



ANNUAL REPORT
2014

sunova
CREDIT UNION



banking is just
the beginning



welcome to sunova

MISSION

exceed expectations
with brighter, brainier,
all around better banking experiences.

VISION

Introducing a better breed of banking.
We will always be leaders, never followers;
we will foster a culture employees
are proud to call their own; and, we will ensure our members
achieve their goals
while continually wowing them with exceptional service experiences.

VALUES

genuine connections
innovative spirit | trusted
happy smiles | integrity

The background of the page is a watercolor illustration. It features two dogs, likely beagles, with white and brown patches, looking towards each other. The scene is set against a warm, orange-toned background with various abstract shapes, including circles and lines, in shades of red, orange, and yellow. The overall style is artistic and soft.

VALUING OUR GROWTH

Sunova has grown in a lot of ways over the past year. From creating new positions, purchasing new properties, and even venturing back into the insurance industry in a major way, Sunova pounced on new opportunities throughout 2014!

INNOVATIVE SPIRIT

SUNOVAGO

Sunova's mobile presence grew through the development of SunovaGO, a mobile banking and budgeting app for both Apple and Android devices. SunovaGO does all the basics of other banking apps, including paying bills and transferring funds, and then goes one step further with the addition of in-depth budgeting tools! We anticipate launching this new app soon!

TRUSTED INTEGRITY

NO SPAM HERE

When Canada's Anti-Spam Legislation (CASL) came into effect in July of 2014, Sunova didn't hesitate to respond because we believe spam belongs in a can. We know that our relationships with our members are what set us apart, so all of our emails to members are personalized, important, and secure.

GENUINE CONNECTIONS

SOCIAL MEDIA

Sunova's social media presence grew bigger than ever this year, with the development of a comprehensive social media strategy. Instagram and Facebook have proven to be two popular platforms for Sunova, and we look forward to seeing what this new strategy can do for us in 2015!

FEISTY INDEPENDENCE

BRIO INSURANCE

In late 2014, Sunova ventured into the insurance industry in a new and exciting way with the acquisition of a long established Steinbach insurance agency. After an intense, condensed branding process, Brio Insurance was introduced! We purposefully turned the 'typical' insurance brand on its head with Brio Insurance's cheerful, charming 'personality'.

TRAILBLAZING SUCCESS

INROADS INTO WINNIPEG

In December 2014, we announced the purchase of a new location in the south end of Winnipeg! We are thrilled to be expanding our presence in Winnipeg and look forward to showing a new audience the brighter side of banking.

HAPPY SMILES

WORK HARD, SCARE HARD

Once again, our branches showed off their creativity and community spirit by going all out for Halloween in our annual 'spooktacular' Halloween decorating and costume contest! Word got out and some branches had hundreds of visitors stop by to see for themselves!

NEW GROWTH

E-TRANSFERS

Our members asked, and we proved we were listening by developing Interac e-Transfers through Sunova Online! 2014 was the year we hunkered down and worked out the kinks to allow us to officially launch this widely-recognized service this spring.

CONFERENCE CENTRE

The Sunova Conference Centre opened in April at the Riverbend Professional Centre. The conference centre features a boardroom and an office, and is also available for rent by the public. It features a television bigger than some bedrooms and is outfitted to be a completely functional, high-end meeting space.

PLANit

PLANit, Sunova's series of easy to use, online financial calculators, officially took off in February 2014. PLANit replaced Member Solutions with tools that members can use themselves to get started with budgeting or financial planning. It's intuitive design helps members and staff see what's possible with their money!

COMMUNITY INVESTMENT

Giving back to our communities has always been important to Sunova, and 2014 was a banner year for community investment. We entered into partnerships with sports teams for youth of all ages, deepening our connections to our communities. Sunova's presence as a sponsor at the Grand Slam of Curling Masters Tournament also brought us a lot of attention! We also supported community growth – for example, the 2014 Sunova Golf Classic Tournament generated a donation – in exchange for naming rights – of \$20,000 to the construction of the Sunova Sports Park.

D.O.G AMBASSADOR

The D.O.G program got a makeover this year, with the hiring of Laurie Keith as our official D.O.G Ambassador! Laurie is Gallagher's full-time caregiver and trainer, and they've already developed an amazing bond. The branches without a full-time D.O.G will be seeing more of him moving forward!

SOCIAL MEDIA STRATEGY

2014 was the year Sunova took over the internet! Okay, not quite, but we're giving it our best shot through a new strategy to get the most out of our social media accounts. Check out our accounts:

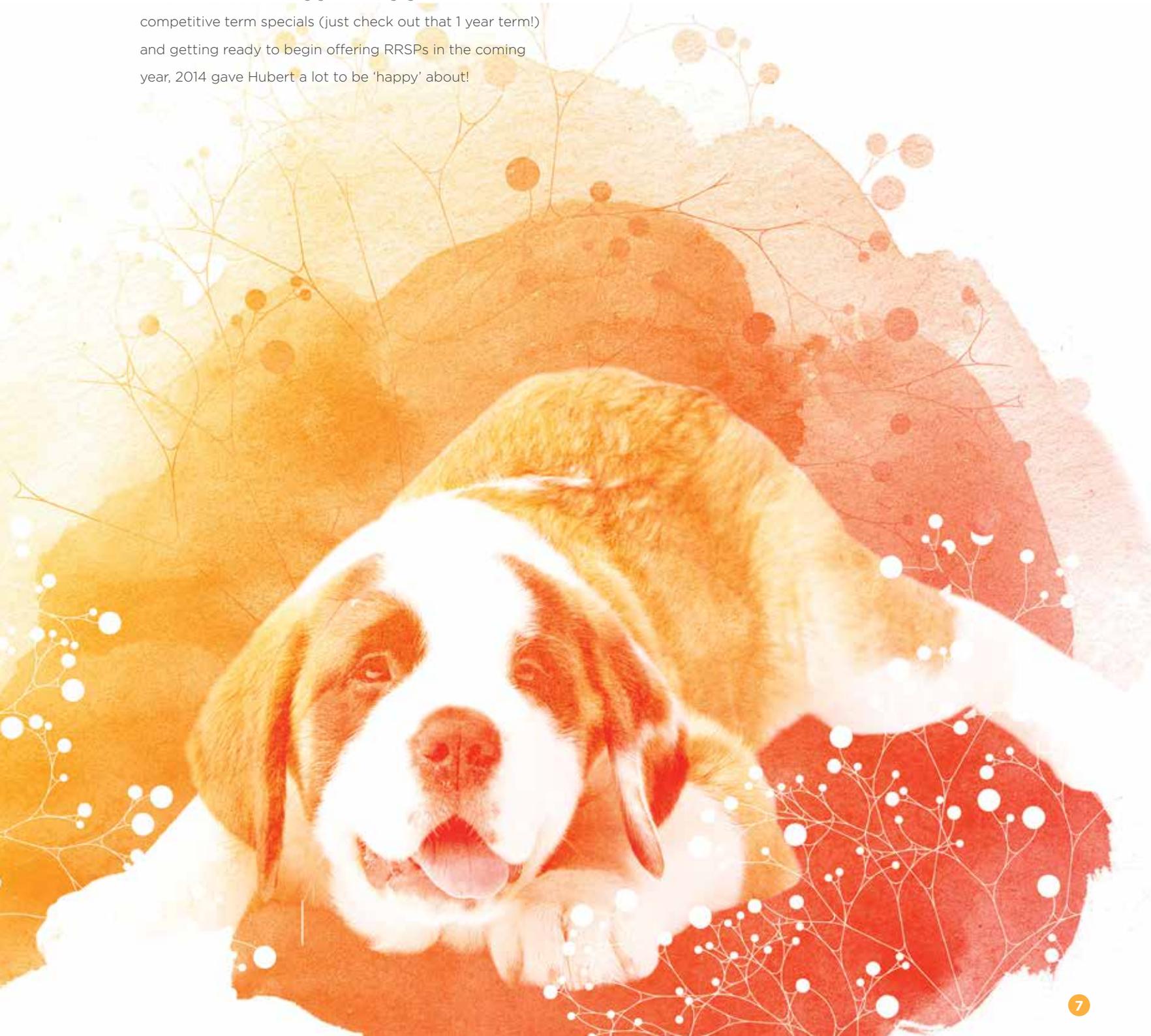
- [facebook.com/sunovacu](https://www.facebook.com/sunovacu)
- twitter.com/sunovacu
- [instagram.com/sunovacu](https://www.instagram.com/sunovacu)
- [linkedin.com/company/sunova-credit-union](https://www.linkedin.com/company/sunova-credit-union)

Conformity is the jailer of freedom
and the enemy of growth.

~ John F. Kennedy

HAPPY MORTGAGES

Hubert began offering mortgages to residents of Manitoba in 2014. Between offering great mortgage rates and competitive term specials (just check out that 1 year term!) and getting ready to begin offering RRSPs in the coming year, 2014 gave Hubert a lot to be 'happy' about!



The greatest thing in this world is not so much where we stand as in what direction we are moving.

~ Johann Wolfgang von Goethe



MILESTONES

BEST FEST

This year was the first time we combined our Annual General Meeting with the Branch of the Year celebration to give our champs, Whitemouth, the opportunity to relax and mingle with members and special guests at Best Fest.

SPARK

This year's Spark gala was held at the Metropolitan Entertainment Centre. The 'a night at the movies' theme fit perfectly at the Met, which was built during the Golden Age of Cinema. Delicious food and drink and some wonderful hosting from Sunova's own Dallas Kostna and Paul Olfert made it a night to remember for our staff!

GOLF CLASSIC

The 9th Annual Sunova Golf Classic was held on June 13 at Granite Hills Golf Course near Lac du Bonnet. The tournament drew 144 golfers and raised \$20,000, bringing the total the tournament has raised for local charities in the past nine years to over \$140,000!

SPONSORED GOLDEYES GAME NIGHT

Our second sponsored Goldeyes game night was a hit! Our volunteers invaded the ballpark, with Sunova branded fans and drink koozies in hand. Thanks to the beautiful weather, the fans and koozies were a hit, and it was impossible to miss our orange-clad volunteers mingling with the crowd.

HALLOWEEN

As usual, the branches went above and beyond for Halloween in 2014. Whether they were visiting a haunted wedding, taking a trip under the sea, or walking in on a 'crime scene', visitors to the branches were impressed.

GRAND SLAM OF CURLING

Sportsnet's Grand Slam of Curling Master's Tournament was a great opportunity for Sunova to stand out on a larger stage. The nationally televised tournament featured several appearances from the Sunova blimp, and our volunteers had a great time mingling with the crowd at the Selkirk Recreational Complex.

KID'S CHRISTMAS PARTY

In 2014, our annual Christmas party for members and staff children 12 and under moved to the Selkirk Rec Complex! The party featured a science demonstration from a 'Mad Scientist', a visit from the Selkirk Steelers, and an appearance from our D.O.G Gallagher!

EXECUTIVE



Ed Bergen
President & CEO



Jeff Erickson
Vice President & Chief Financial Officer



Curtis Fines
Vice President & Chief Operations Officer



Dallas Kostna
Vice President & Chief Information Officer



Clarence Abrams
Director, Finance



Vanessa Foster
Director, Marketing



Bev Kiel
Director, Internal Audit & Control



Cheryl Mitchell
Director, Facilities & Business Development

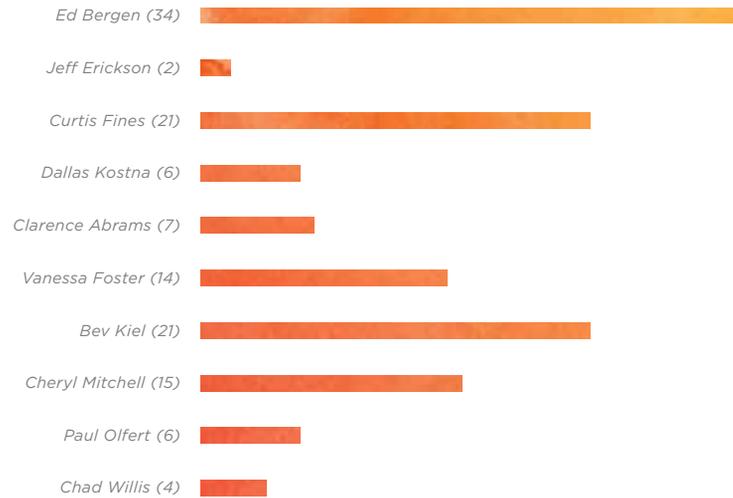


Paul Olfert
Director, Talent Integration

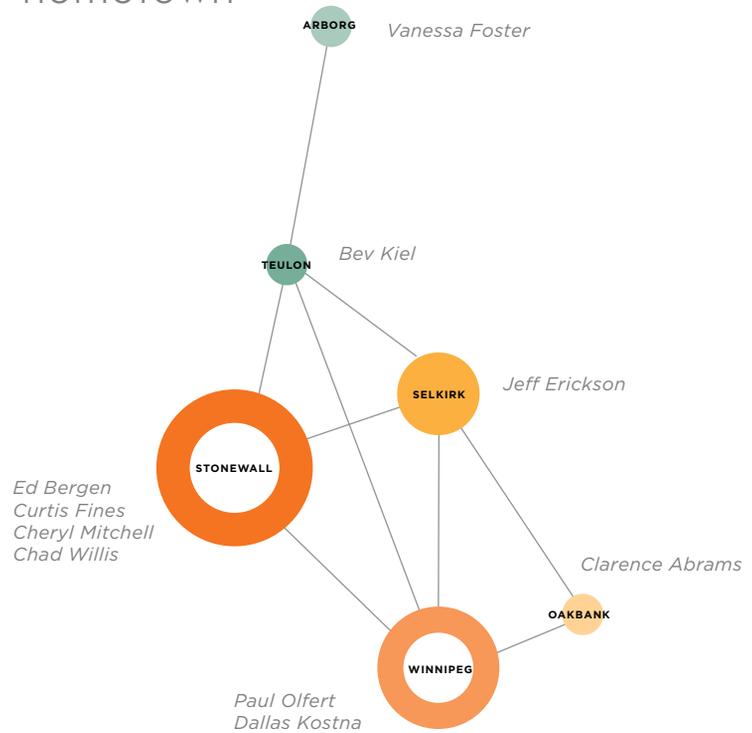


Chad Willis
Manager, Retail Credit Experience

years with sunova



hometown



BOARD OF DIRECTORS



Kevin Beresford
Past Chair
 Director since: 2008
 Term expires: 2017



Lesli Malegus
Chair
 Director since: 2009
 Term expires: 2015



Ken Roy
Vice Chair
 Director since: 1984
 Term expires: 2016



Nicole Forsyth
Secretary
 Director since: 2011
 Term expires: 2017



Huguette Dandeneau
Director since: 1991
 Term expires: 2015



Karen Dudeck
Director since: 2012
 Term expires: 2015



Justin Evenden
Director since: 2013
 Term expires: 2016



Donna Warenko
Director since: 2011
 Term expires: 2016



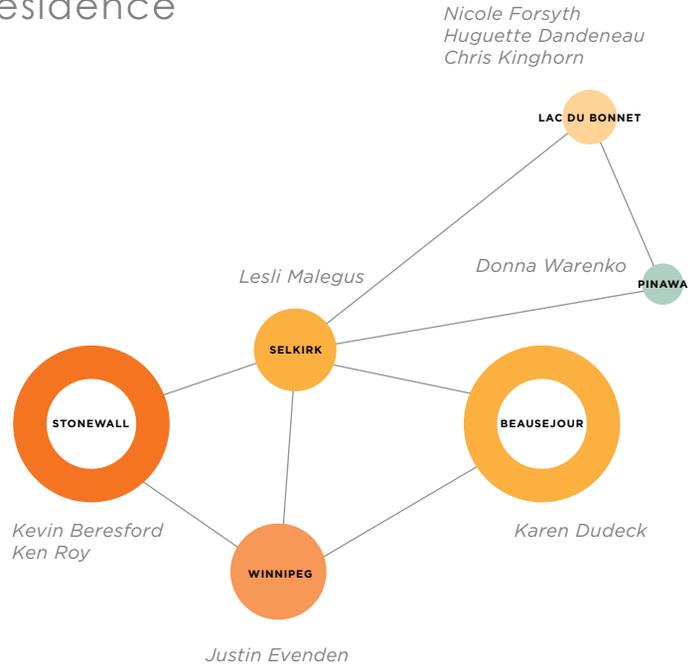
Chris Kinghorn
Director since: 2014
 Term expires: 2017

board expenditures

Each year, the expenditures on behalf of each member of the board are reported. Individual totals are included below along with the total board expenditures for 2014.



residence



April 6, 2015

To the Directors of Sunova Credit Union Limited

The accompanying summary financial statements, which comprise the summary consolidated statement of financial position as at December 31, 2014, the summary consolidated statements of income and comprehensive income, statement of changes in members' equity and cash flow statement for the year then ended, and related notes, are derived from the audited consolidated financial statements of **Sunova Credit Union Limited** for the year ended December 31, 2014. We expressed an unmodified audit opinion on those financial statements in our auditors' report dated April 6, 2015.

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

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the summary 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."

OPINION

In our opinion, the summary consolidated financial statements derived from the audited consolidated financial statements of Sunova Credit Union Limited for the year ended December 31, 2014 are a fair summary of those consolidated financial statements, on the basis described in Note 1.

OTHER MATTER

The summary consolidated financial statements of Sunova Credit Union Limited as at December 31, 2013 and for the year then ended were audited by another auditor who expressed an unmodified opinion on those summarized consolidated financial statements on March 27, 2014.

Chartered Accountants, Winnipeg, Manitoba

Ernst & Young LLP

financial statements

summary consolidated statement of financial position
As at December 31, 2014

	2014	2013
	\$	\$
ASSETS		
Cash	5,004,569	5,520,192
Investments and deposits	92,536,418	96,297,192
Members' loans - net of allowance for doubtful loans	1,021,283,744	915,215,673
Other assets	2,797,409	4,281,720
Investments in associates	—	8,770,898
Investment property	10,195,000	12,210,000
Property and equipment	34,657,999	32,397,487
Intangible assets	905,997	1,089,157
Goodwill	6,145,481	2,333,144
Total assets	1,173,526,617	1,078,115,463
LIABILITIES AND MEMBERS' EQUITY		
Liabilities		
Members' savings and deposits	1,088,865,120	997,615,411
Accounts payable and accrued liabilities	5,011,019	3,499,885
Income taxes payable	1,261,337	543,468
Loans payable	—	5,000,425
Derivative financial instrument	475,931	—
Deferred income tax liabilities	2,122,379	2,204,094
Total liabilities	1,097,735,786	1,008,863,283
MEMBERS' EQUITY		
Members' shares	25,637,396	26,499,961
Retained surplus	50,153,435	42,752,219
TOTAL MEMBERS' EQUITY	75,790,831	69,252,180
	1,173,526,617	1,078,115,463

A full set of the consolidated financial statements including significant accounting policies and other explanatory information is available from Sunova Credit Union Limited or at www.sunovacu.ca.

APPROVED BY THE BOARD OF DIRECTORS

Director  Director 

The accompanying notes are an integral part of these consolidated financial statements.

financial statements

Summary Consolidated Statement of Net Income and
Comprehensive Income **As at December 31, 2014**

	2014	2013
	\$	\$
INCOME		
Interest from members' loans	39,960,539	35,636,701
Investment income	1,925,061	1,821,139
	<u>41,885,600</u>	<u>37,457,840</u>
COST OF FUNDS		
Interest paid to members	18,266,596	17,241,573
Interest on loans payable	1,181,643	182,476
	<u>19,448,239</u>	<u>17,424,049</u>
Financial margin	22,437,361	20,033,791
Provision for doubtful loans	(657,199)	(550,800)
Other income	11,153,347	7,219,333
Net (losses) gains on fair value adjustments of rental property	(768,523)	83,351
Financial margin and other income after provision for doubtful loans	<u>32,164,986</u>	<u>26,785,675</u>
OPERATING EXPENSES		
Personnel	12,688,601	11,425,463
Administration	4,012,596	3,197,724
Occupancy	3,553,348	3,510,903
Organizational	624,870	421,073
Member security	1,019,936	943,143
	<u>21,899,351</u>	<u>19,498,306</u>
INCOME BEFORE INCOME TAXES	10,265,635	7,287,369
PROVISION FOR INCOME TAXES	1,701,253	1,354,113
NET INCOME AND COMPREHENSIVE INCOME FOR THE YEAR	<u>8,564,382</u>	<u>5,933,256</u>

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The accompanying notes are an integral part of these consolidated financial statements.

	Members' shares	Retained surplus	Total equity
	\$	\$	\$
BALANCE AT JANUARY 1, 2014	26,499,961	42,752,219	69,252,180
Net income and comprehensive income for the year	—	8,564,382	8,564,382
Share dividend on common shares	891,186	(891,186)	—
Share dividend on surplus shares	271,980	(271,980)	—
Common shares issued - net of redemptions	(2,491,326)	—	(2,491,326)
Surplus shares issued - net of redemptions	465,595	—	465,595
BALANCE AT DECEMBER 31, 2014	25,637,396	50,153,435	75,790,831
BALANCE AT JANUARY 1, 2013	23,698,294	37,893,072	61,591,366
Net income and comprehensive income for the year	—	5,933,256	5,933,256
Share dividend on common shares	843,994	(843,994)	—
Share dividend on surplus shares	230,115	(230,115)	—
Common shares issued - net of redemptions	1,896,160	—	1,896,160
Surplus shares issued - net of redemptions	(168,602)	—	(168,602)
BALANCE AT DECEMBER 31, 2013	26,499,961	42,752,219	69,252,180

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The accompanying notes are an integral part of these consolidated financial statements.

financial statements

Summary Consolidated Statement of Cash Flows For the year ended December 31, 2014

	2014	2013
	\$	\$
OPERATING ACTIVITIES		
Net income for the year	8,564,382	5,933,256
Add (deduct) items not involving cash		
Depreciation and amortization		
Property and equipment	2,058,887	2,064,418
Intangible assets	183,160	174,460
Investment property valuation adjustment	768,523	(83,351)
Deferred income taxes	(81,715)	580,944
Loss (gain) on sale of property and equipment	(50,466)	30,328
Provision for doubtful loans	657,199	550,800
Unrealized loss on derivative financial instrument	475,931	—
Gain on sale of investment in associates	(2,520,519)	—
Non-cash gain on acquisitions	(865,000)	—
Equity earnings from associates	—	(70,071)
	9,190,382	9,180,784
Net change in non-cash working capital balances related to operations	(8,559,082)	3,159,874
Cash provided by operating activities	631,300	12,340,658
INVESTING ACTIVITIES		
Property and equipment, intangible assets and investment property additions	(2,987,339)	(508,734)
Proceeds on disposal of property and equipment	91,792	—
Proceeds on disposal of investment in associates	9,251,417	—
Acquisition of subsidiary, net of cash acquired	(476,637)	—
Cash provided by (used in) investing activities	5,879,233	(508,734)
FINANCING ACTIVITIES		
Issuance of members' shares - net of redemptions	(2,491,326)	1,896,160
Redemption of surplus shares	465,595	(168,602)
Change in loans payable	(5,000,425)	(13,001,094)
Cash used in financing activities	(7,026,156)	(11,273,536)
NET INCREASE (DECREASE) IN CASH DURING THE YEAR	(515,623)	558,388
Cash, beginning of year	5,520,192	4,961,804
Cash, end of year	5,004,569	5,520,192
SUPPLEMENTAL CASH FLOW INFORMATION		
INTEREST RECEIVED	41,880,679	37,260,003
INTEREST PAID	18,959,909	17,679,640
INCOME TAXES PAID	901,668	380,670

A full set of the consolidated financial statements including significant accounting policies and other explanatory information is available from Sunova Credit Union Limited or at www.sunovacu.ca.

The accompanying notes are an integral part of these consolidated financial statements.

December 31, 2014

1. **BASIS OF PRESENTATION**

These summary consolidated financial statements have been derived from the audited consolidated financial statements of Sunova Credit Union Limited (the "Credit Union") for the year ended December 31, 2014.

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.

A full set of the consolidated financial statements including significant accounting policies and other explanatory information is available from the Credit Union or at www.sunovacu.ca

2. **COMPLIANCE WITH MINIMUM CAPITAL AND LIQUIDITY REQUIREMENTS**

The Credit Union is in compliance with the capital and liquidity reserve requirements at December 31, 2014 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, 2014, which contain the information detailing the calculation.

