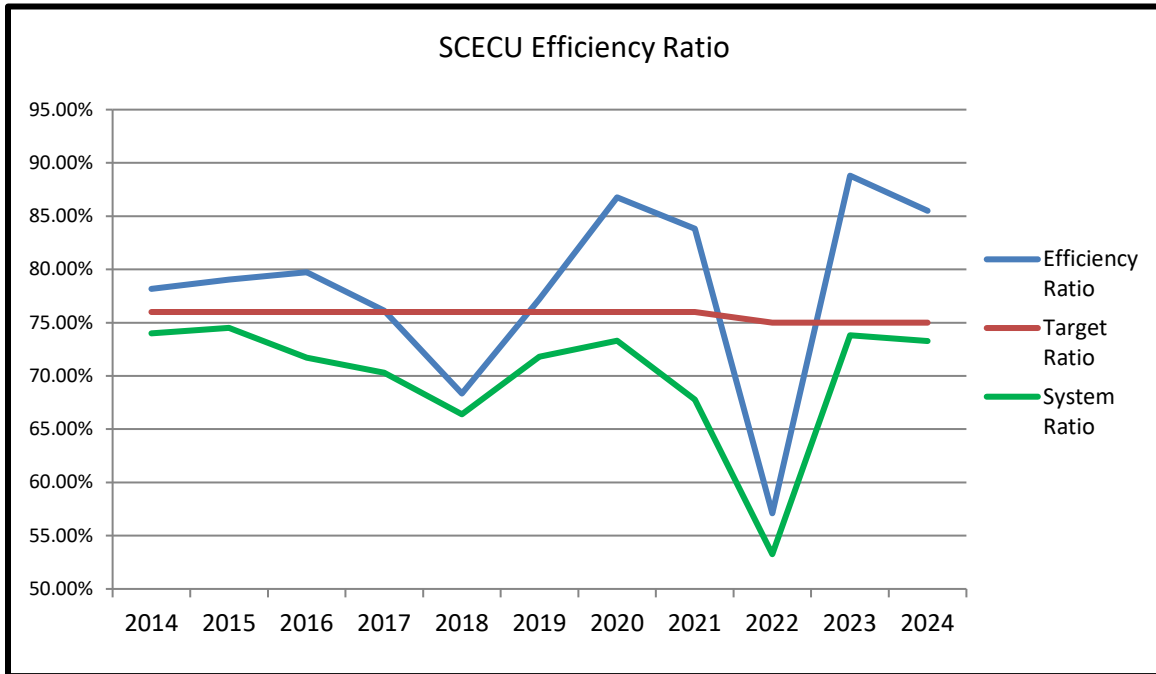


Our expenses are comprised of member deposit interest, interest on borrowed money, patronage, credit losses, operating expenses (general business, occupancy, organizational, personnel and member security) and taxes. Our member deposit interest expense increased by 30.83% due to higher interest rates averaging 2.97% in 2024 compared to a 2.83% average in 2023 and an increase of 7.7% in member deposits. The chart below illustrates our expense breakdown.



**Efficiency Ratio:**

The efficiency ratio is a measure of revenue to expenses expressed as a percentage and the lower the ratio the more profitable the entity. Our Credit Union’s operating efficiency ratio as of **December 31, 2024, is 85.5%, (2023 – 88.80%), (2022 – 57.1%)** while the Saskatchewan Credit Union system ratio is **73.26%** for December 31, 2024, and **73.83%** for 2023. We did not reach our goal to have an operating efficiency of 76.0% or less. Our goal is to achieve a ratio of 75% to 78% from typical operations. To improve our efficiency, we need to increase our revenues and control our operating expenses.



**Liquidity Management**

With our investment practices and our member deposit structure our liquidity position is strong. Calculated according to the Credit Union Deposit Guarantee’s Standards of Sound Business Practice, as of December 31, 2024, our LCR is **672.16%**, well above the current requirements of 100%, while the credit union system is at **258.31%**.

From an operational perspective we strive to maintain 100% of our operating liquidity needs in order to provide our members with the capacity to transact their day-to-day financial activities. Our member deposits increase, and stable loan demand creates more pressure on liquidity management. Our operational liquidity remains stable with our investment management practices. This results in our operating liquidity as of December 31, 2024 to be 164.12% of our requirement. To manage liquidity the Credit Union has strategies to deal with this matter including aggressively solicit loans, purchase loans and/or leases, manage investment terms, and utilize our SaskCentral line of credit. Although not a current significant risk, management will continue to monitor and manage SCECU’s operating liquidity in 2025.

## People

### Members

In 2024 our memberships decreased by (1.35%) from 2081 members to 2053 members. There were 62 new member records opened, and 90 member records closed. As of December 31, 2024, we also have 19 non-members utilizing our services. In 2023, 128 new member records were opened, and 162 member records were closed for a decrease of 34 (1.61%) and (1.89% decrease – 2022). The Credit Union system experienced a membership increase of 0.09% in 2024.

### Directors

The board of directors has determined the board will operate with 9 members. In 2024 the board operated with 7 voting members and appointed 2 adjunct members. There are four positions available as of the date of our annual general meeting on March 25, 2025, each for three-year terms. Three (3) incumbents, Allen Beck, Alyson Edwards-Price, and Stanley Macala have offered to let their name stand and seek re-election to the board. The board opened nominations to the board February 25, 2025, and will announce the results at the Annual General meeting. We thank all our board members for their service to the Credit Union and extend our appreciation for their commitment, dedication, and service to our board.

### Staff

2024 certainly presented numerous challenges with staff changes, the transfer of knowledge and job training. Our staff and management did a commendable job continuing to deliver timely, personal, friendly, and professional service to our members. I extend my sincere gratitude and appreciation to our staff and management. I am very proud to work along-side our staff and management as they have once again risen to the challenge to provide a high level of service to our members.

Our dedicated staff complement of 10 members consists of 8 full-time and 2 part-time employees with a 3-member management team. Our seven (7) staff are unionized members of UFCW Local 1400. We successfully negotiated a new Collective Bargaining Agreement (CBA) in 2024 extending for 3 years, with the new CBA set to expire December 31, 2026.

We've seen a few personnel changes in 2024. We bid farewell to Michelle Lane who retired in June 2024 to pursue other endeavours. Tianna Euteneier who joined our team in July 2023, as our marketing coordinator term position, resigned in February 2024, and Laurel Anthony, our part-time member service representative also resigned in August 2024. Diksha Kohli joined our team in October 2024 as our member service representative.

I look forward to the year ahead of us and another successful year working with our hardworking staff and management team to serve our members with the highest level of service they deserve, have come to expect, and sincerely appreciate.

## Summary

Our Credit Union had better success in 2024 with a respectable asset growth, member deposit growth and increased net earnings. The year started with stable interest rates until June 2024 which began the trend of five (5) consecutive Bank of Canada interest rates decreases driving their key overnight rate from 5% down to 3.25% by years end. The Bank of Canada's rate changes resulted in our Prime Rate dropping by 1.75% from 7.25% to 5.5% as of December 31, 2024. The consistent rate changes require more diligence to manage interest rate margins and thus profitability for the Credit Union.

The highlights for 2024 were, (a) Implementing Celero's Zero-Trust project to improve security for our members; (b) implementing Credit Union Deposit Guarantee Corporation's new regulatory requirements including a reduction in statutory liquidity from 10% to 8.65% (*of deposits, deposit interest payable, loans payable, loans interest payable and membership shares*), (c) sale of Celero to CGI. (*CGI is a Canadian multinational information technology consulting and software development company. CGI is headquartered in Montreal, Quebec founded in 1976 with 5500 clients over 400 locations in 40 countries*). (d) initiated with National Consulting Limited (NCL) an investigation into a new provider for digital banking; and (e) initiated with NCL an investigation into a new general ledger accounting software

Although we faced numerous challenges throughout 2024, our Credit Union was still able to attract new memberships, increase assets, generate positive net earnings, and continue to build solid capital and strong liquidity ratios. Saskatoon City Employees Credit Union has an opportunity to grow and be successful in our niche market serving current and former City of Saskatoon employees and their families. A focus on quality loan growth, and full-service members, together with member security will help support profitability and positive net earnings in 2025 establishing a more sustainable future for our Credit Union and our members.

Management and staff will continue to initiate and implement processes to better position our credit union to achieve positive financial results for 2025 all the while navigating the risks and regulations in the financial services industry. The Board of Directors and Management team are committed to balancing and managing the various risks facing our Credit Union to ensure strength, stability, and viability well into the future.

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

Risk management tries to anticipate and prepare for potential risks that are most likely to materialize in our organization. Management works with the Board of Directors to establish and adopt policies and procedures to effectively manage the various risks to which the organization is exposed. Tools that management and the board have undertaken to identify, assess and manage the risks include regular monitoring, stress testing, both internal and external audits, combined with ongoing reporting to and monitoring by our regulator, Credit Union Deposit Guarantee Corporation. In addition, our Credit Union has contracted the services of LP and Company Inc. to assist our Credit Union in developing complete updated and integrated Capital, Liquidity, Strategic and ERM plans for 2025 and going forward.

Each year our credit union spends significant resources measuring and assessing risks and ensuring we are adequately prepared to serve our membership now and in the future. This process is called enterprise risk management (ERM) and is a requirement of credit unions in Saskatchewan as laid out by Credit Union Deposit Guarantee Corporation. Our discussions identified eleven (11) categories of risk namely, credit, liquidity, emerging, earnings, reputation, human resources, operational, strategic, market /interest rate, information technology, and legal/regulatory. As most of the risks remain relevant in 2024 the board and management reviewed ten (10) risks. Upon implementation of mitigating strategies and action plans no risks were considered high severity. Through regular reviews of the market and market conditions, internal assessments and regulatory compliance reviews, management reports to the board of directors quarterly thru ICAAP analysis and an annual ERM update report. Risk mitigating strategies and action plans are implemented by management to manage these risks at levels identified in the credit unions risk appetite. Through this process, the following risks have been identified according to their potential impact on Saskatoon City Employees Credit Union (SCECU).

### **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.

Four strategic risks identified as high inherent risk for Saskatoon City Employees Credit Union include: 1) inability to ensure our physical branch footprint increases our relevance to our members(current and future); 2) failure to develop a proactive member centric sales culture for the benefit of our members and increase the number of full-service and sustainable memberships; 3) inability to develop qualified directors will erode the strength of the credit union; and 4) failure to attract new members and increase wallet share threatens the long term sustainability of the credit union. To manage the risk to an acceptable moderate severity the following strategies were implemented: i) we will have efficient and effective processes to maintain up-to-date practices and control expenses. Our plans are to work with National Consulting Inc to

stay current with technology advancement and to stay current with technology development. We will contract with Central 1 to offer members a modernized digital banking solution and with PPJV to offer members a payment solution. We will develop comprehensive IT strategy to ensure our systems are secure and positively impact member experiences. ii) We have defined a full-service member as having three of five services with SCECU, be proactive in member service, leverage analytics to better understand our member and deliver a superior member experience across multiple channels. We contracted a facilitator in 2024 to train the employees on a member centric sales culture. iii) Encourage ongoing board development to deal with the complexities of the financial services industry. The board has acted to mitigate risks by implementing a recruitment process including a director eligibility declaration, budgeted for board training and encourages directors to take training courses. iv) We will increase the number of full-service and sustainable members. We continue to deploy a marketing strategy to bring an awareness of SCECU amongst city employees leveraging digital channels with the City of Saskatoon, and social media. We continue to work with the City of Saskatoon Communications Department to promote our employee-based Credit Union. All four risks have a residual risk severity of moderate or modest.

### **Reputational Risk**

Reputational Risk is the risk of reputation because of inadequate management or other external risks. Regardless of how successful the credit union is at risk management other jurisdictions, national, provincial, or even international reputation events could impact local member perception of the credit union. Member financial loss and security breach are the two most prominent areas which could negatively impact reputation. Privacy matters are most prone to reputation impairment but there are many activities such as poor member service, technology failure, lack of financial success and ineffective governance are other potential risk areas. Risks identified for our Credit Union include profitability targets not achieved to a point where patronage payments could not be made may be a negative signal to members. We accept this risk and will mitigate the risks with staff, management and board education strategies and effective communication strategies. Communication is essential to the management of the risk and impact on member activities resulting from the event. Transparency and full disclosure are mandatory to maintain and regain member confidence.

### **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. Our risk is that competitive pressure in the consumer loan and mortgage market compress interest margins and negatively impact profitability. SCECU operates in one of the most competitive markets in Saskatchewan, not only from other Credit Unions but banks and other non-traditional players in the financial services industry. We accept the risk and to manage this risk, management will conduct reviews of product offerings, static gap analysis, and pricing to help ensure profitability and competitiveness. We will continue to develop our competitive advantage in excellent personal service and supplement that with loan, mortgage and deposit rate special's.



## 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. Credit Union Deposit Guarantee Corporation (CUDGC) has developed standards effective January 1, 2017, titled, the Liquidity Coverage Ratio (LCR). The purpose of the LCR is to measure whether the credit union has sufficient cash and very liquid assets to convert to cash (*defined as High Quality Liquid Assets*) to meet their liquidity requirements for a period of at least 30 days in the event a liquidity event occurs such as a draw-down of member deposits. CUDGC LCR standard is 100%. The purpose of the liquidity management plan (LMP) is to ensure the optimal level of liquidity is maintained to meet regulatory and operational needs. Holding inadequate liquidity may result in SCECU not being able to meet member loan demand or demands for withdrawal of their deposits. Holding surplus liquidity means SCECU may not be generating sufficient returns on its funds to achieve an optimum return to its members or depositors.

Our objective is to maintain the Regulatory Statutory Liquidity ratio at 8.65% of deposits and strive to maintain our liquidity coverage ratio within a range of 110% to 150% of our requirements. Calculated according to the Standards of Sound Business Practice, as of December 31, 2024, our LCR is **672.16%**, well above the current requirements and not a current risk facing SCECU.

Operational liquidity risk increases as our loan to asset ratio increases putting pressure on resources to fund liquidity events on a day-to-day basis. As of December 31, 2024, our loan to asset ratio is **63.21%** well below our board target of 80%. Once again increasing our loan portfolio will be a focus for management in 2025. To manage this risk, management will continue to actively pursue loan promotions to attract credit worthy members, investigate loan participation with Credit Union partners and investigate lease financing opportunities in pursuit of higher earnings within acceptable risk levels.

## Credit Risk

Credit risk is the risk of loss arising from a borrower or counterparty's inability to meet its obligations. As all our investments are held with SaskCentral, EQ Bank (*Formerly Concentra Bank*) or other Schedule I banks with a DBRS rating of AA-High to BBB with a low risk of default, thus our primary risk is associated with loans. As extending credit has inherent risk, increasing our loan portfolio will increase our risk exposure and may require an increase in capital requirements. Corresponding to our strategic plan we have elevated our risk by participating in the purchase of commercial loans from our partners. Although such loans may increase our risk it also increases our potential revenues as the loans bear a higher interest rate than our investments. Our experienced lenders adhere to lending policies and practices thus mitigating our risks to an acceptable level and all such purchases are with the board's risk appetite. We will not allow our loan delinquency over 90 days to exceed 4% but strive to maintain a ratio below 3%. As of December 31, 2024, our total loss exposure, which is all loans 90 days or more delinquent, is zero (0) loans for a total of **\$0.00 or 0.0%** (**\$36,393 or 0.07%** - 2023).

Another risk, though moderate, is the high concentration of residential mortgages making our Credit Union susceptible to volatility in the local housing market that may negatively impact earnings. We accept these risks and manage them with updated lending policy and procedures to ensure underwriting due diligence, audits are conducted, and all residential mortgages are underwritten using the mandated stricter qualifying requirements and stress tested. We will continue to diversify our loan portfolio to maximize our returns while remaining compliant with regulatory standards and the board's risk appetite by supplementing our loan portfolio with syndication of loans, participation loan purchases and investigate lease financing. As of December 31, 2024, we have funded or participated in, a total of \$5.4 Million with EQ Bank (Wyth Financial) and Synergy Credit Union-New Community Branch versus \$6.307 Million in 2023.

### **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. Our risk is becoming non-compliant through error, lack of knowledge or lack of resources to monitor effectively. SCECU has policies and procedures in place to mitigate our exposure to these risks. SCECU has designated a Risk and Compliance Manager, a Compliance Officer and in 2024 continued with Prairie West Compliance Services Inc. to provide Chief Anti-Money Laundering Officer services and together they ensure concurrence to the Money Laundering and Anti-Terrorism reporting requirements and other compliance requirements. Our Privacy Officer ensures compliance to the Personal Information Protection and Electronic Documents Act (PIPEDA). We mitigate this risk with staff and management completing annual training requirements to stay informed and competent in these areas. The board also participates in annual training requirements regarding privacy and proceeds of crime and terrorist financing and receives quarterly AML reporting and annual reporting on PIPEDA compliance. This is in addition to the internal and external audits, CUDGC reviews, FINTRAC audits, and WCB audits. We will endeavor to comply with the Standards of Sound Business Practice, seek legal opinions where appropriate and be compliant with all regulatory oversight.

To the best of my knowledge, we are compliant with all regulatory requirements, including but not limited to, *The Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA)*, Foreign Account Tax Compliance Act (FATCA), Common Reporting Standards (CRS), General Data Protection Regulations (GDPR), Multi-Material Recycle Program (MMRP), and Anti-Spam Legislation (CASL) to name but a few.

### **Operational Risk**

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or external events. Exposure to this risk arises from deficiencies in internal controls, technology failures, human error, employee integrity or natural disasters. We accept these risks, and we will increase the risk in pursuit of opportunities by pursuing collaborative initiatives and working with like-minded partners.

To manage this risk SCECU has established policies, procedures, and internal controls and continues to review these to ensure they are compliant and effective. We will continue to collaborate with other Credit Unions to achieve efficiencies, continue to pursue cost effective training for our staff, engage the staff in improving the member centric service culture and strategy for the Credit Union and develop performance plans. We will, when required capitalize on our support services by contracting National Consulting Limited resources. These resources will provide expertise and cost savings for both technological solutions and delivery systems. We have signed a new 7-year deal with Celero to provide our core banking services commencing January 1, 2016, and expire December 31, 2023. Then in 2021 we signed a two (2) year extension of service to expire December 31, 2025, and renewing automatically for successive renewal terms of two (2) years each. For our members protection we have implemented measures such as password access, two factor authentication, encryption of data, authority levels, dark web monitoring and built-in security systems to protect member information as well as backing up all data and banking system information. In addition, we have contracted Central 1 for Proactive Fraud Management service and enhanced our members fraud protection with Two Step Verification for members online banking, security alert notification, lock'n block feature and self-serve password reset functionality.

A renewed three-year contract with Brightside Consulting Services Ltd. to perform internal audits to expire December 31, 2025. Internal audit assists us in ensuring appropriate policies and procedures are in place.

### **Earnings Risk**

We have defined earnings risk as the inability of the Credit Union to generate sufficient net earnings to fund Credit Union activities and strategies.

SCECU's risk is that profitability targets are not met due to the inability to generate sufficient revenues or control operating expenses, increases the likelihood we will not be able to fund our long-term strategies. To manage this risk SCECU has established policies, procedures, and internal controls. To increase our revenues, we will pursue revenues from non-interest sources such as credit card offerings and creditor insurance sales. In addition, to identify areas of gain we will continue to review within the organization where there are opportunities to increase fees and carefully manage operating costs. We will review our loan mix and look for additional opportunities to grow our portfolio. We will also conduct regular pricing reviews being mindful of competitor pricing. We will continue to explore opportunities to work with like-minded credit union system players to increase our business efficiencies.

### **Human Resource Risk**

Human Resource risk focuses on the specific risks all employees, including new hires to long-term employees, staff to the General Manager, pose to the Credit Union. This could involve risks around improper employee management, employee behavior, or the way you hire, retain, and lose employees. Employees play a pivotal role in the success of our organization.

Our risks, though moderate to modest is a significant portion of current employees could retire soon and trigger significant loss of knowledge and member relationships

inhibiting our ability to achieve our strategies and deliver the desired member experience.

SCECU accepts this risk and will manage the risk by focusing on cross training together with internal training to ensure the transfer of knowledge, emphasizing a more proactive service culture to enhance the member experience, provide sufficient annual budgets for employee training and education, review, and update job descriptions, discuss strategic goals with staff, and recruit for qualifications and strategic alignment.

### **Information Technology (IT)/ Cyber Risk**

Information Technology / Cyber risk is the risk of loss, corruption, and unauthorized disclosure of information, as well as the damage or disablement of technology and other assets owned by or entrusted to the organization. Our risk is that system partners are unable to ensure our network, data and website are safeguarded and protected from internal and external IT/Cyber related risks and the negative impact to our members.

Management will continue to endeavor to reduce the risk by continually seeking opportunities to share IT resources with Credit Union partners, rely on and engage system partners like National Consulting Limited to find affordable IT assessment solutions. We will educate and train staff and management on cyber safety utilizing CUMIS Risk Management resources, Celero and CGI resources and CUA educational resources. Celero/CGI currently provides dark web monitoring, email protection, network protection, and endpoint protection including Preventative Care desktop services. Celero/CGI successfully implemented a zero-trust initiative to better manage and secure their systems and Credit Union systems. Central 1 currently provides secure internet banking (Forge 2.0) with two-factor authentication and protection services such as data masking, network security, and platform/application security, near real time fraud monitoring and Central 1 also manages our secure website. Central 1 has provided notice of their intent to exit the digital banking services by December 31, 2028. Approximately 140 Credit Unions who currently receive Forge 2.0 digital banking services from Central 1 have formed a national group to investigate alternative digital banking solutions. The Credit Union carries cyber security insurance against losses through Marsh Canada Limited to mitigate our loss exposure.

We will continue to work with system partners to ensure network, data, and website are safeguarded and protected from internal and external cybersecurity and malicious viral attacks.

### **Emerging Risk**

Emerging Risks are newly developing risks that cannot yet be fully assessed but could, in the future, affect the viability of an organization's strategy. One way to identify them is to focus on whether the critical assumptions underlying the strategy are becoming, or have become, invalid. Emerging risks are trends, innovations, and potential game changers most relevant to a specific sector.

SCECU will continue to keep Open Banking on its radar as an emerging risk and will further address this matter in 2025. A simplified definition of Open Banking is it is a series of reforms as to how banks deal with your financial information. Open banking puts you back in control of your data. It will allow you to tell financial institutions to transfer your data to other financial institutions or other service providers to compare products or sign up for new products more easily. It is a secure way to give service providers access to your financial information. It is an innovation that allows third parties to build apps and services around financial institutions. It gives consumers/members the benefit of choice and freedom to select from multiple service providers. It also empowers members to take charge of their finances and make informed decisions to manage their accounts.

### ***Regulatory Matters***

Regulatory matters are, like most Credit Unions, an ongoing concern of Saskatoon City Employees Credit Union. There is a multitude of regulatory bodies to which the Saskatoon City Employees Credit Union must comply. Significant bodies include The Registrar of Credit Unions, Financial and Consumer Affairs Authority of Saskatchewan (FCAA), the Credit Union Deposit Guarantee Corporation (CUDGC), Financial Transactions & Reports Analysis Center of Canada (FINTRAC), Canada Revenue Agency (CRA), Government of Saskatchewan Provincial Sales Tax (PST), Insurance Council of Saskatchewan (ICS), Office of the Privacy Commissioner and Canadian Payments Association (CPA).

Saskatoon City Employees Credit has contracted with Ombudsman for Banking Services and Investments (OBSI) to assist in the resolution of member complaints. *"Canada's Ombudsman for Banking Services and Investments (OBSI) is a national, independent, and not-for-profit organization that helps resolve and reduce disputes between consumers and financial services firms in both official languages.*

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

The governance of Saskatoon City Employees Credit Union is anchored in the co-operative principle of democratic member control. The board operates and is governed under the Carver Model of Board Governance (TM). The Board Governance Policy states, "On behalf of the members and potential members, the Board will govern the Saskatoon City Employees Credit Union with a *strategic* perspective, attending to its *leadership* role and to its continual *improvement* in defining *values* and *vision*." A full version of the Boards policy is available on our website at [www.scecu.com](http://www.scecu.com).

### **Board of Directors**

#### ***Mandate and Responsibilities***

The board is responsible for the strategic oversight, business direction and supervision of management of Saskatoon City Employees 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.

#### ***Board Job Description***

Specific jobs of the Board, as an informed agent of the membership, are those that ensure appropriate organizational performance.

- 3.1 The Board will provide the link between the organization and the membership as owners.
- 3.2 The Board will provide written governing policies that, at the broadest levels, address each category of organizational decision.
  - 3.2.1 ENDS: Organizational products, impacts, benefits, outcomes, recipients, and their relative worth (**what good for which recipients at what cost**).
  - 3.2.2 EXECUTIVE LIMITATIONS: Constraints on executive authority, which establish the prudence and ethics boundaries within which all executive activity and decisions must take place.
  - 3.2.3 GOVERNANCE PROCESS: Specifications of how the Board conceives, carries out and monitors its own task.
  - 3.2.4 BOARD-STAFF LINKAGE: How power is delegated, and its proper use monitored; the General Manager role, authority, and accountability.
- 3.3 The Board will participate in the organization's Strategic Planning, but its role will be limited to updating the Board's Policies and Wish List.
- 3.4 The Board will provide assurance of organizational performance.

## **Directors**

*Please refer to the separate enclosure as Appendix B, naming your board of directors and staff members.*

## **Board Composition**

The board is composed of 9 individuals elected from and by the membership prior to annual general meeting. Effective March 21, 2023, director elections are held in advance of the annual meeting with the results announced at the Annual General Meeting. Terms are for 3 years, and tenure is limited to four consecutive terms of 3 years each. Nominations are made by active board members or members at large and will close 21 days before the voting period. The voting period will not exceed 14 days and will close at least 7 days prior to the annual meeting. Voting is anonymous and may be completed by paper or digital ballot. Election results are announced at Saskatoon City Employees Credit Union's annual general meeting.

## **Committees**

The responsibility of the board of a modern financial services organization involves an ever-growing list of duties. Saskatoon City Employees Credit Union maintains committees comprised of **the entire board of directors**. If Board committees are necessary, they will assist with the Board's job only; never interfering in the direct link between the Board and the General Manager and never fragmenting the wholeness of the Board's job. **Committees are not authorized to change Board Policy.**

These responsibilities enable a clear focus on specific areas of activity vital to the effective operation of our credit union.

The committees currently in place are:

- Audit and Risk Committee  
The Audit and Risk Committee oversees the financial reporting process, reviews financial statements, liaises with internal and external auditors and regulators, and reviews internal control procedures. The Committee on an organization wide basis oversees the identification, understanding and management of risks that may affect Saskatoon City Employees Credit Union. The committee consists of at least a quorum of directors and comprised of all members of the Board. The board is in the process of reviewing this committee and the duties to separate the audit and risk functions.
- Nominating Committee  
The Nominating Committee consists of two board of directors and one Credit Union staff member and would oversee the nomination and election processes for elections of credit union directors.
- Conduct Review Committee  
The Conduct Review Committee ensures that Saskatoon City Employees 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 the perception of unfair benefit or conflict of interest. The committee is selected by a board motion at the board's annual re-organizational meeting.

The following committees are not current committees of the board; rather, the functions are performed by the entire board of directors.

- Governance Committee  
Although not currently a formal committee of the board, the entire board reviews their governance on a continual basis. The Governance Committee establishes and maintains effective governance guidelines, ensures the performance of the general manager, ensures succession of senior leadership, and ensures compliance with governance policies and Saskatoon City Employees Credit Union bylaws. It consists of all the directors. The board would outline their terms of reference, guidelines, and requirements.
- Policy Committee  
Although not currently a formal committee of the board, operational policy development, by virtue of board governance policy, is delegated to the general manager. The board reviews its policies monthly at the regular board meetings as a standing agenda item.

### ***Compensation and Attendance***

All directors are required to attend a minimum of 75% of all board meetings, calculated from the first meeting after the Annual General Meeting to the last regular meeting of the board before the next Annual General Meeting unless excused by an appropriate Board motion noting absences are for "just cause".

In 2024 the board of directors held eleven (11) regular meetings, one re-organizational meeting and three (3) audit meetings. Attendance ranged from a low of 63% to high of 100% attendance with all members having attended the required minimum required attendance. No board member violated the board attendance policy.

The directors of the Credit Union shall be reimbursed for their services. Any such reimbursement is designed to offset expenses and not to directly provide a benefit. Each director will receive an annual stipend in the amount of \$475 to offset personal expenses incurred because of their attendance at credit union meetings. Each director while on Credit Union business, will receive a mileage reimbursement, and be reimbursed for the actual cost of hotel accommodations, meals, and airfare. Directors are also exempted from the payment of Credit Union service charges and eligible for long service awards.

### ***Director Training***

Training and retraining will be used to increase and maintain the existing board member skills and understanding, and for the orientation of candidates



for board membership. As the entire board policy may be daunting to new and prospective board members, new board members will receive a Board of Directors Orientation Manual to assist them with an understanding of Saskatoon City Employees Credit Union including a brief history of our Credit Union, a listing of Credit Union affiliates and partners along with the guide to the Carver Model of Board Governance (TM).

### ***Evaluation***

The board will monitor and discuss the board's process and performance at each meeting through round-the-table exception reporting. Self-monitoring will include comparison of board activity and discipline to policies in the GOVERNANCE PROCESS and BOARD-STAFF LINKAGE categories.

### ***Executive Management***

Your 2024 management team is unchanged and consists of three (3) members, the general manager, the assistant manager, and the retail services/office manager. Dennis Lozinsky is your general manager effective May 1, 2011, E. Graeme Bittner is the assistant manager effective June 20, 2011, and Scott Roesch joined the management team January 1, 2019.

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

Saskatoon City Employees Credit Union has always contributed to the well-being of the community that we serve beyond the financial and economic role financial institutions play. Around the world companies are putting increased emphasis on corporate social responsibility (CSR) and the concept of a triple bottom line (TBL) that focuses not only on profit but also on people and the planet. We take the steps necessary to have a positive impact on our community and the environment consistent with our corporate values. Saskatoon City Employees Credit Union promotes environmental standards by means of programs such as paper recycling, reduced printing by using more electronic dissemination of information, electronic statement promotion, online banking, document imaging, member, and branch remote depositing. Saskatoon City Employees Credit Union personnel policies encompass the well-being of employees such as the development of a safe and respectful workplace. The Credit Union also donated to the Healthy Teens Magazine, a periodical delivered to local high schools, is about teens and for teens to aid them in dealing with teen issues.

The Credit Union supports employee volunteer activities conducted during work hours or otherwise. The Credit Union also supports city employees' functions with donations and offers preferred service charge pricing for community groups.

Saskatoon City Employees Credit Union supports our community by awarding annually two (2), Boyd Johnson Memorial Scholarships increasing the scholarship from \$1000.00 to \$1,250.00 each. Saskatoon City Employees Credit Union board has also developed a Charitable Donations Policy wherein the board awards up to \$2,000 annually to registered charities.

## ***Capital Management***

The board of directors of Saskatoon City Employees Credit Union have held to their position stating, our members are best served by an autonomous credit union, and every effort will be undertaken to ensure SCECU remains as an autonomous credit union. The fundamental financial strength of a credit union is the level of capital it holds to protect against both anticipated and unexpected business events. To continue to provide these services, appropriate management of the credit union resources is required. Specifically, capital management is paramount to SCECU's future viability and sustainability.

Capital management can be very complex and includes 6 values as follows:

▶ **Board and Management oversight**

- Policies are developed regarding desired capital levels, risk tolerance, capital expenditures.

▶ **Sound capital assessment and planning**

- Capital Plans are developed and reviewed by management and board on a regular basis.

▶ **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 in place
- Scheduled internal audits and CUDGC reviews.

The Credit Union Deposit Guarantee Corporation (CUDGC) has set out minimum standards for Credit Unions to follow with regards to capital limits. CUDGC limits are regulatory minimums, and the regulator's expectation of credit unions is to establish capital limits that:

- support prudent operations.
- are appropriate for the credit union's risk profile, risk appetite and risk tolerance.
  - are aligned with the credit union's stress testing program and **Internal Capital Adequacy Assessment Process (ICAAP)**; and
  - are stricter than regulatory minimums.

**Capital Adequacy**

To assist management and the board in proper management of the capital an Internal Capital Adequacy Assessment Process (ICAAP) analysis is performed on a quarterly basis and reported to the board accordingly. Saskatoon City Employees Credit Union has performed an ICAAP analysis to determine the impact of risks to our Credit Union’s capital position. Through this process it was determined that we will require total capital of 15.96% of our risk-weighted assets as of December 31, 2024.

Our Credit Union and Standards of Sound Business Practice financial performance target/standards for capital are shown below:

**CUDGC’s - Minimum Capital – as a % of Risk-Weighted Assets**

	<b>2024</b>		
	Common Equity Tier 1	Total Tier 1	Total Eligible Capital
CUDGC Minimum Ratio Regulatory Limits - (as a % of risk-weighted assets)	<b>7.0%</b>	<b>8.50%</b>	<b>10.50%</b>
Saskatoon City Employees Credit Union Targeted Ratio	<b>7.0-10%</b>	<b>8.50-10%</b>	<b>10.5-15%</b>
Saskatoon City Employees Credit Union <b>ICAAP Analysis</b>	-	-	<b>15.96%</b>
Saskatoon City Employees Credit Union Achieved 2024	<b>19.95%*</b>	<b>19.95%*</b>	<b>20.46%*</b>
	<b>2023</b>		
	<b>21.88%*</b>	<b>21.88%*</b>	<b>22.53%*</b>

\*Denotes information from Credit Union Deposit Corporation Financial Performance Analysis

Equity or Common Equity-Tier 1 Capital is comprised of retained earnings, contributed surplus and accumulated other comprehensive income less deductions as listed in CUDGC Standards of Sound Business Practice.

**Total Tier 1 Capital** is comprised of Common Equity-Tier 1 capital plus qualifying membership shares and other investment shares that meet the criteria for inclusion. **Total Eligible Capital** is the sum of Tier 1 and Tier 2 capital, and the minimum regulatory required capital is 10.50%. From our Risk Appetite our goal is to attain a Total Eligible Common Equity position of between 12% and 15.0% while the minimum standard of our board policy is 10.5%. In comparison the Credit Union system Total Eligible Capital ratio is \*16.56% as of December 31, 2024.

Our total 2024 capital ratio decreased from 2023 to end the year with a surplus of (20.46%-15.96%) =4.50% as determined from our ICAAP analysis. With surplus capital we are not optimizing the use of our capital to maximize earnings for the benefit of our members. However, we are in an enviable position of surplus capital rather than having to build capital.

Another component of capital management is the distribution of earnings. As per our policy, earnings will be allocated in the following order of priority (As per SSBP – Capital Adequacy Requirements January 1, 2017):

- Capital until the capital standards are met.
- Additional capital to support growth, development, safety, and financial soundness.
- Patronage and/or dividends.

**Leverage Ratio**

<b>Leverage Ratio</b>			
<b>CUDGC Minimum Standard</b>	<b>SCECU Board Target</b>	<b>2024 Results</b>	<b>2023 Results</b>
5.00%	Not less than 7.00%	<b>9.39%</b>	<b>9.63%</b>

Leverage ratio is a measure of actual capital held by the Credit Union to its adjusted total assets. Total assets are reduced by intangibles assets, plus approved loans not yet disbursed.

As Saskatoon City Employees Credit Union currently exceeds both the CUDGC minimum regulatory levels and the board policy targets, management will continue to seek opportunities in 2025 to optimize our capital position. These ventures may expose the Credit Union to more risk but within the board’s risk tolerance, and it is with the expectation of increased earnings.

**Capital reflects the success of your credit union, and a strong capital position is the foundation for a strong, viable, and sustainable Credit Union. Capital also serves as the financial cushion that allows your Credit Union to expand product lines and develop new services.**

Respectfully submitted,



Dennis Lozinsky  
General Manager

# Saskatoon City Employees Credit Union

## Listing of Board of Directors & Staff

Effective: March 19<sup>th</sup>, 2024

### Board of Directors

Name	Department	Start Date	Term Expiry
Allen Beck	Retired-Fire & Protective Services	AGM - 2022 AGM - 2006	AGM - 2025 AGM - 2021
Alyson Edwards-Price	Strategic Communications -SPS	AGM - 2022	AGM - 2025
Marian Voth	Accountant- Retired	AGM - 2017	AGM - 2026
Lesley (Les) Smith	Retired- Corp Serv-Assessor Dept.	AGM - 2020	AGM - 2026
Stephen Hopkins	Transit Operator	AGM - 2023	AGM - 2026
Craig Senick	Facilities Manager-Utilities & Environ	AGM - 2023	AGM - 2026
Richard Woodvine	Retired-Community Services	AGM - 2021	AGM - 2027
<b>Adjunct Members:</b>			
Stanley Macala	Past-President of CUPE Local 59	AGM - 2012 AGM - 2024	AGM - 2024 AGM - 2025
Jan-Mark Gustafson	Retired (Infrastructure Services)	AGM - 2024 AGM - 2021 AGM - 2011	AGM - 2025 AGM - 2022 AGM - 2020

### Executive

Effective: March 19<sup>th</sup>, 2024

Board Chair	Marian Voth
Board vice Chair	Richard Woodvine
2 <sup>nd</sup> Vice Chair	Lesley (Les) Smith
Director	Allen Beck
Secretary	Graeme Bittner
Treasurer	Dennis Lozinsky
Past Chair (non-voting)	Vacant

As of: March 19<sup>th</sup>, 2024 Staff

	<u>SCECU Hire Date</u>	<u>with SCECU</u>	<u>Total CU Service</u>
Gail Gillard	Jun 17, 1985,	38yrs 9 months	38 years 9 months
Michelle Lane	April 17, 1996	27yrs	27 years
Stephanie Serblowski(P/T)	Sept 3, 2014,	9yrs 6 months	9 years 10 months
Sophie Korol	Sept 17, 2019,	4yr 6 months	4 years 6 months
Scott Roesch	Nov 15, 2017,	6yrs 4 months	29 years 7 months
Graeme Bittner	Jun 20, 2011,	12yrs 8 months	18 years 3 months
Dennis Lozinsky	Jun 5, 2000,	23yrs 9 months	38 years 6 months
Steven Hartmann	Jun 2, 2021,	2yrs 9 months	2 years 9 months
Charlene McClean (P/T)	Aug 4, 2021,	2yrs 7 months	
Laurel Anthony (P/T)	Oct 12, 2022,	1 yr 5 months	

# Saskatoon City Employees Credit Union

## Committees of the Board

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Effective: March 19<sup>th</sup>, 2024

### Conduct Review Committee

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Allen Beck  
Stan Macala  
Stevie Hopkins  
Craig Senick  
Richard Woodvine

### Audit and Risk Committee

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Entire Board of Directors

### Work Place Violence and Harassment Committee

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Richard Woodvine

### Nominations Committee

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Stevie Hopkins  
Craig Senick  
Staff Representative – Scott Roesch

**SASKATOON CITY EMPLOYEES CREDIT UNION**

**SASKATOON, SASKATCHEWAN**

**INDEPENDENT AUDITORS' REPORT AND  
SUMMARY FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

## MANAGEMENT'S RESPONSIBILITY COMMUNICATION

### To the Members

#### Saskatoon City Employees Credit Union

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 and Risk 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 and Risk 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 and Risk 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.



Dennis Lozinsky

**General Manager**



**Marian Voth**

**Chair of Audit and Risk Committee**





## INDEPENDENT AUDITORS' REPORT ON THE SUMMARY FINANCIAL STATEMENTS

### To the Members Saskatoon City Employees Credit Union

#### *Opinion*

The summary financial statements, which comprise the summary statement of financial position as at December 31, 2024, the summary statements of changes in members' equity, comprehensive income and cash flows for the year then ended, and related notes, are derived from the audited financial statements of **Saskatoon City Employees Credit Union** for the year ended December 31, 2024.

In our opinion, the accompanying summary financial statements are a fair summary of the audited financial statements, on the basis described in Note 1.

#### *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 Financial Statements and Our Report Thereon*

We expressed an unmodified audit opinion on the audited financial statements in our report dated February 27, 2025.

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

Management is responsible for the preparation of the summary financial statements on the basis described in Note 1.

#### *Auditor's Responsibility*

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

February 27, 2025  
Saskatoon, Saskatchewan

*Virtus Group LLP*  
Chartered Professional Accountants

**SASKATOON CITY EMPLOYEES CREDIT UNION**  
**SUMMARY STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2024**  
**(with comparative figures for 2023)**

ASSETS		
	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 8,455,174	\$ 6,708,988
Investments	22,378,444	18,002,446
Loans receivable	53,195,327	53,277,828
Other assets	49,000	57,000
Property and equipment	80,128	89,424
	\$ 84,158,073	\$ 78,135,686
LIABILITIES		
Deposits	\$ 75,761,968	\$ 70,146,187
Other liabilities	521,990	394,247
Shares	10,355	10,480
	76,294,313	70,550,914
MEMBERS' EQUITY		
Members' equity	7,863,760	7,584,772
Accumulated other comprehensive income	-	-
	\$ 84,158,073	\$ 78,135,686

APPROVED BY:

 Director

 Director

**SASKATOON CITY EMPLOYEES CREDIT UNION**  
**SUMMARY STATEMENT OF CHANGES IN MEMBERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
(with comparative figures for the year ended December 31, 2023)

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	<u>2024</u>	<u>2023</u>
<b>RETAINED EARNINGS</b>		
Retained earnings - beginning of year	\$ 7,584,772	\$ 7,455,667
Net income	<u>278,988</u>	<u>129,105</u>
Retained earnings - end of year	<u>\$ 7,863,760</u>	<u>\$ 7,584,772</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>\$ 7,863,760</u></u>	<u><u>\$ 7,584,772</u></u>

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**SASKATOON CITY EMPLOYEES CREDIT UNION**  
**SUMMARY STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
(with comparative figures for the year ended December 31, 2023)

	<u>2024</u>	<u>2023</u>
<b>Interest revenue</b>		
Loan	\$ 2,716,538	\$ 2,261,784
Investment	1,262,560	1,033,861
	3,979,098	3,295,645
<b>Interest expense</b>		
Borrowed money	20	181
Member deposits	2,236,438	1,709,410
Patronage allocation	60,876	40,303
	2,297,334	1,749,894
<b>Net interest</b>	1,681,764	1,545,751
<b>Provision for credit losses (recoveries)</b>	(7,622)	22,000
<b>Net interest after provision for credit losses (recoveries)</b>	1,689,386	1,523,751
<b>Other income</b>	453,485	345,406
<b>Operating expenses</b>		
General business	768,111	666,849
Occupancy	58,359	58,228
Organizational	28,282	26,679
Personnel	882,184	882,311
Security	94,746	94,098
	1,831,682	1,728,165
<b>Income before income taxes</b>	311,189	140,992
<b>Income taxes</b>		
Current	30,201	9,987
Deferred	2,000	1,900
	278,988	129,105
<b>Net income before other comprehensive income</b>	278,988	129,105
<b>Other comprehensive income</b>	-	-
<b>Total comprehensive income</b>	\$ 278,988	\$ 129,105

**SASKATOON CITY EMPLOYEES CREDIT UNION**  
**SUMMARY STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
**(with comparative figures for the year ended December 31, 2023)**

	<u>2024</u>	<u>2023</u>
<b>Cash provided by (used in) operating activities:</b>		
Net income	\$ 278,988	\$ 129,105
Items not involving cash:		
- Amortization	48,083	48,836
- Provision for credit losses (recoveries)	(7,622)	22,000
Patronage allocation accrued	60,000	40,000
Net change in other assets and other liabilities	115,743	1,054,506
	495,192	1,294,447
<b>Cash provided by (used in) investing activities:</b>		
Investments	(4,375,998)	873,854
Loans receivable	90,123	(1,127,181)
Property and equipment	(38,787)	(77,039)
	(4,324,662)	(330,366)
<b>Cash provided by (used in) financing activities:</b>		
Deposits	5,615,781	(317,553)
Patronage paid out	(40,000)	(75,000)
Shares	(125)	(325)
	5,575,656	(392,878)
<b>Increase in cash</b>	1,746,186	571,203
<b>Cash position - beginning of year</b>	6,708,988	6,137,785
<b>Cash position - end of year</b>	\$ 8,455,174	\$ 6,708,988

**SASKATOON CITY EMPLOYEES CREDIT UNION**  
**NOTES TO THE SUMMARY FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
**(with comparative figures for the year ended December 31, 2023)**

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**1. Basis of the summary financial statements**

The summary financial statements are derived from the audited financial statements, prepared in accordance with International Financial Reporting Standards, as at December 31, 2024 and December 31, 2023 and for the years then ended.

The preparation of these summary financial statements requires management to determine the information that needs to be reflected in them so that they are consistent in all material respects with, or represent a fair summary of, the audited financial statements.

Management prepared these summary financial statements using the following criteria:

- (a) the summary financial statements include a statement for each statement included in the audited financial statements;
- (b) information in the summary financial statements agrees with the related information in the audited financial statements;
- (c) major subtotals, totals and comparative information from the audited financial statements are included; and
- (d) the summary financial statements contain the information from the audited financial statements dealing with matters having a pervasive or otherwise significant effect on the summary financial statements.

The audited financial statements of **Saskatoon City Employees Credit Union** are available upon request by contacting the Credit Union.

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