



# 2015 Annual Report



Success is the progressive realization of  
predetermined, worthwhile, personal goals.

*~ Paul J. Meyer*

**BEAUBEAR CREDIT UNION  
ANNUAL MEETING**

*April 5, 2016*

**AGENDA**

***1. Call to order:***

- a. Approval of Agenda
- b. Moment of silence
- c. Establish a quorum present
- d. Introductions

***2. Reading and approval of the minutes of the last meeting***

***3. Reports:***

- a. President and Chief Executive Officer's Message
- b. Credit Committee
- c. Audit Committee
- d. Governance Committee
- e. Auditor

***4. Recommendations of the Board of Directors:***

- a. Appointment of Auditor
- b. Board of Director Reimbursement of Expenses
- c. Board of Director Remuneration

***5. Election of Board of Directors***

***6. Adjournment***

## **MINUTES OF THE 76TH ANNUAL MEETING OF BEAUBEAR CREDIT UNION LTD.**

The seventy-sixth annual meeting of Beaubear Credit Union, Limited was held on April 16, 2015 at the Newcastle Kin Centre, Miramichi West.

President Terry Williston, as Chair, called the meeting to order at 7:00PM. With 53 members present, a quorum was declared.

Nick Lynch was appointed Parliamentarian for the meeting.

Motion to accept the Agenda was made by Baz McGean and SECONDED by Joe Kenny. MOTION CARRIED.

A moment of silence was observed for deceased members of the Credit Union.

### **BOARD OF DIRECTORS PRESENT AND INTRODUCED:**

Glenford Copp, Lynn Estey, Joe Kenny, Judy Breau, Nick Lynch, Brent Tozer, Stella English and Mary Clark.

Mr. Williston also introduced Gary Morrison, CA, Independent Auditor.

### **READING AND APPROVAL OF MINUTES OF LAST MEETING**

Judy Breau read the minutes of the 2014 Annual General Meeting and MOVED that the minutes be accepted as read; SECONDED by Nick Lynch. MOTION CARRIED

### **PRESIDENT'S MESSAGE**

Terry Williston gave the report on behalf of the CEO and President. He described the Credit Union's current challenges in a more competitive market with constantly changing delivery channels and new technologies. He stressed the importance of strategic planning to meet these challenges and the need to focus on our strengths in order to achieve continued success in the Credit Union and in the community. In closing, Terry thanked members for choosing Beaubear as their Financial Institution and encouraged them to continue to partner with us for all their financial needs.

Motion to accept the President's report was made by Colleen Daley, SECONDED by Tosha Hamilton. MOTION CARRIED.

### **CREDIT COMMITTEE REPORT**

Judy Breau gave the report from the Credit Committee and outlined the responsibilities of the committee. The numbers for loans, mortgages, commercial requests as well as lines of credit (personal and commercial) along with the dollar values were presented. The Risk Management Agency performed an External Audit and the Credit Union received a favourable report. Delinquency was closely monitored throughout the year and remains well within acceptable limits. On behalf of the committee, Judy commended Management and Staff for their hard work and due diligence throughout the year.

Judy MOVED the acceptance of her report; SECONDED by Joe Kenny. MOTION CARRIED.

## **MINUTES CONTINUED**

### **AUDIT COMMITTEE REPORT**

Brent Tozer gave the report from the Audit Committee and stated the requirements the committee is obliged to follow according to the Credit Union Act and Regulations. He outlined the committee's principal role in ensuring that an effective risk management and control framework has been implemented by management. The Committee met monthly with the CEO to review the financial progress of the Credit Union.

Brent MOVED the adoption of his report; SECONDED by Mary Clark. MOTION CARRIED.

### **AUDITORS REPORT**

Gary Morrison, CA, Independent Auditor, presented the Auditors Report. Mr. Morrison is hired on behalf of the members to audit the financial position of the credit union for the year ending December 31, 2014. In his opinion, the financial statements presented fairly, in all material respects, the financial position of Beaubear at year end, its financial performance and cash flows.

Mr. Morrison started out by thanking members for returning their evaluations. Loans are up this year. Equity is always very positive in Beaubear and is above requirements at 7.6%. Deposits are up over the previous year, Interest Income is slightly down and the Financial Margin is roughly the same. Beaubear ended the year with a profit of \$9,738.

It was MOVED by Ralph Shanahan, SECONDED by Marilyn Daley that the Auditors Report be accepted as presented. MOTION CARRIED.

### **APPOINTMENT OF AUDITORS**

It was MOVED BY Glen Copp, SECONDED by John Strong that the Board of Directors be given the authority to appoint an audit firm for the next financial period ending December 31, 2015. MOTION CARRIED.

### **RECOMMENDATIONS OF THE BOARD OF DIRECTORS**

#### **BOARD OF DIRECTOR REIMBURSEMENT OF EXPENSES**

It was MOVED by Baz McGean, SECONDED by Nick Lynch that the recommendation for reimbursement of expenses incurred by board member(s) as a result of conducting credit union business on behalf of Beaubear Credit Union be approved as presented. MOTION CARRIED.

#### **BOARD OF DIRECTOR REMUNERATION**

The Board of Directors recommendation: if a board member(s) incur(s) a loss in wages for conducting any credit union business on behalf of Beaubear Credit Union, Beaubear Credit Union will reimburse such member for loss of wages to a maximum of \$200.00 per day. Acceptance of the recommendation was MOVED by Joe Kenny, SECONDED by Mary Clark. MOTION CARRIED.

## MINUTES CONTINUED

### BY-LAW CHANGE

In the best interests of the Credit Union and to remain competitive, it was recommended as a Special Resolution of the Shareholders of Beaubear Credit Union Limited that Article 9, 1(a)(i) of the By-Laws be amended as follows:

Each member is required by the Credit Union to purchase and hold a minimum of One (1) fully paid membership share, with such purchase being made by full payment in money in the amount of five dollars (\$5.00).

It was MOVED by Dawn Hannah, SECONDED by Gerard Regan that the proposed By-Law change be accepted. MOTION CARRIED.

Retiring Director Glenford Copp was recognized for having served Beaubear for 30 years in a volunteer capacity.

### ELECTION OF BOARD OF DIRECTORS

The Board of Directors received four nominations for the positions opened on the Board: John Strong, Clyde Hamilton, Darren Walker and Pat Clancy. Terry Williston called for nominations from the floor. There being no further nominations, Terry MOVED the nominees presented be accepted to the Board; SECONDED by Baz McGean. MOTION CARRIED.

### ADJOURNMENT

At 7:55PM, it was MOVED by Joe Kenny, SECONDED by Mary Clark that the meeting be adjourned.

## **CEO AND PRESIDENT'S JOINT MESSAGE**

Once more the financial industry has been faced with greater challenges during 2015. The Bank of Canada has dropped its prime rate to levels seen during the 2008 Financial Meltdown, creating greater pressures on the financial margins of the Credit Union to improve its profitability. At the same time, we are still challenged in our local markets to improve our competitive position, to offer more delivery channels and improve technology to our members.

Throughout this year we have brought to our members Interac Online Banking, Deposit Anywhere and a new and improved Mobile Banking App. Also, we have invested in new state of the art ATM's at both of our branches. In 2016, we are launching our Interac Flash Debit Card which is now available to our members.

Over the past 4 years, Beabear Credit Union has partnered with Leadership Management International, Canada to provide Leadership, Sales and Change Management training to all our full time staff. This has been a considerable investment that has brought tremendous success. The result, greater creativity, complete transparency, a trusted and respected work environment, new habits, a positive cultural shift and above average growth in Assets, Loans and Deposits that exceed 6% annually; one of the best results in Atlantic Canada.

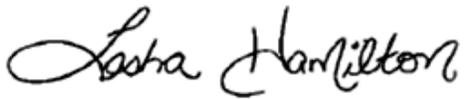
In addition, in keeping with the cooperative principles of community and education, we host all LMI courses delivered in Miramichi. Since 2011, we have had over 75 business and community leaders participate in their learning at our Board Room on 376 Water Street.

In 2015, Beabear Credit Union has received the Reader's Choice Award as the Best Bank in Miramichi, an award we are much honored to receive. Most recently, we have been nominated and awarded Leadership Management International's "World Client of the Year". This is LMI's highest achievement. LMI operates in 60 countries and in 23 languages throughout the world. We are very proud and humbled to be awarded this accomplishment.

Our Management Team and Board continue to strategically plan for change and as a proactive organization we are making the necessary decisions to direct Beabear Credit Union to continue to be strong and prosperous for the community of Miramichi for generations. Beabear Credit Union will remain competitive and bring continued success to our community.

## CEO AND PRESIDENT'S JOINT MESSAGE CONTINUED

The Board, Management and Staff of Beaubear Credit Union wish to thank you for choosing us as your Financial Institution and wish you all the best in 2016. We look forward to working with our members to provide the guidance and advice you need in making the best financial decisions for your unique circumstances. We also ask that you spread the word to your friends, neighbors and acquaintances of what a great and unique financial institution Beaubear Credit Union is and encourage them to become a member and enjoy the difference the Beaubear Credit Union has to offer.



Tosha Hamilton  
CEO Beaubear Credit Union



Andy Richardson  
Former CEO Beaubear Credit Union



Patrick Clancy  
President, Beaubear Credit Union Board of Directors

*"Productivity is never an accident. It is always the result of a commitment to excellence, intelligent planning, and focused effort." ~ Paul J. Meyer*

## CREDIT COMMITTEE REPORT FOR 2015

The Credit Committee has certain authority and responsibilities, which are outlined in its charter and by-laws.

The committee met monthly (12 times; as per Beaubear Credit Union's By-Laws) to review and monitor the progress of the credit department, approve loans outside branch limits, review policy and procedures, monitor delinquency, and review loans to staff and directors. A monthly report on the proceedings was supplied to the Board of Directors.

Monthly meetings included the Branch Managers, Commercial Account Manager and occasionally the CEO. During the past year, your Credit Union approved 291 loans, mortgages and commercial requests totalling \$7,463,759. There were also 47 lines of credit limits (personal & commercial) for \$2,619,849. The table below is a detailed breakdown of the loans processed and declined/cancelled for the past year.

There was an external audit/inspection performed by RMA (Risk Management Agency), and we are pleased to report that the Credit Union one again received a favorable inspection.

Although granting of loans and mortgages was a main focus of the credit department, delinquency continued to be managed closely during the past year and is well within acceptable industry limits.

We commend our Management and Staff and thank them for their hard work and due diligence throughout the year. We look forward to the opportunities and success during fiscal 2016, while continuing to protect the investments of our Owners.

LOANS PROCESSED AND DECLINED/CANCELLED					
APPROVED	Number	Dollar Amount	DECLINED / CANCELLED	Number	Dollar Amount
PERSONAL LOANS	237	\$2,485,245	PERSONAL LOANS	65	\$886,403
PERSONAL MORTGAGE	44	\$2,449,526	PERSONAL MORTGAGE	37	\$2,862,566
COMMERCIAL LOANS	6	\$233,988	COMMERCIAL LOANS	7	\$635,100
COMMERCIAL MORTGAGE	4	\$2,295,00	COMMERCIAL MORTGAGE	9	\$3,745,900
LINE of CREDIT <i>Personal &amp; Commercial</i>	47	\$2,619,849	LINE of CREDIT <i>Personal &amp; Commercial</i>	6	\$120,000
TOTAL	338	\$10,080,608	TOTAL	124	\$8,249,969

Respectfully submitted,  
John Strong - Chair, Joe Kenny, Mary Clark, Brent Tozer, Baz McGean

## AUDIT COMMITTEE REPORT FOR 2015

It is a requirement of the Credit Union Act (the Act) Section 94 and the Regulations Section 13.1 that each Credit Union shall establish an audit committee, which shall have the following authority:

- To conduct or authorize investigations within its scope of responsibility;
- To retain outside independent counsel, accountants, auditors, or others as it determines necessary to carry out its duties;
- To seek any information it requires from employees and external parties and meet as necessary;
- To meet with any executive; the Risk Management Agency (RMA), the external auditors and/or the regulators without management being included if the committee so desires or at the request of any of these parties; and
- To set and pay the compensation for any advisors employed by the Audit Committee.

The Audit Committee's principal role is to ensure that the appropriate level of due diligence has been directed towards ensuring an effective risk management and control framework has been implemented by management. **This framework provides reasonable assurance that:**

- The financial, operational and regulatory objectives of the Credit Union are achieved;
- That the governance and accountability of board and management are met and
- That there is oversight of risk management, internal control, financial reporting and compliance with regulatory matters.

The Committee met monthly with the CEO to review the financial progress of the Credit Union.

Respectfully submitted,

Audit Committee  
Lynn Estey, Chair  
Judy Breau  
Nick Lynch  
Darren Walker

*"Do a little bit more than average and from that point on our progress multiplies itself out of all proportion to the effort put in." ~ Paul J. Meyer*

## GOVERNANCE COMMITTEE REPORT

The Governance Committee was formed by the Board of Directors July 2015. The committee is comprised of the following: John Strong - Chair, Judy Breau, Nick Lynch and Darren Walker. We met four times during 2015.

The Board of Directors has assigned the Governance Committee the following oversight responsibilities:

- the size, composition and structure of the Board and its committees;
- the nomination of directors;
- assessments of the effectiveness and contribution of the Board, its committees and individual directors;
- Beaubear Credit Union's overall approach to its own corporate governance;
- develop and recommend to the Board for approval governance policies, practices and procedures
- orientation and continuing education for directors;
- matters involving actual or potential conflicts of interest; and
- any additional matters delegated to the Committee by the Board.

During the past year, the committee completed the mandate for the Governance Committee, mandate for the Nomination Committee, mandate for the Board of Directors, policy for Board member reimbursement, policy for Board remuneration and a policy for the term of the Board Chair. Ongoing is a Director orientation manual and a Board of Directors Handbook.

Ahead, the Committee has a great deal of work to be completed and most of its time will be spent on additional Board policies.

I would like to thank the committee members for their hard work and dedication and also our resource person Marilyn Daley for her dedication and valued input.

Respectfully Submitted,  
John Strong, Chair  
Judy Breau  
Nick Lynch  
Darren Walker

*Enthusiasm is the most contagious emotion, the most powerful communication, the most effective motivator. ~ Paul J. Meyer*

## **RECOMMENDATIONS OF THE BOARD OF DIRECTORS FOR CONSIDERATION AT THE 2015 ANNUAL MEETING**

A) APPOINTMENT OF AUDITORS

The Board of Directors of Beaubear Credit Union recommends the appointment of Allen, Paquet & Arseneau LLP as Beaubear Credit Union's auditor for the next financial period ending December 31, 2016.

B) BOARD OF DIRECTOR REIMBURSEMENT OF EXPENSES

The Board of Directors of Beaubear Credit Union recommends the reimbursement of expenses incurred by a board member(s) as a result of conducting credit union business on behalf of Beaubear Credit Union.

C) BOARD OF DIRECTOR REMUNERATION

The Board of Directors of Beaubear Credit Union recommends that if a board member(s) incur a loss in wages for conducting any credit union business on behalf of Beaubear Credit Union, Beaubear Credit Union will reimburse such member for loss of wages to a maximum of \$200.00 per day.

*"Enter every activity without giving mental recognition to the possibility of defeat. Concentrate on your strengths, instead of your weaknesses... on your powers, instead of your problems."*

~ Paul J. Meyer

## CREDIT UNIONS IN NEW BRUNSWICK PROTECTION OF MEMBER'S DEPOSITS

\$250,000 Deposit Insurance Coverage

### What is covered?

NBCUDIC insures eligible deposits under the following circumstances:

- accounts held in one name;
- accounts held in trust for someone else;
- deposits held jointly in two or more names;
- eligible deposits that are held in a Tax Free Savings Account (TFSA).

### What is an eligible deposit?

NBCUDIC insures eligible deposits held in each member credit union up to a maximum of \$250,000 (principle and interest combined) per depositor, for each of the following deposits:

- a combination of savings, chequing accounts, term deposits and guaranteed investment certificates (GICs) with an original term to maturity of five years or less, money orders, and certified cheques;
- registered in RRSPs (Registered Retirement Savings Plans);
- registered in RRIFs (Registered Retirement Income Funds); and
- TFSA deposits.

Deposits must be payable in Canada, in Canadian currency.

### What is not covered?

NBCUDIC does not insure all accounts and financial products. The following are not covered:

- *deposits made or payable by a member which are not repayable in Canadian dollars (e.g. accounts in U.S. dollars);*
- *term deposits and guaranteed investment certificates (GICs) with an original term to maturity of more than five years;*
- *bonds and debentures issued by governments and corporations;*
- *membership shares and other types of shares issued by credit unions;*
- *treasury bills; and*
- *investments in mutual funds and stocks.*

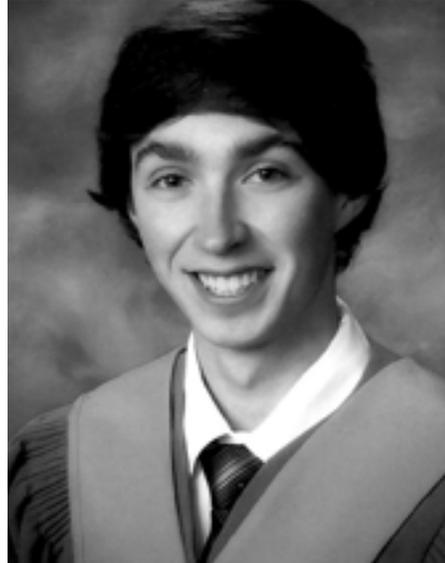
\*See in Branch for further details

## 2015 RECIPIENTS OF THE BEAUBEAR CREDIT UNION FOUNDERS SCHOLARSHIP

The Staff, Management and Board of Directors would like to extend congratulations to the 2015 recipients of the Beaubear Credit Union Founders Scholarships



**Emily Donovan**  
2015 James M Hill Graduate



**Nicholas Reynolds**  
2015 James M Hill Graduate

*“Crystallize your goals. Make a plan for achieving them and set yourself a deadline. Then, with supreme confidence, determination and disregard for obstacles and other people's criticisms, carry out your plan.” ~ Paul J. Meyer*

## SERVICE AWARDS

Thank you for your dedication and service to Beaubear Credit Union.

<b>Yolande Rogers</b>	<b>35 Years</b>
<b>Kyla Mazerolle</b>	<b>20 Years</b>
<b>Cathy MacDonald</b>	<b>20 Years</b>
<b>Jo-Anne Saunders</b>	<b>15 Years</b>
<b>Janice Curtis</b>	<b>10 Years</b>
<b>Bob Hillier</b>	<b>10 Years</b>

*“Plan your progress carefully; hour-by hour, day-by-day, month-by-month. Organized activity and maintained enthusiasm are the wellsprings of your power.” ~ Paul J. Meyer*

## *WHAT MAKES A CREDIT UNION DIFFERENT FROM A BANK*

Credit unions are full service financial co-operatives. Like other financial institutions, they provide chequing accounts, mortgages, business loans and investment advice. But every credit union's Board of Directors consists of democratically elected members from their community. Locally-elected boards of directors help credit unions better understand what's important to our members and how we keep our decisions based on local realities. Rooted in this co-operative structure, the credit union difference is all about service – to members and our communities.

## *YOU'RE AN OWNER, NOT JUST A CUSTOMER*

Credit unions are owned by their members – the people who bank with them. All members have an equal say in how their credit union operates. Members can voice their concerns and vote on the issues that matter to them.

## *YOU ARE EQUAL WITH ALL OTHER MEMBERS*

No matter how much or little you have in deposits at your credit union, you're entitled to the best rates, perks and offers available. Every credit union member has an equal share, an equal vote, and an equal voice.

## *WE'RE INDEPENDENT, BUT CONNECTED*

Unlike banks, each credit union is an independent, locally controlled financial institution. Yet we are connected by a set of common international co-operative principles. Together we have a strong voice that advocates for a better, fairer way to bank for all Canadians.



**WE SUPPORT THE COMMUNITIES WHERE YOU LIVE,  
WORK AND PLAY**

Credit unions' purpose is to provide service to members and to contribute to your economic, social, and environmental well-being. Beaubear Credit Union has made supporting the community of Miramichi a priority by making donations, sponsoring events, supporting teams, schools and organizations. We are proud to have supported the following:

*Special Event Youth Nights at Golden Hawk*

*City of Miramichi Sports Wall of Fame*

*Turnaround Achievement Awards*

*Canada's Irish Festival*

*Miramichi Relay for Life*

*Rivermen Auction*

*Miramichi Valley Minor Baseball*

*Napan Agricultural Fair*

*Miramichi Chamber Of Commerce Golf Hole Sponsor*

*Miramichi Rock'N'Roll Festival*

*Fishermen Pow Wow*

*Croft Elementary - Mount Carleton Trip*

*Miramichi Cares Charity Golf Classic*

*Walk for Life-Cardiac Wellness Miramichi*

*Change Miramichi*

*Oasis NBCC Sponsor*

*Chamber of Commerce Business Awards Gala*

*Miramichi Community Food Bank*

*Toastmasters*

*Mount St. Joseph Nursing Home*

*Hospice Miramichi Inc.*

*JMH Alumni Gym Advertising*

*Miramichi Chamber of Commerce - Member*

*Miramichi River Tourism Association - Member*

*DowntownS Miramichi - Member*

*Beaubear CO-OP AGM Prizes*

*Mayor's Prayer Breakfast*

*NSER Graduation*

*JMH Graduation*

*Shriner's NSMDC Golf Tournament*

*Royal Canadian Legion Poppy Fund*

*Miramichi - SPCA*

*Beaubear Credit Union Founders Bursary*

*Miramichi Transit*

*RCMP Musical Ride*

*CNIB - Dining in the Dark*

*Miramichi Hoops Basketball Classic*

*Miramichi Timberwolves Hockey*

*Fall Harvest Festival*

*Annual Wine & Beer Tasting Festival*

*Friends of Beaubear's Island*

*Moncton Hospital Foundation*

*Children's Wish*

**... and more.**

**OUR *DEDICATED* BOARD OF DIRECTORS VOLUNTEER THEIR TIME TO PROVIDE OVERSIGHT AND SET THE STRATEGIC DIRECTION OF THE CREDIT UNION**

<u>NAME</u>	<u>POSITION</u>	<u>Term Expires</u>
<i>Pat Clancy</i>	President	2017
<i>Nick Lynch</i>	Vice-President, Audit Committee, Governance Committee	2016
<i>Judy Breau</i>	Secretary, Audit Committee, Governance Committee	2016
<i>Mary Clark</i>	Credit Committee	2016
<i>Lynn Estey</i>	Audit Committee	2016
<i>Joe Kenny</i>	Credit Committee	2015
<i>John Strong</i>	Credit Committee, Governance Committee	2017
<i>Brent Tozer</i>	Credit Committee	2015
<i>Darren Walker</i>	Audit Committee, Governance Committee	2015
<i>Clyde Hamilton</i>	--	--

**WE HAVE A *WINNING TEAM* WITH OVER 300 YEARS OF EXPERIENCE**

<u>Employee</u>	<u>Position</u>	<u>Years of Service</u>
<i>Yolande Rogers</i>	Loan Administrator-Personal	35
<i>Marilyn Daley</i>	Finance Officer	26
<i>Beth Gilliss</i>	Internal Control Officer	23
<i>Dawn Hannah</i>	Loan Administrator-Business	21
<i>Toby LeBlanc</i>	Branch Operations Manager	21
<i>Kyla Mazerolle</i>	Account Manager-Personal	20
<i>Cathy MacDonald</i>	Account Manager-Personal	20
<i>Carla Thibodeau</i>	Senior Member Service Representative	17
<i>Jo-Anne Saunders</i>	Senior Member Service Representative	15
<i>Liette Arseneault</i>	Member Service Representative	12
<i>Lorie Ann Richard</i>	Account Manager-Business	11
<i>Erin Hambrook</i>	Member Service Representative	11
<i>Natalie Savoie</i>	Member Service Representative	11
<i>Janice Curtis</i>	Member Service Representative	10
<i>Bob Hillier</i>	Wealth Consultant	10
<i>Kelley Amos</i>	Member Service Representative	9
<i>Stephanie Gremley-Wiseman</i>	Advertising & Marketing Coordinator	9
<i>Tosha Hamilton</i>	Chief Executive Officer ( <i>Feb. 29, 2016</i> )	7
<i>Elizabeth McEvoy</i>	Member Service Representative	4
<i>Stella Flieger</i>	Member Service Representative	4
<i>Wendy Fortune</i>	Member Service Representative	3
<i>Sylvia Donovan</i>	Member Service Representative	2

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION**

The management of Beaubear Credit Union is responsible for the integrity, objectivity and consistency of the financial information presented in this annual report. This responsibility includes selecting appropriate accounting policies which are in accordance with Canadian generally accepted accounting principles and ensuring that the financial information is based on informed judgments and estimates with appropriate consideration as to materiality. The Board of Directors has approved the consolidated financial statements for issuance to the members.

Management maintains the necessary system of internal controls designed to provide reasonable assurance that transactions are authorized, assets are safeguarded and proper records are maintained.

The Board of Directors oversees the management's responsibility for financial statements through the Audit Committee. The Audit Committee conducts a detailed review of the consolidated statements with management and the independent auditors before recommending their approval to the Board of Directors.

The auditors have full and complete access to, and meets periodically with the Audit Committee to discuss the audit and matters arising there from.

Allen, Paquet & Arseneau LLP , the independent auditors appointed by the members, have examined our consolidated financial statements and issued their report, which follows.

The auditors have full and complete access to, and meets periodically with the Audit Committee discuss the audit and matters arising there from.



Tosha Hamilton  
Chief Executive Officer  
Beaubear Credit Union

**BEAUBEAR CREDIT UNION LTD.**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED  
DECEMBER 31, 2015

**BEAUBEAR CREDIT UNION LTD.**

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For the year ended December 31, 2015

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Partners / Associés  
David L. Allen, C.A.  
Yves Arseneau, C.A.  
Tony Babiu, C.A.  
Alvin Bell, C.A.  
Alain Péro, C.G.A.

829-1 King George Highway  
Miramichi, NB  
E1V 1P9

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Beaubear Credit Union Ltd.

### *Report on the Financial Statements*

We have audited the accompanying financial statements of Beaubear Credit Union Ltd., which comprise the balance sheet as at December 31, 2015, and the statement of earnings, members' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

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

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

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

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Miramichi, NB  
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270, av. Douglas Ave  
C.P. / P.O. Box 482  
Bathurst, NB E2A 3Z4

207, rue Roseberry Street  
C.P. / P.O. Box 519  
Campbellton, NB E3N 3G9

INDEPENDENT AUDITORS' REPORT (continued)

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Beaubear Credit Union Ltd. as at December 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Miramichi, NB

February 22, 2016

*Allen, Paquet & Arseneau LLP*

Chartered Professional Accountants

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**BEAUBEAR CREDIT UNION LTD.****Balance Sheet****As at December 31****2015****2014**

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**ASSETS**

Cash	<b>\$ 3,160,658</b>	\$ 3,984,747
Investments (Note 3)	<b>4,701,867</b>	4,571,470
Loans receivable (Note 5)	<b>44,233,967</b>	41,630,252
Accrued interest receivable	<b>81,160</b>	80,925
Income taxes receivable	<b>-</b>	5,733
Accounts receivable - other	<b>35,833</b>	21,613
Prepaid expenses	<b>37,113</b>	45,844
Future income taxes	<b>800</b>	2,716
Foreclosed assets	<b>36,110</b>	5,358
Property and equipment (Note 4)	<b>999,137</b>	974,970
	<b>\$ 53,286,645</b>	\$ 51,323,628

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**LIABILITIES**

Member deposits (Note 6)	<b>\$ 48,886,001</b>	\$ 46,979,001
Accrued interest on deposits	<b>183,137</b>	197,394
Accounts payable and accrued liabilities	<b>262,692</b>	257,636
Income taxes payable	<b>13,380</b>	-
	<b>49,345,210</b>	47,434,031

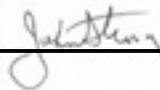
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**MEMBERS' EQUITY**

MEMBERSHIP SHARES (Note 7)	<b>326,323</b>	347,545
SPECIAL RESERVE (Notes 7 and 8)	<b>178,000</b>	178,000
SURPLUS - Page 5	<b>3,437,112</b>	3,364,052
	<b>3,941,435</b>	3,889,597
	<b>\$ 53,286,645</b>	\$ 51,323,628

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Approved by the board

\_\_\_\_\_  
Director\_\_\_\_\_  
Director

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**BEAUBEAR CREDIT UNION LTD.****Statement of Earnings****For the year ended December 31**

	<b>2015</b>	<b>2014</b>
<b>INTEREST INCOME</b>		
Interest on loans	\$ 2,269,993	\$ 2,209,820
Interest on investments	52,524	56,579
	<b>2,322,517</b>	<b>2,266,399</b>
<b>INTEREST EXPENSE AND CREDIT LOSSES</b>		
Interest on member deposits	501,827	498,371
Other interest	859	764
Provision for credit losses (Note 5)	92,004	97,814
	<b>594,690</b>	<b>596,949</b>
<b>FINANCIAL MARGIN</b>	<b>1,727,827</b>	<b>1,669,450</b>
<b>NON-INTEREST EXPENSES</b>		
Amortization	83,271	108,032
General business	735,828	726,587
Member Security	134,126	142,546
Occupancy	156,637	153,060
Organization	69,867	74,303
Personnel	1,014,705	1,088,021
	<b>2,194,434</b>	<b>2,292,549</b>
<b>OTHER INCOME</b>		
Commissions	169,904	188,952
Service charges	324,860	341,795
Miscellaneous	60,098	104,087
	<b>554,862</b>	<b>634,834</b>
<b>EXCESS OF EARNINGS BEFORE INCOME TAXES</b>	<b>88,255</b>	<b>11,735</b>
<b>PROVISION FOR INCOME TAXES</b>		
Current	13,279	267
Future	1,916	1,730
	<b>15,195</b>	<b>1,997</b>
<b>NET EARNINGS FOR THE YEAR - to Page 5</b>	<b>\$ 73,060</b>	<b>\$ 9,738</b>

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**BEAUBEAR CREDIT UNION LTD.****Statement of Members' Equity****For the year ended December 31**

	<b>2015</b>	<b>2014</b>
<b>BALANCE, beginning of year</b>	<b>\$ 3,364,052</b>	<b>\$ 3,354,314</b>
Excess of Earnings for the year - Page 4	<b>73,060</b>	<b>9,738</b>
<b>BALANCE, end of year</b>	<b>\$ 3,437,112</b>	<b>\$ 3,364,052</b>

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**BEAUBEAR CREDIT UNION LTD.****Statement of Cash Flows****For the year ended December 31**

	<b>2015</b>	<b>2014</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Excess of Earnings	\$ 73,060	\$ 9,738
Adjustments for		
Amortization	83,271	108,032
Future income taxes	1,916	1,730
	<b>158,247</b>	<b>119,500</b>
Change in non-cash working capital items		
Increase in accrued interest receivable	(235)	(1,456)
Decrease in income taxes receivable	5,733	15,927
Increase in accounts receivable - other	(14,220)	(1,953)
Decrease in prepaid expenses	8,731	14,090
Decrease (increase) in foreclosed assets	(30,752)	41,006
Increase (decrease) in accrued interest on deposits	(14,257)	29,589
Increase in accounts payable and accrued liabilities	5,056	58,434
Increase in income taxes payable	13,380	-
	<b>131,683</b>	<b>275,137</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Member deposits (Note 6)	1,907,000	2,404,794
Issuance (redemption) of members' shares	(21,222)	(7,562)
	<b>1,885,778</b>	<b>2,397,232</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investments	(130,397)	(252,925)
Increase in loans receivable	(2,603,715)	(3,198,232)
Purchase of property and equipment	(107,438)	(4,813)
	<b>(2,841,550)</b>	<b>(3,455,970)</b>
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(824,089)</b>	<b>(783,601)</b>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<b>3,984,747</b>	<b>4,768,348</b>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<b>\$ 3,160,658</b>	<b>\$ 3,984,747</b>

**1. STATUS AND NATURE OF ACTIVITIES**

Beaubear Credit Union Ltd. was incorporated under the Credit Unions Act of New Brunswick (the Credit Unions Act) and its principal activity is providing financial services to its members. For financial reporting and regulatory matters, the Credit Union is under the authority of the Superintendent of Credit Unions and Caisse Populaires, Province of New Brunswick.

**2. BASIS OF ACCOUNTING AND SIGNIFICANT ACCOUNTING POLICIES**

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

The Credit Union's functional and presentation currency is the Canadian dollar.

**(a) Credit Unions Act**

Regulations to the Act specify that certain items are required to be presented to members at the annual meeting of members. This information has been integrated with the basic financial statements and notes and it is management's opinion that the disclosures in these financial statements comply, in all material respects, with the requirements of the legislation. Where necessary, reasonable estimates and interpretations have been made in presenting this information.

**(b) Investments**

Investments are recorded at cost which approximates market value.

**(c) Property and equipment**

Property and equipment are recorded at cost. The organization provides for amortization using the following methods at rates designed to amortize the cost of the property and equipment over their estimated useful lives. The annual amortization rates and methods are as follows:

Buildings	25 years Straight-line
Office equipment	10 years Straight-line
ATM	5 years Straight-line
Safekeeping equipment	20 years Straight-line
Computer equipment	5 years Straight-line

**(d) Loans**

Loans are carried at the unpaid principal less allowances for credit losses. Loans considered uncollectable are written off.

**(e) Allowance for credit losses**

The Credit Union maintains an allowance for credit losses which it considers the best possible estimate of probable credit-related losses existing in the Credit Union loan portfolio in light of current conditions. These allowances reduce the carrying value of loans identified as impaired to their estimated realizable amounts. Estimated realizable amounts are determined by estimating the fair value of security underlying the loans and deducting the costs of realization.

**2. BASIS OF ACCOUNTING AND SIGNIFICANT ACCOUNTING POLICIES (continued)****(f) Foreclosed assets**

Foreclosed assets held for sale, if any, are carried at the lower of the carrying value of the loan foreclosed, adjusted for revenues received and costs incurred subsequent to foreclosure, and the estimated net proceeds from sale of the assets.

**(g) Use of estimates**

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Items requiring the use of significant estimates include the provision for loan losses. Actual results could differ from those estimates.

**(h) Revenue recognition**

Interest accrued on loans is recognized in income except where a loan is classified as impaired. Loans are classified as impaired generally at the earlier of when, in the opinion of management, there is reasonable doubt as to the collectibility of principal or interest, or when interest is 90 days past due. Interest received on an impaired loan is recognized in income only if there is no longer any doubt as to the collectibility of the carrying value of the loan, otherwise, the interest received is credited to the principal.

**(i) Financial instruments**

On acquisition, all financial assets must be classified as held-to-maturity, loans and receivables, held-for-trading or available-for-sale and at inception. All financial liabilities must be classified as held-for-trading or other. The Credit Union has classified cash and cash equivalents as held-for-trading; loans and accounts receivable are classified as loans and receivables; accounts payable and member deposits have been classified as other liabilities. Investments have been classified as indicated in Note 4 of the financial statements.

Investments in securities that are classified as held-to-maturity or as loans and receivables are valued at cost or amortized cost, adjusted to recognize other than a temporary impairment in the underlying value.

Investments in securities that are classified as available-for-sale are initially recognized at acquisition cost and subsequently re-measured at fair value at each reporting date. The Credit Union utilizes settlement date accounting for all purchases and sales of financial assets in its investment portfolio. The fair value of publicly traded securities is based on their quoted market prices. All other securities' fair value is determined by discounting the expected future cash flows at current market rates.

Investments in securities that are classified as held-for-trading are recorded at fair value.

The Credit Union recognizes interest income as earned and investment gains and losses when realized. Unrealized gains and losses on available-for-sale securities are recorded in other comprehensive income and are recognized in income when realized. For investments classified as held-for-trading, realized and unrealized gains and losses are recorded in income.

**2. BASIS OF ACCOUNTING AND SIGNIFICANT ACCOUNTING POLICIES (continued)****(j) Foreign currency**

Monetary items denominated in foreign currency are translated to Canadian dollars at exchange rates in effect at the balance sheet date and non-monetary items are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Revenues and expenses are translated at rates in effect at the time of the transactions. Foreign exchange gains and losses are included in income.

**(k) Income taxes**

The Credit Union uses the asset and liability method of accounting for income taxes. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in the period that includes the date of enactment or substantive enactment.

**3. INVESTMENTS**

	<b>2015</b>	<b>2014</b>
Atlantic Central - liquidity	<b>\$ 4,017,997</b>	\$ 3,888,550
Atlantic Central - shares	<b>617,670</b>	616,720
Atlantic Co-op - shares	<b>100</b>	100
League Data - shares	<b>34,850</b>	34,850
LSM - shares	<b>31,250</b>	31,250
	<b>\$ 4,701,867</b>	\$ 4,571,470

As required by the Credit Unions Act, the Credit Union maintains investments in Atlantic Central to satisfy the legislated liquidity level. These investments are classified as available-for-sale and measured at fair value, which approximates cost, and does not result in adjustments to other comprehensive income.

Shares in Atlantic Central are required by the Credit Unions Act to be held and are a condition of membership in Atlantic Central. As required by the Credit Unions Act, the Credit Union also maintains investments in Atlantic Central to satisfy the legislated liquidity level. However, all equities with no specified maturity date are classified as available-for-sale. As there is no market for the shares in Atlantic Central, the fair value of the shares is at cost.

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**BEAUBEAR CREDIT UNION LTD.****Notes to the Financial Statements****December 31, 2015**

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**4. PROPERTY AND EQUIPMENT**

	2015		2014	
	Cost	Accumulated amortization	Net	Net
Land	\$ 146,115	\$ -	\$ 146,115	\$ 146,115
Buildings	849,804	354,271	495,533	529,525
ATM	104,816	3,493	101,323	3,260
Computer equipment	137,118	109,007	28,111	42,252
Office equipment	314,156	187,760	126,396	144,322
Safekeeping equipment	156,736	55,077	101,659	109,496
	<b>\$ 1,708,745</b>	<b>\$ 709,608</b>	<b>\$ 999,137</b>	<b>\$ 974,970</b>

**5. LOANS RECEIVABLE**

	2015	2014
Personal	\$ 9,498,336	\$ 10,449,215
Line of credit	1,593,702	1,659,842
Mortgages	20,550,189	17,663,249
Commercial	12,709,745	11,884,960
	44,351,972	41,657,266
Less: Allowance for credit losses		
Balance, beginning of year	(27,014)	(196,577)
Recovery of loans previously written off	(7,754)	(3,955)
Provision for the year	(90,000)	(97,246)
Loans written off	6,763	270,764
Balance, end of year	(118,005)	(27,014)
	<b>\$ 44,233,967</b>	<b>\$ 41,630,252</b>

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**BEAUBEAR CREDIT UNION LTD.****Notes to the Financial Statements****December 31, 2015**

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**5. LOANS RECEIVABLE (continued)**

Allowances for impaired loans:

	<b>Impaired loans</b>	<b>Allowance</b>	<b>Amounts recoverable</b>
Personal	\$ 30,471	\$ 30,066	\$ 405
Line of credit	43,498	38,298	5,200
Collective allowance	-	49,641	-
December 2015	\$ 73,969	\$ 118,005	\$ 5,605

	<b>Impaired loans</b>	<b>Allowance</b>	<b>Amounts recoverable</b>
Personal	\$ 15,602	\$ 10,347	\$ 5,255
Line of Credit	10,081	9,881	200
Collective allowance	-	6,786	-
December 2014	\$ 25,683	\$ 27,014	\$ 5,455

**6. MEMBER DEPOSITS**

	<b>2015</b>	<b>2014</b>
Term	\$ 17,046,881	\$ 16,892,870
Demand	2,352,336	2,261,072
Member savings	5,287,054	4,785,155
Chequing	13,444,071	12,550,332
Plan 24	6,182,510	5,282,862
RRSP	4,573,149	5,206,710
	\$ 48,886,001	\$ 46,979,001

**7. REGULATORY EQUITY**

	<b>2015</b>	<b>2014</b>
A. Membership Shares	\$ 326,323	\$ 347,545

Section 30-1 of the Credit Unions Act describes shares as the capital of the Credit Union. Pursuant to the Credit Union's by-laws, the value of each membership share is \$5 and as a condition of membership each adult member must hold 10 shares. These shares have specific restrictions on withdrawal and are not covered by Credit Union Deposit Insurance.

	<b>2015</b>	<b>2014</b>
B. Retained Earnings	\$ 3,437,112	\$ 3,364,052

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**BEAUBEAR CREDIT UNION LTD.****Notes to the Financial Statements****December 31, 2015**

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**7. REGULATORY EQUITY (continued)**

	<b>2015</b>	<b>2014</b>
C. Special Reserve	\$ 178,000	\$ 178,000

**D. Credit Union Legislation**

Credit Union legislation also requires that each Credit Union maintain a minimum level of equity to provide protection against potential financial losses. The requirement calls for equity to meet or exceed 5% of total assets. The following table indicates the equity level for Beaubear Credit Union Ltd.

	<b>2015</b>	<b>2014</b>
Membership shares	0.6	0.7
Retained earnings and special reserve	6.8	6.9
	7.4	7.6

**8. ATLANTIC CENTRAL TRANSACTION AND CREDIT UNION CENTRAL NEW BRUNSWICK WIND UP**

The Credit Union received \$178,000 as a gain on sale of shares on September 30, 2011, as a result of rebalancing of cash and shares from Credit Union Central New Brunswick into the new Atlantic Central. This income, which is included in a special reserve, is not to be distributed in any form and is frozen for an indefinite period subject to the Risk Management Agency's review at that time.

**9. RELATED PARTY TRANSACTIONS**

Included in loans to members are loans to senior officers, directors and staff.

At December 31, 2015 loans to these parties amounted to \$ 2,062,704 (December 2014 - \$ 3,540,755). These loans have been advanced on approximately the same terms and conditions as have been accorded to all members of the Credit Union. There was no remuneration paid to directors or elected committee members during the year other than reimbursement for out-of-pocket expenses.

**10. LINE OF CREDIT**

The Credit Union maintains an authorized line of credit, which was not utilized at year end, with Atlantic Central in the amount of \$1,250,000 with an interest rate of 2.20%. The line is secured by investments with Atlantic Central and a general assignment of book debts.

**11. RISK MANAGEMENT**

The types of risk inherent in the Credit Union environment include credit, liquidity and interest rate risk.

**(a) Credit Risk**

Credit risk is the risk that the Credit Union will incur a loss because a member fails to meet an obligation. Risk management policies are implemented by management and the Board. These include the evaluation of the member's ability to repay the loan when it is originally granted and subsequently renewed and the regular monitoring of member information such as delinquent and over-limit amounts.

In addition, the Credit Unions Act requires the Credit Union to maintain, at all times, a prescribed capital base. The required level of capital, consisting of share capital and retained earnings, is 5% of total assets. The actual capital base at December 31, 2015 is detailed in Note 7 to the financial statements.

**(b) Liquidity Risk**

Liquidity risk is the risk that the Credit Union will encounter difficulty in raising funds to meet its obligations to members. To mitigate this risk, the Credit Union is required under the Credit Unions Act to maintain, at all times, liquid assets that are adequate in relation to the business carried on. The level of liquidity is based on a prescribed percentage of total liabilities. At December 31, 2015, the prescribed liquidity requirement was 10% of total liabilities of which 8% is to be in liquid deposits with Atlantic Central. The actual liquidity was 11.5% of total liabilities, and 8.1% was in liquidity deposits with Atlantic Central.

**11. RISK MANAGEMENT (continued)****(c) Interest rate risk**

Interest rate risk refers to the potential impact on the Credit Union's earnings and net asset values due to changes in interest rates. Interest rate risk results primarily from differences in the maturity or repricing dates of assets and liabilities. The Credit Union manages the impact of interest rate changes with self-imposed limits, thus minimizing fluctuations of income during periods of changing interest rates. The Credit Union's major source of income is the financial margin between income earned on investments and loans to members, and interest paid to members on their deposits and interest on temporary borrowings.

Interest-sensitive assets and liabilities cannot normally be perfectly matched by amount and term to maturity, nor would a perfect match be desirable. One of the roles of a Credit Union is to intermediate between the expectations of borrowers and depositors.

The following schedule shows the Credit Union's sensitivity to interest rate changes. Amounts with floating rates or due or payable on demand are classified as maturing within six months, regardless of maturity. A significant amount of loans and deposits can be settled before maturity on payment of a penalty, but no adjustment has been made for repayments that may occur prior to maturity. Amounts that are not interest sensitive have been grouped together, regardless of maturity.

	<b>Assets</b>	<b>Liabilities and members' equity</b>	<b>Net asset/liability mismatch</b>
0-6 months	\$ 25,938,430	\$ 19,720,140	\$ 6,218,290
6-12 months	6,659,360	9,542,580	(2,883,220)
1-2 years	3,932,340	1,505,090	2,427,250
2-3 years	3,186,660	2,506,030	680,630
3-5 years	10,256,970	2,937,980	7,318,990
Non interest sensitive	3,403,380	17,165,320	(13,761,940)
	<b>\$ 53,377,140</b>	<b>\$ 53,377,140</b>	<b>\$ -</b>

**11. RISK MANAGEMENT (continued)****(d) Fair value of financial instruments**

Amounts are designed to approximate the fair values of the Credit Union's financial instruments using the valuation methods and assumptions described below. The estimated fair values disclosed do not reflect the value of items that are not considered financial instruments, such as capital assets. Since many of the Credit Union's financial instruments lack an available trading market, the fair values represent estimates of the current market value of instruments, taking into account changes in market rates that have occurred since their origination. Due to the estimation process and the need to use judgement, the aggregate fair value amounts should not be interpreted as being necessarily realizable in an immediate settlement of the instruments.

The carrying value of the Credit Union's financial instruments are not adjusted to reflect changes in interest rates, as it is the Credit Union's intention to hold the instruments to maturity.

Estimated fair values of financial assets and financial liabilities are summarized as follows:

	<b>2015</b>	<b>2014</b>
Cash	<b>\$ 3,160,658</b>	\$ 3,984,747
Investments	<b>4,701,867</b>	4,571,470
Member loans	<b>44,233,967</b>	41,630,252
Other assets	<b>153,103</b>	113,629
	<b>2015</b>	<b>2014</b>
Member deposits	<b>\$ 48,886,001</b>	\$ 46,979,001
Other liabilities	<b>454,829</b>	455,030
Shares	<b>326,323</b>	347,545

The following methods and assumptions were used to estimate the fair value of financial instruments:

- (a) The fair values of cash, investments, other assets and other liabilities are assumed to approximate book values, due to their short term nature.
- (b) The estimated fair value of floating rate member loans and member deposits are assumed to equal book value as the interest rates automatically reprice to market. The fair value of fixed rate member deposits approximates their fair market value. In management's opinion, any difference between fair values and book values of these financial instruments would not be significant or material to these financial statements.
- (c) The estimated fair value of fixed rate member loans has not been calculated as it is not practical within constraints of timeliness or cost to determine the amounts with sufficient reliability. In determining fair market value of the loan portfolio, one must factor in price, credit, liquidity, and cash flow risk. In order to properly determine credit risk, one would have to review each loan individually and determine the risks associated with that particular loan file at the year end date. The credit risk is then calculated by the difference between the current interest rate on that loan and the going market rate of a loan with similar characteristics. In management's opinion, the difference between fair values and book values of the loan portfolio would not be significant or material to these financial statements.

**12. COMMITMENT**

One of the Credit Union's two branches operates from leased premises. The Newcastle branch lease expires on December 31, 2023 with a renewable option for a further 5 years. The minimum annual rent is \$60,000 plus HST.

**13. COMPARATIVE AMOUNTS**

Financial statements for the year ended December 31, 2014 were audited by another accountant and are presented for comparative purposes only.

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

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