

**Sustainability**

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# Sustainability

Doing our part.

A hallmark of Assiniboine Credit Union is our commitment to sustainability. The constant and on-going examination of how we do business, from day-to-day dealings with members, to the support we give to community organizations who share our values, keeps sustainability at the forefront of all we do. Ensuring everyone has a healthy environment to live in is an important way for us to serve and contribute to our community; while gaining business efficiencies that benefit our members.

ACU was one of the first companies to take part in the pilot composting program started by Green Action Centre. ACU continues to be the key financial supporter of Peg City Car Co-op, a member-driven company that is growing the car-sharing culture in Winnipeg. Also, ACU plays a vital role in supporting The WRENCH and their innovative programming that centres on bike transportation in the city. You can read all about these great stories in this year's annual report.

As a company, ACU has reduced its greenhouse gas emissions by over 60% since 2012, and has been named one of Canada's Greenest Employers for seven years in a row. Other highlights of our environmental sustainability initiatives include:

- ✓ reducing external paper use by 80%
- ✓ decreasing the impact of employee commuting by 41%
- ✓ diverting 4 tonnes of recyclables from the landfill
- ✓ designing four branches with geothermal or district energy to heat and cool the buildings
- ✓ completing Power Smart for Buildings renovations or retrofits at six ACU locations
- ✓ designating 200 Main Street as a bike friendly workplace

This commitment to sustainability at all levels of our business and community support, puts us in a great position going forward as we provide and promote values that reflect who our members want to be.





## Peg City Car Co-Op

If someone told you that by putting one more car on the road, you would help remove between 13 and 15 other cars, how would you react? If you're Philip Mikulec, you'd probably have a big smile. Then he'd point out that he leads a company that has already effectively removed 500 cars from our streets.

Mikulec is the Operations Manager of Peg City Car Co-op, and he lives and breathes the philosophy behind the local company; to provide an affordable, convenient transportation option for everyone, while supporting community transit and environmental goals.

The largest contributor to greenhouse gas (GHG) emissions in Manitoba is transportation, which represents nearly half of the personal emissions for households. "People who use a car co-op not only sell their own cars, they change how they use cars, and how often. That can lead to as much as a 60% drop in transportation emissions by those individuals," said Mikulec. "That has a profound impact on everything from pollution to parking." And that's something very attractive to Assiniboine Credit Union.

Society is changing its love affair with the car, with younger generations not as eager to own one. The ever-increasing cost to buy and run a vehicle, the insurance, plus finding and paying for parking, means that for many, ownership is becoming less and less attractive. That's where the sharing of cars comes in. It's one way to still have access to a car, but only when you need it. Members of the co-op pick up a car from designated spots around the city, use it, and then return it, leaving it for another member to use.

Peg City Car Co-op is member-owned and driven. There are now over 1,600 members in the co-op ranging in age from 18 to 70. It started in 2011 with just three cars. In five years, that number grew to 23 cars. It currently has 43 vehicles on the road and in 2020 it will increase that number to almost 60. ACU provides financing for cars purchased by the co-op, playing an integral role in the success of the local company. "ACU has been great. They are very much involved in our car financing and they work very hard to put the deals together," said Mikulec. "Without them, it just wouldn't work."

To join the co-op, members buy a \$500 share, which is returned if they leave. Then, they pay a monthly membership fee, plus an hourly and kilometer fee. There are different levels of memberships available for individuals, companies, and non-profit organizations. The co-op has raised over \$300,000 in memberships and over \$600,000 through investor share offerings, where investors receive a 45% community economic development tax credit from the provincial government.

Mikulec himself, does not own a car. He's an avid cyclist and he's a firm believer that every city should have a diverse transportation model. With a degree in city planning, he takes a much broader view of the issues facing modern cities. He believes there is a place for cars, pedestrians, public transit, bikes, taxis, ride-share companies, and yes, car co-ops too.

According to Mikulec, the City of Winnipeg has been great to work with and very supportive, especially with infill development projects. "When an apartment is built, the developer must create a certain number of parking spots for each unit. When the dwelling is an infill project, that parking requirement is drastically reduced due to the presence of companies like us. This attracts more in-fill development, which is great for the city," he adds.

Although car co-ops can be found throughout Canada and around the world, Peg City is an independent company modeled after a similar Vancouver co-op, Modo. Peg City plans to expand the number of pick up and parking stations into neighbourhoods in the North and West End areas of the city to serve more members, and increase their social and environmental impact. ACU plans to be there every step of the way, working together to strengthen local economies, create opportunities for people in our communities, and build business models committed to environmental leadership.

To learn more, or to set up a membership, visit [pegcitycarcoop.ca](http://pegcitycarcoop.ca)





## Message from the Chair of the Board

**Welcome** to the ACU 2019 annual report, highlighting another successful year of creating financial strength for our members and ACU while creating a positive impact for our employees, communities, and the environment.

The financial services industry continues to evolve rapidly, and our credit union is well positioned for success as our mission, vision, values, and our 2017 – 2020 corporate strategic plan guide us. As your Board of Directors, we are in the process of creating a new strategic plan that will become our roadmap for the coming years and will help focus our leadership and resources on the most important and impactful ways to serve our member-owners.

**Our dedication to values-based banking continues to strengthen ACU financially, enables us to serve a very diverse membership, creates an inspired workplace, and positively affects our communities in so many ways.**

This includes doing our part to create climate resilience. After working hard to reduce our greenhouse gas emissions for many years, we are proud to be the first carbon neutral credit union in Manitoba by investing in Fairtrade Carbon Credits. Our focus on creating new and improved affordable housing units for our most vulnerable neighbours means that our credit union finances safe, quality homes for over 5,000 people in our

communities. Our Reconciliation journey engaged hundreds of employees who once again attended learning experiences hosted by our employee-led Indigenous Leadership Circle. We also collaborated with Indigenous organizations to create employment and financial empowerment opportunities at ACU. Our role in strengthening the local economy means that we continue to finance many local businesses that create jobs and services in our community, and support the homeownership and other life goals of our members.

**To accomplish our goals, we continue to invest in our employees and technology as we live our mission, vision, and values in achieving our values-based banking commitments.**

As your elected Board of Directors, we also engage with you, as members, to hear about your priorities and aspirations for our credit union. The 2018 annual meeting was an excellent opportunity to engage with many members, as well as the branch visits we attended to hear from you in October; both part of our annual member engagement plan. Thank you to all who attended! We also engage with you and the community by attending many events each year, including Habitat for Humanity builds, LITE's Wild Blueberry Breakfast, Winnipeg Folk Festival and Ka Ni Kanichihk's Keeping the Fires Burning.

Last annual meeting, the Board said goodbye to Wilbur Coates and Garry Loewen, who provided excellent leadership at our credit union for many years – and we are grateful for

their service and dedication to ACU. You elected Marlene Lock and Priti Mehta-Shah to our Board, and we welcome them and greatly appreciate the contributions they are already making to our credit union's governance. At ACU, diversity is a core value, and a strength. As an Indigenous woman, I am extremely proud of the diversity on our Board and of our employees, as we work to reflect the diversity of our members and the communities we serve.

On behalf of your Board of Directors, I thank all ACU members for your trust as we guide your financial co-operative into the future. Thank you to my fellow Directors for your dedicated service, your commitment to our member-owners, to our credit union, and for your governance of ACU. Thank you to the ACU Executive Leadership Team, management, and all employees. You all work very hard to strengthen our credit union, serve our members, contribute to our communities, and build a sustainable future for all. I am very excited to see this continue to grow in 2020 and beyond.



**Crystal Laborero**  
Chair of the  
ACU Board of  
Directors

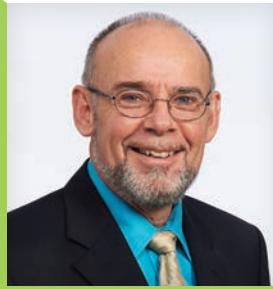
A handwritten signature in blue ink, appearing to read 'Crystal Laborero'.



# 2019 Board of Directors



Crystal Laborero  
Board Chair



Alain Molgat  
Vice Chair



Dennis Anderson  
Director



Kevin Freedman  
Director



Marina James  
Director



Paul Lacap  
Director



Anne Lindsey  
Director



Marlene Lock  
Director



James Magnus-Johnston  
Director



Priti Mehta-Shah  
Director





**ACU is a values-based financial co-operative committed to doing business in a way that is financially sound and socially and environmentally responsible.**

Our member-elected Board of Directors is accountable to our over 126,000 members and is committed to governing ethically and transparently. The ACU Board always weighs the impact of business decisions on employees, members, the environment and the communities ACU serves.

## **ACU Governance Report Summary**

In 2019, the Board continued to oversee business strategies, approved the ACU budget, and the annual measures of success. The Board assessed the performance of individual directors, continued to review its own effectiveness, updated several governing policies, and approved revisions to the ACU enterprise risk management (ERM) reporting requirements. Through discussions on strategic topics, the Board gained a strong understanding of opportunities and risks that may impact ACU and our stakeholders now, and in the future. The Board also strengthened dialogue with members of our community with visits to ACU branches, attendance at community events, and sharing ACU content on social media.

In the coming year the Board will continue its commitment to strong governance by: participating in an annual planning session to set the future direction of ACU; engaging in strategic discussions; participating in credit union system initiatives through leadership and insight; and continuing to assess its own performance.

**With solid governance leading the way, ACU was able to take another step towards achieving its vision, while demonstrating money doing more in a tangible way.**



# The WRENCH

**On** any given day, Patrick Krawec sees a couple dozen bikes get a new lease on life. Krawec is the Managing Director of The Winnipeg Repair Education and Cycling Hub, otherwise known as The WRENCH. But, the organization that started in 2010, is not just about bikes. “It’s all about humans. That’s our best kept secret,” says Krawec, proudly.

Almost 300 volunteers form the backbone of The WRENCH. During the year, this volunteer force helps run a wide variety of community programs with the end goal of providing people with an affordable, sustainable, active transportation option, where people are empowered to experience their community by bicycle.

Roughly 3,500 bikes a year, are processed through The WRENCH, many diverted from landfill sites. The WRENCH takes old, found, abandoned, scrapped and donated bikes and re-builds them, providing new life to a bike, and new wheels and skills to people in the community.

On average, 250kg of greenhouse gas emissions are created when producing a brand new bike. When you take an old bike out of the waste stream, you effectively offset that cost. Multiply that by the thousands of bikes The WRENCH saves each year and you get a significant positive impact on the environment.

But the real beauty of The WRENCH is measured on the human side. “When you bring people together to do meaningful work with their hands, you are connecting their hearts,” says Krawec. “We help create a community where what was impossible, is now possible.”

Currently, The WRENCH runs almost a dozen community programs. The **Earn-a-Bike** program works with kids who are having trouble succeeding in school. The kids pick out a bike and are taught to re-build it. At the end of the sessions, they get the bike, a new helmet, lights, and a lock. The **Youth Bike Builder** program works with kids who are interested in employment building bikes. It’s a highly intensive course where kids strip down two bikes and completely re-build them from the ground up. At the end of the 26 class session, they get one bike for themselves and one bike to sell, and they get to keep the proceeds.

The WRENCH also has a drop-in program, a reclamation program, a fleet program, and **Mellow Vello**, a program exclusively for women, trans, non-binary, two-spirit and femme-identifying individuals that allows access to the tools, parts, and knowledge needed to repair bicycles. The WRENCH is also building fleets for the Manitoba Aboriginal Sports and Recreation Council with **Cycle Indigena Winnipeg**, which provides bikes to youth arriving in Winnipeg from remote areas of Manitoba.

One of the more popular programs offered is something called **Traditional Trails**. The Indigenous-led tours share Indigenous knowledge during a bike ride along a dedicated path. At designated stops during the ride, Elders or Knowledge Keepers explain Indigenous history, stories, and ways of living and learning.

ACU has been a part of this vital organization from day one and plans to continue supporting the resulting positive impact that benefits the community, while making a significant contribution to environmental sustainability.

“Where would we be without ACU? I hate to even think about that,” said Krawec. “ACU helped establish financial systems for us; it helps promote our events; and it’s a corporate sponsor through event sponsorship and community development grants,” says Krawec. “ACU not only helped us start running like a true business, we also take very vulnerable participants to ACU to get them set up with accounts,” he added.

Given the success of The WRENCH, it’s not surprising that it’s looking to expand its space and programming to create even more impact.

You can find out more by visiting [thewrench.ca](http://thewrench.ca)



Sustainability







# Message from the President & CEO

**As** one of Canada's largest financial co-operatives thriving in a competitive market and rapidly evolving industry, Assiniboine Credit Union demonstrates that business success and social responsibility go hand in hand. This is money doing more for our credit union, our members, our community, and the environment we share and depend on for our health and quality of life.

**Our credit union continues to grow. With new members joining daily, we have 126,000 member-owners of ACU, who have entrusted ACU with over \$4.3 billion in deposits that has in turn, been lent out to other member-owners, to finance over \$4.0 billion in mortgages, business financing, and other member loans.**

We continue to grow wealth management services for members, as we work with you to plan your futures, including investment options that align with your values. Our growth strengthens our credit union, our members, our communities and our local economy.

Our credit union continues to innovate. ACU's LEAN program continues to focus on reviewing processes, generating efficiencies and improving quality of service to members. We've strengthened our digital

communications through social media growth, regular asterisk blog articles, and re-launching email marketing to make sure you're getting the information you need. ACU proudly accepted three CCUA National Marketing Awards, recognizing innovative and effective work at ACU. We made it possible for you to book your own appointments, and apply for our grants and sponsorships, on easy to use online systems. The launch of Samsung Pay and Google Pay mean added digital payment options for members.

Our credit union continues to evolve. ACU created an internal digital tool that will provide our advisors with a full member view that will enhance the conversations they have with you, and we will be launching a new digital banking platform in 2020, which will significantly improve the member experience. As our members increasingly use digital banking, we review our branch network to maximize member service and the efficient use of resources. We announced a very exciting move of our Main Branch to True North Square, which will improve access for our members, and position us in the heart of this growing part of Winnipeg's downtown revitalization.

Our credit union continues to invest in our employees. ACU's talented and inspired team work hard every day to provide exceptional advice and service to our members. Our investment in their skills, their working environment and the tools they use, strengthen our credit union and our communities. We implemented a new Human Resource Information System that will improve efficiency and provide a better employee experience.



We created a new training program focused on building long-term relationships with members and providing the advice you are looking for. In recognition of the results from investing in our employees, I am very happy to report that ACU was once again named one of Manitoba's Top Employers, and once again named one of Canada's Greenest Employers.

Our credit union continues to invest in our communities. ACU's investment in affordable housing continues to increase and improve the number of quality units in our communities for low-income individuals and families, and our financial empowerment initiatives brought over 1,800 new member-owners into our credit union in partnership with SEED Winnipeg and many other community organizations. We were a proud sponsor of Winnipeg Folk Fest's biggest year ever, we provided a half million dollars in grants and sponsorships to many community initiatives, we strengthened employment partnerships to support diversity objectives, and volunteered our time to support other social impact initiatives like Habitat for Humanity and the LITE Breakfast.

Our credit union continues to be recognized as a leader in demonstrating how business can be a force for creating a sustainable future for all. In 2019, the Winnipeg Chamber of Commerce presented Assiniboine Credit Union with its Spirit of Winnipeg Award, recognizing "an outstanding effort and commitment to making Winnipeg a better, more prosperous community

through corporate leadership and social responsibility." I am also very proud to report that ACU was recently certified as a Benefit Corporation, or B-Corp, which is a rigorous and comprehensive global certification that considers a company's impact on employees, community, environment, and owners – our members. Not only did ACU receive certification, our result was one of their highest scores from over 3,200 certified companies in over 70 countries – evidence that our actions speak louder than our words.

2020 will be another exciting year for ACU and I look forward to working with our Board of Directors, our employee team, and you as our member-owners in creating another year of success and impact. On behalf of the ACU Executive Leadership Team, I thank each and every one of you for the support and trust you show in ACU. Together, we are inspired to accomplish the goals we set for ourselves in growing our credit union and building more resilience communities and local economies.



**Kevin Sitka**  
President &  
Chief Executive  
Officer

A stylized, handwritten signature in blue ink that reads "Kevin Sitka".



# 2019 Executive Leadership Team



Kevin Sitka  
President & Chief  
Executive Officer



Allan Godfrey  
Chief Risk Officer



Jennifer Mullen-Berube  
Chief Brand &  
Innovation Officer



Kim Champion Taylor  
Chief People Officer



Michael Taylor  
Chief Financial Officer



# ACU Operations Report Summary

Providing the member-owners of our financial co-operative with the advice and service we all strive for, requires a dedicated and knowledgeable team of employees – a team that works with systems and technology to create an exceptional member experience in a competitive and fast-changing market, while building resilient communities.

Ensuring that great people work at ACU means ACU needs to be a great place to work. Once again, we're proud to be named one of Manitoba's Top Employers for 2019. In a comprehensive assessment of everything from physical workspace, atmosphere, social, health, financial, and family benefits; to training, development, and community involvement, ACU ranked as one of the best.

**In recognition of our ongoing commitment to building climate resilience, we were named one of Canada's greenest employers for the 7th consecutive year in 2019.**

Company-wide efficiency improvements mean reduced costs and less impact on the environment our members live in. Employees work together to address energy consumption, employee commuting, waste emissions, paper use, and much more, to achieve results that benefit our credit union and our communities.

Improving the member experience is at the heart of all that we do. This includes creating more value for our members by making our processes more efficient through the Lean program, the capabilities strengthened through employee training programs, and the technological advancements like Digital Appointment Booking, that make it easier for members to plan their meetings with ACU advisors. We continuously strengthen our privacy and security systems through initiatives like stronger passwords, secure email, and an IT security program because we know our members trust ACU with their information and money.

Advising and serving members also meant a renewed focus with a campaign to engage members in our expertise in wealth management, including co-locating specialists in branches and launching self-service digital advice tools called Qtrade and Virtual Wealth. Winnipeg Insurance Brokers continues to provide members with advice and security through insurance services while continuously improving operations, re-branding and enhancing community involvement, and building their capabilities.

Looking ahead to 2020, we will continue to live our mission, vision, and values as we demonstrate what money doing more is all about, while we strive to create an exceptional member experience, a stronger credit union, more vibrant communities and a resilient environment.









If there's one organization considered to be at the leading edge of environmental consciousness in Manitoba, it would have to be Green Action Centre. This hub for green living educates Manitobans about everything from recycling to composting to sustainable transportation and more, with the goal of building climate resilience in the community.

With climate change and the health of the environment becoming more and more of a focus for the world, Green Action Centre is poised to play a bigger role in what we can all do to create the changes required. Tracy Hucul, Executive Director, calls herself and the rest of the staff, change-makers. "The staff here is very dedicated to making a difference," said Hucul.

Today, Green Action Centre delivers community programming, tools, and education on sustainable transportation, waste reduction, resource conservation, and green living. While it continues to be a leader in the recycling efforts of the province, Hucul also sees the start of a change in that area. "Recycling is still part of the answer, but it is not be the only answer," she said. The organization gives 200-300 presentations each year on how to reduce waste. "It's more important than ever to look at what we purchase, where it comes from, what it's made of, and whether we really need it or not. What are the better choices? Re-purpose, re-use, and re-think may be the new three Rs that need to be considered before we get to recycling," she adds.

One of Green Action Centre's fastest growing programs is composting. "Almost 40% of the food that is produced ends up as waste," says Hucul. "Whether it's from restaurants, homes, or spoilage at grocery stores, a huge amount of food we produce ends up in our landfills," she adds. By introducing proper composting methods, this spoilage can be turned from waste into organic material that can be used for gardens and landscaping.

Through its social enterprise, Compost Winnipeg, compostable materials are picked up from over 150 businesses, almost 350 residential households, and many special events around the city. Since the introduction of their social enterprise, around one million kilos of waste has been diverted from landfills and turned into useable compost. Also, with On-Site, their multi-unit composting initiative, Green Action Centre also teaches proper composting methods to people living in apartment blocks and condos, providing on-site composting capabilities. Residents are educated on how to compost and are provided with pails and tools, and a triple bin system is installed onsite for composting the building's food waste. Residents then use the compost in community gardens and for landscaping projects.

Another area of focus for Green Action Centre is sustainable transportation. It works with businesses and schools to try to reduce emissions by reducing the number of people driving alone. Walking, biking, bussing, and carpooling are all encouraged. The Green Action Centre's Go Manitoba app enables drivers to ride share with other drivers who are taking the same route. The app also connects first time transit users with regular bus riders to help overcome any fears they may have about riding the bus. It even connects experienced cyclists with riders just starting out.

Throughout the year, Green Action Centre also works with Manitoba's Indigenous communities, supporting their waste management priorities, including waste minimization and recycling. This year, the centre brought together 38 participants from Manitoba First Nations communities for a teachers' conference on waste reduction. It also helped Peguis First Nation remove 900 tires, 6,000 litres of used oil, and five semi-trailer loads of household recycling bales.

Green Action Centre has worked closely with ACU for many years. ACU is the financial institution of choice for Green Action Centre, has provided grants to support their programs, and has provided vital financing for the purchase of the centre's first heavy-duty compost truck. ACU sponsors the centre's annual Commuter Challenge event and was also a pilot client for Compost Winnipeg. "From an environmental and social perspective, ACU is a company that leads by example," says Hucul. "It's easy working with them and we have a very rewarding relationship."

The centre's programs and outreach are supported through government grants, corporate sponsorships, individual donations, and through consulting and compost collection services.

If you'd like to learn more about living green, visit [greenactioncentre.ca](http://greenactioncentre.ca)



# ACU Non-Financial Results Summary

Non-financial results are very important measures of our mission and business success. These results include social, environmental, and local economic impact data that provide insight into our overall performance as a financial co-operative committed to values-based banking.

In 2019, ACU reduced GHG emissions by another 4.1%, and was the first business in Canada to purchase Fairtrade Carbon Credits, becoming the first carbon neutral credit union in Manitoba.

Our Affordable Housing Strategy continues to support non-profit and co-operative housing that provides a home to over 5,000 low-income people in our communities, including students, refugees, Indigenous peoples, seniors, and people living with intellectual disabilities and mental health challenges.

We welcomed 1,847 new member-owners to ACU in 2019 through financial access initiatives. Stingers Credit Union, our student-run branch at Tec Voc High School, celebrated five years, during which time over 150 students have worked at the branch and welcomed 550 fellow students into ACU as members. Our branch in Winnipeg's North End, surpassed 1 million ATM and in-branch transactions since opening in late 2012, demonstrating that ACU is meeting a real need in this community vacated by the banks.

Loans and deposits that create positive social and environmental impact grew by \$22.2 million in 2019, members' mutual funds in Responsible Investments grew to over \$81 million, and \$21 million in purchases was directed to locally-owned and Indigenous-owned companies, non-profits and co-operatives, certified Benefit Corporations (B-Corps), and fair trade and environmental companies, products, and services.

ACU again, contributed significantly to our communities through grants and sponsorships in 2019, with over a half-million dollars going to local organizations to build inclusion, create environmental sustainability, and strengthen community enterprises.

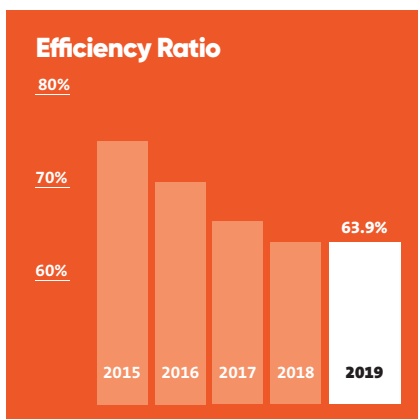
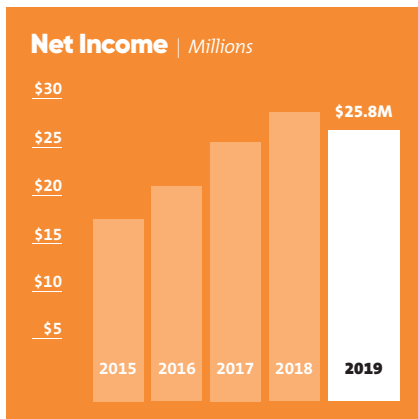
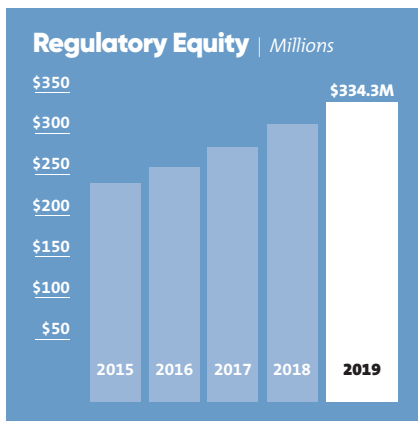
As part of our commitment to our member-owners, we continue to strive to improve on every level, from limiting our environmental impact, to creating a diverse and inclusive workplace; from improving member service, to using finance to create social impact. As always, we remain mindful of the financial well-being of our members, employees, and our community.

**In 2019, ACU contributed over a half-million dollars towards sponsorships and grants:**

2019 CATEGORY	GRANTS	SPONSORSHIPS	TOTAL	DISTRIBUTION
Community Inclusion <sup>1</sup>	\$324,417	\$133,745	\$458,162	83%
Environmental Sustainability	\$17,500	\$14,950	\$32,450	6%
Community Enterprise Development	\$48,260	\$10,800	\$59,060	11%
<b>TOTALS</b>	<b>\$390,177</b>	<b>\$159,495</b>	<b>\$549,672</b>	<b>100%</b>

<sup>1</sup> Includes Arts & Cultural organizations, Social Impact Financial Services, and Human Rights & Social Inclusion

 **CLICK HERE**  
to view detailed  
information



## 2019 Financial Results

ACU continued to realize positive financial results in 2019 with healthy growth in total assets and strong member deposit growth. While income levels decreased from 2018 levels, ACU was able to maintain efficiency levels at 63.9% highlighting the positive impact of continued expense control efforts. Income levels were sufficient to continue to build ACU's equity levels which are a key measure of ACU's financial strength.

### Growth

In 2019, assets grew to over \$4.9 billion, which is an increase of \$264 million or 5.6%. The deposit portfolio grew to nearly \$4.4 billion, an increase of \$199 million or 4.8%, with growth achieved across all deposit categories. Loan growth was challenging in the year. While growth occurred in the commercial and community portfolio, the consumer portfolio realized a net decrease in the year.

### Profitability

Net income before income taxes totaled \$33.3 million in 2019. Net income after tax saw a decrease year-over-year as ACU was impacted by higher tax rates resulting from sustained improvements in income in recent years and changes to taxation rates in Manitoba. Despite the lower profitability results, ACU was able to maintain efficiency at 63.9% consistent with 2018 levels.

### Equity

Total regulatory equity ended 2019 at \$334 million, which is an increase of \$25 million or 8.0%. Regulatory equity, which includes total equity and member shares, now equals 6.7% of total assets. ACU's equity measures are all in excess of regulatory requirements. A strong equity base ensures that ACU has the financial strength and capacity to support growth, and to continue to make investments to meet the needs of members and the community, while staying true to its mission and vision as a values based organization.



# Report of the Independent Auditor on the Summary Financial Statements

To the Members of Assiniboine Credit Union Limited

## Our opinion

In our opinion, the accompanying summary consolidated financial statements of Assiniboine Credit Union Limited and its subsidiaries (together, the Credit Union) are a fair summary of the audited consolidated financial statements, on the basis described in note 1 to the summary consolidated financial statements.

## The summary consolidated financial statements

The Credit Union's summary consolidated financial statements derived from the audited consolidated financial statements for the year ended December 31, 2019 comprise:

- the summary consolidated statement of financial position as at December 31, 2019;
- the summary consolidated statement of net income and comprehensive income for the year then ended;
- the summary consolidated statement of changes in members' equity for the year then ended;
- the summary consolidated statement of cash flows for the year then ended; and
- the related notes to the summary consolidated financial statements.

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards (IFRS). Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon. The audited consolidated financial statements, and the summary consolidated financial statements, do not reflect the effect of events that occurred subsequent to the date of our report on the audited financial statements.







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F: +1 204 944 1020

"PwC" refers to PricewaterhouseCoopers LLP,  
an Ontario limited liability partnership.

## **The audited consolidated financial statements and our report thereon**

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated March 3, 2020.

## **Management's responsibility for the summary consolidated financial statements**

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

## **Auditor's responsibility**

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

*PricewaterhouseCoopers LLP*

Chartered Professional Accountants

Winnipeg, Manitoba  
March 3, 2020



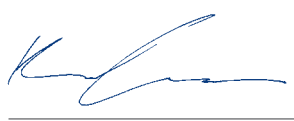
## Summary Consolidated Statement of Financial Position

As at December 31, 2019 (in thousands of dollars)

	2019 \$	2018 \$ (restated)
<b>Assets</b>		
Cash on hand and on deposit	109,824	98,890
Investments	738,823	443,900
Loans to members	4,074,454	4,129,357
Other assets	19,137	18,434
Property, equipment and intangible assets	13,906	14,514
Right-of-use assets	12,283	-
Deferred income tax asset	2,444	2,161
Total assets	4,970,871	4,707,256
<b>Liabilities</b>		
Members' deposits	4,371,153	4,172,037
Accounts payable	17,430	13,301
Lease liabilities	12,415	-
Mortgage securitization liabilities	234,339	211,215
Income tax payable	1,279	1,318
Members' shares	10,010	10,343
Shares to be issued	159	140
Total liabilities	4,646,785	4,408,354
<b>Members' Equity</b>		
Members' shares	15,616	15,712
Shares to be issued	625	628
Contributed surplus	35,633	35,633
Retained surplus	272,212	246,929
Total equity	324,086	298,902
Total liabilities and equity	4,970,871	4,707,256

Approved by the Board of Directors

 Director

 Director

## Summary Consolidated Statement of Net Income and Comprehensive Income

For the year ended December 31, 2019 (in thousands of dollars)

	2019 \$	2018 \$(restated)
<b>Revenues</b>		
Interest from loans to members	147,584	137,788
Investment interest income	19,417	13,409
	167,001	151,197
<b>Cost of funds</b>		
Interest paid to members and other	91,426	76,223
<b>Financial margin</b>	75,575	74,974
<b>Other income</b>	26,071	27,924
<b>Financial margin and other income</b>	101,646	102,898
<b>Operating expenses</b>		
Administration	18,182	18,378
Member security	3,687	3,535
Occupancy	7,979	8,034
Organizational	2,072	2,027
Personnel	33,024	33,818
	64,944	65,792
<b>Gross operating margin</b>	36,702	37,106
<b>Allowance for loan loss</b>	(3,239)	(2,811)
<b>Dividends on surplus shares</b>	(159)	(140)
<b>Net income before income taxes</b>	33,304	34,155
<b>Provision for (recovery of) income taxes</b>		
Current	7,824	6,853
Deferred	(283)	(1,177)
	7,541	5,676
<b>Net income and comprehensive income for the year</b>	25,763	28,479





## Summary Consolidated Statement of Changes in Members' Equity

For the year ended December 31, 2019 (in thousands of dollars)

	Members' shares \$	Shares to be issued \$	Contributed surplus \$	Retained surplus \$	Total members' equity \$
<b>Restated balance at January 1, 2019</b>	15,712	628	35,633	246,929	298,902
Net income and comprehensive income for the year	—	—	—	25,763	25,763
Dividends on preference shares	—	625	—	((480))	145
Members' shares					
Issued	628	(628)	—	—	—
Redeemed	(724)	—	—	—	(724)
<b>Balance at December 31, 2019</b>	15,616	625	35,633	272,212	324,086

	Members' shares \$	Shares to be issued \$	Contributed surplus \$	Retained surplus \$	Total members' equity \$
<b>Balance at January 1, 2018</b>	16,221	568	35,633	218,977	271,399
Restated net income and comprehensive income for the year	—	—	—	28,479	28,479
Dividends on preference shares	—	628	—	(527)	101
Members' shares					
Issued	568	(568)	—	—	—
Redeemed	(1,077)	—	—	—	(1,077)
<b>Restated balance at December 31, 2018</b>	15,712	628	35,633	246,929	298,902

## Summary Consolidated Statement of Cash Flows

For the year ended December 31, 2019 (in thousands of dollars)

	2019 \$	2018 \$(restated)
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net income and comprehensive income for the year	25,763	28,479
Items not affecting cash		
Depreciation on property, equipment and intangibles	2,223	2,562
Depreciation on right-of-use assets	1,979	-
Allowance for loan loss	3,239	2,811
Deferred income taxes	(283)	(1,177)
Dividends on surplus shares	159	140
Loss on disposal of property and equipment	5	4
	33,085	32,819
Net change in non-cash working capital items		
Investments – accrued interest	(1,333)	(325)
Loans to members – accrued interest	(371)	(1,455)
Other assets	(703)	1,010
Income taxes	(39)	43
Members' deposits – accrued interest	3,933	3,713
Accounts payable	4,129	703
	5,616	3,689
Loans to members – net of repayments	52,035	(248,662)
Members' deposits – net of withdrawals	195,183	149,817
Net change in investments	(293,590)	43,105
	(46,372)	(55,740)
	(7,671)	(19,232)
<b>Investing activities</b>		
Purchase of property, equipment and intangibles	(1,620)	(1,329)
Proceeds on disposal of property and equipment	-	3
	(1,620)	(1,326)
<b>Financing activities</b>		
Principal payments of lease liabilities	(1,847)	-
Proceeds of issued mortgage securitization	69,127	62,926
Repayments of mortgage securitization	(46,003)	(15,396)
Net increase in common shares	1	5
Redemption of surplus shares	(474)	(502)
Redemption of preference shares, net of taxes	(579)	(976)
	20,225	46,057
<b>Net increase in cash on hand and on deposit</b>	10,934	25,499
<b>Cash on hand and on deposit – Beginning of year</b>	98,890	73,391
<b>Cash on hand and on deposit – End of year</b>	109,824	98,890
<b>Interest received</b>	167,316	151,152
<b>Interest paid</b>	87,492	72,510
<b>Income taxes paid</b>	7,718	6,709



## Notes to the Summary Consolidated Financial Statements

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December 31, 2019

### 1 Basis of the summary consolidated financial statements

Management has prepared the summary consolidated financial statements from the December 31, 2019 audited consolidated financial statements, which are prepared in conformity with International Financial Reporting Standards ("IFRS"). The detailed notes included in the audited consolidated financial statements are not included in these summary consolidated financial statements.

The criteria developed by management for the preparation of the summary consolidated financial statements is as follows: that the information included in the summarized consolidated financial statements is in agreement with the related information in the complete consolidated financial statements and that the summarized consolidated financial statements contain the information necessary to avoid distorting or obscuring matters disclosed in the related complete consolidated financial statements, including the notes thereto, in all material respects.

### 2 Compliance with minimum capital and liquidity requirements

The Credit Union is in compliance with the capital and liquidity reserve requirements at December 31, 2019 established by the regulations to the Credit Unions and Caisses Populaires Act of Manitoba.

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







