



# 2019 Annual Report

[www.accentcu.ca](http://www.accentcu.ca)



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# ACCENT ON COMMUNITY





# ACCENT ON COMMUNITY





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## *vision*

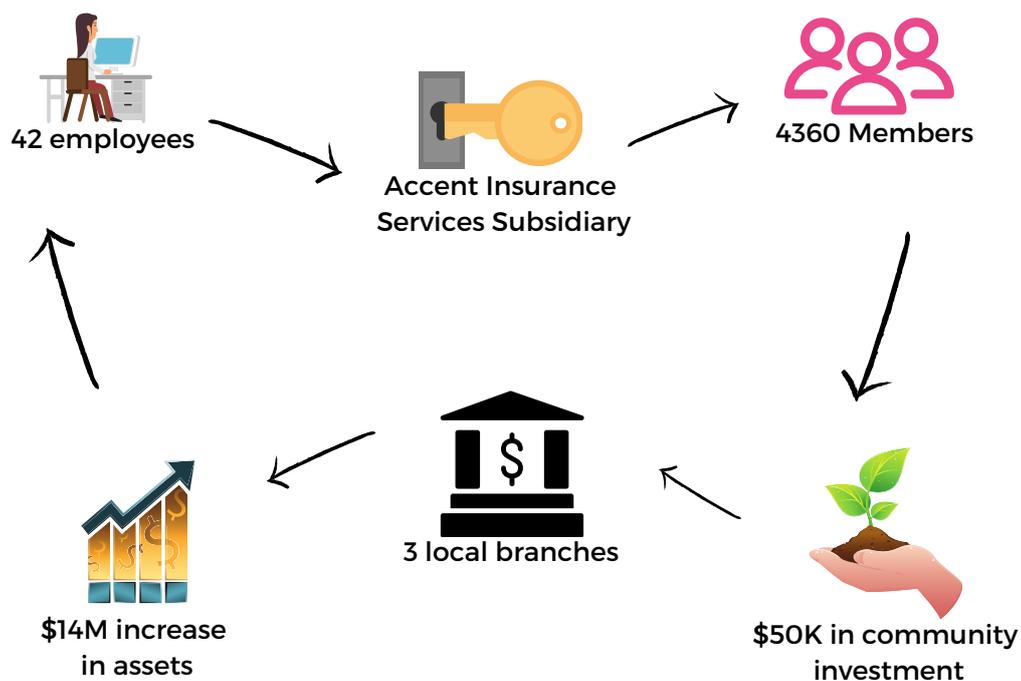
**Accent Credit Union is more than our name. It's our commitment. "We put the accent on service"**

## *mission*

**We are dedicated to providing the right product and the right service at the right time.**

## *values*

**Stability & Security • Employee Satisfaction • Integrity & Honesty  
Communication • Product Excellence**





# BOARD MESSAGE



On behalf of the Board of Directors, I am pleased to present the 2019 annual report for Accent Credit Union.

We are extremely satisfied with the accomplishments and direction provided from Accent Management and staff throughout the past year. As a co-operative, our success is tied to the success of our members. Our vision is to place the accent on service. We go above and beyond to meet the needs of the members, while ensuring the credit union's long term sustainability is forefront.

As the Board of Directors, our priority is to provide sound governance and risk oversight to our credit union. Approving the strategic direction of the credit union is a principal focus. The Strategic Plan provides management with clear long-term direction to ensure we are serving our members in the best way possible. Management then incorporates this strategic direction into the annual operational planning process to develop measurable and actionable shorter-term initiatives to support the plan.

The Board reviews our vision, mission and values, and the long-term strategic focus areas of people and culture, member service, growth and innovation, and long term sustainability annually. These continue to be relevant and remain the foundation of our organization. While we continue to be an autonomous credit union we do work collaboratively with compatible credit unions where opportunities exist to provide value for our members.

Community support is a fundamental principle of our Credit Union. In 2019 we distributed over \$50,000.00 to local initiatives. We contribute, not only financially, but through staff partnerships at the credit union level and staff volunteer hours worked within their communities.

Thank you to our dedicated staff, who continually serve our members in a professional and friendly manner. We thank all of you for demonstrating your teamwork by supporting our members in providing excellent service especially while facilitating so many technological changes.

I would like to thank my fellow directors for their dedication and commitment to Accent Credit Union. Our board demonstrates their leadership by attending board meetings on a monthly basis and attending special meetings and strategic planning sessions, as well as participating in board governance, training and development.

Most importantly to you our members, thank you for your continued loyalty and support. Member support is the reason for our existence and success. As we look forward in 2020 and beyond, the board and staff continue to focus on growing and improving so that we can strengthen our commitment to our members as "We Put the Accent on Service!"

**Margaret Odelein**  
Board President



## CEO MESSAGE

*"We truly do put the accent on service!"*

First of all I would like to thank everyone for making Accent Credit Union and its subsidiary a success in 2019. Although we continue to see uncertainty in our economy, a difficult year in agriculture in some regions, as well as continuing competition, we were able to increase our assets by \$14 million. Our strong financial performance allows us to ensure long term service to our community through financial support and volunteerism. Accent takes great pride in the support we give our communities.

We continue to make significant investments in staff and board training, technology as well as reviewing products and services. The way we conduct business has shifted over the last year with the integration of electronic signatures. We have also begun the process of moving all of our member files to an electronic system. What this potentially will mean in the future is greater efficiency and convenience in granting credit.

We value the years of experience and dedication our staff make to our members by sharing their knowledge and understanding of products. Our staff is dedicated and committed to building member relationships which is a key factor in the success of our credit union. This is demonstrated daily through their teamwork in an ever-changing environment.

As we look back on the past year, it is important to note that December 31, 2019 marked the 10 year anniversary of Accent Credit Union. In the past 10 years we have grown our assets almost \$100 million and put the accent on our local communities with over \$800 thousand dollars in financial support. In 2020 keep an eye out for special employee driven donations to celebrate this special anniversary!

Thank you to our members. We truly appreciate your business and value our relationships. We look forward to working together for years to come!

**Guy Martin**  
CEO



# CORPORATE GOVERNANCE & STRUCTURE

## Board Mandate & Responsibilities

The governance of Accent Credit Union is anchored in the co-operative principle of democratic member control. The board of Accent Credit Union is responsible for the strategic oversight, business direction and supervision of management of Accent 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. The board of directors is accountable to the members of Accent Credit Union for directing the affairs of the credit union and maintaining policies which are responsive to their needs and the needs of the credit union for sound operations.

## MEET OUR board



Margaret Odelein

### Strategic Thinking & Planning



Richard Coffyne



Annette Dube



Heather Elmy

### Human Resource Oversight



Shawn Holter



Joanne Hope



Linus Jones

### Financial Oversight

### Risk Oversight

### Legal & Regulatory Oversight



Judith Lillebo



Sheila Renz



Ed Yablonski



# CORPORATE GOVERNANCE & STRUCTURE

The board is currently **composed** of **10** individuals elected by the membership as determined by our bylaws. Terms are for three years and tenure is not limited. Nominations are made by the membership. Voting is by paper ballot, in branch, and election results are announced at the Accent Credit Union annual general meeting. The board holds monthly board meetings and yearly strategic planning sessions. In addition to regular board meetings, directors attend special board meetings and the annual general meeting. Directors serve on one or more board committees. This partitioning of responsibilities enables a clear focus on specific areas of activity vital to the effective operation of our credit union.

Directors of Accent Credit Union receive **remuneration** for items related to credit union business or training. Allowable reimbursement expenses are for meetings, travel, meals, accommodations, and mileage. The Board annually reviews directors' compensation and makes recommendations to ensure it remains competitive with other provincial credit unions. In 2019 remuneration paid was \$34,350.00 plus travel expenses of \$12,052.00.

Board **development and training** continues to be a key strategic priority to ensure our board members fulfill their role of providing oversight in corporate governance. Directors are enrolled in the Credit Union Director Achievement (CUDA) program. During 2019 the board participated in various CUDA training courses totaling \$14,514.00

## Board Committees

### Executive

To act in the capacity of, and on behalf of the board of directors between regular or special board meetings on all board matters except those which the board may not, in compliance with legislative requirements, delegate. The committee consists of Guy Martin (CEO), Margaret Odelein (President), Judith Lillebo (Vice-President), and Shawn Holter.

### Governance

The primary function of the committee is to ensure a Governance Model and Review process is in place, along with Board training, education, orientation, evaluation, board compensation/insurance and policy review and development processes are in place. This committee consists of Joanne Hope (Chair), Sheila Renz, Linus Jones, Annette Dube, and Margaret Odelein.

### Audit & Risk

The purpose of the committee is to ensure an independent review of the credit union's operation on areas deemed necessary to maintain the integrity of financial data, adequacy of internal controls and adherence to requirements of The Credit Union Act, 1998, The Credit Union Regulations, 1999, The Credit Union Insurance Business Regulations, and The Standards of Sound Business Practice. The committee will also ensure that the credit union's enterprise risk management framework and risk appetite statement are appropriate to optimize liquidity, market/interest rate, credit/concentration, legal and regulatory, operational, strategic risk, and emerging/reputational risk for the protection and creation of shareholder value. This committee consists of Ed Yablonski (Chair), Richard Coffyne, Shawn Holter, and Heather Elmy

### Building

On behalf of the board, to work with management in the development of policies and plans relevant to credit union facilities. This committee consists of Guy Martin (CEO), Shawn Holter (Chair), Joanne Hope, Richard Coffyne, and Margaret Odelein.

### Nominations

To oversee the nomination and election processes for elections of credit union directors. This committee consists of Sheila Renz (Chair), Margaret Odelein, Ed Yablonski, and Annette Dube

### Accent Insurance Board

Guy Martin (CEO), Trisha Vigoren (Management Rep), Margaret Odelein, Richard Coffyne, and Heather Elmy

### Conduct Review

The purpose of the conduct review committee is to ensure that all proposed related party transactions with Accent Credit Union are fair to the credit union and that the relationship has not affected the exercise of the best judgment of the credit union. This committee consists of Joanne Hope (Chair), Linus Jones, Sheila Renz, and Annette Dube



# ORGANIZATIONAL STRUCTURE

## Management TEAM



**Guy Martin**  
Chief Executive  
Officer



**Trisha Vigoren**  
Manager of Finance &  
Corporate Services



**Maureen Nieth**  
Manager of  
Retail Services



**Roy Ramler**  
Manager of  
Lending Services



**Lyle Thibault**  
Manager of  
Lending Services

## Retail TEAM



**Trina Gabriel**  
Member Services  
Supervisor, Quill Lake



**Ursula Bussiere**  
Member Services Rep  
Quill Lake



**Nicole Wakelam**  
Member Services Rep  
Quill Lake



**Verna Winters**  
Member Services Rep  
Quill Lake



**Rosanne Ingram**  
Member Services Rep  
Quill Lake



**Debbie O'Neil**  
Member Services  
Supervisor, Kelvington



**Tanice Balaski**  
Member Services Rep  
Kelvington



**Kerri Polachek**  
Member Services Rep  
Kelvington



**Shannon Hyrtzyk**  
Member Services Rep  
Kelvington



**Sara McChesney**  
Member Services Rep  
Kelvington



# ORGANIZATIONAL STRUCTURE



**Maria Choquette**  
*Member Services Rep  
Kelvington*



**Cara Andreas**  
*Member Services Rep  
Kelvington*



**Heidi Craig**  
*Member Services Rep  
Jansen*



**Melissa Klinger**  
*Member Services Rep  
Jansen*



**Amy Ealey**  
*Member Services Rep  
Jansen*



**Elizabeth Sitter**  
*Member Services Rep  
Jansen*

## *Corporate Services* TEAM



**Lacey Nicholls**  
*Human Resources  
Administrator*



**Andrea Hiltz**  
*Marketing & Payroll  
Administrator*



**Ellie Atkin**  
*Finance  
Administrator*

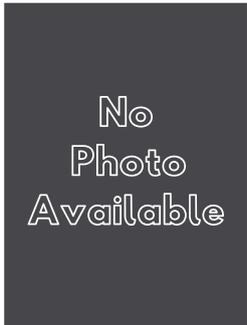


**Julie Marshall**  
*Technology  
Administrator*



# ORGANIZATIONAL STRUCTURE

## Lending TEAM



**Denise Kroeker**  
Loans Officer  
Quill Lake



**Greg Harcourt**  
Loans Officer  
Quill Lake



**Deanna Gardiner**  
Loans Officer  
Quill Lake



**Angel Liebrecht**  
Loans Officer  
Jansen



**Mary Ann Nedjelski**  
Loans Officer  
Kelvington



**Kristen Last**  
Loans Officer  
Kelvington



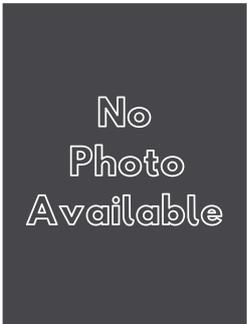
**Brittany Marshall**  
Loans Clerk  
Quill Lake



**Kayla Ingram**  
Loans Clerk  
Quill Lake



**Janice Morrison**  
Loans Clerk  
Kelvington



**Michelle Hrynkiw**  
Loans Clerk  
Kelvington

## Long Service Milestones 2019

**Roy Ramler**  
*30 years*

**Denise Kroeker**  
*25 years*

**Trina Gabriel**  
*20 years*

**Verna Winters**  
*15 years*

**Heidi Craig**  
*15 years*

**Kristen Last**  
*10 years*

**Ellie Atkin**  
*5 years*

**Kayla Ingram**  
*5 years*



# CO-OPERATIVE PRINCIPLES

*As a co-operative financial institution, Accent 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.**

## *Member Economic Participation*

- **Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative.**

## *Autonomy and Independence*

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

## *Education, Training and Information*

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



# MARKET CODE

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

## → Fair Sales

**Accent Credit Union's actions and decisions regarding member advice, information and recommendations are objective and reflective of the financial needs and the roles and responsibilities of the member and the credit union.**

## → Transparency & Disclosure

**Accent Credit Union provides existing and potential members with relevant and appropriate information to allow them to make informed financial decisions.**

## → Professional Standards for Employees

**Accent Credit Union has well trained and well informed employees who are able to provide financial information and advice members can trust. Business is conducted in a manner that maintains our good reputation by exercising reasonable and prudent professional judgment in the provision of products and services.**



## Privacy

**Accent Credit Union protects the interests of members by ensuring all information is kept confidential and used only for the purpose for which it was gathered.**



## Complaint Handling

**Accent Credit union has an established internal complaint handling process that provides timely and responsive service to member's complaints.**



## Low Fee Account

**Accent Credit Union offers a basic account that will accommodate all persons. A low fee account is an option for individuals who conduct limited monthly transactions.**



# CORPORATE PROFILE & STRATEGY

Accent Credit Union is an independent Saskatchewan credit union owned by our members. Under the current credit union legislation, Accent Credit Union is able to provide financial services to members and non-members. As of December 31st, 2019 Accent Credit Union had 4,360 members and 0 non-members. Non-members do not participate in the democratic processes of the credit union.

Our credit union serves the communities of **Quill Lake, Kelvington, Jansen**, and surrounding area through our branches in Quill Lake, Kelvington, and Jansen. We provide a full range of financial services including: Retail and commercial deposit services, consumer, agricultural and commercial lending services, card services, mobile banking, financial planning, investments, wealth services and more.

Accent Credit Union owns the subsidiary **Accent Insurance Services** with locations in Quill Lake and Humboldt.

Our **competitive advantage** and niche continues to be providing outstanding service in our local communities. The strategy outlines our key long-term strategic initiatives and success measures which position us to achieve our mission to 'Deliver the right product and the right service at the right time to our members'. Equipping and supporting our people and building the desired culture positions us to remain in step with our member's financial needs and deliver the best member service, ensuring we remain relevant to our members now and long into the future.

Our **vision** is to place the **accent on service**. To go the extra mile in understanding and meeting the needs of the member while ensuring the credit union's long term sustainability is always in view. Since the creation of Accent Credit Union, the Board and Management have worked to establish a strong culture of "oneness" in the organization, which has included a major focus on mentoring, training, and coaching, realignment of work processes and structures to ensure staff are working together behind the scenes and ultimately making it easier for the member to do business with us. This work continues as we focus on positioning our people and culture to deliver exceptional member service, anticipate our member's financial needs, and deliver relevant and sustainable products and services efficiently across all our delivery channels (physical and virtual).

A satisfied member is the best *strategy* of all!



# CORPORATE PROFILE & STRATEGY

Accent Credit Union will continue to excel in providing the best service possible, competitive loan rates, and opportunities to increase profitability, good staff and leadership. The following four goals are the key focus areas that will lead to our success. All activity supports the achievement of our goals with measures to help us understand progression.

<b>Strategic Theme:</b> <i>Invest in the future to remain relevant to our members</i>		
<b>Long Term Sustainability</b>	<b>Strategic Initiatives:</b> <ul style="list-style-type: none"> <li>• Maintain financial strength (earnings/liquidity/capital)</li> <li>• Explore opportunities for increase efficiencies</li> <li>• Anticipate and build for the future</li> </ul>	<b>How we measure success:</b> <ul style="list-style-type: none"> <li>• ICAAP targets/stable liquidity/consistent profitability</li> <li>• High quality credit portfolio</li> <li>• Identify 'good fit' collaboration partners</li> <li>• Long-term plan for AIS</li> <li>• Ability to serve our members thru economic downturns</li> </ul>
<b>Strategic Theme:</b> <i>Ensure our member service is the best around</i>		
<b>Member Service</b>	<b>Strategic Initiatives:</b> <ul style="list-style-type: none"> <li>• Ensure our teams have the knowledge to deliver in a professional manner creating the Accent service experience</li> <li>• Deliver a consistent member experience across delivery channels</li> <li>• Proactively engage our members</li> </ul>	<b>How we measure success:</b> <ul style="list-style-type: none"> <li>• Member satisfaction survey</li> <li>• Fuller financial relationships with our members</li> </ul>
<b>Strategic Theme:</b> <i>Ensure we are in step with our member's financial needs</i>		
<b>Growth and Innovation</b>	<b>Strategic Initiatives:</b> <ul style="list-style-type: none"> <li>• Increase member wallet share</li> <li>• Maintain profitable and sustainable Accent Insurance Subsidiary (AIS)</li> <li>• Adopt relevant and affordable technology to support the member experience</li> </ul>	<b>How we measure success:</b> <ul style="list-style-type: none"> <li>• Core products per member</li> <li>• Budgeted Loan &amp; Deposit Growth</li> <li>• AIS earnings</li> <li>• Develop and implement technology roadmap</li> </ul>
<b>Strategic Theme:</b> <i>Ensure our people are satisfied, working to their potential, and we are evolving to continue to meet our member's and community's needs.</i>		
<b>People and Culture</b>	<b>Strategic Initiatives:</b> <ul style="list-style-type: none"> <li>• Ensure a supportive environment which fosters empowered staff who are equipped to provide exceptional member service</li> <li>• Provide training opportunities to develop technical and personal competencies which lead to positional excellence and seamless transitions across the organization</li> <li>• Build and transfer corporate knowledge in the organization to ensure critical work is supported</li> <li>• Ensure succession planning for all critical positions within the organization</li> <li>• Continue to contribute to our communities through investment, sponsorship, volunteerism and leadership</li> </ul>	<b>How we measure success:</b> <ul style="list-style-type: none"> <li>• Employee engagement survey</li> <li>• Functional performance management process in place</li> <li>• Member satisfaction survey</li> </ul>

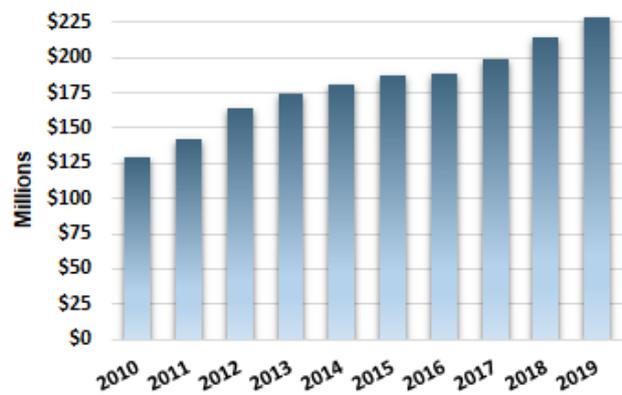


# 2019 FINANCIAL PERFORMANCE REVIEW

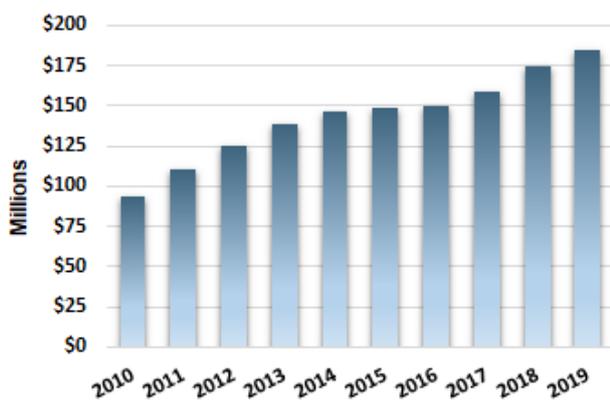
The financial performance review provides an analysis and summary of our Consolidated Financial Statements and includes key performance graphs. Each year, through our strategic plan, we create a budget which incorporates our operating and financial goals. The following summary illustrates our financial performance results as they relate to our targets.

Accent Credit Union experienced another year of growth in 2019. We ended December 31, 2019 with assets of \$228 million compared with \$214 million at the end of 2018, representing growth of 6%, exceeding our budgeted growth target of 2%. Since 2010, we've experienced asset growth of over \$98 million or 76% growth.

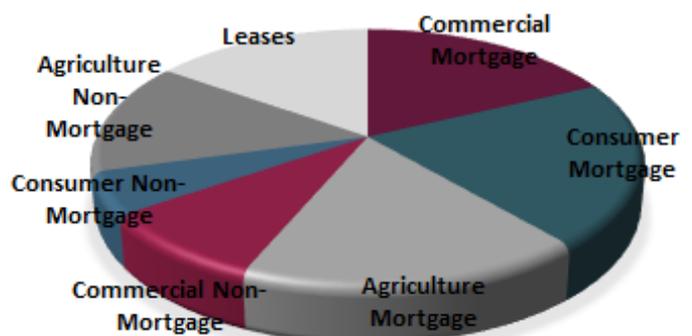
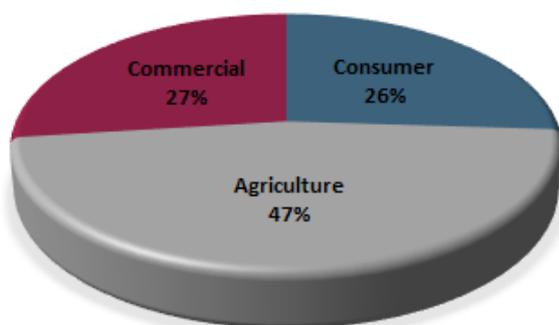
## Assets



## Loans Growth



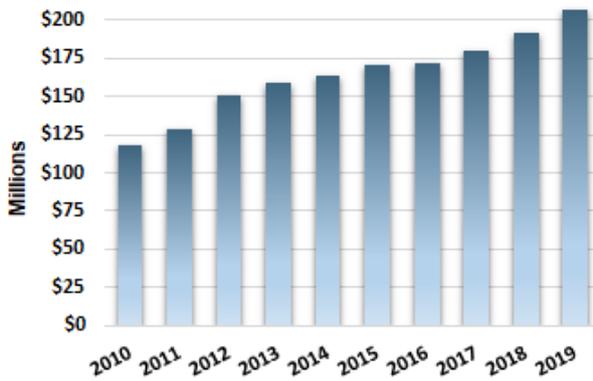
Accounting for 81% of our book of assets, our total performing loans portfolio at December 31, 2019 was \$185 million as compared to \$174 million in 2018. To supplement our organic member loans we also purchase lease pools. We experienced overall loan growth of 6%, surpassing the system average of 2%. We continue to focus on loans growth as one of our key financial areas. Since 2010 we have experienced loan growth of \$81 million or 87% growth.





# 2019 FINANCIAL PERFORMANCE REVIEW

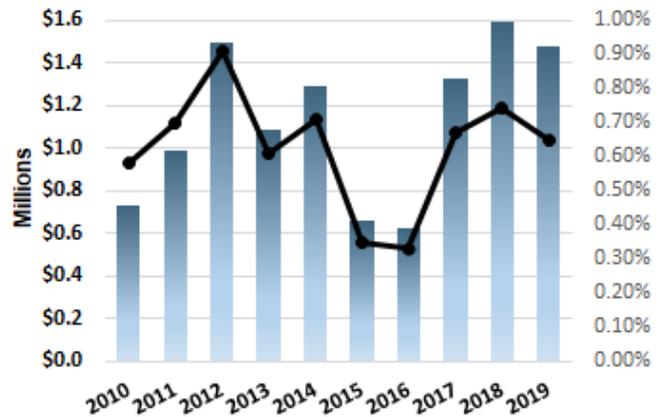
**Deposit Growth**



The credit union’s liabilities consist mainly of member deposits from personal, agricultural and commercial members. To maintain our balance sheet and to fund our loans demand, we strive to keep our deposit growth in line with our loans. At December 31, 2019, deposits were up to \$206 million compared with the previous year’s balance of \$192 million. This is an increase of approximately 8%. Member deposits are fully guaranteed by our regulator, the Credit Union Deposit Guarantee Corporation.

Our main source of revenue is generated through loan interest, service charges & fees and commissions. Total interest revenue was up only 2% from 2018 and other revenue up 16%. Over the last few years, we have maintained our operating expenses right around \$5 million or 2% of assets. Our largest operating expense is personnel. Other expenses include occupancy, technology and security. ROA is a measure of funds generated from day to day operations in comparison to total assets. Total comprehensive income after tax for 2019 was \$1.48 million. This is a decrease from \$1.59 million in 2018. The credit union made a provision for credit losses in the amount of \$700 thousand in 2019. Loan provisions are established when there is a potential for delinquency issues and security shortfalls. If these concerns do not materialize, we are able to recover the original provision.

**Income & Return on Assets**



**228M**

Total Assets

**185M**

Loans Portfolio

**206M**

Deposit Portfolio



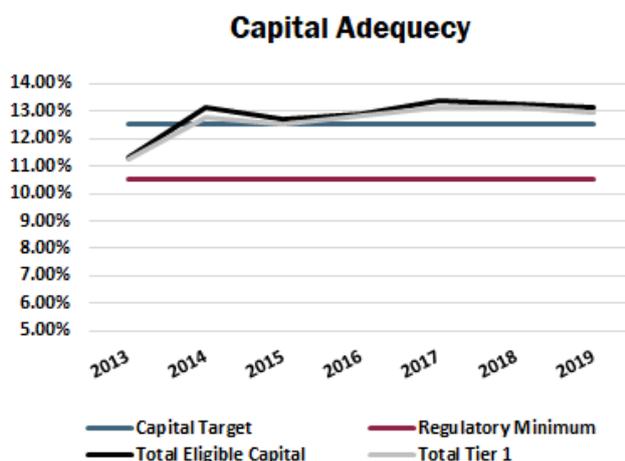
# CAPITAL MANAGEMENT

The Credit Union Deposit Guarantee Corporation prescribes capital adequacy measures and minimum capital requirements. The capital adequacy rules issued by CUDGC have been based on the Basel III framework, which is consistent with the financial industry in general. Our capital plan is developed in accordance with this framework and is regularly reviewed and approved by the board of directors.

One of the primary measures of financial strength of a credit union is its capital position. Maintaining adequate capital above the regulatory minimum remains our key goal in order to meet operational requirements, absorb unexpected losses, protect member deposits, and provide capacity for growth while providing a satisfactory return for members. Capital levels ensure that Saskatchewan credit unions are able to weather unexpected events and remain financially strong as a system.



Accent Credit Union relies on profitability to grow its capital position and holds the majority of its capital in retained earnings. The credit union retains its annual earnings in order to meet its capital objectives. In 2019, our operating surplus of \$1.48 million was retained as capital.



Credit Unions are required to use strict measures to determine capital adequacy and determine internal targets for each measure. Two of these measures include total eligible capital and the leverage ratio. The leverage test is a calculation of eligible capital to total leverage assets. The standard is 5%, our target was set at 7%, which we exceeded at 9% at year end. The second measure is the risk based test, which compares eligible capital to risk weighted assets. The standard is 10.50%, our target was set at 12.50% which we have surpassed at 13.14%. Capital Management is further covered within Note #17 of the Consolidated Financial Statements available at request from your branch office.



# RISK MANAGEMENT

Accent Credit Union is exposed to various risks within the financial industry. Risk is the downside that exists more or less in every aspect of a credit union's activities. Each year our credit union spends significant resources measuring and assessing risks and ensuring we are adequately prepared to serve our communities now and in the future.

The key elements of the risk management framework are risk identification and categorization, risk mitigation and assessment, policy and procedure reviews and assessment, compliance and audit reviews, and reporting. Accent Credit Union uses a process called enterprise risk management (ERM) which is a requirement of credit unions in Saskatchewan as laid out by the Credit Union Deposit Guarantee Corporation. The ERM process not only provides for the direct management of each individual risk but provides for the management and monitoring of risk for the entire enterprise.

ERM has been integrated into the corporate planning process. During annual strategic and operational planning sessions, management reviews the internal and external environment and identifies, analyzes and assesses the key risks that may impact the achievement of strategic objectives. During 2019 the board and management participated in a review and update of our ERM framework, strategic plan and review of our risk appetite statement. Through these processes, the following risks are identified according to their potential impact on Accent Credit Union.

## **Operational Risk**

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or external events. Exposures to this risk arise from deficiencies in internal controls, technology failures, human error, employee integrity or natural disasters. Operational risk is managed through the use of policies and procedures, controls, and monitoring. Control and monitoring involves segregation of duties, extensive employee training and performance management. As well Accent Credit Union has business continuity planning, succession plans, appropriate insurance coverage, and technology solutions in place.

## **Legal and Regulatory Risk**

Legal and regulatory risk refers to the potential of violations of or non-conformance with laws, rules, regulations, prescribed practices, or ethical standards. Accent Credit Union operates in a heavily regulated environment. To manage this risk, Accent Credit Union has implemented a sound business structure, including progressive policies and procedures that are designed to ensure compliance.

## **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. Accent Credit Union has an annual integrated strategic planning and reporting process which results in a strategic business plan and operational performance plan with integrated biannual reporting and review processes. This plan is then communicated and implemented in all departments of the Credit Union.





# RISK MANAGEMENT

## Credit Risk

Credit risk is the risk of loss arising from a borrower or counterparty's inability to meet its obligations. At Accent Credit Union, credit risk comes mainly from our direct lending activities and to a lesser extent our holding in our investment portfolio and participation loans (loans purchased, but not administered by Accent Credit Union). Lending and credit risk management is performed in accordance with approved policies, procedures, standards, and controls. Loan portfolio concentrations are reported to the board. Credit risk is further mitigated through extensive training of loans personnel, strict delinquency control measures, management committee adjudication of higher risk applications, and regular monitoring and reporting.

## 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. Accent Credit Union employs broad management processes around our market exposures and risk taking activities as follows:

- Defined market risk exposure limits, measuring and reporting processes.
- Management reporting to the board with respect to market risk exposure and management strategies.
- Providing oversight of market risk to the Board of Directors.

## 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. Accent Credit Union's liquidity risk management strategies ensure the optimal level of liquidity is maintained to meet regulatory and operational needs. The credit union has a liquidity plan to support our liquidity policies and regulations that is reviewed and approved annually by the board of directors.

CUDGC requires all Saskatchewan credit unions to maintain 10% of our member deposits with SaskCentral which manages the provincial liquidity pool. As well, as per CUDGCs prescribed liquidity adequacy measures, the credit union maintains a stock of high quality liquid assets measured by the Liquidity Coverage Ratio (LCR). The objective of the LCR is to ensure that the credit union has an adequate stock of unencumbered High Quality Liquid Assets (HQLA) in relation to the net cash outflows over a 30 day calendar stress scenario. Effective January 1, 2017, Saskatchewan credit unions were required to maintain an LCR of 80%. The regulatory minimum increased to 90% on January 1, 2018 and was fully implemented at 100% on January 1, 2019. Accent Credit Union has adopted a minimum tolerance of 125%. At the end of 2019 our LCR was 637%.

Accent Credit Union's main source of funds is consumer, agriculture and commercial deposits. In addition to these member deposits, the credit union also retains a line of credit with SaskCentral and a quick line with Concentra.





# RESIDENTIAL MORTGAGES & HOME EQUITY LINES OF CREDIT

Residential mortgages and home equity lines of credit (HELOC) are secured by residential properties. Insured residential mortgages are those that have a Canada Mortgage and Housing Corporation (CMHC) guarantee. Since these are backed by the guarantee, these mortgages represent less risk to the credit union.

The following table represents a breakdown by category:

RESIDENTIAL MORTGAGES				HOME EQUITY LINES OF CREDIT	
Insured		Uninsured		Total	Total
\$6,481,262	16.91%	\$31,840,068	83.09%	\$38,321,331	\$350,000

The following table provides a summary of the percentage of residential mortgages that fall within the remaining amortization periods:

Amortization Period	#	Insured		Uninsured		
		\$	%	#	\$	%
<10 years	8	\$163,308	0.4%	83	\$3,724,458	9.7%
10-15 years	9	\$608,564	1.6%	60	\$4,565,902	11.9%
15-20 years	19	\$2,401,302	6.3%	82	\$9,350,429	24.4%
>20 years	21	\$3,308,089	8.6%	79	\$14,199,280	37.1%

The following table provides the approved amount and related average loan-to-value (LTV) ratio for the residential mortgages and HELOCs originated in 2019:

	\$	Avg LTV
Uninsured Residential Mortgages	\$3,273,135	64.4%
Insured Residential Mortgages	\$804,949	102.2%
Home Equity Line of Credits	-	-



Accent Credit Union's mortgage portfolio is influenced by various economic factors including land values, home values, commodity prices and personal incomes. Local industries and the agricultural community are subject to uncontrollable market and weather conditions. In the event of an economic downturn our residential properties may see a decrease in market value. To mitigate this risk, the credit union has stringent mortgage underwriting policies and practices that ensure the safety and soundness of individual residential mortgage loans and adequate risk management of their loan portfolios. Stress tests are conducted on all uninsured residential mortgage loans. At a minimum, the qualifying rate for all uninsured mortgages is to be the greater of the contractual mortgage rate plus 2% or the five-year benchmark rate published by the Bank of Canada.



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# ACCENT ON COMMUNITY





# ACCENT ON COMMUNITY



**Accent Credit Union**  
**Summary Consolidated Financial Statements**  
*December 31, 2019*

## Management's Responsibility

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To the Members of Accent Credit Union:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Board of Directors and Audit and Risk Committee are composed entirely of Directors who are neither management nor employees of the Credit Union. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Audit and Risk Committee has the responsibility of meeting with management, internal auditors, and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee is also responsible for recommending the appointment of the Credit Union's external auditors.

MNP LLP is appointed by the members to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Committee and management to discuss their audit findings.

February 27, 2020

  
\_\_\_\_\_  
Chief Executive Officer

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

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To the Members of Accent Credit Union:

## **Opinion**

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

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

## **Summary Consolidated Financial Statements**

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards. 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 Our Report Thereon**

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated February 27, 2020.

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

Management is responsible for the preparation of the summary consolidated financial statements in accordance with 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 Standards (CAS) 810, Engagements to Report on Summary Financial Statements.

Humboldt, Saskatchewan

February 27, 2020

*MNP LLP*

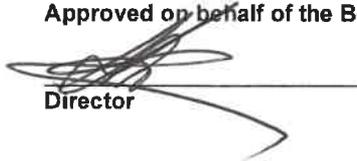
Chartered Professional Accountants

**Accent Credit Union**  
**Summary Consolidated Statement of Financial Position**

*As at December 31, 2019*

	2019	2018
<b>Assets</b>		
Cash and cash equivalents	9,480,602	11,264,330
Investments	31,929,944	27,160,275
Member loans receivable	184,855,631	174,053,860
Other assets	157,593	147,363
Deferred tax asset	177,077	146,858
Property, plant and equipment	1,363,284	1,324,385
Intangible assets	204,500	271,500
	<b>228,168,631</b>	<b>214,368,571</b>
<b>Liabilities</b>		
Line of credit	-	2,000,000
Member deposits	206,360,814	191,503,639
Other liabilities	521,837	1,058,302
Membership shares	51,032	52,160
	<b>206,933,683</b>	<b>194,614,101</b>
<b>Members' equity</b>		
Retained earnings	21,234,948	19,754,470
	<b>228,168,631</b>	<b>214,368,571</b>

Approved on behalf of the Board

  
 Director

  
 Director

**Accent Credit Union**  
**Summary Consolidated Statement of Comprehensive Income**  
*For the year ended December 31, 2019*

	2019	2018
<b>Interest income</b>		
Member loans	8,727,829	8,598,410
Investments	966,244	877,880
	<b>9,694,073</b>	9,476,290
<b>Interest expense</b>		
Member deposits	3,326,699	2,637,525
Borrowed money	12,131	42,810
	<b>3,338,830</b>	2,680,335
<b>Net interest income</b>	<b>6,355,243</b>	6,795,955
<b>Provision for impaired loans</b>	<b>726,457</b>	1,080,546
<b>Net interest income before other income</b>	<b>5,628,786</b>	5,715,409
<b>Other income</b>		
Other income	688,075	930,135
Insurance agency revenue	585,710	542,991
	<b>1,273,785</b>	1,473,126
<b>Net interest and other income</b>	<b>6,902,571</b>	7,188,535
<b>Operating expenses</b>		
Personnel	2,633,723	2,522,899
Member security	201,485	195,819
Organizational	119,264	178,718
Occupancy	181,619	187,442
General business	1,397,909	1,591,243
Insurance agency expenses	548,169	476,075
	<b>5,082,169</b>	5,152,196
<b>Income before provision for (recovery of) income taxes</b>	<b>1,820,402</b>	2,036,339
<b>Provision for (recovery of) income taxes</b>		
Current	370,143	488,315
Deferred	(30,219)	(42,171)
	<b>339,924</b>	446,144
<b>Comprehensive income</b>	<b>1,480,478</b>	1,590,195

**Accent Credit Union**  
**Summary Consolidated Statement of Changes in Members' Equity**  
*For the year ended December 31, 2019*

	<i>Retained earnings</i>	<i>Total equity</i>
<b>Balance December 31, 2017</b>	<b>18,164,275</b>	<b>18,164,275</b>
Comprehensive income	1,590,195	1,590,195
<b>Balance December 31, 2018</b>	<b>19,754,470</b>	<b>19,754,470</b>
Comprehensive income	1,480,478	1,480,478
<b>Balance December 31, 2019</b>	<b>21,234,948</b>	<b>21,234,948</b>

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

	<b>2019</b>	<b>2018</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Interest received from member loans	8,676,531	8,298,434
Interest received from investments	927,822	871,894
Other income received	1,269,356	1,477,786
Interest paid on deposits	(2,939,802)	(2,437,052)
Cash paid to suppliers and employees	(5,274,871)	(4,678,942)
Interest paid on borrowed money	(12,131)	(42,810)
Income taxes paid	(516,138)	(325,845)
	<b>2,130,767</b>	<b>3,163,465</b>
<b>Financing activities</b>		
Line of credit advances	-	2,000,000
Line of credit repayments	(2,000,000)	-
Net change in member deposits	14,470,278	11,541,748
Net change in membership shares	(1,128)	(1,205)
	<b>12,469,150</b>	<b>13,540,543</b>
<b>Investing activities</b>		
Net change in member loans receivable	(11,476,930)	(16,348,820)
Purchases of investments	(4,731,246)	-
Proceeds on disposal of investments	-	2,203,575
Purchases of property, plant and equipment	(175,469)	(100,593)
Proceeds from disposal of property, plant and equipment	-	4,000
	<b>(16,383,645)</b>	<b>(14,241,838)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(1,783,728)</b>	<b>2,462,170</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>11,264,330</b>	<b>8,802,160</b>
<b>Cash and cash equivalents, end of year</b>	<b>9,480,602</b>	<b>11,264,330</b>

**Accent Credit Union**  
**Notes to the Summary Consolidated Financial Statements**

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*For the year ended 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. A full set of audited consolidated financial statements is available from the Credit Union. 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 summary consolidated financial statements is in agreement with the related information in the consolidated financial statements, and that the summary 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.