



CrossroadsTM

CREDIT UNION

2020 ANNUAL REPORT

Photo Credit: Brandon Zuravloff
2020 Crossroads Country Calendar Winner

CROSSROADS CREDIT UNION
13th ANNUAL GENERAL MEETING
Virtual Meeting via Zoom
April 19, 2021 at 7:00pm

AGENDA

- 1) Call to Order – Business Meeting**
- 2) Confirmation of Quorum and Notice of Meeting**
- 3) Adoption of Agenda**
- 4) Minutes of the 2020 Annual Meeting**
- 5) Business Arising Out of the Minutes**
- 6) Message from the Board President – Walter Ostoforoff**
- 7) Message from the Chief Executive Officer – Jeff Bisschop**
- 8) Report of the Auditor and Financial Statements – Rhonda Fullawka**
- 9) Question Period**
- 10) Adoption of Reports**
- 11) Appointment of Auditor for 2021**
- 12) Report of Election Committee**
- 13) Adjournment**

April 19, 2021 – Virtually via Zoom

**CROSSROADS CREDIT UNION
ANNUAL MEETING MINUTES
Canora Branch – June 22, 2020**

Registration

The annual meeting commenced at 4:00pm at the Canora branch with attendance as per the register of 21. Members attended in branch and the meeting was live streamed on Crossroads Facebook page.

Call to Order – Business Meeting

Board President Walter Ostoforoff called the business meeting to order at 4:00pm and welcomed those in attendance.

Confirmation of Quorum and Notice of Meeting

CEO Jeff Bisschop provided confirmation of Quorum and Notice of Meeting.

Selection of Chairperson

President Walter Ostoforoff announced that the Board has chosen Ivan Peterson to chair the meeting.

Adoption of Agenda

Leanne Woloshyn – Kim Ryczak moved that the agenda be adopted.

CARRIED

Minutes

A copy of the Minutes of the April 16, 2019 Annual meeting held in Wadena was included with the annual report.

Carla Bugera – Lorelee Antonovitch moved that the minutes be adopted as presented.

CARRIED

Business arising out of the minutes

No business arising out of the minutes.

Message from the Board and CEO

President Walter Ostoforoff presented the message from the Board.

CEO Jeff Bisschop presented the message from the CEO.

Report of the Auditor and Financial Statement

Manager of Finance and Risk Rhonda Fullawka presented the Auditors Report and Financial Statements.

Question and answer period followed.

Adoption of the Reports

Arlette Bogucky – Darcelle Lemaire moved that the reports be accepted as presented.

CARRIED

Appointment of Auditor for 2020

Gary Herbert – Kim Ryczak that we appoint Meyers Norris Penny (MNP) as auditors for 2020.

CARRIED

Report of the Election Committee

Terms of Directors expired in three Districts of Crossroads Credit Union – Central, Northern and Western Districts. The following elections were required:

Central District	two nominees (3 year terms)
Northern District	one nominee (3 year term)
Western District	one nominee (3 year term)

Advertisements were placed in local district newspapers, website and social media requesting nominations of interested members wishing to let their name stand for election to the Board of Directors.

The nominations received within the advertised deadline were examined and confirmed that the Nominees qualified to serve as Directors under the Regulations of the Credit Union Act and Crossroads Credit Union Bylaws.

Results are:

Central District

Three candidates filed nomination papers within the advertised deadline.

As the number of candidates exceeded the number of vacancies, an election was held at Canora Branch from June 2-10, 2020.

The candidates were:

Calvin Homeniuk
Walter Ostoforoff
Natalia Prokopetz

Calvin Homeniuk and Walter Ostoforoff were elected for a three-year term.

Northern District

One candidate filed nomination papers within the advertised deadline.

As the number of candidates equaled vacancies, the following candidate is declared elected by acclamation for a three-year term.

The candidate was:

Dale Zubko

Dale Zubko was elected by acclamation for a three-year term.

Western District

One candidate filed nomination papers within the advertised deadline.

As the number of candidates equaled vacancies, the following candidate is declared elected by acclamation for a three-year term.

The candidate was:

Duane Sweatman

Duane Sweatman was elected by acclamation for a three-year term.

Director Retirement

President Walter Ostoforoff presented Gary Herbert with his service pin for 36 years of service.

Adjournment

Gary Herbert adjournment the meeting at 4:30pm.

President Walter Ostoforoff

Secretary Jeff Bisschop

MESSAGE FROM THE CHAIR & CEO

For most of us 2020 was a year of unprecedented turmoil and uncertainty. Throughout the year, our focus was on keeping members and staff safe, while emerging as a viable organization. We thank our staff and members for helping make that happen.

Our team stepped up during the COVID-19 crisis to put members at the forefront more than ever before. They adjusted to new ways of working and new ways of providing the exceptional service our members expect, whether in front of a screen at home or behind one on the front lines. They did all of this while we continued work to strengthen our culture, processes and practices behind the scenes.



To keep everyone safe throughout the year, we followed all public health guidelines, adjusting as the situation evolved. We added temporary Saturday hours and new ways of banking, including an informal call centre that was up and running in a matter of weeks. We added new, more convenient ways of communicating with our members like text messages and virtual meetings. We also encouraged use of no-contact options like our night deposit boxes and ATMs.

Online and mobile banking were key in 2020. Our members have shown a growing preference for these options in recent years. COVID-19 accelerated that trend. Half of our members chose to bank from the safety and comfort of home. We'd like to thank our members for their willingness to adapt and for their patience as we navigated through this extraordinary time together.

Crossroads also helped members financially in 2020. We got money out into the community by giving commercial members access to \$4.2 million in loans through the Canada Emergency Business Account. We



waived service charges for telephone transactions and worked with members who were concerned about their finances. We worked on a case-by-case basis with members who couldn't make loan payments because the pandemic left them without a job.

During such a stressful year it would be normal to see some frustration and discontent. We're proud to say Crossroads made gains in satisfaction with members and staff in 2020. Our member satisfaction index rose slightly to 92.48% and our

employee engagement score rose from 9% in 2019 to 33%. We don't take either of these numbers for granted and work every day to keep members happy and employees engaged.



Our financial results were also positive in 2020. We've done a lot of work to ensure our credit union's financial stability in times of stress and it paid off when we needed it. We continue to hold healthy levels of liquidity and capital. Thanks mainly to strong deposit growth, our assets rose to \$302.7 million. Profitability was down slightly, but we earned \$2.5 million in income in a year when many businesses didn't fare as well.

At Crossroads, we put our money where our members are. We share our profits with members and invest in our communities. We gave back more than \$49,000 through sponsorships, donations and Community Investment Fund allocations.

Members voted to choose our most significant investment, \$15,000 for hall improvements at Sturgis and District Regional Park.

COVID-19 and its impacts kept our Board busy throughout the year. It also highlighted the value of the framework the credit union uses to manage risk. Risk management is integral to decision-making at Crossroads and our process evolves regularly as our industry changes. In 2020 the Board worked to strengthen our risk



appetite statement, which defines the amount and type of risk our credit union is willing to accept in pursuit of its business objectives.

The Board was relatively stable again in 2020. Ivan Peterson was re-elected in the North district. Walter Ostoforoff was re-elected and Calvin Homeniuk joined the Board in the Central District. Dale Zubko was elected by acclamation in the Northern District. We said goodbye to Gary Herbert, who resigned after 36 years on the Board. We wish him all the best and thank him for his years of dedication and service.

Though COVID-19 will remain a significant factor in 2021, we look forward with confidence. The last year has taught us how resilient we can be. It's shown that our credit union is well-positioned to weather a year-long crisis that reached into every facet of society. Full recovery will take time and some things may never go back to the way they were. But we can see a light at the end of the tunnel and we look forward to the day when we can once again share a handshake and a smile.

In Co-operation,

Walter Ostoforoff, Chair
Jeff Bisschop, Chief Executive Officer

BUSINESS ENVIRONMENT

Though we operate in Saskatchewan, the past year has shown that most businesses are affected by events across the country and around the world. As a financial institution, Crossroads is influenced by issues such as:

- financial markets, interest rates and the value of the Canadian dollar
- Bank of Canada's monetary policy
- developments in the financial service sector or credit union system
- changes in regulation or legislation



COVID-19 has undoubtedly had a devastating affect on most of the world. The world economy shrank 3.8% for the year, while U.S. Gross

Domestic Product (GDP) dropped 3.5% in 2020. As businesses learned to operate under pandemic restrictions, most economies saw modest growth in the second half of the year after a significant decline in the first six months.

The Canadian economy contracted 5.4% in 2020, its worst year on record.

Unemployment reached a high of 13.7% in May but recovered later in the year. Though the Bank of Canada's Business Outlook Survey points to continued recovery in 2021, it's expected to be uneven, with businesses who've already been most affected, anticipating more challenging times ahead.

Though the province wasn't as hard hit as some by the pandemic, Saskatchewan's GDP fell 5.4% in 2020. Not unexpectedly, unemployment averaged 8.4% during the year, the highest in more than 40 years.

The news wasn't all bad. With \$3.4 billion in exports, Saskatchewan was the only province to see an increase in 2020. Farm products led with record agri-food exports of \$16.9 billion, a 31% increase over 2019. Not all sectors fared as well. For obvious reasons, the Arts, Entertainment and Recreation and Accommodation and Food Services sectors fell 50.1% and 39.3%.

Spurred by low interest rates and a desire for more space during COVID restrictions, home sales were up an average of 24.5% across the province in 2020. Median house prices increased an average of 1.2% with considerable variability across the province.

Closer to home, the economy in our trading area weathered the pandemic fairly well. We believe most



of our members and communities will come through this crisis in a relatively strong position. Our trading area has a large agricultural base and that sector performed well in 2020. The lower cost of living in our small towns was a benefit to anyone whose income was affected.

Saskatchewan credit unions

Saskatchewan credit unions are full-service co-operative financial institutions, ranging in size from \$26 million to more than \$6 billion.

Credit Union Deposit Guarantee Corporation of Saskatchewan is the primary regulator of the province's credit unions. The Corporation holds credit unions to standards similar to those used to regulate national and international financial institutions.

Regular monitoring ensures credit unions operate according to those standards and identifies potential issues early enough to allow credit unions to take corrective action.

The Corporation guarantees the full repayment of all funds held in Saskatchewan credit unions. There's no limit to the size of deposit covered. The guarantee is made possible through a comprehensive deposit protection regime and a focus on prevention.

The Corporation promotes responsible governance by individual credit unions as well as the strength and stability of the credit union system as a whole.

SASKATCHEWAN CREDIT UNIONS BY THE NUMBERS

- 36 credit unions
- 486,000 members
- over 349 elected board members
- 234 service outlets in 208 communities
- assets of \$26.5 billion
- revenue of \$1.04 billion
- \$19.3 billion in loans
- over \$6.07 million returned to members as patronage equity contributions & dividends
- over 3,200 employees



Credit unions are recognized for their customer service and community support. In 2020 Canadian credit unions ranked **first among all financial institutions** for overall customer service excellence in the IPSOS Financial Service Awards. This is the **16th year in a row** that credit unions have held this honour.

MANAGEMENT DISCUSSION AND ANALYSIS

OUR SERVICE MODEL

We're member centric. Our members are the centre and their needs drive everything we do. It's not about price, it's about the service. That's our value.



OUR VISION Where we're headed

Everyone in Crossroads Country has the **financial confidence** to succeed in any direction they choose.



OUR MISSION How do we get there?

We will make it **easy and beneficial** for our member-owners to have a full relationship with us.

WHAT IS CROSSROADS COUNTRY?

Crossroads Country is not just a place; it's a feeling. A close-knit community of people, regardless of physical location, who through all seasons are united by prairie values. It's about grassroots, hometowns, and co-operation. This feeling of belonging to a family that is always willing to lend a helping hand is part of what makes Crossroads a direction worth choosing.

VALUE PROPOSITION

"We differentiate ourselves through service. Our goal is to make meaningful connections with each member, taking time to build rapport that changes every transaction into a superior experience."

Our values

Grassroots – Grassroots encompasses the concepts of a **full service, member owned, democratically governed, and sustainable** financial institution. We pride ourselves on sound business practices, providing a full suite of financial products and services. Every member of Crossroads is an owner and has the power to cast one vote to elect the Board of directors.

Integrity – **Commitment, efficiency, honesty and security** are important to Crossroads because our members are our story and we are committed to helping them achieve their goals. Our members place their trust in us, and we go above and beyond industry standards with processes and procedures to maintain this trust and build relationships. We also uphold strict privacy and financial safeguards to ensure that Crossroads' members are protected.

Passionate – We strive to be **friendly, understanding, co-operative, and personal** with every member. It is our goal to know our members better than anyone else, because in doing so, we provide the best possible service and advice. We are passionate about teamwork and collaboration because as a team, we can achieve more and help our members become financially confident.

Reputable – We are focused on **community involvement**, pride ourselves on being **educators and leaders**, and will go **above and beyond**. We lead by our reputation, not only by going above and beyond for our members, but by actively promoting financial literacy in our communities. Through volunteering, donations and sponsorships, we support our communities, our grassroots, and help them continue to flourish.

Quality – Crossroads is a **member-focused** organization, driven by **continuous improvement, innovation, and proactive** actions. When our members succeed, we succeed, so we invest in these relationships by adapting to their needs, no matter where they are in life. By being proactive, we prepare our members for the future now, so that they are ready for their next chapter when it begins.

Credit Union Market Code

Crossroads Credit Union voluntarily adheres to a *Credit Union Market Code*, jointly developed by Saskatchewan credit unions, SaskCentral and Credit Union Deposit Guarantee Corporation to ensure the protection of credit union members. The code sets out guidelines in the following areas:



- the process for handling complaints regarding the service, products, fees or charges of Crossroads Credit Union
- fair sales, including the roles and relationship of staff to all members/clients in accordance with the financial services agreement
- our financial planning process
- how we protect the interests of those who do business with Crossroads Credit Union by ensuring all member/client information is kept confidential and used only for the purpose for which it is gathered
- professional standards
- how we ensure our capital structure aligns with our risk philosophy
- the business and industry standards we follow for financial reporting
- governance practices and how we adhere to the intent and stipulation of our corporate bylaws, approved by the membership of Crossroads Credit Union
- how we employ risk management to ensure all risks are measured and managed in an acceptable fashion

Co-operative Principles

As a co-operative financial institution, Crossroads Credit Union acts in accordance with internationally-recognized principles of co-operation:

Voluntary and Open Membership – Co-operatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

Democratic Member Control – Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are also organized in a democratic manner.

Member Economic Participation – Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.



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

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

Co-operation among Co-operatives – Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

Concern for Community – Co-operatives work for the sustainable development of their communities through policies approved by their members.

Who we are

Crossroads Credit Union is a provincially regulated co-operative financial institution. Based in Saskatchewan's Parkland we provide a full range of financial services from branches in Canora, Preeceville, Sturgis and Wadena.

A 10-person volunteer Board of directors is elected to govern our operations. It provides strategic direction and oversight to a management team responsible for day-to-day operations.

Crossroads manages more than \$302 million in assets and serves 6,900 members and non-members with a staff of 49 professionals. Non-members don't own shares in the credit union, participate in the

democratic process or benefit from our Member Patronage Program.

We serve individual, non-profit, farm and commercial members with highly personalized service. Crossroads provides wealth management services through a personal financial planner at Credential Financial Strategies Inc®. We complement our personal service with the convenience of online, telephone and mobile banking.


Strategies


We aspire to make it easy and beneficial for members to have a full relationship with us. Achieving this requires:


- developing internal capacity
- building a sustainable culture of service and member centricity
- creating member awareness of what we offer
- growing our balance sheet to create more revenue to invest in services


Crossroads' Board and management meet each year to set the strategic direction that brings that mission to life. An operational plan aligns management's activities with that strategic direction.

STRATEGIC DIRECTION

MEMBERS

We will have informed, full-relationship member owners who trust the credit union to assist them to achieve their goals and who advocate for the credit union.

PEOPLE

We will have educated, inspired and empowered staff who make it easy and beneficial for our members to have a relationship with us.

COMMUNITY

We will work with our community partners to foster mutually rewarding member / owner relationships.

FINANCIAL

We will drive sustainable earnings to fund our priorities on behalf of our member / owners.

Our main financial objectives are to:

- improve operating efficiency, non-financial income and capital strength
- see growth within targeted financial and transaction areas
- manage risk within acceptable levels

Principles of credit risk management govern our pricing strategy. Crossroads looks for a balance between risk and return. We accept moderate enterprise level risk if it creates high quality, personal service for our members. We won't take on risks that may jeopardize our reputation or brand and we have no appetite for risk that compromises our capital strength and financial sustainability.

Our value proposition

We **differentiate ourselves by our service**. We make a meaningful connection with each member, taking the time to build rapport that changes every transaction into a superior experience. We build and sustain mutually rewarding relationships with each member. Ultimately, this drives growth and prosperity for our members and our credit union. We know that if our communities thrive, we thrive.

BUILDING RELATIONSHIPS



Knowing our members better than anyone else.



Converting each transaction into an experience.



Making it easy for members to deal with us.

Priorities – Success requires focusing on a few important projects that lift our credit union to the next level. Our main priority in 2020 was the health and safety of members and staff. In addition, we focused our efforts on the following:

- **Culture** - leading our credit union to quickly and effectively respond and adapt to changing circumstances, to learn from our experiences and fail forward
- **Communications** – enhancing the effectiveness of internal and external communications to create stronger connections and raise awareness
- **Training & development** – providing our staff tools, resources and training that build competence and confidence to have meaningful connections with members

Key performance drivers & results

A balanced scorecard helps Crossroads set business goals, monitor progress and measure results. Financial and non-financial measures extend the credit union's vision and strategy into objectives across four balanced perspectives: members, staff, community and financial.

Financial performance

Driving sustainable earnings to fund our priorities		
	2020 targets	2020 results
Return on assets	0.5% - .75%	0.67%
Maintain capital levels in excess of our ICAAP	13.4%	15.0%
Increase in electronic members	2.5%	+8.6%
Increase in electronic transactions	+3-5%	+22%

Growth – Though 2020 was a challenging year, total assets rose 9.79% to \$302.7 million in 2020. This is significantly above budget (3.06%) and 2019 levels (1.16%). Strong deposit growth was the main contributor as COVID restrictions and financial uncertainty moved consumers to save at record levels. Deposits grew 10.51% to \$273.4 million, which is significantly higher than budget.

Though below budget, loan growth in 2020 was more typical at 1.89%. We ended the year with \$211.4 million in loans.



Off balance sheet assets saw significant growth again in 2020, achieving 14.27% growth. This is down slightly from 2019, but well above our 10% target. In addition to our wealth portfolio, this included \$4.7 million in Canada Emergency Business Account loans.

Due to our significant deposit growth, our loan to asset ratio was 69.84%, a level not seen since 2013. This is below our target range of 75-80%.

Profitability – Profits allow our credit union to build capital, manage growth and take advantage of opportunities. In 2020 Crossroads earned \$2.5 million in income. Profitability was 0.67%, which is down slightly from 2019, but above budget. Our results were supported by \$142,000 from the Canada Emergency Wage Subsidy, which helped us keep our staff whole through 2020. With interest rates at record lows we worked hard to maintain our interest margin to help us remain viable heading into 2021.

Efficiency ratio is a measure of how much revenue is spent on operating costs. A low ratio indicates efficient use of resources. Our ratio was at 67.6% in 2020. Though up from 2019, we were able to contain costs and come in below budget of 69.75%.

Capital management – A capital plan guides our approach to managing capital, ensuring we meet or exceed regulatory standards. The plan forecasts our ability to support operations, growth and risk over time. Our capital plan considers our corporate tolerance for risk and demonstrates how Crossroads will balance the appropriate quantity and quality of capital for the credit union.

Board-approved policies set the amounts and types of capital we want to hold. Our bylaws outline how we allocate any surplus. Management is responsible for:

- implementing the plan
- reporting regularly on progress
- providing expert advice on the topic



Capital requirements for credit unions are dictated by provincial legislation that lays out how we can maintain, raise and control capital. Our regulator, Credit Union Deposit Guarantee Corporation of Saskatchewan, sets regulatory minimums through its Standards of Sound Business Practice, directives and guidelines. Credit unions must ensure they hold a level of capital that matches their risk profile and meets internal targets under normal and stressed conditions.

Though we hold a healthy level of capital, Crossroads continues to pay close attention to profitability. In 2020 capital grew \$2

million from operations. Equity sat at 9.2% of assets which comes from retained earnings.

We monitor the ratio of eligible capital (retained earnings plus member held equity) and tier 1 capital (retained earnings) against risk-weighted assets. Regulatory standards also require us to calculate a leverage ratio. This is an indicator of our total capital relative to total assets and certain off-balance sheet exposures, such as loans to members that have been committed to, but not yet disbursed.

We carefully manage our balance sheet to avoid the negative effects that can come when loan growth exceeds deposit growth. At the end of 2020, our ratio of eligible capital to risk-weighted assets sat at 15.0%. Tier 1 capital as a percentage of risk-weighted assets was at 14.8%. Both were above our internal targets. Our leverage ratio was 9.22%, which is down slightly from 2019, but still well above our 5.5% target.

We set minimum capital levels for our credit union well above regulatory standards to maintain enough capital to meet our needs even in times of significant loss or unplanned growth. Current policy is to ensure we maintain the optimal amount of capital indicated by our internal capital adequacy assessment process (ICAAP). This allows us to:

- meet regulatory and operational requirements
- allow flexibility for changes in business plans
- signal financial and capital strength
- co-ordinate our growth with our capital management requirements
- provide member patronage options

	Provincial Standard	CCU Target
Common equity tier 1/risk weighted assets	7%	8%
Total tier 1 capital/risk weighted assets	8.5%	11.4%
Total eligible capital/risk weighted assets	10.5%	13.4%
Leverage ratio	>5%	6.5%

Capital is a limited resource for credit unions. We're restricted to raising capital through profits from our operations. We keep this in retained earnings or share it with members through patronage payments. Crossroads allocates earnings in the following order:

1. capital until capital standards are met
2. additional capital to support growth, development, safety and financial soundness
3. member patronage allocations or dividends

Member patronage – Credit unions obtain tier 1 capital through profitability, which contributes to total retained earnings. Allocations to member equity accounts have traditionally been an important part of our capital growth strategy. However, funds held in member equity accounts no longer meet the standard to be counted as tier 1 capital. For this reason, the Board approved the full payout of member equity accounts over a period of three years. The final amount of \$591,000 was paid out in 2020.

We've paid over \$5.5 million in patronage payments to our members through cash and allocations to equity accounts since 1998. After taking time to review our Member Patronage Program, the Board returned to the practice of making patronage payments when our financial position allows. We

believe this is the best way to ensure our member rewards provide value to all while allowing the credit union to maintain our strong capital position.

In 2020 we paid \$350,960 in member patronage for 2019. We did not make a Member Patronage allocation for 2020, choosing instead to focus on building capital given our financial results and the continued impact of the pandemic.

Regular audits – All aspects of our operations are regularly reviewed through a combination of internal and external audits. Every three years our regulator, Credit Union Deposit Guarantee Corporation of Saskatchewan, conducts a supervisory review. Our next review is scheduled for 2021.



Each year we perform a comprehensive internal audit of our operations and a third-party review of specific aspects of our organization. In 2020 that review focused on asset/liability management as well as anti-money laundering policies and procedures.

Twice a year, an external auditor examines our credit function to ensure we operate according to relevant policy and procedures. We also regularly review several areas internally, including privacy, wealth management, deposit services, information technology, human resources and payroll administration.

Crossroads also pays close attention to ensuring we comply with all relevant policies, standards and legislation. All staff and directors are trained each year on the topics of money laundering and terrorist financing.

Looking to the future – In 2021 the continued challenges of low interest rates will put pressure on our net interest margin. We anticipate minimal loan growth and reduced profitability with consumers remaining cautious and the economic recovery taking time.

Members

Informed, loyal member owners who trust us to help them achieve their goals		
	2020 targets	2020 results
Growing level of assets per member	+5.94-7.26%	+10.48%
Member perceptions of value	83-86%	89%
Members with full relationship	15.35-18.75%	17.48%

Our members are at the centre of everything we do. This was especially true in 2020 when we focused on doing everything we could to keep them safe physically and financially through the COVID-19 pandemic.

In addition to following all public health guidelines, Crossroads:

- implemented new ways for members to contact us through text messages and emails
- offered virtual meetings to allow members to connect with us from the comfort and safety of their own homes
- implemented an informal call centre
- encouraged members to use non-contact banking options like our night deposit, ATMs, online banking, our mobile app, Deposit Anywhere, Interac e-Transfer and the telephone
- kept members up to date with COVID-19 branch updates through messages and videos delivered on social media and email

We're here for our members through these unprecedented times and here to help them through any financial hardships. In light of COVID-19 Crossroads:

- offered two additional post-secondary scholarships to student members
- waived telephone service charges when we were not open for regular business
- deferred or amended payments on \$36.3 million in loans and waived related fees
- introduced Canada Revenue Agency Direct Deposit Enrollment, getting COVID-19 and other CRA benefits into members' hands faster



During such a difficult year, we were pleased to see our member satisfaction index (the percentage of members satisfied/very satisfied with overall service quality) increase yet again. It rose 0.69% to **92.48%**.

Looking to the future – In 2021 we'll refocus our energy on projects that help us make it easy and beneficial for members to deal with us. This includes:

- continuing to enhance our processes to deliver easy, friction-free service
- investing in technology to support the member experience
- working to understand and support members' financial goals

People

Educated, inspired and empowered staff who make it easy and beneficial for our members to have a relationship with us

	2020 targets	2020 results
Employee engagement score	16-20%	33%
Member perception of professional competence	83-86%	83%

Employees – Our success depends on a team of skilled professionals. In 2020 our team went above and beyond to help members through the pandemic. They adapted quickly to new ways of working and had to work together more closely than ever before.



We entered the year with a plan to focus on our culture, communications, and training and development. COVID-19 changed some of our tactics and accelerated some planned changes. We had planned to refresh our strategy for using technology to enhance employee effectiveness and the member experience. Though this was put on hold due to COVID-19, we relied heavily on technology to help us serve members safely through the year.

Technology allowed us to meet regularly as a team, no matter where we were working from. It also meant we could safely go ahead with training planned to support staff and leadership development. An internally developed customer relationship management tool will help us improve service and build meaningful relationships with members.

Though we didn't take a formal approach to continuous improvement, our team made several changes throughout the year to remove bottlenecks or points of friction for members and co-workers. This included:

- implementing e-signatures to support remote banking
- expanding our contact centre to handle increased traffic
- improving our web site



In our industry, the Occupational Health & Safety Committee doesn't usually have much to do. In 2020 the committee met regularly and was invaluable throughout the pandemic, providing guidelines for keeping our staff and members safe and supported through the crisis. They also set up sanitization stations at all entrances and ordered protective barrier shields for all frontline staff and social distancing signage for branches.

Board of directors – An elected Board of volunteer directors oversees Crossroads' strategic direction. The Board ensures our credit union is well-managed and adheres to all legislation, regulation and standards.

COVID-19 gave the Board much to consider in 2020. It also served as a real-life example of the importance of enterprise risk management as the Board worked to update the risk appetite statement that defines the amount and type of risk Crossroads is able and willing to accept in pursuit of our business objectives.

Community

Working with community partners to foster mutually rewarding member owner relationships

	2020 targets	2020 results
Member perceptions of community profile	83-86%	90%



When our communities succeed, so does our credit union. Though there may be repercussions yet to come, we were pleased to see our communities pull together through the pandemic and proud to do our part to help. Giving back is fundamental for credit unions. In a year like 2020 it took on added importance.

COVID-19 changed some of our plans and reduced our ability to volunteer. However, our annual member survey told us that members still appreciate our community support. More than **90% of respondents agree** that Crossroads:

- makes a difference in our communities
- demonstrates social leadership through community involvement
- demonstrates economic leadership through its donations, sponsorships and the Crossroads Community Investment Fund

Looking to the future – We'll continue to evolve our approach to community support, ensuring our investments benefit our credit union and our communities. We look forward to once again being out in our communities on a regular basis.

Enterprise risk management



As a financial institution, Crossroads Credit Union must manage the risks it faces to achieve its business objectives.

We use an enterprise risk management process to articulate the degree of risk the credit union is willing to accept to optimize value to the organization and its stakeholders. Enterprise risk management helps us identify, analyze and systematically address the risks inherent in our business.

The process is required by our primary regulator, Deposit Guarantee Corporation of Saskatchewan, and is an important element of our governance and strategic planning.

In 2020 we identified two high severity risks and seven moderate severity risks. These

risks were analyzed through our Internal Capital Adequacy Assessment Process (ICAAP) and are addressed in our capital plan. Two of these risks were related to COVID:

- We mitigated the risk of increased loan losses through strong policies and by working closely with our members and offering loan deferrals.
- We minimized the risk of a reduced workforce due to illness by proactively working from home, setting up revolving work teams and following all Saskatchewan Health Authority guidelines.

Risk philosophy

Navigating uncertainty effectively will help to strengthen our corporate performance, creating and preserving value by ensuring that we deliver quality member services and products. Proactively managing risk ensures that we respond to uncertainty, reducing unexpected outcomes and strengthening the confidence of our many stakeholders.

Risk philosophy statement

Crossroads Credit Union is willing to take on only those risks that it fully understands and can manage within acceptable levels.

Risk categorization

Crossroads uses industry standard categorization to identify and group key risks.

Risk commitment



Crossroads Credit Union's Board and management committee are committed to establishing a risk-informed decision-making culture. A risk informed culture enables us to optimize the risk/reward trade-off and more effectively exploit opportunities we identify. Our risk framework aligns with ISO international best practices and ensures risk management is a core capability and integrated into our decision-making processes.

Risk mandate

Our risk framework mandate is to ensure known and emerging risks are identified and managed within acceptable risk appetites and tolerances set out by the Board. Our risk framework applies to all key decisions and business processes. It is consistent with the Standards of Sound Business Practice set out by Deposit Guarantee Corporation of Saskatchewan.

Objectives:

- to ensure we do not take on more risk than we can afford to handle
- to achieve tangible benefits resulting from the risk appetite process
- to ensure capital is protected

Risk appetite

Our risk appetite includes qualitative statements and quantitative measures. Together, they describe the amount and type of risk we're willing to accept in pursuit of our strategic objectives. Qualitative risk appetite statements provide balanced thought and action. Collectively, they describe a forward-looking view of the acceptable risk profile of the credit union.

Risk Category	Appetite	Definition
Strategic Risk	Moderate	Risk arising from an inability to implement appropriate business plans, strategies, decision-making, resource allocation and adapt to changes in the business environment.
Credit Risk	Moderate	Risk arising from a counterparty's inability or unwillingness to fully meet its on and off-balance sheet contractual obligations.
Market Risk	Modest	Risk arising from: <ol style="list-style-type: none"> 1. movements in interest rates, primarily from timing differences in the repricing of assets and liabilities 2. changes in the market price of an asset or liability 3. movements in foreign exchange rates
Legal and Regulatory	Modest	Risk arises from potential non-compliance with laws, rules, regulations, prescribed practices or ethical standards.
Liquidity Risk	Modest	Risk arising from the inability to generate or obtain necessary cash or equivalents in a timely manner, at a reasonable price, to meet on and off-balance sheet commitments as they come due, without incurring unacceptable losses.
Operational Risk	Modest	Risk arising from problems in the performance of business functions or processes, which can result from deficiencies or breakdowns of internal controls or processes, technology failures, human errors or dishonesty, or natural catastrophes.

Liquidity risk

Managing liquidity is essential to maintaining the safety and soundness of our credit union. Crossroads Credit Union does this by adhering to a liquidity management framework, minimum targets and strategies documented in a Liquidity Plan that is approved by the Board annually.

The principles of Crossroads' liquidity management framework include:

- Maintain a stock of liquid assets.
- Maintain a strategy, policies and tolerances that are approved annually by the Board.
- Measure, monitor and manage liquidity.
- Conduct regular stress testing and contingency planning.
- Ensure internal controls are in place to manage the liquidity risk process.
- Manage market access to funding sources.

Adequate levels of liquidity are required to meet regulatory requirements and the day-to-day cash needs and loan demands of our members. Crossroads must be able to generate or obtain sufficient cash or cash equivalents in a timely manner and at a reasonable price to meet commitments as they come due, even under stressed conditions.

SaskCentral is the statutory liquidity manager for the Saskatchewan credit union system. Credit unions are required to hold 10% of member deposits in statutory liquidity funds and adjust those figures quarterly. We hold a line of credit with SaskCentral to help manage clearing and settlement and unforeseen funding needs.

An important measure of liquidity risk Crossroads employs is the Liquidity Coverage Ratio (LCR). The objective of the LCR is to ensure that a credit union has an adequate stock of unencumbered high-quality assets that:

- consists of cash or assets that can be converted to cash at little or no loss of value
- meets its liquidity needs for a 30-day calendar stress scenario, by which time it is assumed corrective actions have been taken by the credit union

Crossroads has met and exceeded the minimum LCR requirements established by Credit Union Deposit Guarantee Corporation.

Liquidity Coverage Ratio			Change	
	2020	2019	\$	%
Stock of Level 1A Weighted Assets	18,578,238	18,289,089	289,149	1.58%
Stock of Level 2A Weighted Assets	1,914,439	2,322,837	-408,398	-17.58%
Stock of Level 2B Weighted Assets	3,330,597	3,154,758	175,839	5.57%
High Quality Liquid Assets (HQLA)	23,823,274	23,766,684	56,590	0.24%
Retail Deposit Run-Off	11,491,081	10,533,409	957,672	9.09%
Unsecured Wholesale Funding Run-Off	7,635,297	6,483,751	1,151,546	17.76%
Additional Requirements	1,337,877	1,016,643	321,234	31.60%
Total Prescribed Outflows	20,464,254	18,033,803	2,430,451	13.48%
Total Prescribed Cash Inflows	8,179,856	4,515,051	3,664,805	81.17%
Net Prescribed Cash Outflows	12,284,398	13,518,752	-1,234,354	-9.13%
Liquidity Coverage Ratio (LCR)	193.93%	175.81%		

Credit risk

Regulatory guidelines require Crossroads to provide additional disclosures regarding our residential mortgage portfolio. The guideline reaffirms the need for credit unions to have a stress-testing regime that considers unlikely but plausible scenarios and their impact on the residential mortgage portfolio. Crossroads performs stress testing, which is considered in the internal capital adequacy assessment process (ICAAP).

Residential mortgages are secured by residential properties. As the residential



mortgage portfolio is secured by residential properties, which are subject to a decrease in market value in an economic downturn, Crossroads Credit Union ensures prudent practices surrounding security, including maximum LTV (loan-to-value) ratios consistent with regulatory guidelines for residential mortgages (80%). Individual maximum LTV ratios are determined based on a risk assessment of the mortgage.

Insured residential mortgages are mortgages in which our exposure to default is mitigated by insurance through Canada Mortgage & Housing Corporation (CMHC).

In line with the Residential Mortgage Underwriting Guideline, Crossroads will continue to review its mortgage underwriting practices and documentation to ensure it meets the standards. Crossroads does not believe it has undue risk in its uninsured mortgage portfolio or underwriting practices and that current risk weighted asset-based concentration provisions in the ICAAP sufficiently address risk in the residential portfolio.

Residential Mortgage Loan Portfolio						
	2020	%	2019	%	Change	%
Insured	13,190,968	23.0%	12,883,831	23.3%	307,137	16.0%
Uninsured	44,041,959	77.0%	42,426,949	76.7%	1,615,010	84.0%
Total Loans	57,232,927	100.0%	55,310,780	100.0%	1,922,147	100.0%

Residential Mortgage Loan Portfolio by Amortization			
	Number	Balance	% of Portfolio
10 years or less	213	8,638,420	15.1%
More than 10 up to 15 years	95	7,784,046	13.6%
More than 15 up to 20 years	160	20,131,030	35.2%
More than 20 up to 25 years	134	20,679,431	36.1%
	602	57,232,927	100%

Corporate structure and governance

Crossroads Credit Union operates under provincial legislation in the province of Saskatchewan.

We're regulated by the Credit Union Deposit Guarantee Corporation (CUDGC) of Saskatchewan and the Financial and Consumer Affairs Authority. We're required to comply with the Corporation's Standards of Sound Business Practice as well as:

- *The Credit Union Act, 1998*
- *The Credit Union Regulations, 1999*
- *The Credit Union Insurance Business Regulations*
- Our own credit union bylaws and policies
- Other applicable provincial and federal laws

We regularly report to the Credit Union Deposit Guarantee Corporation and are subject to periodic risk-based examinations.

Crossroads uses an "agency" model of governance. This means that:

- The members elect the Board of directors.
- The Board appoints the CEO.
- The CEO hires the employees and engages suppliers.

Our governance practices are based on the Credit Union Governance Principles set out by the World Council of Credit Unions.

Board of directors

Mandate and responsibilities – Crossroads members elect a 10-person Board of independent, volunteer directors. The Board sets the credit union’s strategic direction and oversees a management team to ensure the credit union is managed soundly and prudently. It sets policy and ensures Crossroads adheres to applicable legislation, regulation and standards.

Composition – Directors are elected by district to serve three-year terms. They must be members in good standing for at least two years. As set out in our bylaws, the Nominating and Governance Committee leads the Board’s nomination and election process. Members elect directors by voting in each branch. We announce results at our annual general meeting. Our current Board includes:

- five directors from the central district
- three from the northern district
- two from the western district

<p>CENTRAL DISTRICT</p> <p>Arlette Bogucky 2021*</p> <p>Betty Tomilin 2022</p> <p>Calvin Homeniuk 2023</p> <p>Vacant Position 2022**</p> <p>Walter Ostoforoff 2023</p> <p>*Terms Expiring</p> <p>**Kerry Trask resigned in August 2020</p>	<p>NORTHERN DISTRICT</p> <p>Leanne Christianson 2021*</p> <p>Ivan Peterson 2022</p> <p>Dale Zubko 2023</p> <p>WESTERN DISTRICT</p> <p>Murray Bottcher 2021*</p> <p>Duane Sweatman 2023</p>
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2020 Board of Directors



Arlette Bogucky – Arlette is from Canora and owns and operates AB Classics. She also serves on the Leisure Services Board for the Town of Canora. Arlette joined the Board in 2016.



Murray Bottcher, 1st President – Murray is a retired educator and part-time farmer from Margo. He’s an active member of many organizations, including the Margo Recreation Board, Moe Concordia Lutheran Church board, Margo Village Council, St. Peters Parish Council and Margo Fire Department. Murray joined the Crossroads Board in 1999 and previously sat on the Board of Kuroki Credit Union.



Leanne Christianson – Leanne moved to the Preeceville area in 1992 with her husband and children. She homeschooled her children for 18 years and helped with the family well drilling business. She works at the Preeceville & District Health Centre. Leanne joined the Board in 2012.



Calvin Homeniuk – Calvin joined the Board in 2020. He has lived in Canora for most of his life. He and his wife Simone have three daughters. Calvin is the President and General Manager of the senior hockey team. He served on Canora town council in the 90s and is looking forward to serving on the Board of directors for Crossroads Credit Union.



Walter Ostoforoff, President - Walter is a farmer and accountant from Canora. He's a retired Chartered Professional Accountant (CPA) and a Fellow Chartered Professional Accountant (FCPA) with experience in management, personnel and finance. Walter is a past member of the Certified Management Accountants (CMA) of Saskatchewan executive and CMA Canada committees. He's been involved in the community association, minor hockey and baseball. He joined the Board in 2011.



Ivan Peterson - Ivan was born in Preeceville and raised at Hazel Dell. He and his wife Gail have two sons and live in Sturgis. His careers included teaching, farming and an advisory role with Saskatchewan Crop Insurance. Ivan has served on a variety of health and financial boards. He feels very fortunate for his family, friends, work, sports and community involvement. Ivan was elected to the Board in 2016.



Duane Sweatman - Duane farmed in the Kelliher area with his wife Wanda for 22 years, raising four children. They moved to Wadena in 1996 when they bought Wadena Meats. He enjoys bowling, golf and his grandchildren. Duane joined the Board in 2017.



Betty Tomilin – Betty is a retired teacher from Buchanan and currently works as a substitute teacher for the Good Spirit School Division. She's a member of the Buchanan Housing Authority and the Buchanan Black Box Players. Betty was elected to the Crossroads Board in 2016.



Dale Zubko, 2nd Vice President – Dale and his wife Sharon have lived in Preeceville since 1983. He is semi-retired from farming and the oil patch. Dale has been on the Board since 2015. He enjoys spending time with his extended family of 16, curling, travelling and a good book.

Committees – Several committees support the Board in its responsibilities. Committees meet regularly and report to the Board following each meeting.

The **Executive Committee** acts on behalf of the Board of directors between regular or special Board meetings on most Board matters. Committee members are the president, 1st vice-president and 2nd vice-president.

The **Conduct Review Committee** ensures related-party transactions are fair to the credit union and comply with legislation, standards of sound business practice, and with credit union or committee policies and procedures.

The **Nominating & Governance Committee** oversees the nomination and election processes for credit union directors. It also oversees director education processes for the Board of directors.

The **Audit & Risk Committee** oversees risk management and ensures the integrity of financial reporting, adequacy of internal controls, and adherence to relevant legislation, regulations and standards. The committee ensures that the credit union’s enterprise risk management framework is appropriate to optimize risk and protect and create shareholder value.

The **Community Investment Fund Committee**’s primary purpose is to invest resources into major projects that align with our business purpose, generate member engagement and build our brand in a high-profile manner. The committee also reviews applications for eligible sponsorships over \$1,000.

Compensation and attendance – The Board meets monthly. Each director serves on one or more Board committees.

Average Board and committee meeting attendance in 2020 was 91%. The credit union paid \$33,510 in per diems for attendance at Board, committee and other related meetings.

The Executive Committee reviews director compensation every two years to ensure it remains competitive and appropriate. Director compensation includes:

- per diems for attendance at Board and committee meetings or events related to Crossroads and the credit union system
- reimbursement for travel costs to attend meetings
- reimbursement for out of-pocket expenses related to meetings

Board meeting attendance	
Arlette Bogucky	100%
Murray Bottcher	100%
Leanne Christianson	91%
Gary Herbert	100%
Calvin Homeniuk	100%
Walter Ostoforoff	100%
Ivan Peterson	100%
Duane Sweatman	100%
Betty Tomilin	100%
Dale Zubko	91%

Director training – Ongoing professional development helps the Board stay on top of changes in the industry and the changing role of a director. In 2020 all training took place online due to COVID-19 restrictions. Participation in the Credit Union Director Achievement program is mandatory. The program provides a series of courses specifically designed for credit union directors. Two directors are graduates of the program.



Directors typically take part in other credit union system and in-house educational sessions. They complete an annual survey to help identify other opportunities for director education.

Management committee

Crossroads has adopted a management by committee structure that supports succession planning and reinforces a strong sense of teamwork. It also helps spread an increasing management workload.

Jeff Bisschop – Chief Executive Officer
Rhonda Fullawka – Manager of Finance and Risk
Wendy Peterson – Manager of Retail Services
Cindy Balaberda – Manager of Corporate Services

Corporate social responsibility

Credit unions around the world are guided by the Co-operative Principles. Concern for Community is a principle that's built into everything we do and giving back is central to who we are. We demonstrate social and economic leadership by volunteering, donating to causes and making investments through Crossroads Community Investment Fund.



Donations and sponsorships

In 2020 Crossroads donated more than \$15,000 in cash and merchandise to more than 70 organizations, events and projects in our trading area. This is down from 2019 because COVID-19 restrictions affected many of the events and projects we would typically sponsor.

Unfortunately, the pandemic also made it difficult to volunteer in the community. Our team was able to volunteer only 331.25 volunteer hours of personal and credit union time in 2020. Our employees truly miss spending time in our communities. It's a big part of the credit union difference and we're eager for its return.

Community investment

Established in 2009, our Community Investment Fund allocates money to non-profit organizations that support community

and economic development. The Fund allocated a total of \$34,000 to six non-profit organizations in 2020.

Through a voting process, our members choose one project to receive major funding each year. In 2020 **Sturgis & District Regional Park received \$15,000** for hall improvements at Lady Lake Site. Canora Leisure Services and Wadena Community Childcare Centre Inc. each received \$5,000 for their projects. Additional projects that received funding from CIF were:

- Invermay & District Fire Department - \$3,000 toward fire gear storage racks
- Preeceville Club 60 - \$3,000 toward their Moving Forward project
- Good Spirit Cross Country Ski Club - \$3,000 toward rebuilding the warm-up shelter

Investing in our youth

Each year Crossroads awards \$500 scholarships to help local high school graduates with their post-secondary tuition expenses. We also offer a \$1,000 scholarship to a student returning to a post-secondary institution to continue their studies. Recognizing the financial strain the pandemic was causing, we decided to help by offering two additional \$1,000 scholarships in 2020.

Investing in our employees


In the financial services industry, success depends on knowledge and relationships. Crossroads works hard to attract and retain highly skilled and motivated employees. We maintain a professional, motivated staff with the help of:

- career management
- professional development that's tied to corporate goals
- fair, equitable compensation and benefits, including bonus pay based on results
- a commitment to creating a constructive culture

We want our team to feel excited and engaged about their work. We're committed to investing in success, for the benefit of our employees and our credit union.

At Crossroads Credit Union, we ask a lot of our employees, which is why we give so much in return. In addition to our competitive salary and benefits, and one of the best matching pension plans, we provide our staff with perks, such as:

- vacation that goes beyond legislated requirements
- flex time and time off to volunteer
- paid education
- preferred service packages

2020 Scholarship Recipients	
 <p>High School Scholarships</p>	<p>Ally Sleeva Canora Composite</p> <p>Makayla Babichuk Invermay School</p> <p>Emily Prestie Preeceville School</p> <p>Eden Antoniuk Sturgis Composite</p> <p>Althea Godhe Wadena Composite</p>
<p>\$1,000 Post-Secondary Scholarship</p>	<p>Brie Gardner</p> <p>Brittany Andreas</p> <p>Felicity Mydonick</p>

STATEMENT FROM OUR REGULATOR

Credit Union Deposit Guarantee Corporation of Saskatchewan

Credit Union Deposit Guarantee Corporation (the Corporation) is the deposit guarantor for Saskatchewan credit unions. The Corporation is also the primary regulator for credit unions and Credit Union Central of Saskatchewan (SaskCentral). Together, these entities are considered Provincially Regulated Financial Institutions or “PRFIs”.



The Corporation is mandated through provincial legislation, *The Credit Union Act, 1998* and *The Credit Union Central of Saskatchewan Act, 2016* in performing its duties. Provincial legislation also assigns responsibility for oversight of the Corporation to the Registrar of Credit Unions at the Financial and Consumer Affairs Authority of Saskatchewan.

The Corporation was the first deposit guarantor in Canada and has successfully guaranteed deposits since it was established in 1953. By promoting responsible governance and prudent management of capital, liquidity and guaranteeing deposits, the Corporation contributes to confidence in Saskatchewan PRFIs.

For more information about the Corporation’s responsibilities and its role in promoting the strength and stability of Saskatchewan credit PRFIs, consult the Corporation’s web site at cudgc.sk.ca.

Crossroads Credit Union
Summary Consolidated Financial Statements
December 31, 2020

Report of the Independent Auditor on the Summary Consolidated Financial Statements



To the Members of Crossroads Credit Union:

Opinion

The summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at December 31, 2020, and the summary consolidated statements of comprehensive income, changes in members' equity and cash flows for the year then ended, are derived from the audited consolidated financial statements of Crossroads Credit Union (the "Credit Union") for the year ended December 31, 2020.

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

Summary Consolidated Financial Statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated February 25, 2021.

Management's Responsibility for the Summary Consolidated Financial Statements

Management is responsible for the preparation of the summary consolidated financial statements in accordance with the basis described in Note 1.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are a fair summary of the audited consolidated financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standards (CAS) 810, "Engagements to Report on Summary Financial Statements".

Humboldt, Saskatchewan

February 25, 2021

Chartered Professional Accountants

Crossroads Credit Union
Summary Consolidated Statement of Financial Position
As at December 31, 2020

	2020	2019
Assets		
Cash and cash equivalents	19,950,783	9,934,214
Investments	68,341,526	55,147,000
Member loans receivable	212,414,905	208,479,924
Other assets	217,241	212,702
Deferred tax asset	74,498	27,746
Property, plant and equipment	1,750,470	1,843,787
Goodwill	48,000	60,000
	302,797,423	275,705,373
Liabilities		
Member deposits	274,474,308	248,719,706
Other liabilities	564,375	654,889
Membership shares	32,530	32,535
Equity accounts	-	592,080
	275,071,213	249,999,210
Members' equity		
Retained earnings	27,726,210	25,706,163
	302,797,423	275,705,373

Approved on behalf of the Board


 Director


 Director

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



Crossroads Credit Union
Summary Consolidated Statement of Comprehensive Income
For the year ended December 31, 2020

	2020	2019
Interest income		
Member loans	9,310,174	9,453,587
Investments	1,137,178	1,670,943
	10,447,352	11,124,530
Interest expense		
Member deposits	2,297,910	2,277,413
Patronage allocation	-	350,960
Borrowed money	1,789	6,870
	2,299,699	2,635,243
Net interest income	8,147,653	8,489,287
Provision for impaired loans	323,780	170,515
Net interest income after provision for impaired loans	7,823,873	8,318,772
Other income	1,698,341	1,603,087
Net interest and other income	9,522,214	9,921,859
Operating expenses		
Personnel	3,952,236	3,719,813
Member security	247,879	237,409
Organizational	101,933	134,075
Occupancy	344,386	319,839
General business	2,132,280	2,591,818
	6,778,714	7,002,954
Income before provision for (recovery of) income taxes	2,743,500	2,918,905
Provision for (recovery of) income taxes		
Current	770,205	656,049
Deferred	(46,752)	7,890
	723,453	663,939
Comprehensive income	2,020,047	2,254,966

Crossroads Credit Union
Summary Consolidated Statement of Changes in Members' Equity
For the year ended December 31, 2020

	<i>Retained earnings</i>	<i>Total equity</i>
Balance December 31, 2018	23,451,197	23,451,197
Comprehensive income	2,254,966	2,254,966
Balance December 31, 2019	25,706,163	25,706,163
Comprehensive income	2,020,047	2,020,047
Balance December 31, 2020	27,726,210	27,726,210

Crossroads Credit Union

Summary Consolidated Statement of Cash Flows

For the year ended December 31, 2020

	2020	2019
Cash provided by (used for) the following activities		
Operating activities		
Interest received from member loans	9,394,644	9,353,811
Interest received from investments	1,223,262	1,643,739
Other income received	1,728,239	1,605,285
Interest paid on deposits	(2,189,910)	(2,550,073)
Cash paid to suppliers and employees	(6,810,577)	(7,319,317)
Interest paid on borrowed money	(1,789)	(6,870)
Income taxes paid	(676,758)	(968,765)
	2,667,111	1,757,810
Financing activities		
Net change in member deposits	25,646,600	2,624,298
Net change in membership shares	(5)	325
Net change in equity accounts	(592,080)	(625,879)
	25,054,515	1,998,744
Investing activities		
Net change in member loans receivable	(4,343,231)	(6,513,373)
Purchases of investments	(13,280,610)	(4,572,596)
Purchases of property, plant and equipment	(81,216)	(117,143)
	(17,705,057)	(11,203,112)
Increase (decrease) in cash and cash equivalents	10,016,569	(7,446,558)
Cash and cash equivalents, beginning of year	9,934,214	17,380,772
Cash and cash equivalents, end of year	19,950,783	9,934,214

Crossroads Credit Union
Note to the Summary Consolidated Financial Statements
For the year ended December 31, 2020

1. Basis of the Summary Consolidated Financial Statements

Management has prepared the summary consolidated financial statements from the December 31, 2020 audited consolidated financial statements, which are prepared in conformity with International Financial Reporting Standards. A full set of audited consolidated financial statements is available from the Credit Union. The detailed notes included in the audited consolidated financial statements are not included in these summary consolidated financial statements.

The criteria developed by management for the preparation of the summary consolidated financial statements is as follows: that the information included in the summary consolidated financial statements is in agreement with the related information in the consolidated financial statements, and that the summary consolidated financial statements contain the information necessary to avoid distorting or obscuring matters disclosed in the related complete consolidated financial statements, including the notes thereto, in all material respects.

**THIS IS
CROSSROADS COUNTRY**