



65 years

2017 Annual Report

Canada Safeway Limited Employees
Savings & Credit Union Limited

History

Incorporated in “1952”, approximately the same time the other Safeway Credit Union’s formed in the western Canadian provinces.

We are proud to be the last remaining Safeway Credit Union in Canada and this year we are celebrating 65 years of service to our member-owners.

Vision Statement

To be the financial institution of choice for Sobeys Inc. – Safeway and their subsidiaries or related companies and their family members.

Mission Statement

We are here for our member-owners through all stages of their lives and will provide exceptional service beyond their expectations.

Our Values

Member Service

Integrity

Fairness

Team Work

**ONCE A MEMBER ALWAYS
A MEMBER**

Agenda – 65th Annual General Meeting

Canada Safeway Limited Employees Savings & Credit Union Limited

FEBRUARY 13, 2018

1. Registration of Members
2. Establishment of a Quorum
3. Introduction & Approval of Guests
4. Appointment of Scrutineers
5. Adoption of the Minutes of the Last Meeting
6. Report of the Board of Directors
7. Report of the General Manager
8. Financial Statement Presentation & Auditor's Report
9. Report of the Credit Committee
10. Report of the Audit and Finance Committee
11. New Business
 - (a) Election of Credit Union Officers
 - (b) Special Resolution
12. Adjournment

Board of Directors Report 2017

On behalf of your Board of Directors, Management and Staff of your Credit Union, I welcome you to the 65th Annual General Meeting.

We are very proud of what our credit union has accomplished and take great pride in celebrating 65 years of service to our members.

However, with the Sobeys purchase of Safeway over 5 years ago, it has become very clear over time that we have lost our identity as the Canada Safeway Credit Union.

Other factors, such as increased technology costs and additional regulatory requirements, have forced your board to look to the future of our credit union.

It was determined through some very difficult discussions and debates the best course of action for our credit union was to amalgamate with a likeminded credit union that would add services and enhance value for our members.

This decision was not taken lightly and took our board close to two years to come to this point. We felt we needed to be proactive and make this decision when we were in a position of strength, and not being told we have to do it.

After doing our due diligence, your board has unanimously chosen Servus Credit Union as our preferred partner to amalgamate with.

Your board will be bringing forward a special resolution for the members to vote on and hope you support our decision.

I wish to express my appreciation to all the board members for their fortitude and leadership and to the management and staff for your outstanding efforts.

Respectfully submitted by the

BOARD OF DIRECTORS

Barrie Schimpf, President

Rob Toews, Vice President

Marla Clermont, Director

Sandra Dobrowolski, Director

Ken Stewart, Director

Shawn Eltom, Director

Colby Cavanagh, Director

General Manager's Report 2017

On behalf of the management and staff, it is my pleasure to welcome you to the 65th Annual General Meeting.

Your credit union continues to be in a strong capital position; we exceeded the requirements put forward by the Credit Union Act and by Credit Union Deposit Guarantee Corporation.

We continued to have a solid base of liquidity and were able to meet all the borrowing needs of our members during the past year.

I am pleased to be able to congratulate two of my employees on reaching mile stones with our credit union. Parin Ladha – Assistant Manager 40 years, and Lisa Ingham – teller with 25 years of dedicated service.

We made it to 65 great years and I am very proud of what our little credit union has accomplished. However with that being said, we need to move forward.

Your board has made some very difficult decisions with deciding to merge with Servus Credit Union and I truly believe this is the right thing to do for our members and for our staff.

I would like to take this opportunity to thank all the people who make our credit union special from the members to the staff and finally the board of directors.

Thank you.

Respectfully,

Cliff Roberts
General Manager

Credit Committee Report 2017

The Credit Committee would like to welcome fellow members and guests to the 2017 Annual General Meeting and is pleased to report on the activity in the Loan Department.

The Board of Safeway Credit Union is assigned lending limits by the Credit Union Deposit Guarantee Corporation. In turn, the Board delegates responsibility for the credit granting to the Credit Committee. The Credit Committee is responsible for ensuring that loans are made in keeping with the lending policies and procedures of the Credit Union. Loans in excess of the lending limits are forwarded to the Credit Union Deposit Guarantee Corporation for approval.

During the year, the Credit Committee approved 1276 loans totaling \$5,779,790.41 consisting of personal loans, line of credits and mortgage loans. In addition, the overdraft protection balance year ending October 31, 2017 was \$478,306.57 for total loans granted of \$6,258,096.98.

Our delinquency at year end was 0%. Net write-offs for the year were \$75,748.12 (after recoveries).

This report is respectfully submitted on behalf of your Credit Committee with appreciation for your continued support.

CREDIT COMMITTEE MEMBERS

Jackie Pearce – Chair

Cindy Purvis

Anke Rotzal

Audit & Finance Committee Report 2017

The Audit & Finance Committee held quarterly meetings and reported to the Board after each meeting.

The Committee reviewed the scope of the external audit with Curtis Friesen, CA of Hawkings Epp Dumont LLP, Chartered Accountants, prior to our audit.

All financial reports were reviewed by the Committee during the year.

The financial statements as at and for the year ended October 31, 2017, were reviewed by the Committee and Hawkings Epp Dumont LLP, Chartered Accountants.

We can assure our members at this time that your affairs in this Credit Union are in good standing.

Respectfully submitted on behalf of:

Rob Toews - Chair

Ken Stewart

Shawn Eltom

**CANADA SAFEWAY LIMITED
EMPLOYEES' SAVINGS AND
CREDIT UNION LIMITED**

CALGARY, ALBERTA

SUMMARIZED FINANCIAL STATEMENTS

FOR THE YEAR ENDED OCTOBER 31, 2017

INDEPENDENT AUDITORS' REPORT

To the Members of Canada Safeway Limited Employees' Savings and Credit Union Limited

We have audited the accompanying financial statements of Canada Safeway Limited Employees' Savings and Credit Union Limited, which comprise the statement of financial position as at October 31, 2017 and the statements of net income and comprehensive income, changes in members' equity, and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Canada Safeway Limited Employees' Savings and Credit Union Limited as at October 31, 2017 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Edmonton, Alberta
December 7, 2017


HAWKINGS EPP DUMONT LLP
Chartered Accountants

**MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL REPORTING**

To the Members of Canada Safeway Limited Employees' Savings and Credit Union Limited

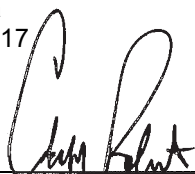
Management has the responsibility for preparing the accompanying financial statements and ensuring that all information in the Annual Report is consistent with these statements. This responsibility includes selecting appropriate accounting principles and making objective judgments and estimates in accordance with International Financial Reporting Standards and the requirements of the *Credit Union Act*.

In discharging its responsibility for the integrity and fairness of the financial statements, as well as for the accounting systems from which they are derived, management maintains the necessary systems of internal controls designed to provide assurance that transactions are authorized, assets are safeguarded and proper records are maintained.

The ultimate responsibility to members for the financial statements lies with the Board of Directors. The Board appoints an Audit Committee to review the financial statements with management in detail and to report to the Board prior to its approval to publish the financial statements.

The Board appoints external auditors to audit the financial statements and to meet with both the Audit Committee and management to review their findings. The external auditors' report directly to the members. The external auditors' have full and free access to the Audit Committee to discuss their audit, as well as their findings concerning the integrity of the Credit Union's financial reporting and the adequacy of its systems of internal controls.

Calgary, Alberta
December 7, 2017



Cliff Roberts
General Manager

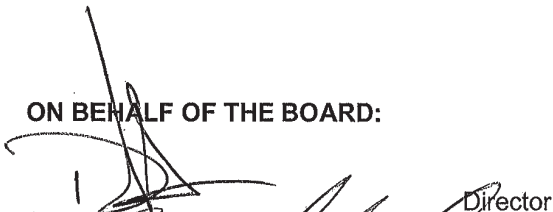
CANADA SAFEWAY LIMITED EMPLOYEES' SAVINGS AND CREDIT UNION LIMITED

STATEMENT OF FINANCIAL POSITION

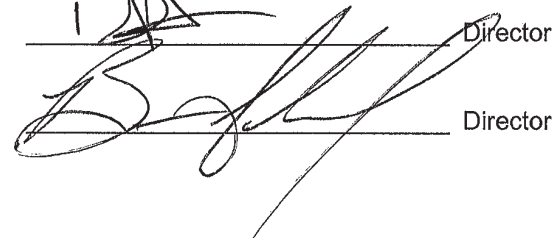
AS AT OCTOBER 31, 2017

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 851,265	\$ 718,439
Investments (Note 5)	13,383,494	12,653,588
Income taxes receivable	-	1,414
Member loans receivable (Note 7)	32,807,979	34,492,293
Property and equipment (Note 8)	8,313	12,847
Intangible assets (Note 9)	<u>53,243</u>	<u>71,689</u>
	<u>\$ 47,104,294</u>	<u>\$ 47,950,270</u>
 LIABILITIES		
Accounts payable and accrued liabilities	\$ 54,522	\$ 61,867
Income taxes payable	2,341	-
Member deposits (Note 11)	<u>43,773,831</u>	<u>44,649,578</u>
	<u>43,830,694</u>	<u>44,711,445</u>
 MEMBERS' EQUITY		
Member shares (Note 12)	138,444	138,855
Retained earnings	<u>3,135,156</u>	<u>3,099,970</u>
	<u>3,273,600</u>	<u>3,238,825</u>
	<u>\$ 47,104,294</u>	<u>\$ 47,950,270</u>

ON BEHALF OF THE BOARD:



Director



Director

CANADA SAFEWAY LIMITED EMPLOYEES' SAVINGS AND CREDIT UNION LIMITED

STATEMENT OF NET INCOME AND COMPREHENSIVE INCOME

FOR THE YEAR ENDED OCTOBER 31, 2017

	<u>2017</u>	<u>2016</u>
INTEREST INCOME		
Interest from member loans	\$ 1,353,952	\$ 1,421,205
Investment income	<u>222,418</u>	<u>165,746</u>
	1,576,370	1,586,951
INTEREST EXPENSE		
Interest on member deposits	<u>409,453</u>	<u>435,035</u>
NET INTEREST INCOME	1,166,917	1,151,916
OTHER INCOME		
Service charges	187,498	194,587
Insurance commission	24,529	31,647
Other fees and charges	<u>6,989</u>	<u>6,488</u>
OPERATING INCOME	1,385,933	1,384,638
Operating expenses (Schedule 1)	1,280,206	1,293,396
Provision for loan impairment (Note 7)	70,500	15,500
Recoveries on loans previously written off	<u>(7,513)</u>	<u>(15,606)</u>
INCOME BEFORE INCOME TAXES	42,740	91,348
INCOME TAXES (NOTE 10)		
Current	<u>7,554</u>	<u>6,595</u>
NET INCOME AND COMPREHENSIVE INCOME	<u>\$ 35,186</u>	<u>\$ 84,753</u>

CANADA SAFEWAY LIMITED EMPLOYEES' SAVINGS AND CREDIT UNION LIMITED

STATEMENT OF CHANGES IN MEMBERS' EQUITY

FOR THE YEAR ENDED OCTOBER 31, 2017

	<u>Member Shares</u>	<u>Retained Earnings</u>	<u>Total</u>
BALANCE, OCTOBER 31, 2015	\$ 139,040	\$ 3,015,217	\$ 3,154,257
Net income and comprehensive income	-	84,753	84,753
Issuance of member shares	122	-	122
Redemption of member shares	<u>(307)</u>	<u>-</u>	<u>(307)</u>
BALANCE, OCTOBER 31, 2016	\$ 138,855	\$ 3,099,970	\$ 3,238,825
Net income and comprehensive income	-	35,186	35,186
Issuance of member shares	29	-	29
Redemption of member shares	<u>(440)</u>	<u>-</u>	<u>(440)</u>
BALANCE, OCTOBER 31, 2017	<u>\$ 138,444</u>	<u>\$ 3,135,156</u>	<u>\$ 3,273,600</u>

CANADA SAFEWAY LIMITED EMPLOYEES' SAVINGS AND CREDIT UNION LIMITED

SCHEDULE OF OPERATING EXPENSES

SCHEDULE 1

FOR THE YEAR ENDED OCTOBER 31, 2017

	<u>2017</u>	<u>2016</u>
Personnel	<u>\$ 678,573</u>	<u>\$ 660,379</u>
Occupancy		
Rent	146,766	147,598
Janitorial	<u>5,040</u>	<u>5,040</u>
	<u>151,806</u>	<u>152,638</u>
Security		
Deposit guarantee assessment	40,700	72,300
Bonding	9,813	10,278
Security	<u>4,665</u>	<u>5,201</u>
	<u>55,178</u>	<u>87,779</u>
Organization		
Credit Union Central dues	12,454	12,293
Annual general meeting	<u>4,652</u>	<u>4,318</u>
	<u>17,106</u>	<u>16,611</u>
General		
Computer, cash and service charges	223,554	242,061
Professional fees	42,170	28,800
Marketing, advertising and education	28,719	26,143
Amortization of intangible assets	18,446	11,972
Courier and postage	12,012	14,194
Stationery and supplies	11,508	12,036
Travel	9,955	2,893
Loan associated expenses	9,866	11,193
Insurance	5,666	4,546
Telephone	4,604	4,027
Depreciation	4,534	9,684
Miscellaneous	2,797	3,582
Business taxes and licenses	2,682	3,209
Equipment repairs and maintenance	<u>1,030</u>	<u>1,649</u>
	<u>377,543</u>	<u>375,989</u>
	<u>\$ 1,280,206</u>	<u>\$ 1,293,396</u>

Officers & Staff

Board of Directors

Barrie Schimpf, President
Rob Toews, Vice-President
Marla Clermont, Director
Shawn Eltom, Director
Colby Cavanagh, Director
Sandra Dobrowolski, Director
Ken Stewart, Director

Audit & Finance Committee

Rob Toews - Chair
Ken Stewart
Shawn Eltom

Credit Committee

Jackie Pierce - Chair
Cindy Purvis
Anke Rotzal

Staff

Cliff Roberts, General Manager
Parin Ladha, Assistant Manager
Cindy Purvis, Administrative Assistant
Colette Weber, Office Supervisor
Wendy Mertick, Front End Supervisor
Lisa Ingham, Customer Service Representative
Arlie Mahood, Customer Service Representative

Loan Department

Jackie Pearce- Senior Loans Officer
Anke Rotzal – Loan Officer



Canada Safeway Limited Employees Savings and Credit Union

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