

2018 Annual Report

FIND CONTENTMENT WITH YOUR

finances



Christian
CREDIT UNION

Promoting Stewardship

Be part of an organization that encourages good stewardship with service and advice from experts, modern banking technology and a comprehensive range of products. We are principled and benefit our members with low fees, great rates, and profit sharing. We support Christian organizations and provide resources to help you make a difference in the world.

We want to be a community leader that promotes Christian principles and has a positive influence on society. By equipping others, we can reach the underserved and advance the gospel of Jesus Christ. We can help you by providing tools and resources that apply Christian values to financial services.

Mission

We help people exercise good stewardship of the financial resources God has given to them.

"Each of you should use whatever gift you have received to serve others, as faithful stewards of God's grace in its various forms." - 1 Peter 4:10 NIV

Vision

To be the recognized leader in applying Christian values to financial services.

"The earth is the Lord's, and everything in it, the world, and all who live in it..." - Psalm 24:1 NIV

Our Philosophy

One of our strategic goals is to intentionally define how we will apply Christian values to our employees and our services. We want your experience to be different from any financial institution whether you are doing business online, visiting a branch, or speaking to a representative at a community event. We want to help people "Find contentment with their finances" and the five biblical principles central to this philosophy are:

- Give generously
- Avoid the use of debt
- Spend less than you earn
- Maintain an emergency fund
- Set long term goals

Visit www.christiancu.ca to check out a great video from the Ron Blue Institute that includes biblical principles about money, contentment, and your stewardship journey.





We have partnered with a few organizations to provide tools and resources including Financial Discipleship Canada and The Ron Blue Institute. Videos, budgets, and calculators from these organizations and from authors like Rachel Cruze (www.rachelcruze.com) are posted on our website and some material is available in-branch.

The Compass map is an easy to follow, step-by-step guide that will work for everyone, regardless of income. The map answers three big questions – financially where am I?, where do I want to go?, and what do I do next? Destinations from the Compass map are included in this annual report. You can download the complete map at www.christiancu.ca or speak to an advisor to learn more.



Four H's of Financial Wisdom

The Four H's of Financial Wisdom from the Ron Blue Institute is a simple tool that describes what the Bible says about how we should relate to money and it focuses on your heart, your health, your habits and your hope. This tool provides sound counsel, helpful Bible references, and self-assessment measures to encourage all of us to take action in four areas in order to grow in our understanding and practice of biblical stewardship. Download the Four H Tool at www.christiancu.ca today!

Kingdom Advisors®

More and more Christians are discovering the world view of their financial advisor is of critical importance. Kingdom Advisors® provides advocacy, training, and community for financial professionals who are specialists in offering biblically wise advice. They also offer distinction to their advisors by granting the Certified Kingdom Advisor® designation. They are committed to serving advisors along their unique journeys of faith/work integration. The Financial Advisors at Christian Credit Union have completed or are working towards their Certified Kingdom Advisor® (CKA®) designation. We value and appreciate the partnership our credit union has with Kingdom Advisors.

Destination



- **Save \$1000 for Emergencies**
- **Start Using Budget**
- **Begin Giving**



Message to Members

In his booklet *"Simplifying the Money Conversation"* Ron Blue, founding director of Kingdom Advisors, makes the statement:

"All money issues are heart issues."

Would you agree with this statement? Mr. Blue backs up his statement by quoting Matthew 6:21: *"Where your treasure is, there your heart will be also."* It is hard to argue against a statement backed by biblical truth.

It is also a biblical truth that everyone on this earth is a sinner in need of Jesus Christ as their Saviour. The effects of our sin has led to broken relationships throughout creation. Many of us suffer with a broken relationship towards our money and possessions. For example Psychology Today states that numerous studies have identified disagreements over finances as one of the top reasons for divorce. Another example is the many young people who take on excessive credit card debt or student loans that can lead to a lifetime of financial struggles. Even people who have a relatively stable financial position often worry about whether they have enough to provide for the future.

Why is this relevant to our Annual Report? Because contentment is our theme for this year's report and our lack of contentment was never God's plan for us. Our Credit Union has adopted the tagline *"Find Contentment with Your Finances"* because we know that many Christians worry about their financial situation. We believe we can help them find peace by pointing them to Christ.

Unfortunately many Canadian families think that they can find peace by getting more money. A 2016 Nanos

poll conducted for Cardus Family found that Canadians identified cost of living as the number one challenge of family life. That same study found the most mentioned solution for improving family life was a better income. The idea that more money will lead to happiness is contrary to the over 2,300 verses in the Bible that talk about money and possessions. True biblical contentment comes from faith in Jesus Christ and trusting in Him for everything you need. Matthew 6:31-33 says:

"So do not worry, saying 'What shall we eat?' or 'What shall we drink?' or 'What shall we wear?' For the pagans run after all these things and your heavenly Father knows that you need them. But seek first His kingdom and His righteousness, and all these things will be given to you as well."

We believe that helping Christians find biblical contentment by applying Christian values to their finances is what sets our Credit Union apart. This is why we have updated our Vision: "To be the recognized leader in applying Christian values to financial services". We have a lot of work to do to achieve this vision and we have started by developing a training program for our staff on how to apply Christian values to finances. This training program was developed through partnerships with Kingdom Advisors and Financial Discipleship Canada. Our aspiration is to one day be "the recognized leader" because we hope that when people see the benefits of applying biblical wisdom to finances they will consider adopting these principles as well.

We have also updated our Mission Statement: *"We help people exercise good stewardship of the financial resources God has given to them"*. This Mission Statement is consistent with our mission as stated numerous times



since our Credit Union started in 1952. It will help keep us grounded in our past as we look forward to the future. We are thankful that God continues to bless our Credit Union. Since last year's historic decision to amend our Bylaws and allow all Christians to bank with us, we have built on our existing member networks and have welcomed a number of new members from the broader Christian community. We are very excited about our future as the awareness of our Credit Union grows.

To help our Credit Union grow, we are looking forward to welcoming Pete Peters as our new Director, Member Experience in June 2019. Pete will lead the Retail and Business Banking Teams and help us to focus on continually improving the member experience at our Credit Union. Pete is moving to Edmonton from Ontario so we agreed that we would delay his start until June so that his children could complete their school year in Ontario. We pray that God will keep Pete and his family safe as they move and bless Pete in using his talents to serve our members.

The decision to add a Director, Member Experience is partly because Joanne Drotar has decided to step down from her position as Business Banking Manager for some exciting personal reasons. Joanne is still working with us 3 days a week but she is taking on a new role of Director, People & Culture. This role will not only help us to develop and improve our support for our employees but will also be responsible for making sure that the biblical stewardship principles that set us apart become ingrained in our corporate culture. We pray that God will allow Joanne to use her experience in the several different roles in the Credit Union system to be successful in this new role as well.

During the past year your Board has also been busy with some changes. We have changed the frequency of our Board meetings to 6 times a year and have made our committees more active to meet in the intervening months. We now have only four committees: Audit & Finance, Governance and Lethbridge Advisory as well as Credit (which consists of management representatives). We appreciate the wisdom and insight from each of our Board and Committee members. There may be an opportunity for other members of the Credit Union to assist on these committees so if you are interested in that sort of thing, stay tuned!

We were blessed with another year of solid financial results although our deposits, and subsequently our assets, decreased in 2018. This challenge in attracting deposits is common among many credit unions and other financial institutions in Alberta and reflects the current challenges in our Alberta economy. At a time when many people are concerned about our economy, their employment and their financial future, there is an even greater need to encourage people to find biblical contentment. We ask that God will continue to bless our efforts to help people *"Find Contentment with Your Finances."*

Soli Deo Gloria
Henry Bosch, President
John W. Veldkamp, CEO

Destination

2

- **Increase Emergency Savings to One Month's Income**
- **Pay Off Credit Cards**

Members and Youth

Shred Fest Member Appreciation Event

Looking for a secure way to get rid of some old files and documents? Come to our annual member appreciation event for free paper shredding, food, socializing, and fun for the kids! This year Edmonton branch served breakfast and had a jumpy castle and balloon fairies for the kids. The Lethbridge branch served a bbq lunch and gave plenty of opportunity to catch up with old friends.



\$229,970 Shared With Members

One of the ways we give back to our members is through Profit Sharing. This year the Board was pleased to provide the following:

- 2.7% Dividends on common shares
- 2.0% Rebates on interest paid by members
- 2.0% Bonus on interest paid to members

In November, one half of the Profit Sharing was deposited into your account and the other half was deposited into your Common Share account.

At Christian Credit Union we treat you like a person, not a transaction. Here are some examples of how we serve you and play an active role in your community:

We hold fraud prevention seminars for seniors and work through the "Black Book of Scams-2nd Edition" which highlights current scams and includes practical tips and advice. The book is available at www.christiancu.ca and hard copies are available from a branch.



We partner with the Lethbridge Pregnancy Care Centre to create a "Did you Know" newsletter feature that includes banking advice and benefits of banking with Christian Credit Union.

We provide weekly on-site banking for Seniors at Elim Village in Lethbridge. In Edmonton, we provide banking services at Summit Village and Emmanuel Home.

Don't be surprised if you see a Christian Credit Union employee attending or volunteering at an event in your community! If you recognize someone from our team, come and say hi, we would love to chat!



We help youth from kindergarten to college learn how to be good stewards of the money God has given them. We provide elementary field trips, a Youth Banking Program, and CALM Class presentations. For more information, visit www.christiancu.ca.

Leder School Of Business Case Competition

The Leder School of Business at The Kings University hosted a business case competition on Friday, November 16. Teams created marketing campaigns for Alberta Health Services to educate young males about vaping, distracted driving, and suicide prevention. Christian Credit Union sponsored the event and Phil Geusebroek, Marketing Director participated as a judge.



Jellybean Contest

Sabastian Alaric is one of the jellybean contest winners from our youth banking program. When he came home from school, he told his mom he wanted to go door-to-door and sell his candy to raise money for Compassion Canada. His mom decided to auction

the candy on Facebook instead and Sabastian raised \$60! What a great story and a wonderful 10 year old! Sabastian was also happy to learn that he was one of our 3 grand prize winners and received a \$25 gift card.

Scholarships

"God has given me many gifts - life, His Word, communion of saints, family, friends, employment, skills and abilities and much more! I strive to practice biblical stewardship by reading and studying His Word, loving and serving those around me and using my talents for His kingdom work. I recently read a quote that reads as follows, 'Only one life, 'twill soon be past; only what's done for Christ will last.' It is my prayer that I use everything I have been given for Christ and His kingdom and so be a godly steward."



Raelene Bergsma

Scholarship winner
Tyndale Christian School, Calgary

Students at participating schools are eligible to receive a \$1,000 scholarship when they write an essay explaining how stewardship applies to their life. They should also highlight accomplishments, volunteerism, life and career goals.

To apply for a scholarship, visit www.christiancu.ca.

Destination



- **Increase Emergency Savings to 3 Month's Income**
- **Pay Off All Consumer Debt**

Products and Technology

We Have A Card To Fit Your Life

Top 4 Reasons to Switch to a Christian Credit Union Collabria Credit Card

1. We have a complete range of Visa* and Mastercard* personal and business credit cards that include low or no fees, important benefits, and valuable rewards.
2. We will help you find a card that fits your needs and keeps your spending on track.
3. Your business supports Christian organizations and provides resources so they can make a difference in the world.
4. We encourage you to use your card responsibly and pay off your balance monthly.

Contest Winners

Members who were approved for a new credit card during our fall campaign were entered into the contest. The winners are:

- Lethbridge - **Laina Verhoef**, Christian CU travel suitcase
- Edmonton - **Michael McGowan**, dinner theatre tickets



Visit www.christiancu.ca or contact a branch to get your new credit card today!

VISA



HIGH PERFORMANCE VEHICLE LOAN

Why buy new? Now it's easier to get into a used vehicle.

- No down payment required*
- 36 - 60 month terms
- Competitive interest rates

**Some conditions apply, ask Staff for details. Down payment required for vehicles six years old and over.*



Start your journey with your own vehicle loan.

- For young adults aged 18 to 25 years
- No co-signer required for loans up to \$10,000
- Helps build your credit rating



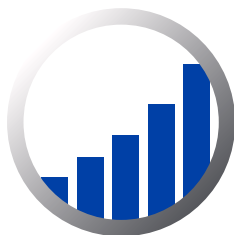
Get the flexibility of a savings account with a better rate of return.



LAUNCH

High Interest Savings

for Personal



BOOST

High Interest Savings

for Business

Visit www.christiancu.ca or contact a branch for more details.

New Website Launch

We recently launched a new mobile friendly website that offers the same great experience from any device. The new site highlights our products and services and makes it easy to contact an Advisor. The site also features current promotions, news and events, helpful articles and stewardship resources. Visit www.christiancu.ca to check it out today!

During the website launch, we held a contest that encouraged members to look around the new site and find a hidden gold coin! The winner of a pair of wireless headphones and a mini-speaker is **Tysen Hantelmann**. Congratulations!



A smart, easy way to invest

VirtualWealth is a simple and convenient digital investing service that provides you with a professionally managed, low-cost portfolio to match your personal financial goals, time line and risk tolerance. **Coming soon in 2019.**

Destination



- **Save for Major Purchases**
(home, auto, etc.)
- **Save for True Financial Freedom**
(retirement)

Leadership and Governance

Board of Directors



Henry Bosch
President



John Jagersma
Vice President



Mike Vos
Secretary



Bruce Adema



Peter Deys



Ed Spronk



Laura Veenendaal

Governance Committee

John Jagersma
Peter Deys
Ed Spronk

Audit and Finance Committee

Mike Vos
Bruce Adema
Laura Veenendaal

Lethbridge Advisory Committee

Peter Deys
Kathy Oord
George Lubberts
Samantha Postman
Marc Slingerland

Management



John Veldkamp
Chief Executive Officer



Wayne de Leeuw
Chief Operating Officer



Ed Dubbeldam
Chief Technology Officer



Debra Brown
Lethbridge Branch Manager



Joanne Drotar
Director, People and Culture



Bryan Fiebich
Controller



Phil Geusebroek
Director of Marketing



Pete Peters
(coming soon)
Director, Member Experience



Jackie Rudyk
Edmonton Branch Manager



Dawn Weisner
Risk Manager

Non-profit organizations

We understand the needs of non-profit organizations and provide loans and specialized services so they can focus on their work in God's kingdom. Here are a few examples of organizations we partnered with in 2018.

Emmanuel Home

Emmanuel Home offers independent living and assisted living for Edmonton seniors in a supportive and loving Christian retirement community. Residents enjoy beautiful courtyards and grounds, spacious and comfortable suites, a diverse range of recreational programs and activities and a caring, dedicated staff. In the spring of 2018, Emmanuel Home began construction of a new 4-story north wing that includes 50 one-and two-bedroom suites. The north wing will be joined to the existing east wing by a new common/social area for all residents. The new wing is expected to open in September 2019. Christian Credit Union is pleased to provide a mortgage of \$20.5 million.

Adeara

Christian Credit Union sponsored and participated in the 7th Annual Evening of Dreams Gala in support of Adeara, an addictions recovery centre. Since 1998, Adeara has worked fearlessly to transform the lives of women struggling with addiction, poverty, trauma, and abuse. During that time, they have helped more than 600 women and their families rebuild their lives. Adeara wants to reach more women and children in crisis, expand their services, and collaborate with community partners on the creation of a new, larger facility. Christian Credit Union was pleased to learn more about the important work of this organization and support their fundraising goals.

St. Albert Canadian Reformed Church

St. Albert Canadian Reformed Church was instituted in 2003 and has over 370 members. The congregation includes many young families and has grown steadily over the last 15 years. They have outgrown their current facility and desire to worship in their own church building. The new church building will promote the communion of saints and help the congregation establish a more permanent presence in the St. Albert community. The new building features a large worship sanctuary, kitchen, children's nursery, classrooms, and boardroom. Christian Credit Union is pleased to provide a mortgage of \$2.6 million.



Destination



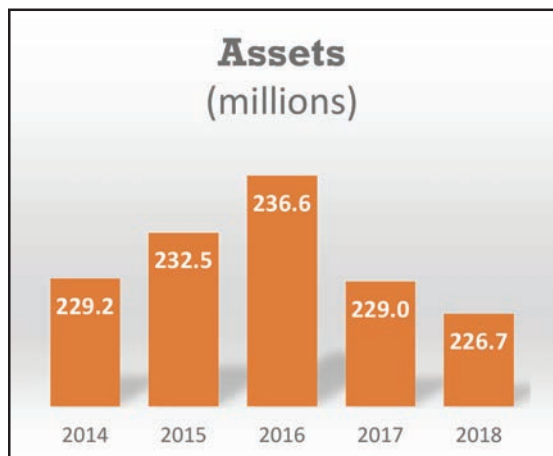
- **Purchase Affordable Home**
- **Begin Prepaying Home Mortgage**
- **Begin Investing**

Audit & Finance Committee Report

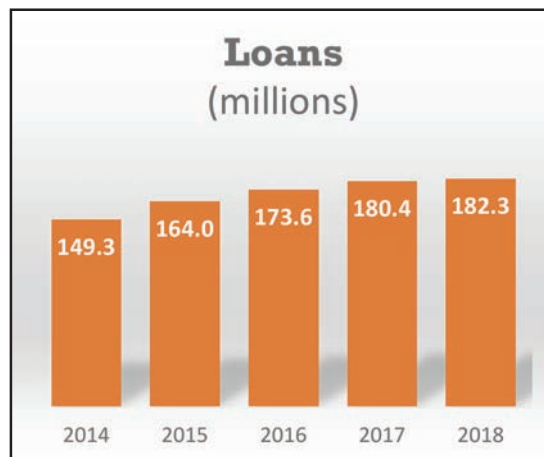
The Audit & Finance Committee is a three-person committee of the Board. Its mandate is to provide “an independent review of the Credit Union’s operations deemed necessary to maintain the integrity of financial data, adequacy of internal controls and adherence to sound business practices.” During the 2018 fiscal year, the Committee met five times to fulfill its mandate. The committee engaged Metrix Group LLP, specifically Mr. Curtis Friesen CA, to audit the financial records of the Credit Union and to prepare the audited financial statements. Due to the hard work of our staff and management, we can happily say we have again received a clean audit report.

In an effort to save on paper and reduce printing costs, we have provided a summarized Balance Sheet and Income Statement. Full copies of our audited financial statements can be found on our website, www.christiancu.ca, and hard copies are available upon request. In addition, this report will provide a discussion on the key items on how the Credit Union fared this year.

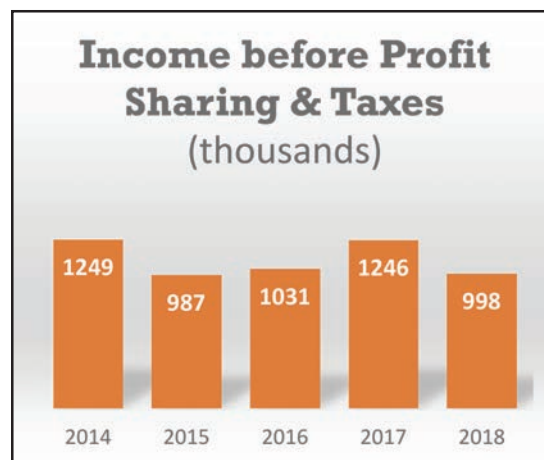
Our assets decreased slightly and are now just over \$226 Million, which is directly tied to a drop in our deposits, which fell to just over \$208.5 Million. This marks the second year in a row our deposits dropped, however this year’s drop is primarily the result of economic conditions where we saw more members using cash reserves in their chequing and savings accounts. We move into 2019 with a continued focus on our deposit growth and encourage our members to recommend the Credit Union as a viable financial services provider.



We continued on our growth trend in our loan portfolio, with modest growth of just over \$2 Million for 2018, which represented a 1% increase this past year. We are blessed and encouraged that our members continue to request our service and advice with regards to their borrowing needs.



When determining a credit union’s financial success, the measure of Income before Profit Sharing & Taxes (“IBPST”) is used. Our IBPST dipped in 2018 to just under \$1 Million which was the result of higher deposit costs. There were two general increases in deposit rates during 2018 which, combined with a modest growth in higher rate of interest term deposits, resulted in our deposits becoming more costly.

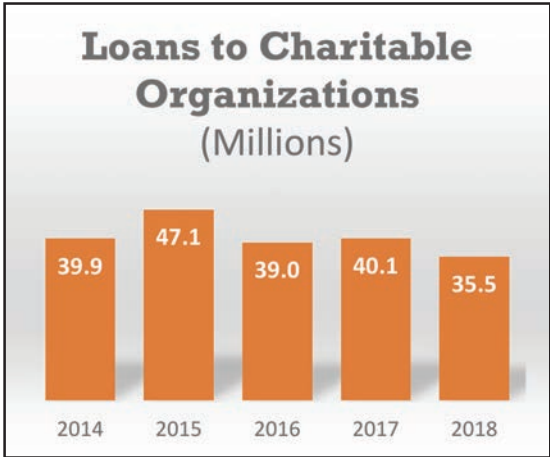


We praise God that He continues to bless the Credit Union which allows us to continually support the Christian Community. In 2018 we provided \$255,000 in the form of donations and discounts to a number of different non-profit organizations. This includes rate discounts on over \$35 Million in loans as well as reduced banking fees on their accounts. We strive to have at least 20% of our loan portfolio dedicated to charitable

organizations which we maintained for the majority of 2018, however it decreased to just over 19 % at year-end due to accelerated repayments.

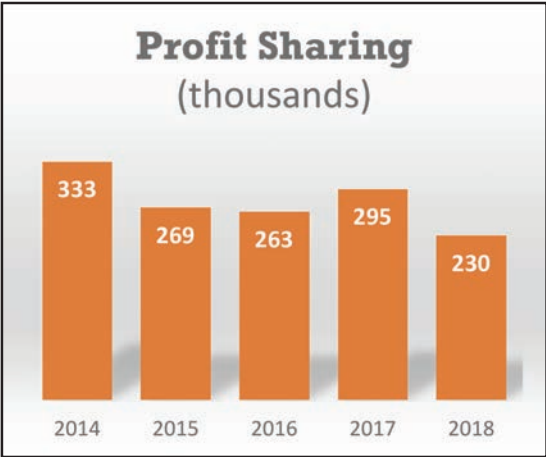


One of the many benefits of banking with the Credit Union is that we return a portion of our profits back to our members. While we would like to share more profits with our members, we do have to be mindful of our capital position. A sufficient capital position is required firstly to ensure adherence to increased regulatory requirements, and secondly to support our ability for continued growth. This year we were able to return \$230,000 to our members in profit sharing and retained \$627,000 in profits to improve our capital position.



It is important to note that the Credit Union also manages an Off-Balance Sheet portfolio that in 2018 exceeded \$54 Million. These assets allow the Credit Union to offer products, such as Registered Education Savings Plans, Mutual Funds, self-directed investing and Registered Disability Savings Plans through third party providers such as Concentra Financial, Credential Asset Management and Q Trade Investor® Online Brokerage.

Finally, we conducted Financial Administration, Information Technology Governance, and Anti-Money Laundering audits this past year. Only minor issues were identified during these audits. Thank you to all the staff for their hard work in making sure we are adhering with all the many regulatory requirements placed on us as a financial institution.



As a Committee we are pleased that your Credit Union is being operated in a prudent manner and we give thanks to God for another profitable year. We have worked hard to be faithful stewards of the financial resources our members have entrusted to us. The Lord has blessed this work by allowing us to promote financial services from a Christian perspective and to pass on His blessing to the Christian Community. We pray for God’s continued blessings as we head into 2019.

Your Audit and Finance Committee:

- Mike Vos
- Bruce Adema
- Laura Veenendaal

Destination



- **Save for Major Purchases**
(home, auto, etc.)
- **Save for True Financial Freedom**
(retirement)

Credit Committee Report

The mandate of the Credit Committee is to confirm that the loan portfolio at Christian Credit Union is being managed responsibly. Within this mandate, the main purposes of the Credit Committee are to analyze and review statistical and delinquency information; to review, approve and make recommendations on credit applications within the provisions of legislation and policy; and to recommend credit policies and lending limits.

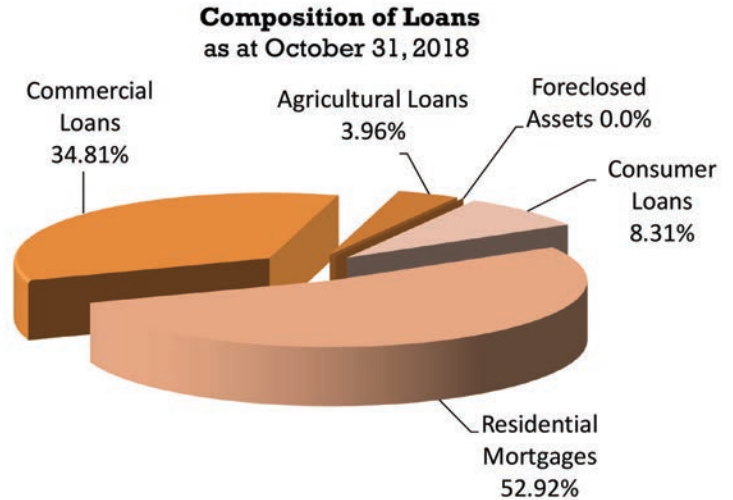
Our loan portfolio had a positive increase in 2018 of \$1,806,252 or 1.00%, ending the year at \$181,915,426. This growth has been a real blessing for our Credit Union and we appreciate the support of our membership. This past year our Credit Union:

- Developed and implemented two new loan programs that were designed to expedite our loan application process in order to enhance our member experience while balancing our mandate with managing our loan portfolio responsibly:
 - SME (Small and Medium-Sized Enterprises) Business Quick Approval Program for small business and agricultural loans with aggregate lending of \$100,000 and under for loans without security and \$150,000 and under for loans with tangible security.
 - FastTrack Personal Loan Program for small personal loans applications, \$25,000 and under.
- Continued to support Charitable Organizations through the Community Builder Mortgage campaign, donating \$11,000 back to 13 organizations in our community. Over \$48,000 has been donated through this program; and
- Implemented a new loan origination system with our business partner Valeyo to improve efficiencies with processing loan application. This enhancement will also provide our employees the ability to work and assist our members remotely.

This past year Credit Union Deposit Guarantee Corporation conducted a Credit Risk Assessment as part of their mandate to provide regulatory oversight of the credit union system in Alberta. This report found no "safety and soundness" or "non-compliance" issues. The report provided some recommendations for operational improvement which are being reviewed by the Credit Union.

We will continue to focus on serving our members with relevant lending products to help meet their financial needs. In the coming year our Credit Union will continue exploring online platforms to provide our members a convenient way to apply for and obtain a loan.

Our Credit Union has maintained a healthy distribution of loans as follows:



Management continues to apply prudent lending standards and the lending staff have worked hard to minimize delinquencies. At year end, our loan delinquency was less than 0.01% of the total loan portfolio and \$0.00 was written off during the course of the year. Our low level of write-offs and delinquent loans is a testament to the character of our members and their commitment to paying back their debts.

One of the important ways the Credit Union utilizes your deposits and gives back to our community is to offer a discount on mortgages and term loans for charitable organizations that maintain their main operating account with us. When we serve more families, farms and businesses, we can make more of these loans a reality.

We are pleased to report that the loan portfolio at Christian Credit Union is being managed responsibly.

Respectfully submitted,

Your Credit Committee:

John W. Veldkamp, Chairman
A. Wayne de Leeuw
Ed Dubbeldam
Bryan Fiebich

Summarized Balance Sheet (Unaudited)

As at October 31, 2018

Assets	2018	2017
Cash and Investments	\$ 40,929,127	\$ 45,144,786
Members' loans receivable	182,289,732	180,418,070
Property and equipment	3,291,949	3,266,924
Other assets	162,003	137,076
	<u>\$ 226,672,811</u>	<u>\$ 228,966,856</u>
Liabilities		
Members' deposits	\$ 208,464,852	\$ 211,241,093
Other liabilities	353,083	433,962
	<u>208,817,935</u>	<u>211,675,055</u>
Members' Equity		
Profit Sharing and Dividends to be Paid	229,970	294,240
Members' shares	2,770,870	2,696,212
Retained earnings	14,854,036	14,301,349
	<u>17,854,876</u>	<u>17,291,801</u>
	<u>\$ 226,672,811</u>	<u>\$ 228,966,856</u>

Summarized Income Statement (Unaudited)

As at October 31, 2018

	2018	2017
Interest Income	\$ 6,932,337	\$ 6,358,332
Interest Expense	<u>1,829,357</u>	<u>1,573,857</u>
Net Interest Income	<u>5,102,980</u>	<u>4,784,475</u>
Plus: Other Income (Expenses)	1,223,928	1,273,474
Less: Operating Expenses	<u>(5,329,394)</u>	<u>(4,811,956)</u>
Income Before Profit Sharing And Income Taxes	997,514	1,245,993
Less: Profit Sharing	(157,005)	(238,515)
Less: Income taxes	<u>(213,305)</u>	<u>(254,451)</u>
Net Income	<u>\$ 627,204</u>	<u>\$ 753,027</u>

Audited Financial Statements are available at www.christiancu.ca and at either branch upon request.

Destination



- Retirement Funded
- **TRUE FINANCIAL FREEDOM!**



Christian

CREDIT UNION

Edmonton

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