Lakeland
CREDIT UNION

2022 FINANCIAL STATEMENTS

For the year ending October 31, 2022

LAKELAND CREDIT UNION LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED OCTOBER 31, 2022

METRIX GROUP LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Members of Lakeland Credit Union Limited

Opinion

We have audited the consolidated financial statements of Lakeland Credit Union Limited (the Credit Union), which comprise the consolidated statement of financial position as at October 31, 2022 and the consolidated statements of net income and comprehensive income, consolidated statement of changes in members' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Credit Union as at October 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Credit Union in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

(continues)

In preparing the consolidated financial statements, management is responsible for assessing the Credit Union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Credit Union or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Credit Union's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Credit Union's internal control.

- Evaluate the appropriateness of accounting policies and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Credit Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date or our auditors' report. However, future events or conditions may cause the Credit Union to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

METRIX GROUP LLP

Chartered Professional Accountants

Edmonton, Alberta
January 26, 2023

Lakeland CREDIT UNION

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5016 50 Avenue Box 8057
Bonnyville AB T9N 2J3
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Fax (780) 826-6322

Cold Lake Branch
5217 50 Avenue Box 1110
Cold Lake AB T9M 1P3
Tel (780) 594-4011
Fax (780) 594-2646

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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. The responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgement is required.

In discharging its responsibility 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 the consolidated financial statements.

The elected Board of Directors of Lakeland Credit Union Limited are composed entirely of individuals who are neither management nor employees of the Credit Union. The Board of Directors have the responsibility of meeting with management and the external auditors to discuss the internal controls over the financial reporting process, auditing matters, and financial reporting issues. The Board of Directors are also responsible for the appointment of the Credit Union's external auditors.

Metrix Group LLP, an independent firm of Chartered Professional Accountants, is appointed by the Board of Directors to audit the financial statements and report directly to them. The external auditors have full and free access to and meet periodically and separately with the internal audit staff, other management staff, and the Finance Audit and Risk Committee of the Board and management to discuss their audit findings.

Bonnyville, Alberta
January 26, 2023

John Peters
Chief Executive Officer

Kevin Bos
Interim Vice President, Finance & Risk

LAKELAND CREDIT UNION LIMITED

Consolidated Statement of Financial Position

As at October 31, 2022

	2022	2021 (Restated) *(Note 27)*
ASSETS		
Cash and Cash Equivalents *(Note 5)*	**$ 65,607,735**	$ 39,513,283
Investments *(Note 6)*	**149,538,423**	131,612,931
Member Loans *(Note 8)*	**453,487,698**	461,813,415
Assets Held for Sale	**-**	406,805
Income Taxes Recoverable *(Note 10)*	**354,007**	704,532
Prepaid Expenses	**464,710**	115,018
Deferred Income Tax Asset *(Note 10)*	**-**	114,491
Derivative Assets *(Note 11)*	**119,573**	121,139
Property and Equipment *(Note 13)*	**11,541,109**	11,959,632
Intangible Assets *(Note 14)*	**833,580**	899,991
	$681,946,835	$647,261,237
LIABILITIES		
Member Deposits *(Note 15)*	**$578,511,393**	$545,803,542
Accounts Payable and Accrued Liabilities	**1,317,357**	1,239,058
Derivative Liabilities *(Note 11)*	**119,573**	121,139
Patronage Allocation Payable to Members *(Note 16)*	**861,090**	835,095
Deferred Income Tax Liability (Note 10)	**129,658**	-
	580,939,071	547,998,834
MEMBERS' EQUITY		
Allocation Distributable *(Note 16)*	**727,026**	324,057
Member Shares *(Note 17)*	**20,671,836**	21,397,556
Retained Earnings	**79,608,902**	77,540,790
	101,007,764	99,262,403
	$681,946,835	$647,261,237

Commitment *(Note 21)*

ON BEHALF OF THE BOARD:

_________________ Salman Arabi, Board Chair

_________________ Brian Fieger, Finance Audit and Risk Committee Chair

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

LAKELAND CREDIT UNION LIMITED

Consolidated Statement of Net Income and Comprehensive Income

For The Year Ended October 31, 2022

	2022	2021
Financial Income		
Interest from member loans	**$ 14,549,408**	$ 15,836,463
Investment income	**2,650,014**	703,841
	17,199,422	16,540,304
Financial Expenses		
Interest on member deposits	**4,347,814**	4,833,342
Interest on financing	**1,290**	-
	4,349,104	4,833,342
Financial Margin before Impairment Charges	**12,850,318**	11,706,962
Net Investment Impairment Charges	**1,644**	2,536
Net Member Loan Impairment Charges (Recovery)	**(232,643)**	(162,492)
Financial Margin after Impairment Charges	**13,081,317**	11,866,918
Other Income *(Note 22)*	**2,535,774**	2,457,885
Gross Margin	**15,617,091**	14,324,803
Operating Expenses *(Schedule 1)*	**11,367,069**	11,551,199
Income before Patronage Allocation and Income Taxes	**4,250,022**	2,773,604
Patronage Allocation *(Note 16)*	**861,090**	835,095
Income before Income Taxes	**3,388,932**	1,938,509
Income Taxes *(Note 10)*		
Current	**516,862**	105,340
Deferred	**244,149**	362,018
	761,011	467,358
Net Income and Comprehensive Income	**$ 2,627,921**	$ 1,471,151

LAKELAND CREDIT UNION LIMITED

Consolidated Statement of Changes in Members' Equity

For The Year Ended October 31, 2022

	Allocation Distributable (Restated) (*Note 27*)	Member Shares	Retained Earnings	**Total**
Balance, October 31, 2020	$ 1,323,891	$ 22,475,235	$ 76,324,607	**$100,123,733**
Net Income and Comprehensive Income	-	-	1,471,151	**1,471,151**
Patronage Paid Through Issuance of Member Shares	(982,084)	982,084	-	**-**
Dividends Paid Through Issuance of Member Shares *(Note 16)*	(341,807)	341,807	-	**-**
Dividends Accrued *(Note 16)*	324,057	-	(324,057)	**-**
Tax Recovery on Member Shares	-	-	69,089	**69,089**
Issuance of Member Shares	-	55,534	-	**55,534**
Redemption of Member Shares	-	(2,457,104)	-	**(2,457,104)**
Balance, October 31, 2021	$ 324,057	$ 21,397,556	$ 77,540,790	**$ 99,262,403**
Net Income and Comprehensive Income	-	-	2,627,921	**2,627,921**
Dividends Paid Through Issuance of Member Shares *(Note 16)*	(324,057)	324,057	-	**-**
Dividends Accrued *(Note 16)*	727,026	-	(727,026)	**-**
Tax Recovery on Member Shares	-	-	167,217	**167,217**
Issuance of Member Shares	-	80,034	-	**80,034**
Redemption of Member Shares	-	(1,129,811)	-	**(1,129,811)**
Balance, October 31, 2022	$ 727,026	$ 20,671,836	$ 79,608,902	**$101,007,764**

LAKELAND CREDIT UNION LIMITED

Consolidated Statement of Cash Flows

For The Year Ended October 31, 2022

	2022	2021
Operating Activities		
Net Income and Comprehensive Income	**$ 2,627,921**	$ 1,471,151
Adjustments for:		
Provision for Loan Impairment	**(232,643)**	(162,492)
Depreciation	**515,434**	495,570
Amortization of Intangible Assets	**78,518**	41,015
Net Interest Income	**(12,850,318)**	(11,706,962)
Current Income Tax Expense	**516,862**	105,340
Change in Member Loans	**8,543,441**	24,116,785
Change in Member Deposits	**31,881,247**	7,010,058
Deferred Income Tax	**244,149**	362,018
Change in Assets Held for Sale	**406,805**	(22,055)
Change in Prepaid Expenses	**(349,692)**	119,168
Change in Accounts Payable and Accrued Liabilities	**78,299**	214,333
Loss on Disposal of Property and Equipment	**1,083**	-
Change in Patronage Allocation Payable to Members	**25,995**	835,095
Interest Received	**17,240,876**	16,664,196
Interest Paid	**(3,522,501)**	(6,471,019)
Income Taxes Paid	**880**	(323,563)
	45,206,356	32,748,638
Financing Activities		
Change in Allocation Distributable	**402,969**	(999,834)
Change in Member Shares	**(725,720)**	(1,077,679)
Dividends on Member Shares	**(727,026)**	(324,057)
	(1,049,777)	(2,401,570)
Investing Activities		
Purchases of Property and Equipment	**(98,909)**	(439,739)
Purchase of Intangible Assets	**(37,726)**	(690,251)
Change in Investments	**(17,925,492)**	(79,339,531)
	(18,062,127)	(80,469,521)
Net Increase (Decrease) In Cash and Cash Equivalents	**26,094,452**	(50,122,453)
Cash and Cash Equivalents, Beginning of Year	**39,513,283**	89,635,736
Cash and Cash Equivalents, End of Year	**$ 65,607,735**	$ 39,513,283

1. INCORPORATION AND GOVERNING LEGISLATION

Lakeland Credit Union (the "Credit Union") is incorporated under the *Credit Union Act* of the Province of Alberta and operates branches in the communities of Bonnyville and Cold Lake. The Credit Union's primary line of business include personal and business banking (deposit-taking and lending), commercial lending and financial advisory services.

The Credit Union Deposit Guarantee Corporation (the "Corporation"), a provincial corporation, guarantees the repayment of all deposits with Alberta credit unions, including accrued interest. The *Credit Union Act*, provides that the Province will ensure that the Corporation carries out this obligation.

LCU Financial Ltd. is a wholly owned subsidiary of the Credit Union and is incorporated under the *Business Corporations Act* of Alberta. It provides investment services and financial advice.

The Credit Union's registered office and principal place of business is:

Lakeland Credit Union Limited
5016 50 Avenue
Box 8057
Bonnyville AB T9N 2J3

2. BASIS OF PRESENTATION

(a) Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The consolidated financial statements were authorized for issue by the Board of Directors on January 26, 2023.

(b) Basis of Measurement

The consolidated financial statements have been prepared using the historical cost basis, except for derivative financial instruments and financial instruments classified as fair value through profit or loss, which have been measured at fair value. The methods to measure fair value are presented in Note 24.

(c) Use of Estimates and Judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

(Continues)

2. BASIS OF PRESENTATION (CONTINUED)

(c) Use of Estimates and Judgments (Continued)

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are described in Notes 3 and 4.

(d) Functional Currency

The consolidated financial statements are presented in Canadian dollars, which is the Credit Union's functional currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these consolidated financial statements are summarized below. These accounting policies have been applied consistently to all periods presented in these consolidated financial statements.

(a) Basis of Consolidation

The consolidated financial statements of Lakeland Credit Union Ltd. include the assets, liabilities, income and expenses of its subsidiary, LCU Financial Ltd., after eliminating inter-company transactions and balances.

Subsidiaries are entities controlled by the Credit Union. Control is achieved where the Credit Union has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. At year end there were no loans outstanding to the Credit Union's subsidiary.

(b) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, ATM cash, foreign currency, operating accounts with Credit Union Central Alberta ("Central"), items in transit and money market term deposits. These items are highly liquid financial assets with maturities of three months or less from the acquisition date and are used by the Credit Union in the management of short-term commitments.

(c) Investments

Each investment is classified into one of the categories described under financial instruments. The classification dictates the accounting treatment for the carrying value and changes in that value.

(d) Member Loans

Member loans are measured initially at fair value plus transaction costs, and subsequently at amortized cost using the effective interest method, less any impairment losses. All loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

(Continues)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial Instruments

(i) Financial Assets

Recognition and initial measurement

The Credit Union recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in net income and comprehensive income when incurred.

Classification and subsequent measurement

On initial recognition, financial assets are recorded at fair value and subsequently classified as measured at amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

Financial instruments are classified as follows:

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

A financial asset is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity instrument that is not held for trading, the Credit Union may irrevocably elect to present subsequent changes in FVOCI. This election is made on an investment by-investment basis. All other financial assets are classified as measured at FVTPL.

For financial assets designated as measured at FVTPL, changes in fair value are recognized in the consolidated statement of net income and comprehensive income. For financial assets classified as measured at FVOCI or an irrevocable election has been made, changes in fair value are recognized in the consolidated statement of net income and comprehensive income. For financial assets and other financial liabilities measured at amortized cost, interest income and interest expense are calculated using the effective interest method and is recognized in the consolidated statement of net income and comprehensive income.

(Continues)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial Instruments

Classification and subsequent measurement (Continued)

Business model assessment

The Credit Union assesses the objective of its business model for holding a financial asset at a level of aggregation which best reflects the way the business is managed and information is provided to management. Information considered in this assessment includes stated policies and objectives and how performance of the portfolio is evaluated.

Contractual cash flow assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Credit Union considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Credit Union’s claim to cash flows, and any features that modify consideration for the time value of money.

Reclassifications

The Credit Union reclassifies financial assets only when its business model for managing those financial assets has changed. Reclassifications are applied prospectively from the reclassification date and any previously recognized gains, losses or interest are not restated.

Impairment

The Credit Union recognizes a loss allowance for the expected credit losses associated with its financial assets, other than debt instruments measured at fair value through profit or loss and equity investments. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

The date the Credit Union commits to purchasing a financial asset is considered the date of initial recognition for the purpose of applying the Credit Union’s accounting policies for impairment of financial assets.

For members' loans receivable and accrued interest the Credit Union records a loss allowance equal to the expected credit losses resulting from default events that are possible within the next 12-month period, unless there has been a significant increase in credit risk since initial recognition. For those financial assets for which the Credit Union assessed that a significant increase in credit risk has occurred, the Credit Union records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets’ contractual lifetime.

(Continues)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial Instruments

Impairment (Continued)

The Credit Union applies the simplified approach for other receivables. Using the simplified approach, the Credit Union records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

The Credit Union assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial asset is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts, breaches of borrowing contracts such as default events or breaches of borrowing covenants and requests to restructure loan payment schedules. For financial assets assessed as credit-impaired at the reporting date, the Credit Union continues to recognize a loss allowance equal to lifetime expected credit losses.

Loss allowances for expected credit losses are presented in the consolidated statement of financial position as follows:

- For financial assets measured at amortized cost, as a deduction from the gross carrying amount of the financial assets;
- For loan commitments and financial guarantee contracts, as a provision;
- For facilities with both a drawn and undrawn component where the Credit Union cannot separately identify expected credit losses between the two components, as a deduction from the carrying amount of the drawn component. Any excess of the loss allowance over the carrying amount of the drawn component is presented as a provision; and
- Financial assets are written off when the Credit Union has no reasonable expectations of recovering all or any portion thereof.

Derecognition of financial assets

The Credit Union derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire, or the financial asset has been transferred under particular circumstances.

For this purpose, a financial asset is transferred if the Credit Union either:

- Transfers the right to receive the contractual cash flows of the financial asset, or;
- Retains the right to receive the contractual cash flows of the financial asset, but assumes an obligation to pay received cash flows in full to one or more third parties without material delay and is prohibited from further selling or transferring the financial asset.

Transferred financial assets are evaluated to determine the extent to which the Credit Union retains the risks and rewards of ownership. When the Credit Union neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it evaluates whether it has retained control of the financial asset.

(Continues)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial Instruments

Modification of financial assets

The Credit Union assesses the modification of terms of a financial asset to evaluate whether its contractual rights to the cash flows from that asset have expired in accordance with the Credit Union's derecognition policy.

When the modifications do not result in derecognition of the financial asset, the gross carrying amount of the financial asset is recalculated with any difference between the previous carrying amount and the new carrying amount recognized in profit or loss. The new gross carrying amount is recalculated as the present value of the modified contractual cash flows discounted at the asset's original effective interest rate.

For the purpose of applying the impairment requirements, at each reporting date subsequent to the modification, the Credit Union continues to assess whether there has been a significant increase in credit risk on the modified financial assets from the date of initial recognition.

(ii) Financial liabilities

Recognition and initial measurement

The Credit Union recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Credit Union measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in net income and comprehensive income.

Classification and subsequent measurement

Subsequent to initial recognition, financial liabilities are measured at amortized cost or fair value through profit or loss. When the transfer of a financial asset does not qualify for derecognition because the Credit Union has retained substantially all of the risks and rewards of ownership, a liability is recognized for the consideration received. Subsequently, any expense incurred on the financial liability is recognized in net income and comprehensive income.

All financial liabilities are measured at amortized cost using the effective interest method. Financial liabilities measured at amortized cost include member deposits and accrued interest, trade payables and accrued liabilities and securitization debt.

The classification of a financial instrument or component as a financial liability or equity instrument determines where gains or losses are recognized. Interest, dividends, gains and losses relating to financial liabilities are recognized in the statement of net income and comprehensive income while distributions to members of instruments classified as members' equity are recognized in members' equity.

Financial liabilities are not reclassified subsequent to initial recognition.

(Continues)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial Instruments

Derecognition of financial liabilities

The Credit Union derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

(f) Derivatives and Hedge Accounting

The Credit Union uses option contract derivatives to manage its exposure to Canadian equity indices. Derivatives are initially recognized at fair value at the date that the derivative contract is entered into and subsequently measured at fair value with changes in fair value recognized through profit and loss immediately, unless the derivative is designated in a qualifying hedging relationship.

The Credit Union designates certain derivatives as hedging instruments in qualifying hedging relationships. On initial designation of the hedge, the Credit Union formally documents the relationship between the hedging instrument and hedged item, including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. Premiums paid to enter into these hedges are recorded in member deposits and are amortized over the contract life.

(g) Assets Held for Sale

In certain circumstances, the Credit Union may take possession of property held as collateral as a result of foreclosure on the loans that are in default. Foreclosed properties are classified as assets held-for-sale and are measured at the lower of the carrying amount and the fair value less costs to sell.

The Credit Union does not, as a rule, occupy repossessed property for its business use. These assets are normally sold in a manner that maximizes the benefit to the Credit Union, the member and the member's other creditors and may involve the use of realtors and auctioneers.

(h) Syndication

The Credit Union syndicates groups of assets with various other financial institutions primarily to create liquidity and manage regulatory capital for the Credit Union. Syndicated loans transfer substantially all the risks and rewards related to the transferred financial assets and are derecognized from the Credit Union's Consolidated Statement of Financial Position. All loans syndicated by the Credit Union have been on a fully serviced basis. The Credit Union receives fee income for services provided in the servicing of the transferred financial assets. Fee income is recognized in other income on an accrual basis in relation to the reporting period in which the costs of providing the services are incurred.

(i) Impairment of Non-Financial Assets

Non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. The recoverable amount is determined as the higher of an asset's fair value less costs to sell and its value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash flows. Impairment charges are included in net income.

(Continues)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Investments in Associates and Joint Ventures

The equity method of accounting is used to account for the investments in associates and joint ventures in which the Credit Union has an ownership interest which results in it having significant influence to participate in the financial and operating policy decisions of the investee but not control. Under this method, the investment is initially recorded at cost and is adjusted thereafter for the post-acquisition change in the Credit Union's share of net assets of the investee.

The carrying value of the investment accounted for using the equity method are based on the initial investment in these companies adjusted for the Credit Union's share of profit or loss of the investee which is deemed to be a reasonable estimate of fair value. As these investments are not publicly traded it is not possible to determine what the actual trading value might be should a sale occur.

For additional information on the Credit Union's investments in associates and joint ventures see Note 7.

(k) Property and Equipment

Land is measured at cost. Other items of property and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated. Depreciation of other items of property and equipment are calculated at the following annual rates and methods:

Buildings	2.5%	Straight-line
Parking lot	20%	Straight-line
Furniture and equipment	20%	Straight-line
Security equipment	20%	Straight-line
Computer equipment	20% and 33%	Straight-line

Depreciation is recorded in the initial month of acquisition; no depreciation is recorded in the month of disposal. Depreciation methods, useful lives and residual values are reviewed annually and adjusted if necessary. Gains and losses on the disposal of property and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognized in net income within Other Income.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

(l) Intangible Assets

Intangible assets consist of computer software which are not integral to the computer hardware owned by the Credit Union. Software is initially recorded at cost and subsequently measured at cost less accumulated amortization and any accumulated impairment (losses). Software is amortized on a straight-line basis over its estimated useful life of 10 years.

The useful lives of the intangible assets are reviewed on an annual basis and the useful life is altered if estimates have changed significantly. Gains or losses on the disposal of intangible assets are determined as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in net income within Other Income.

(Continues)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Income Taxes

Tax expense for the period is comprised of current and deferred income taxes.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income taxes are provided for using the liability method. Under this method, temporary differences are recorded using tax rates that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the corresponding taxes will be paid or refunded. Temporary differences are comprised primarily of differences between the carrying amounts and the income tax basis of the Credit Union’s member loans, and property and equipment. Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

(n) Dividends

Dividends are accounted for when they have been approved by the Board.

(o) Patronage Allocation to Members

Patronage allocations to members are recognized in the consolidated statement of net income and comprehensive income when circumstances indicate that the Credit Union has an obligation where it has little or no discretion to deny payment and where it can make a reasonable estimate of the amount required to settle the obligation.

(p) Member Shares

Member shares issued by the Credit Union are classified as equity only to the extent that they do not meet the definition of a financial liability.

Common and surplus shares are accounted for in accordance with *IFRIC 2 - Members’ Shares in Co-operative Entities and Similar Instruments* (“IFRIC 2”). Common and surplus shares that are available for redemption are classified as a liability. In accordance with IFRIC 2, dividends to holders of equity instruments are recognized directly in equity, net of income tax benefits. Interest, dividends and other returns relating to financial instruments classified as financial liabilities are expenses, regardless of whether those amounts paid are legally characterized as dividends, interest or otherwise.

(q) Foreign Currency Translation

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and liabilities reflect exchange rates at the statement of financial position date. Translation gains and losses are included in other income.

(Continues)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Revenue Recognition

Interest income is recognized on the statement of net income and comprehensive income for all financial assets measured at amortized cost using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash flows through the expected life of the financial instrument back to the net carrying amount of the financial asset. The application of the method has the effect of recognizing revenue of the financial instrument evenly in proportion to the amount outstanding over the period to maturity or repayment. The amortized cost of a financial asset or financial liability is the amount at which the instrument is measured on initial recognition minus principal repayments, plus or minus any cumulative amortization using the effective interest method of any difference between the initial amount and maturity amount and adjusted for any expected credit loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any expected credit losses.

Other income is recognized in the fiscal period in which the related service is provided, which includes fees, service charges and commission income.

(s) Change in accounting policies

The Credit Union adopted amendments to the following standards, effective November 1, 2020. Adoption of these amendments had no effect on the Credit Union's financial statements.

- *IFRS 3 Business Combinations*
- *IFRS 16 Leases*
- *IAS 1 Presentation of Financial Statements*
- *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors*

(t) Future Accounting Changes

At October 31, 2022 a number of standards, interpretations, and amendments have been issued by the IASB, which are not effective for these financial statements. The Credit Union does not expect there to be an impact on the consolidated financial statements.

4. USE OF ESTIMATES AND KEY JUDGMENTS

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses during the reporting year. Accordingly, actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis based on management's best knowledge of current events and actions that the Credit Union may undertake in the future. Revisions to accounting estimates are recognized in the year in which the estimate is revised if it affects only that period or in the period of revision and future periods if the revision affects both current and future years.

(Continues)

4. USE OF ESTIMATES AND KEY JUDGMENTS (CONTINUED)

The principal areas involving a higher degree of judgment or complexity and/or areas which require significant estimates are described as follows:

(a) Expected Credit Loss Allowance

The Credit Union measures loss allowances at an amount equal to lifetime expected credit loss (ECL). In particular, management judgement is required in the estimate of whether credit risk of a specific impaired loan has increased significantly, inputs into the ECL quantitative model and in the use of forward-looking information.

The Credit Union assesses whether credit risk on a financial asset has increased significantly considering reasonable and supportable information since initial recognition in order to determine whether a 12 month ECL or lifetime ECL should be recognized. When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Credit Union considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Credit Union’s historical experience and expert credit assessment.

See the impairment of loans and advances under the significant accounting policies contained in Note 3 for further discussion of allowance for credit losses.

(b) Fair Value of Financial Instruments

The Credit Union determines the fair value of financial instruments that are not quoted in an active market, using valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. In that regard, the derived fair value estimates cannot always be substantiated by comparison with independent markets and, in many cases, may not be capable of being realized immediately. The methods and assumptions applied, and the valuation techniques used, are disclosed in Note 24.

(c) Property and Equipment

Depreciation methods, useful lives and residual values require estimation and are reviewed annually and adjusted if appropriate.

(d) Income Taxes

Management exercises judgment in estimating the provision for income taxes. The Credit Union is subject to income tax laws in the federal and provincial jurisdictions where it operates. Various tax laws are potentially subject to different interpretations by the Credit Union and the relevant tax authority. To the extent that the Credit Union’s interpretations differ from those of tax authorities or the timing of realization is not as expected, the provision for income taxes may increase or decrease in future periods to reflect actual experience.

Significant management judgment is also required to determine the deferred tax balances. Management is required to determine the amount of deferred tax assets and liabilities that can be recognized. This is based on their best estimate of the likely timing that the temporary difference will be realized, and of the likelihood that taxable profits will exist in the future.

(Continues)

4. USE OF ESTIMATES AND KEY JUDGMENTS (CONTINUED)

(e) Joint Arrangements

The Credit Union holds a 10% (2021 - 10%) proportionate ownership interest in CUSO Wealth Strategies Inc. ("CUSO"). The Credit Union has contractually agreed sharing of control of an agreement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Therefore, management has determined that the Credit Union is part of separate joint ventures with CUSO.

5. CASH AND CASH EQUIVALENTS

The Credit Union's cash and cash equivalents consist of cash on hand, ATM cash, foreign exchange cash, operating accounts with Credit Union Central Alberta ("Central"), items in transit and money market term deposits. The average yield on the operating accounts with Central at October 31, 2022 is 0.25% (2021 - 0.25%).

6. INVESTMENTS

	2022	2021
Measured at Amortized Cost		
Central - term deposits	**$ 77,099,000**	$ 56,012,265
Other financial institutions - term deposits	**45,275,306**	51,500,000
Equitable Bank - term deposits	**19,800,000**	17,500,000
Accrued interest	**893,876**	148,780
	143,068,182	125,161,045
Measured at Fair Value Through Profit or Loss		
Central - shares	**6,477,192**	6,457,194
CUSO Wealth Strategies Inc. - shares	**100**	100
	6,477,292	6,457,294
Allowance for impairment	**(7,051)**	(5,408)
	$149,538,423	$131,612,931

All term deposits mature between November 2022 and September 2024 with interest rates ranging from 0.60% to 5.34% (2021 - 0.12% to 1.04%). As required by the *Credit Union Act*, the Credit Union holds investments in Central to maintain its statutory liquidity requirements as described in Note 20.

7. INVESTMENTS IN ASSOCIATES

CUSO Wealth Strategies Inc.

The Credit Union holds a 10% (2021 - 10%) proportionate ownership interest in CUSO Wealth Strategies Inc. ("CUSO"). Management has determined that the Credit Union has joint control, over CUSO.

CUSO carries on the business of providing management, administrative and advisory services in respect of wealth management services and products, together with such other businesses as the parties may from time to time approve. There are no significant risks encountered by CUSO in the normal course of operations. The Credit Union has not incurred any contingent or future liabilities relating to its investment in CUSO.

CUSO had assets of $448,973 (2020 - $208,840), liabilities and equity of $448,973 (2020 - $208,840), income of $866,394 (2020 - $754,819) and expenses of $639,345 (2020 - $753,899) for the year ended December 31, 2021.

There are no outstanding loans to CUSO for the years ended October 31, 2022 and 2021.

8. MEMBER LOANS

Member loans by portfolio at amortized cost

	Principal Performing	Principal Impaired	Allowance for Impaired loans	**2022**
Consumer loans	$ 19,402,366	$ 56,187	$ (199,622)	**$ 19,258,931**
Residential mortgages	305,384,589	2,383,690	(365,343)	**307,402,936**
Commercial loans	23,596,160	365,887	(218,937)	**23,743,110**
Commercial mortgages	77,815,756	389,181	(142,354)	**78,062,583**
Agricultural loans	1,314,614	-	(2,753)	**1,311,861**
Agricultural mortgages	14,453,586	-	(58,149)	**14,395,437**
Authorized and unauthorized overdrafts	8,410,644	17,537	(147,421)	**8,280,760**
	450,377,715	3,212,482	(1,134,579)	**452,455,618**
Accrued interest	1,032,080	-	-	**1,032,080**
	$ 451,409,795	$ 3,212,482	$ (1,134,579)	**$ 453,487,698**

	Principal Performing	Principal Impaired	Allowance for Impaired loans	2021
Consumer loans	$ 22,523,680	$ 57,718	$ (248,172)	$ 22,333,226
Residential mortgages	298,320,684	1,436,830	(530,972)	299,226,542
Commercial loans	24,531,142	10,872	(735,637)	23,806,377
Commercial mortgages	85,931,239	1,634,390	(499,335)	87,066,294
Agricultural loans	2,043,491	-	(2,437)	2,041,054
Agricultural mortgages	15,340,014	-	(14,444)	15,325,570
Authorized and unauthorized overdrafts	10,930,647	150,603	(113,897)	10,967,353
	459,620,897	3,290,413	(2,144,894)	460,766,416
Accrued interest	1,046,999	-	-	1,046,999
	$ 460,667,896	$ 3,290,413	$ (2,144,894)	$ 461,813,415

(Continues)

8. MEMBER LOANS (CONTINUED)

Loans Past Due but Not Impaired

A loan is considered past due when a counterpart has not made a payment by the contractual due date. The table that follows presents the carrying value of loans at year-end that are past due but not classified as impaired because they are either i) less than 90 days past due unless there is information to the contrary that an impairment event has occurred or ii) fully secured and collection efforts are reasonably expected to result in full repayment.

	30-59 Days	60-89 Days	90 days or More	**2022 Total**
Consumer loans	$ 184,782	$ 302,805	$ 60,513	**$ 548,100**
Residential mortgages	3,568,443	969,747	2,316,756	**6,854,946**
Commercial loans	745,342	101,874	743,209	**1,590,425**
Agricultural loans	89,718	42	115,240	**205,000**
	$ 4,588,285	$ 1,374,468	$ 3,235,718	**$ 9,198,471**

	30-59 Days	60-89 Days	90 days or More	2021 Total
Consumer loans	$ 53,443	$ 31,098	$ 35,572	$ 120,113
Residential mortgages	1,776,037	505,283	-	2,281,320
Commercial loans	706,189	-	-	706,189
	$ 2,535,669	$ 536,381	$ 35,572	$ 3,107,622

Credit Quality of Loans

The Credit Union holds collateral against loans to customers in the form of interests over property, other securities over assets, and guarantees. It is not practical to value all collateral as at the balance sheet date due to the variety of assets and conditions. The Credit Union has policies in place to monitor the existence of undesirable concentrations in the collateral supporting its credit exposure. In management's estimation, the fair value of the collateral is sufficient to offset the risk of loss on the loans past due but not impaired.

9. ALLOWANCE FOR IMPAIRED LOANS

Reconciliation of allowance for expected credit loss by portfolio

	12- Month ECL	Lifetime ECL Not Credit Impaired	Lifetime ECL Credit Impaired	2022
Consumer				
Balance as at November 1, 2021	$ 76,821	$ 55,695	$ 81,366	**$ 213,882**
Charges (recovery) of loan impairment	(12,449)	23,648	(1,057)	**10,142**
Loans written off	-	-	(32,011)	**(32,011)**
Balance, end of year	64,372	79,343	48,298	**192,013**
Off balance sheet	36,323	5,856	-	**42,179**
Residential mortgages				
Balance as at November 1, 2021	216,584	129,569	184,819	**530,972**
Charges (recovery) of loan impairment	(87,347)	(70,738)	(7,544)	**(165,629)**
Loans written off	-	-	-	**-**
Balance, end of year	129,237	58,831	177,275	**365,343**
Off balance sheet	-	-	-	**-**
Commercial loans				
Balance as at November 1, 2021	100,115	94,952	923,928	**1,118,995**
Charges (recovery) of loan impairment	80,177	(41,900)	14,069	**52,346**
Loans written off	-	-	(745,686)	**(745,686)**
Balance, end of year	180,292	53,052	192,311	**425,655**
Off balance sheet	47,837	24	-	**47,861**
Agricultural loans				
Balance as at November 1, 2021	16,021	-	-	**16,021**
Charges (recovery) of loan impairment	8,169	37,066	(25)	**45,210**
Loans written off	-	-	25	**25**
Balance, end of year	24,190	37,066	-	**61,256**
Off balance sheet	250	24	-	**274**
Totals				
On-Balance Sheet				
Balance as at November 1, 2021	409,541	280,216	1,190,113	**1,879,870**
Charges (recovery) of loan impairment	(11,450)	(51,924)	5,443	**(57,931)**
Loans written off	-	-	(777,672)	**(777,672)**
Balance, end of year	398,091	228,292	417,884	**1,044,267**
Off-Balance Sheet				
Balance as at November 1, 2021	87,324	66,369	111,331	**265,024**
Net impairment (recovery) charges	(2,915)	(60,466)	(111,331)	**(174,712)**
Balance, end of year	84,409	5,903	-	**90,312**
	$ 482,500	$ 234,195	$ 417,884	**$ 1,134,579**

10. INCOME TAXES

The significant components of income tax expense included in the calculation of net income are composed of:

	2022	2021
Current income tax expense		
Based on current year taxable income	**$ 516,862**	$ 105,340
Deferred income tax expense		
Origination and reversal of temporary differences	**244,149**	362,018
Total income tax expense	**$ 761,011**	$ 467,358

The total provision for income taxes in the consolidated statement of comprehensive income is at a rate which differs from the combined federal and provincial statutory income tax rates for the following reasons:

	2022 %	2021 %
Statutory rate	**23.00**	23.00
Income tax rate adjusted for the effect of:		
Non-deductible expenses and other	**(4.18)**	1.11
Effective income tax rate	**18.82**	24.11

The deferred income tax asset (liability) is comprised of temporary deductible (taxable) differences between the tax bases and carrying values in the following accounts:

	2022	2021
Property and equipment	**$ (215,369)**	$ (199,639)
Intangible assets	**(175,242)**	(179,195)
Allowance for impaired loans	**260,953**	493,325
	$ (129,658)	$ 114,491

The Credit Union has $12,327 of capital losses available for application against future capital gains.

11. DERIVATIVES

The Credit Union has $478,674 (2021 - $1,329,527) in index-linked deposits to its members. These deposits mature in 2023 and pay bonus interest to the depositors, at the end of the term, based upon the performance of the index. The Credit Union has entered into option agreements with Central to offset the exposure on these deposits and, at the end of the term, the Credit Union will receive payments from Central which will offset the amounts that will be paid to the depositors.

The unamortized portion of the equity-linked option contracts are $2,929 (2021 - $17,189) and are included in member deposits. Amortization in the amount of $14,259 (2021 - $30,519) is calculated on a straight-line basis over the term of the deposits and is included in interest on member deposits.

The notional amounts of equity-linked derivative contracts maturing at various times are as follows:

	2022	2021
Within 1 year	**$ 478,674**	$ 845,337
Within 2 years	**-**	484,190
	$ 478,674	$ 1,329,527

12. OPERATING DEMAND LOAN AND TERM LOAN

The Credit Union has an approved operating demand loan with Central which is secured by a general assignment of book debts and assignment of investments and deposits held at Central. The authorized limit on the operating demand loan is $18,500,000 including a US dollar component equivalent to $145,000 CDN. The demand loan bears interest at Central's prime rate for CDN dollar advances and Central's US base rate on US advances, in both cases plus or minus Central's applicable discount or margin rates in effect from time to time. At October 31, 2022, the Credit Union had $NIL outstanding on its operating demand loan (2021 - $NIL).

The Credit Union has an approved term loan with Central which is secured by a general assignment of book debts and assignment of investments and deposits held at Central. The authorized limit on the term loan is $31,000,000 (2021 - $31,000,000). The term loan bears interest at (i) Central's prime rate plus or minus Central's applicable discount or margin rates in effect from time to time, or (ii) at the option of the Credit Union for terms of more than 30 days at a fixed rate equal to Central's money market deposit rate or the equivalent paid fixed swap rate for the term plus or minus the applicable discount or margin rate. At October 31, 2022, the Credit Union had $NIL outstanding on its term loan (2021 - $NIL).

13. PROPERTY AND EQUIPMENT

	Land	Buildings	Parking Lots	Furniture and Equipment	Security Equipment	Computer Equipment	Total
COST:							
Balance at October 31, 2021	$ 1,224,880	$ 14,046,636	$ 270,145	$ 1,244,776	$ 231,084	$ 1,240,467	$ 18,257,988
Additions	-	-	-	5,381	13,641	79,887	98,909
Disposals	-	-	-	(27,418)	(5,009)	(278,627)	(311,054)
Balance at October 31, 2022	**1,224,880**	**14,046,636**	**270,145**	**1,222,739**	**239,716**	**1,041,727**	**18,045,843**
ACCUMULATED DEPRECIATION:							
Balance at October 31, 2021	-	3,756,057	217,047	1,192,748	224,117	908,387	6,298,356
Depreciation	-	351,636	26,730	16,403	2,779	117,886	515,434
Disposals	-	-	-	(27,418)	(4,675)	(276,963)	(309,056)
Balance at October 31, 2022	**-**	**4,107,693**	**243,777**	**1,181,733**	**222,221**	**749,310**	**6,504,734**
NET BOOK VALUE:							
October 31, 2022	**$ 1,224,880**	**$ 9,938,943**	**$ 26,368**	**$ 41,006**	**$ 17,495**	**$ 292,417**	**$ 11,541,109**
October 31, 2021	$ 1,224,880	$ 10,290,579	$ 53,098	$ 52,028	$ 6,967	$ 332,080	$ 11,959,632

14. INTANGIBLE ASSETS

	Computer Software
COST:	
Balance at October 31, 2021	$ 1,519,784
Additions	37,726
Disposals	(25,619)
Balance at October 31, 2022	1,531,891
ACCUMULATED AMORTIZATION:	
Balance at October 31, 2021	619,793
Amortization	78,518
Balance at October 31, 2022	**698,311**
NET BOOK VALUE:	
October 31, 2022	**$ 833,580**
October 31, 2021	$ 899,991

15. MEMBER DEPOSITS

	2022	2021
Demand deposits	**$354,445,781**	$351,130,790
Term deposits	**152,793,602**	127,734,132
Tax-Free Savings Accounts (TFSA)	**29,058,705**	25,377,599
Registered Retirement Savings Plans (RRSPs)	**26,876,445**	27,331,587
Registered Retirement Income Funds (RRIFs)	**13,553,168**	13,272,346
	576,727,701	544,846,454
Accrued interest	**1,783,692**	957,088
	$578,511,393	$545,803,542

Equitable Bank is the trustee of the RRSPs, RRIFs and TFSAs offered to members. Under an agreement with Equitable Bank, members' contributions to the plans, as well as income earned, are deposited in the Credit Union.

16. ALLOCATIONS DISTRIBUTABLE

The Board of Directors declared patronage allocations paid to members as cash to the members accounts and a dividend allocation to be paid to members by way of the issuance of common shares. The allocation distributable was paid between November 21 - 23, 2022 and is calculated as follows:

	2022	2021
Patronage allocation	**$ 861,090**	$ 835,095
Dividend allocation	**727,026**	324,057
Net allocations distributable	**$ 1,588,116**	$ 1,159,152

For 2022, patronage allocations were determined based on 7.00% bonus interest on member deposit account interest (2021 - 3.00%), 4.50% interest rebate on member loan interest (2021 - 4.50%) and a 8.33% rebate on member service charges (2021 - 3.50%).

For 2022, the Board has declared a 3.50% dividend on member common shares (2021 - 1.50%).

17. MEMBER SHARES

The *Credit Union Act* identifies a class of equity shares, known as common shares, having the following characteristics:

i) an unlimited number may be issued;
ii) a par value of $1, but fractional shares may be issued;
iii) transferable only in restricted circumstances;
iv) non-assessable; and
v) redemption of common shares is at par value and is at the discretion of the Credit Union, subject to the restrictions contained in the *Credit Union Act* and Regulations.

Memberships and shares to become a member are voluntary. Redemption of member equity accounts shall be with the approval of the Board or in a manner approved by the Board and in accordance with the *Credit Union Act*. Credit Union policy requires all members to make a minimum investment of $25 ($5 for minors and members over 65 years). The Corporation does not guarantee common shares which represent "at risk" capital.

18. PENSION PLAN

The Credit Union has a defined contribution pension plan for qualifying employees. The assets are held in trust by the CUMIS Life Insurance Company and are not recorded in these financial statements. The Credit Union matches employee contributions at a rate ranging from 5% to 9% of the employee's salary determined by years of employment. The expense and payments for the year ended October 31, 2022 were $282,472 (2021 - $309,979). As a defined contribution pension plan, the Credit Union has no further liability or obligation for future contributions to fund future benefits to plan members.

19. RELATED PARTY TRANSACTIONS

Key management personnel ("KMP") of the Credit Union are those persons having authority and responsibility for planning, directing, and controlling the activities of the Credit Union, directly or indirectly. KMP have been taken to comprise members of management responsible for the day-to-day financial and operational management of the Credit Union.

The Credit Union, in accordance with its policy, grants loans to its management and staff at rates established by the Board. For mortgage loans, the rates staff pay are based on a blended rate between the Canada Revenue Agency prescribed rate and regular member rates. For other loans, rates are blended between prime and regular member rates. Directors pay regular member rates on loans.

There are no loans that are impaired in relation to loan balances with KMP or directors. There are no benefits or concessional terms and conditions applicable to KMP, directors or their family members. There are no loans that are impaired in relation to the loan balances with family of KMP or directors. As at October 31, 2022, loans to KMP and directors totaled 1.13% (2021 - 1.16%), in aggregate, of the assets of the Credit Union. The aggregate value of loans disbursed and renewed during the year to KMP and directors was $1,248,402 (2021 - $677,328).

Deposit accounts are held by the directors, management and staff of the Credit Union. For RRSP and term deposits the Credit Union's management and staff receive an interest rate bonus of 0.25% above the posted rates for amounts of $500 or more with a minimum of one year investment. Directors receive regular member rates on deposits.

Aggregate value of assets and liabilities held by KMP and directors is as follows:

	2022	2021
Aggregate value of loans advanced	**$ 6,945,234**	$ 6,949,627
Aggregate value of unadvanced loans	**$ 777,306**	$ 558,961
Demand deposits	**$ 2,422,940**	$ 1,362,687
Term and TFSA deposits	**$ 17,629**	$ 33,774
Registered plans	**$ 22,251**	$ 77,174
Member shares	**$ 82,886**	$ 76,902
Interest and other revenue earned on loans	**$ 198,959**	$ 262,209
Interest on deposits	**$ 6,977**	$ 6,732
Patronage allocation	**$ 3,263**	$ 1,856

Aggregate compensation of KMP and directors during the years is as follows:

	2022	2021
Salaries and short-term benefits	**$ 1,281,076**	$ 1,205,823
Severance benefits	**$ 165,000**	$ -
Directors and committee remuneration	**$ 80,025**	$ 124,810
Post-employment benefits	**$ 71,840**	$ 82,705
Directors meetings and training	**$ 58,990**	$ 41,167

There was no compensation for long-term benefits, or share-based compensation during 2022 and 2021. The Credit Union's KMP is comprised of 10 (2021 - 9) employees for the year. Amounts paid to directors in 2022 range from $6,085 to $18,146 (2021 - $3,320 to $56,320) with an average of $9,381 (2021 - $12,333). The Credit Union has 9 (2021 - 8) directors at October 31, 2022.

20. RISK MANAGEMENT

The Credit Union's risk management policies are designed to identify and analyze risk, to set appropriate risk limits and controls, and to monitor the risk and adherence to limits by means of reliable and up-to-date information systems. The Credit Union follows an enterprise risk management framework, which involves identifying particular events or circumstances relevant to its objectives, assessing them in terms of profitability and magnitude, determining a response strategy and monitoring progress. The Credit Union regularly reviews its risk management policies and systems to take account of changes in markets and products.

Risk management is carried out by management who reports to the Board. The Board provides written principles for risk tolerance and overall risk management. Management reports to the Board on compliance with the risk management policies of the Credit Union.

Financial instruments comprise the majority of the Credit Union's assets and liabilities. The Credit Union accepts deposits from members at both fixed and floating rates for various periods. The Credit Union seeks to earn an interest rate margin by investing these funds in high quality financial instruments – principally loans and mortgages. The primary types of financial risk that arise from this activity are credit risk, liquidity risk and market risk which is comprised of interest rate risk.

The following table describes the significant financial instrument activity undertaken by the Credit Union, the risks associated with such activities and the types of methods that may be used in managing those risks.

Activity	**Risks**	**Method of managing risks**
Investments	Sensitivity to changes in interest rates, liquidity and credit risk	Asset-liability matching, monitoring of investment restrictions and monitoring of counterparty risk
Member loans	Sensitivity to changes in interest rates, liquidity and credit risk	Asset-liability matching and monitoring of counterparty risk
Member deposits	Sensitivity to changes in interest rates, liquidity and credit risk	Asset-liability matching and periodic use of derivatives
Equity-linked derivative contracts	Sensitivity to changes in Canadian equity indices	Options

Interest Rate Risk

Cash flow interest rate risk is the risk that the future cash flows of the Credit Union's financial instruments will fluctuate due to changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in prevailing market interest rates. Financial margin reported in the consolidated statement of comprehensive income may increase or decrease in response to changes in market interest rates. Accordingly, the Credit Union sets limits on the level of mismatch of interest rate re-pricing that may be undertaken, which is monitored by management and reported to the Board.

(Continues)

20. RISK MANAGEMENT (CONTINUED)

Interest Rate Risk (continued)

To manage the re-pricing of asset and liability mismatch opportunities the Credit Union will undertake campaigns to procure deposits or loans that re-price/mature within a specific time period, buy/sell assets that re-price/mature within a specific time period and may purchase derivative instruments. These decisions are based on economic conditions, member behaviour, capital and liquidity levels and compliance with Credit Union policy.

Other types of interest rate risk may involve basis risk, the risk of loss from changes in the relationship of interest rates which may not have identical characteristics (for example the difference between prime rate and variable rate loans and variable rate deposits) and prepayment risk (the risk of loss of interest income arising from early repayment of fixed rate mortgages and loans). These risks are also monitored on a regular basis and reported to the Board.

Interest rate risk is measured by:

- Static gap analysis which aggregates cash flows into repricing periods based on the maturity dates of the assets and liabilities.
- Income simulation models that use current interest revenue, current interest expense and market values. These models incorporate assumptions about pricing strategies, growth, volume, new business and interest rates. The assumptions in the models are updated quarterly.
- Market value of portfolio equity determines the present value of all assets and liabilities. This provides an estimate of the equity value of the Credit Union.

(Continues)

20. RISK MANAGEMENT (CONTINUED)

Interest Rate Risk (continued)

The following schedule shows the Credit Union's sensitivity to interest rate changes as at October 31, 2022. Fixed rate assets and fixed rate liabilities are reported based on scheduled repayments. Variable rate assets and liabilities that are linked to prime rate are reported in the floating rate category. Non-interest bearing assets and non-interest bearing liabilities are reported in the non-rate sensitive category.

As At October 31, 2022

	Floating Rate	Within 1 Year	1 to 5 Years	Non-Rate Sensitive	Total
Assets					
Cash	$ 61,730,817	$ -	$ -	$ 3,876,918	$ 65,607,735
Effective Interest Rate	*2.49%*	*0.00%*	*0.00%*	*0.00%*	*2.35%*
Investments	6,477,192	82,212,149	59,955,106	893,976	149,538,423
Effective Interest Rate	*0.00%*	*3.18%*	*3.53%*	*0.00%*	*3.18%*
Member loans	49,464,757	93,944,826	310,078,115	-	453,487,698
Effective Interest Rate	*6.85%*	*3.66%*	*2.93%*	*0.00%*	*3.51%*
Other	-	-	-	13,312,979	13,312,979
	117,672,766	176,156,975	370,033,221	18,083,873	681,946,835
Liabilities					
Member deposits	331,869,667	163,082,522	45,308,813	38,250,391	578,511,393
Effective Interest Rate	*0.83%*	*2.45%*	*2.97%*	*0.00%*	*1.40%*
Equity	-	-	-	101,007,764	101,007,764
Other	-	-	-	1,566,588	1,566,588
	331,869,667	163,082,522	45,308,813	140,824,743	681,085,745
Net mismatch	$ (214,196,901)	$ 13,074,453	$ 324,724,408	$ (122,740,870)	$ 861,090

As At October 31, 2021

	Floating Rate	Within 1 Year	1 to 5 Years	Non-Rate Sensitive	Total
Net mismatch	$ (229,587,113)	$ 84,939,228	$ 266,159,532	$(121,511,647)	$ -

The following table provides the potential before-tax impact of a 1% increase or 1% decrease in the Credit Union's financial margin before provision for loan impairment. These measures are based on assumptions made by management and validated by experience. All interest rate risk measures are based upon interest rate exposures at a specific time and continuously change as a result of business activities and management's risk initiatives.

Impact on financial margin before taxes and provision for loan impairment of:

	2022	2021
1% increase in rates	**$ 467,000**	$ 677,900
1% decrease in rates	**$ (815,000)**	$ (517,300)

(Continues)

20. RISK MANAGEMENT (CONTINUED)

Credit Risk

Credit risk is the risk that financial loss will be incurred due to the failure of a counterparty to discharge its contractual commitment or obligation to the Credit Union arising from member loans, investments, securities and derivative instruments with positive market values. The primary credit risk arising from loans is the possibility that members will be unable or unwilling to repay some or all of the principal and interest on their loans. Allowances for credit losses are made for potential losses that have been identified at the statement of financial position date.

Management of credit risk is an integral part of the Credit Union's activities. Management carefully monitors and manages the Credit Union's exposure to credit risk by a combination of methods. Credit risk arises principally from lending activities, that result in member loans and advances, and treasury activities, that result in investments in cash resources. The overall management of credit risk is centralized in the Credit Committee, which reports to the Board, and the respective operating units of the Credit Union.

Concentration of loans is managed by the implementation of sectoral and member specific limits.

The Credit Committee is responsible for approving and monitoring the Credit Union's tolerance for credit exposures. It accomplishes this through review and approval of the Credit Union's lending policies and through setting limits on credit exposures to individual members and across sectors. The Credit Union maintains levels of borrowing approval limits, and prior to advancing funds to a member, an assessment of the credit quality of the member is made. The Credit Union emphasizes responsible lending in its relationships with members and establishes that loans are within the member's ability to repay, rather than relying exclusively on collateral.

The Credit Union often takes security as collateral in common with other lending institutions. The Credit Union maintains guidelines on the acceptability of specific types of collateral. Collateral may include mortgages over residential properties and charges over business assets such as premises, inventory and accounts receivable. Where significant impairment indicators are identified, the Credit Union will take additional measures to manage the risk of default, which may include seeking additional collateral.

The credit quality of the commercial loan portfolio for those loans that are neither past due nor impaired can be assessed by reference to the Credit Union's internal rating system. The Credit Union assesses the quality of loans using an internal rating tool. This rating tool takes into consideration a number of factors, such as the security, the borrower's management performance, current and projected financial results and industry statistics related to the borrower's industry, and utilizes the experience and judgment of the Credit department. The current risk rating format consists of seven categories reflecting various degrees of risk and the availability of collateral.

(Continues)

20. RISK MANAGEMENT (CONTINUED)

Credit Risk (continued)

The following information represents the maximum exposure to credit risk before taking into consideration any collateral. For financial assets recognized on the balance sheet, the exposure to credit risk is their stated carrying amount. For off balance sheet items, the maximum exposure is the full amount of the undrawn facilities or loan commitment.

	2022	2021
On balance sheet exposure		
Cash and cash equivalents	**$ 65,607,735**	$ 39,513,283
Investments	**149,538,423**	131,612,931
Member loans	**453,487,698**	461,813,415
	$668,633,856	$632,939,629
Off balance sheet exposure		
Letters of guarantee	**$ 1,841,789**	$ 1,920,902
Commitments to extend credit		
Original terms to maturity of 1 year or less	**30,368,208**	30,177,017
Original terms to maturity exceeding 1 year	**34,871,770**	30,683,146
	$ 67,081,767	$ 62,781,065

Concentration of Risk

Concentration of credit risk exists if a number of borrowers are engaged in similar economic activities or are located in the same geographic region, and indicates the sensitivity of the Credit Union to developments affecting a particular segment of borrowers or geographic region.

There were no individual or related groups of loans to members which exceed 1.16% (2021 - 1.58%) of total member loans at October 31, 2022.

There were no individuals or related groups of members for which deposits exceeded 6.04% (2021 - 6.17%) of total member deposits at October 31, 2022.

Geographic credit risk exists for the Credit Union due to its primary service area being in Bonnyville, Cold Lake and surrounding areas.

Market Risk

Market risk is the risk of loss in value of financial instruments that may arise from changes in market factors such as interest rates, equity prices and credit spreads. The Credit Union's exposure changes depending on market conditions. Market risks that have a significant impact on the Credit Union include fair value risk, foreign exchange risk and interest rate risk.

Fair Value Risk

Fair value risk is the potential for loss from an adverse movement in the value of a financial instrument. The Credit Union incurs fair value risk on its member loans, investments and member deposits. The Credit Union does hedge its fair value risk regarding its equity linked derivatives. For further information on fair value of financial instruments see Note 24.

(Continues)

20. RISK MANAGEMENT (CONTINUED)

Foreign Exchange Risk

Foreign exchange risk is not considered significant at this time as the Credit Union does not engage in any active trading of foreign currency positions or hold significant foreign currency denominated financed investments for an extended period.

Liquidity Risk

Liquidity risk is the risk that the Credit Union will encounter difficulty in raising funds to meet its obligations to members and other liabilities. To mitigate this risk, the Credit Union is required to maintain, in the form of cash and term deposits, a minimum liquidity at all times as described in Note 23. The Credit Union has established policies which include minimum liquidity requirements, eligibility requirements for liquid assets, investments with counterparties, deposit concentration and diversification limits. The Credit Union monitors expected cash inflows and outflows on a daily, cyclical and long-term basis. The Credit Union's preferred source of funding is member deposits; however, borrowing from Central is permitted during periods where loan demand exceeds deposit growth. Other sources of funding such as sale of assets, deposits from other credit unions, and wholesale deposits are acceptable.

On a periodic basis management ensures that it has adhered to the regulatory requirement of the *Credit Union Act* of Alberta's minimum liquidity ratio of 6% of total assets. The Credit Union's liquidity ratio was 7.56% at October 31, 2022 (2021 – 8.15%).

Management reviews its compliance with these policies and reports its statutory liquidity position to the Board of Directors on an exception basis. It reports the operating liquidity to the Board of Directors on a monthly basis. The Finance Committee ensures that a periodic review is performed to verify compliance with policy and procedures (no less than annually).

21. COMMITMENT

Retail Banking Services Agreement

The Credit Union entered into an amended *eroWORKS* Retail Banking Services Agreement with Celero Solutions Inc. The Agreement is effective for a ten year term commencing January 1, 2016. Under the terms of this Agreement the Credit Union is committed to annual operating fees of approximately $275,000.

22. OTHER INCOME

	2022	2021
Service charges	**$ 743,469**	$ 723,612
Mutual fund brokerage fees	**529,699**	487,909
Loan fees	**489,805**	639,491
Gain on foreign exchange	**223,984**	73,572
Other charges	**205,667**	200,653
Insurance revenue	**141,438**	128,560
NSF Charges	**124,823**	113,835
ATM, CAFT and draft fees	**76,889**	70,729
Gain on foreclosed properties	**-**	19,524
	$ 2,535,774	$ 2,457,885

23. CAPITAL MANAGEMENT

The Credit Union's objectives when managing capital are:

(a) To ensure the long term viability of the Credit Union and the security of member deposits by holding a level of capital deemed sufficient to protect against unanticipated losses.

(b) To comply at all times with the capital requirements set out in the *Credit Union Act*.

The Credit Union measures the adequacy of capital using two methods:

i) Total capital as a percentage of total assets; and

ii) Total capital as a percentage of risk weighted assets. Under this method the Credit Union reviews its loan portfolio and other assets and assigns a risk weighting using definitions and formulas set out in the *Credit Union Act*. The more risk associated with an asset, a higher weighting is assigned. This method allows the Credit Union to measure capital relative to the possibility of loss with more capital required to support assets that are seen as being higher risk.

Credit Union management ensures compliance with capital adequacy through the following:

(a) Setting policies for capital management, monitoring and reporting;

(b) Setting policies for related areas such as asset liability management;

(c) Reporting to the Board of Directors or its committees regarding financial results and capital adequacy;

(d) Reporting to the Corporation on its capital adequacy; and

(e) Setting budgets and reporting variances to those budgets.

The Credit Union is required under the *Credit Union Act* to have a capital balance that is equal to or exceeds the greater of:

i) 4% of total assets; and
ii) 8% of risk weighted assets

The Corporation also requires an additional regulatory capital buffer of 2.5% of total risk weighted assets for 2022. The Corporation also expects the Credit Union to hold an additional internal capital buffer equal to a minimum of 2% of total risk weighted assets.

As at October 31, 2022 the Credit Union’s available capital as a percent of total assets was 14.9% (2021 – 15.6%) and the available capital as a percent of risk weighted assets was 39.2% (2021 – 36.7%). Therefore, the Credit Union has exceeded its minimum capital requirement at October 31, 2022.

24. FINANCIAL INSTRUMENT CLASSIFICATION AND FAIR VALUE

Fair value amounts disclosed represent point in time estimates that may change in subsequent reporting periods due to market conditions or other factors. The Credit Union has estimated fair values taking into account changes in interest rates and credit risk that have occurred since the assets and liabilities were acquired. These calculations represent the Credit Union's best estimates based on a range of methods and assumptions. Since they involve uncertainties, the fair values may not be realized in an actual sale or immediate settlement of the instrument. Interest rate changes are the main cause of changes in the fair value of the Credit Union's financial instruments.

The following methods and assumptions are used to estimate the fair market value:

i) The fair values of cash, demand deposits, certain other assets and certain other liabilities approximate their carrying values, due to their short-term nature.

ii) The estimated fair values of floating-rate investments, member loans and member deposits are assumed to equal carrying value as the interest rates automatically reprice to market.

iii) The estimated fair values of fixed-rate investments, member loans and member deposits are determined by discounting the expected future cash flows of these items at current market rates for products with similar terms and credit risks.

The total value of loans determined using the above assumptions is reduced by the allowance for impaired loans.

	2022			2021		
	Fair Value (FV)	**Carrying Value (CV)**	**Change**	Fair Value (FV)	Carrying Value (CV)	Change
Assets						
Cash	**$ 65,607,735**	**$ 65,607,735**	**$ -**	$ 39,513,283	$ 39,513,283	$ -
Investments	**149,092,535**	**149,538,423**	**(445,888)**	131,573,680	131,612,931	(39,251)
Members' loans	**428,908,223**	**453,487,698**	**(24,579,475)**	459,706,121	461,813,415	(2,107,294)
Other	**119,573**	**119,573**	**-**	121,139	121,139	-
	$ 643,728,066	**$ 668,753,429**	**$ (25,025,363)**	$ 630,914,223	$ 633,060,768	$ (2,146,545)
Liabilities						
Members' deposits	**$ 565,458,488**	**$ 578,511,393**	**$ 13,052,905**	$ 546,253,123	$ 545,803,542	$ (449,581)
Other liabilities	**1,436,930**	**1,436,930**	**-**	1,360,197	1,360,197	-
	$ 566,895,418	**$ 579,948,323**	**$ 13,052,905**	$ 547,613,320	$ 547,163,739	$ (449,581)
	$ 76,832,648	**$ 88,805,106**	**$ (11,972,458)**	$ 83,300,903	$ 85,897,029	$ (2,596,126)

(Continues)

24. FINANCIAL INSTRUMENT CLASSIFICATION AND FAIR VALUE (CONTINUED)

Assets and liabilities recorded at fair value in the statement of the financial position are measured and classified in a hierarchy consisting of three levels for disclosure purposes; the three levels are based on the priority of the inputs to the respective valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). An asset or liability's classification within the fair value hierarchy is based on the lowest level of significant input to its valuation. The input levels are defined as follows:

- Level 1: Unadjusted quoted prices in an active market for identical assets and liabilities.

Assets measured at fair value and classified as Level 1 include cash and cash equivalents and derivatives.

- Level 2: Quoted prices in markets that are not active or inputs that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 2 inputs include quoted prices for assets in markets that are considered less active. There are no assets measured at fair value and classified as Level 2.

- Level 3: Unobservable inputs that are supported by little or no market activity and are significant to the estimated fair value of the assets or liabilities.

Level 3 assets and liabilities would include financial instruments whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of estimated fair value requires significant management judgment or estimation.

Assets measured at fair value and classified as Level 3 include Central shares and CUSO shares.

There were no transfers between fair value hierarchy levels for the years ended October 31, 2022 and 2021.

25. IMPACT OF COVID-19

On March 17, 2020, the Government of Alberta declared a public health emergency in response to the coronavirus disease 2019 ("COVID-19") pandemic. The measures implemented to combat the spread of the virus have had an impact on the Credit Union; however, at this time an estimate of the financial effect is not feasible.

The Credit Union is closely monitoring the recommendations from public health agencies and government authorities while implementing its new operational plan to reduce any adverse financial impact and continue operations.

For the year ended October 31, 2022; on behalf of the Government of Canada, the Credit Union has disbursed 267 (2021 - 322) Canada Emergency Business Account ("CEBA") interest free loans ranging from $11,000 - $60,000 per loan totaling $14,443,796 (2021 - $17,029,423). These loans are not loans issued from the Credit Union, and as such, are not included in the member loans balances on the Statement of Financial Position.

26. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

27. RESTATEMENT

During the 2021 fiscal year, the Credit Union revised its profit share policy to pay patronage as cash to the members accounts instead of common share dividends.

The above change has been applied retroactively and the 2021 comparative figures have been restated as follows:

	As Previously Stated	Restatement	As Restated
Consolidated Statement of Financial Position			
Patronage Allocation Payable to Members	$ -	$ 835,095	$ 835,095
Allocation Distributable	$ 1,159,152	$ (835,095)	$ 324,057

LAKELAND CREDIT UNION LIMITED

Schedule of Consolidated Operating Expenses **Schedule I**

For The Year Ended October 31, 2022

	2022	2021
Personnel		
Salaries and wages	**$ 5,881,421**	$ 6,067,557
Employee benefits	**764,111**	826,959
Recruitment and retention	**151,022**	7,508
Other	**35,641**	40,841
Training	**27,532**	72,095
	6,859,727	7,014,960
Occupancy		
Depreciation	**378,365**	391,232
Maintenance, utilities and janitorial	**343,909**	398,807
Property taxes	**82,353**	30,483
Insurance	**47,356**	46,111
	851,983	866,633
Security		
Deposit guarantee assessment	**278,544**	300,573
Bonding	**80,977**	79,635
Depreciation	**2,779**	4,063
	362,300	384,271
Organization		
Credit Union Central dues	**154,667**	137,621
Directors and committee remuneration	**80,025**	124,810
Director meetings and training	**58,990**	41,167
Membership meetings	**15,544**	27,133
	309,226	330,731
General		
Computer services	**1,184,071**	1,061,463
Cash, service charges and other fees	**544,483**	557,634
Consulting and professional fees	**251,958**	394,689
Advertising and marketing	**238,264**	301,122
Depreciation	**134,289**	100,275
Other	**120,007**	125,574
Office and communication	**119,959**	169,217
Loss on foreclosed properties	**103,883**	1,588
Dues and subscriptions	**96,822**	92,905
Amortization of intangible capital assets	**78,518**	41,015
Staff travel	**67,042**	37,704
Equipment leases, repairs and maintenance	**43,454**	71,418
Loss on disposal of property and equipment	**1,083**	-
	2,983,833	2,954,604
	$ 11,367,069	$ 11,551,199