



where
relationships
matter
most.

sunova
CREDIT UNION

ANNUAL REPORT / 2021

OUR PURPOSE IS SIMPLE:

to be the very best at creating
memorable, meaningful, and lasting
connections with our customers,
our communities, and each other.

Do good.

Be a reflection of what you'd like to see in others. Say what you mean, and mean what you say. Establish honest, comfortable, and open relationships where we support each other and our communities, embrace individuality, and create a positive, meaningful workplace inclusive to all.

Be better.

Grow. Evolve. Be better. Be open to learning and improvement, professionally and personally.

Own it.

Own your actions and your attitude.
Embrace the journey, and know
we're all in it together.

Create fun.

Our organization is not average, and
neither are you. Actively embrace and
help continually advance our unique
culture where individuality, passion,
and determination are celebrated.
Work hard and play hard, not just for
your benefit but also for the benefit of
others. Our work environment is what
you make it.

Move forward.

Change is constant; encourage it and
embrace it. Be inspired; be passionate;
and never be satisfied with status quo.
We will accomplish more because we
believe in ourselves, our organization,
and the worth of what we do.



MESSAGE FROM BOARD CHAIR AND PRESIDENT + CEO

As a board and management team, we recognize that ongoing change is necessary for continued growth and to ensure value for our members in an increasingly competitive environment. As a result, the board spent many hours deliberating and meeting with like-minded partners, before agreeing to proceed with development of a concept paper for a potential three-way merger between Sunova, Noventis, and Access Credit Unions. After the concept paper was approved, a more detailed business case was developed by the management teams at each organization to better evaluate the opportunity and potential future as a merged entity. Once the business case was reviewed and approved by each board, we proceeded to a member vote at the end of January, where members from each organization agreed that this was the best next step for our respective credit unions.

There's no doubt that aligning with like-minded partners is the key to success. Considering all three organizations have a history and values that are rooted in community and relationships, alongside forward-thinking ambitions focused on longevity, growth, and exceptional service experiences, our boards are confident that our three organizations align and complement one another nicely. At the same time, each credit union also has unique differences – valued attributes, that, when blended together, will most certainly be welcome enhancements and admired differentiating factors for the future.

The new organization will be financially stronger than any of the credit unions individually, and will have the ability to support our communities with new services and the resources and capacity to serve larger businesses than is possible today. This will allow our members (and all of our potential members!) to have more of their financial services needs met by their local credit union, with added convenience and accessibility.

Though we are saying goodbye to Sunova, we have many things to look forward to as part of the new Access Credit Union. All staff have a place in the new organization and access to even greater opportunities for career advancement, thanks to an increased variety of positions and more specialized roles.

For members, it means continued investments in technology and enhanced service experiences, competitive rates, and the potential for a strong patronage program. Without losing valued relationships with existing staff, members will enjoy the added convenience of a larger branch network, access to the expertise and knowledge of our combined workforce, along with enhanced products, services, and technological solutions.

Although some things may change, most change will be for the better as we will continue to be an organization that puts our members first; one that is future-focused, innovative, and strong, not only in our financials, but in our values, our people, and our communities.

There are some unknowns and a lot that we will learn and discover along the way, but our respective boards and leadership teams are certain that this opportunity is a shared vision for success. I know there is an incredibly bright future ahead for our members, our staff, and our communities as our business continues to grow while offering added convenience, opportunity, capacity, and community investment.

I'd like to offer a special thanks to our staff for their hard work and dedication over the past year. Thank you to my fellow directors for their diligent attention to the governance of the credit union. And, of course, congratulations to Ed Bergen, our President + CEO, who is retiring later this year. I owe a sincere thank you to Ed for his outstanding and successful career, and, on behalf of Sunova Credit Union, we hope you enjoy your retirement.



Kevin Beresford, *Board Chair*

This is the end of an era and the beginning of a new journey; it is our last annual report as Sunova Credit Union. And what a ride it's been! Reflecting on a long history of success, we are preparing to say farewell to the organization as we plan ahead for our future as the new Access Credit Union.

I am pleased to report that, once again, Sunova Credit Union, Brio Insurance, and Hubert Financial had an excellent and rewarding year, one of our best ever. It was a year that included new experiences, positive growth in our communities, and, as always, a commitment and dedication to providing our wonderful members and clients with the best service experiences possible.

2021 sent plenty of challenges our way but we managed to come out on top while navigating COVID-19 and planning for a successful merger vote with our two partner credit unions, Access and Noventis. And for that, I have many 'thank-yous' to give.

First, thank you to our loyal members and clients for being patient, understanding, flexible, and supportive throughout this last year, especially as we introduced the proposed merger. We understand that change is not always easy, but we asked many of you to embrace the idea and trust that this is the step needed to grow sustainably and continue to provide the best possible service to our members and clients.

Next, I'd like to thank our staff. You've embraced this coming change for our organization. Although many of us have a long history with the Sunova name and

brand, you've accepted the merger and see it as a necessary step for improvement and future growth. We asked you to continue supporting our members and clients with the exceptional service they've come to expect as we worked through all of the necessary steps in the merger process, all while executing ever-changing safety protocols due to the ongoing pandemic. We would not be where we are today without your hard work and dedication over the last year.

Lastly, thank you to our Board Chair Kevin Beresford. His leadership skills during these times of change have helped ensure the organization continues to meet the ongoing needs of our members, clients, and our staff, all while continuing to support the communities we are part of. As Kevin continues on as Board Chair for Access Credit Union, I know he will excel as he navigates his expanding role.

In addition, Lesli Malegus and Justin Evenden will also stay on as board representatives for the new Access Credit Union. Thank you to our entire board of directors – your ongoing support and vision has been a tremendous asset over the years, and we would not be where we are today without you.

As I step down from my role and into retirement, I feel assured and relieved to know I am leaving the organization in good hands. Though this is the end of an era, I'm confident the organization will successfully live on as the new Access Credit Union, driven by the importance of relationships, exceptional service, and ongoing community support.



Edward Bergen, *President + CEO*

A YEAR TO REMEMBER

Late winter + spring

We celebrated our 2020 branches of the year, Sunova Selkirk and Brio Insurance Steinbach, with lots of surprises, treats, and gifts throughout the day to celebrate this amazing accomplishment and to thank the branches for their hard work.

We congratulated re-elected board members Lesli Malegus and Raquel Lincoln, and welcomed new board member, Maureen Hrechkosy. We wished Jeff van Ryssel, a former board member, our best and thanked him for his time with Sunova Credit Union as he retired in April.

We celebrated our front-line and culture code award winners to show appreciation to all staff who went above and beyond when contributing to exceptional service experiences for our members and clients and positively influencing our workplace.

Summer

Sunova celebrated Pride Month in support of the LGBTQ+ community and our commitment to building a diverse and inclusive organization and workplace, which encourages our members, clients, and staff to be their true selves.

To provide our members with more convenient payment options from their smartphones, we introduced Apple Pay®, Samsung Pay™, and Google Pay™ for our Sunova debit cards.

As part of our Shine Bright Community Investment Program, we sponsored many summer events, including D.O.G Days of Summer, and, in the following month, the Paws for a Cause Cancer Walk. In 2021, we sponsored and donated over \$88,000 to community events, organizations, and other initiatives.

Fall

We officially announced Connecting Manitoba, the formal discussions and due diligence associated with a potential merger between Access, Noventis, and Sunova Credit Unions.

From spooky to funny to just downright impressive, our branches and Bill, our D.O.G, went all out for Halloween, including a branch costume contest!

Early winter

We supported Holiday Alley by hosting the drive-thru giant Santa selfies in Selkirk to kick off the holiday season.

Bill was all about giving this holiday season, participating in a few Jingle BARKs (Bill's Acts of Random Kindness). He handed out candy canes and gift cards, and donated supplies to an animal rescue centre and Main Street Project.

SHINE BRIGHT COMMUNITY INVESTMENT PROGRAM SUMMARY

Many events and programs started back up again in 2021 after the pandemic put them on hold the year prior. As always, our members remained our top priority and we were thrilled to provide added support for our communities and make those face-to-face connections we value so much.

Although we are saying a bittersweet goodbye to Sunova later this year, our commitment to our communities and ongoing support of local charitable organizations will carry on. Our credit union is merging to grow for the benefit of our staff and our membership, which means we will have the opportunities and resources to show our support more than ever in the years to come.

Together, between Sunova Credit Union and Brio Insurance, we invested and gave back over \$88,000 to our local communities in the form of sponsorships and donations in 2021, and anticipate even more in 2022 thanks to COVID-19 restrictions lifting.

IN REFLECTION OF THE PAST YEAR, BELOW ARE JUST SOME OF THE ORGANIZATIONS, EVENTS, AND BARKS WE SUPPORTED:

- 3rd Annual Raunak Teeyan Di
- Gareth Senkow's Race Car
- Holiday Alley
- I Am Festival
- Inwood Snowmobile Club
- Never Alone Cancer Foundation
- Nova House
- École Powerview School
- Pinawa's annual Lundmania Fishing Tournament
- Selkirk Port D.O.G Days Market
- Seven Oaks Raiders Hockey
- South Interlake Snoriders Club
- STARS Air Ambulance
- Steinbach Pistons
- Sunrise Performing Arts Centre of Excellence
- Teulon Christmas Eve Fireworks
- U16AA Eastman Flames Ringette
- Viterra Manitoba Curling Championship
- West Kildonan Collegiate Wolverines
- Winnipeg River Greenback Championship

BARK EVENTS



Bill's Acts of Random Kindness are one of his favourite ways (and ours, of course) to show our support to local businesses and spread some cheer to people in the community. Here are a few of the things Bill got up to in 2021.

- Free freezies at Kinsmen Lake Splashpad
- Gift card giveaway at Finder's Keepers
- Gift certificate giveaway at Fluffy's Pet Grocery
- Pet supply donation to D'Arcys ARC
- Sock donation to Main Street Project



EXECUTIVE TEAM



Edward Bergen
President + CEO



Leanna Beasant
Vice President + Chief Financial Officer



Curtis Fines
Vice President + Chief Operating Officer



Greg Rutherford
Vice President + Chief Information Officer



Chad Willis
Vice President + Chief Experience Officer



Clarence Abrams
Director, Finance



Vanessa Foster
Director, Creative Strategy



Kerry Hendry
Director, Risk Management



Norma Hiebert
Director of Brio Insurance



Bev Kiel
Director, Member Administration



Cheryl Mitchell
Director, Facilities + Business Development



Paul Olfert
Director, Talent Integration



Nichole Zarazun
Executive Assistant

BOARD OF DIRECTORS



Kevin Beresford
Director since: 2008
Home branch: Stonewall



Lesli Malegus
Director since: 2009
Home branch: Selkirk



Justin Evenden
Director since: 2020
Home branch: Riverbend



Lindsay Gillanders
Director since: 2020
Home branch: Oakbank



Nick Khinda
Director since: 2019
Home branch: St. Mary's



Raquel Lincoln
Director since: 2018
Home branch: Beausejour



Maureen Hrechkosy
Director since: 2021
Home branch: Lac du Bonnet

RETIRED FROM BOARD:



Jeff van Rysel
Director since: 2018
Retired from board: April 2021
Home branch: Oakbank

AUDITORS REPORT

Report of the Independent Auditor on the Summary
Consolidated Financial Statements

To the Members of Sunova Credit Union Limited :

The summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at December 31, 2021, and the summary consolidated statements of income and comprehensive income and changes in members' equity for the year then ended, and related notes, are derived from the audited consolidated financial statements of Sunova Credit Union Limited (the "Credit Union") for the year ended December 31, 2021.

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

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 March 24, 2022.

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 to the summary consolidated financial statements.

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.

Winnipeg, Manitoba
March 24, 2022

The image shows a handwritten signature in black ink that reads "MNP LLP". The signature is written in a cursive, slightly stylized font. Below the signature is a horizontal line.

Chartered Professional Accountants

FINANCIAL STATEMENTS

Summary consolidated statement of financial position As at December 31, 2021

	2021	2020
	\$	\$
ASSETS		
Funds on hand and on deposit	213,927,275	342,982,177
Investments and accrued interest	38,112,333	41,724,555
Members' loans receivable and accrued interest	2,172,438,279	1,880,538,034
Other assets	6,706,103	8,017,494
Investment properties	11,345,600	11,466,200
Property and equipment	31,453,934	33,043,571
Intangible assets	4,022,728	4,502,951
Goodwill	14,091,492	13,901,607
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	2,492,097,744	2,336,176,589
LIABILITIES		
Members' savings and deposits	2,244,473,235	2,129,038,795
Accounts payable and accrued liabilities	9,659,905	9,252,297
Income taxes payable	1,392,620	209,546
Securitization liabilities	74,778,726	50,703,903
Lease liabilities	484,967	773,584
Deferred tax liabilities	3,376,000	3,143,000
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	2,334,165,453	2,193,121,125
MEMBERS' EQUITY		
Members' shares	38,874,235	38,918,273
Retained surplus	108,606,173	93,685,308
Contributed surplus	10,451,883	10,451,883
	<hr/>	<hr/>
	157,932,291	143,055,464
	<hr/>	<hr/>
	2,492,097,744	2,336,176,589
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APPROVED ON BEHALF OF THE BOARD



Lesli Malegus,
Director



Kevin Beresford,
Director

A full set of audited financial statements is available from the Credit Union.

FINANCIAL STATEMENTS

Summary consolidated statement of income and comprehensive income
For the year ended December 31, 2021

	2021	2020
	\$	\$
INTEREST INCOME		
Interest on members' loans	62,373,025	64,723,842
Investment income	3,178,228	5,739,516
	<u>65,551,253</u>	<u>70,463,358</u>
COST OF FUNDS		
Interest paid to members	25,273,620	35,432,429
Interest on loans payable	969,326	1,441,645
	<u>26,242,946</u>	<u>36,874,074</u>
	<u>39,308,307</u>	<u>33,589,284</u>
FINANCIAL MARGIN		
Other income	22,385,149	17,164,146
Provision for doubtful loans	(1,702,828)	(1,528,094)
Net gain (loss) on fair value adjustment of investment properties	(120,600)	53,939
Financial margin and other income after provision for doubtful loans	<u>59,870,028</u>	<u>49,279,275</u>
OPERATING EXPENSES		
Administration	8,092,107	7,323,872
Member security	1,923,667	1,754,182
Occupancy	4,957,871	5,017,484
Organizational	883,362	901,801
Personnel	23,546,197	21,589,548
	<u>39,403,204</u>	<u>36,586,887</u>
	<u>20,466,824</u>	<u>12,692,388</u>
INCOME BEFORE INCOME TAXES		
PROVISION FOR INCOME TAXES		
Current	4,415,203	1,870,129
Deferred	233,000	(455,200)
	<u>4,648,203</u>	<u>1,414,929</u>
INCOME AND COMPREHENSIVE INCOME FOR THE YEAR	<u>15,818,621</u>	<u>11,277,459</u>

FINANCIAL STATEMENTS

Summary consolidated statement of changes in members' equity
For the year ended December 31, 2021

	Members' shares	Contributed surplus	Retained surplus	Total equity
	\$	\$	\$	\$
BALANCE DECEMBER 31, 2019	38,173,440	10,451,883	83,515,004	132,140,327
Income and comprehensive income	-	-	11,277,459	11,277,459
Issuance of common shares, net of redemptions	(17,330)	-	-	(17,330)
Issuance of surplus shares, net of redemptions	762,163	-	-	762,163
Provision for issue of surplus shares, net of tax savings of \$273,000	-	-	(1,107,155)	(1,107,155)
BALANCE DECEMBER 31, 2020	38,918,273	10,451,883	93,685,308	143,055,464
Income and comprehensive income	-	-	15,818,621	15,818,621
Issuance of common shares, net of redemptions	(543,485)	-	-	(543,485)
Issuance of surplus shares, net of redemptions	499,447	-	-	499,447
Provision for issue of surplus shares, net of tax savings of \$256,172	-	-	(897,756)	(897,756)
BALANCE DECEMBER 31, 2021	38,874,235	10,451,883	108,606,173	157,932,291

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

1. BASIS OF THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

Management has prepared the summary consolidated financial statements from the Credit Union's December 31, 2021 audited consolidated financial statements which can be obtained at the Credit Union. The cash flow statement and detailed notes included in the audited consolidated financial statements are not included in these summary consolidated financial statements.

2. COMPLIANCE WITH MINIMUM CAPITAL AND LIQUIDITY REQUIREMENTS

The Credit Union is in compliance with the capital and liquidity reserve requirements at December 31, 2021 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, 2021, which contain the information detailing the calculation.

3. SUBSEQUENT EVENT

Subsequent to year end, the members of the Credit Union voted in favour of the Credit Union merging with Access Credit Union Limited and Noventis Credit Union Limited. The merger is effective July 1, 2022. The amalgamated Credit Union will operate as Access Credit Union Limited.



where relationships matter most. | sunovacu.ca