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**BACU**  
**Belgian-Alliance  
Credit Union**

## Annual Report **2022**

Joint Message from the Chair & CEO	<b>2</b>
Board of Directors	<b>6</b>
Management's Responsibility for Financial Reporting	<b>8</b>
Auditor's Report	<b>9</b>
Summary Financial Statements	<b>10</b>
Our History	<b>15</b>

## JOINT MESSAGE FROM THE CHAIR & CEO



**Joanne Mercier**

CHAIR, BOARD OF DIRECTORS



**Martin Trudeau**

CHIEF EXECUTIVE OFFICER

It is an honour and a pleasure to present our report to you, our members. As a community-minded financial institution, Belgian-Alliance Credit Union takes great pride in being local. Our modest scale enables us to provide tailored, customized solutions and advice to our member-owners. We are active in our communities and always nearby and ready to assist with all your financial needs.

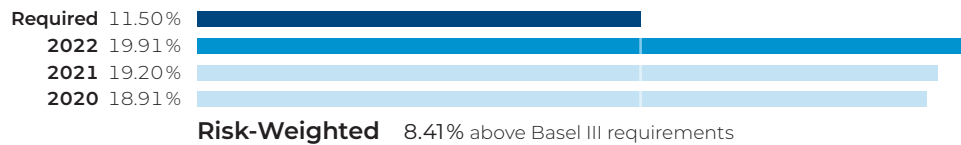
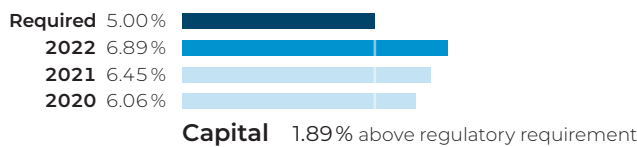
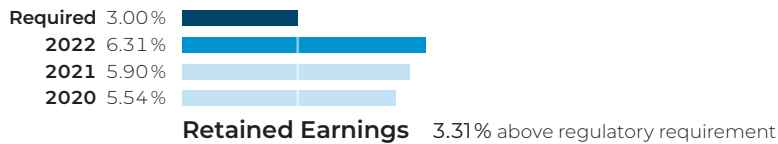
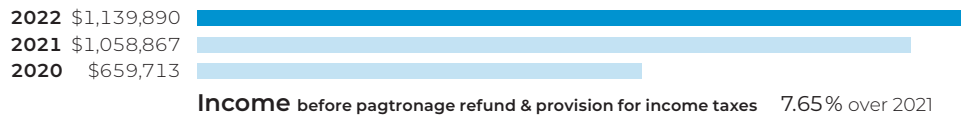
As we close the year that was, we are encouraged and excited for what the new year will bring. While the pace of change within our industry is ever increasing, the Board of Directors, Management and team at BACU have been redefining the way we transact, with the goal of creating new efficiencies while providing heightened levels of member service. As your complete financial provider, our vast array of financial services includes deposit accounts, investment accounts, investment portfolios, consumer lending, mortgage lending and business lending. Through our network of highly trained and motivated staff, we are ready to serve you. We anticipate continued strength in 2023 and our goal is to increase both assets and membership. As we celebrate 83 years since our founding credit union was incorporated, and fourteen years since our amalgamation to become Belgian-Alliance Credit Union, our goal of putting people before profits continues to drive our value proposition today.

### **Planning for the future, setting the course in uncertain times**

Over the last few years, our world has experienced a level of uncertainty rarely seen in history. A pandemic gripped the world, resulting in devastating economic and social impacts, including significant loss of life. War erupted in Ukraine, with the Western alliances and NATO condemning the actions of a

## JOINT MESSAGE FROM THE CHAIR & CEO

Russian leader. Logistical interruptions were experienced in most industries, creating global shortages while governments around the world did their best to protect and provide for their citizens. In an effort to mitigate concerns, most governments increased their monetary supply through enlarged deficits. Throughout the year, a new uncertainty was taking hold: inflation. To help combat the erosion of purchasing power, the Bank of Canada aggressively increased their overnight rate seven times in 2022, lifting the key interest rate from 0.25% to 4.25%. While these increases resulted in elevated deposit rates not seen in over a decade, those who borrow money now face much higher rates. For a credit union such as ours, this resulted in increased profitability in the short term as earnings from our investments raised in tandem. Over the next year, we expect these rates will result in lower profitability, as our deposit portfolio maintains a higher concentration of short-term renewals than our lending portfolio. BACU is well positioned to absorb this shock, having recorded excellent profitability and strong levels of capital. In 2022, BACU's income before patronage refund and provision for income taxes was \$1,139,890 — the highest in over a decade. BACU's capital continues to increase and will allow our credit union future growth opportunities while protecting your assets.



### Patronage and Dividends

While BACU offers competitive pricing on all our products, we continue to believe that patronage allocation and returning our profits to our members are paramount. We are pleased to share that BACU will once again be paying a patronage distribution of \$80,000. Additionally, a 3.00% dividend will be paid on all shares, worth another \$34,683. In total, \$114,683 will be returned to our

you — our shareholders, owners and members. Since our creation in 2008, BACU has returned over \$1.69 million to our members. The more business held at BACU, the larger your return. It pays to be a member of BACU!

### **Branch Optimization**

Branch optimization is a key pillar in *Vision 2025*, our strategic planning map. The delivery mechanisms used to serve our members have changed over the last decade and we must ensure that our branch functions align to these new realities. Gone are the days of long lineups of members waiting to perform cash transactions. Today, most in-person interactions are the result of members needing advice or something out of the ordinary and, in many ways, this has shifted the way we transact. Throughout the pandemic and the health guidelines asking everyone to stay home, our members adapted and so did we. For the last few years, we have been assessing our branch structure and how best to perform said functions.

In 2023, BACU will commence a major renovation project to redesign the space at our Portage Avenue location. Our objectives are to implement a 24-hour walk-up ATM (loitering and safety concerns forced us to lock the existing vestibule at the close of the business day); provide member service office pods that increase privacy and allow for better conversations with our front line; create additional office space for future growth; and add a much needed boardroom and staff training area. Renovations will begin this spring and are scheduled to be completed by the end of summer. We look forward to serving you in our new and improved facility.

### **Technology**

In today's fast changing world, up-to-date technology is crucial. BACU is committed to keeping current while looking always to the future. Cyber security and continuous vigilance are paramount, as the security of our membership's deposits and personal information are pillars of our responsibilities. Our management team and expert consultants are on constant vigil to protect our systems. We continually upgrade systems, test their security and educate staff on best practices and the safety measures that are in place. In 2022, BACU performed various IT audits to ensure our systems were well protected. We are moving forward with technology to the benefit of our members and staff.

We are now commencing work to create a new website and mobile apps that will carry BACU into the next decade. More details will be released later this year.

### **Governance**

In 2022, BACU Directors appointed a new Chair of the Board and a new Corporate Secretary, the most significant change to the BACU board in decades. The long-standing service of these candidates — and the past-Chair agreeing to remain on the Board to share his many years of experience — have made the transition smooth and efficient.

All Directors participate in ongoing training through various webinars, courses, and programs. Our credit union requests that Directors obtain their Credit Union Director Achievement (CUDA) accreditation, and we are proud

## JOINT MESSAGE FROM THE CHAIR & CEO

to share that two further Directors have recently obtained their certification, leaving just one remaining Director who is working towards completion.

BACU continues to operate with three sub-committees: Executive (Joanne Mercier, Chair); Audit and Risk Management (John Vandewater, Chair); and Governance (Bohdana Bashuk, Chair). All three committees operate with annual work plans that detail all tasks to be completed. It was a very productive year as all committees accomplished key milestones.

We thank all Directors for their tireless dedication and time spent in their roles.

### Employees

BACU is well known for its dedicated team of passionate individuals who work hard, each and every day, to meet the needs of our members as well as the internal needs of the credit union. While our primary focus is always on the member, many regulatory regimes and levels of oversight are required in today's complex financial environment. BACU has built a team with a "can-do" attitude that tackles challenges with zeal. Management and the Board believe that it is through excellent employees that we succeed, and we acknowledge the effort made by our amazing team in their roles. We believe the key to our success as a financial institution is taking the time needed to get to know our members, leading to a more personalized service experience.

### The Future

While the economy, inflation, and regulatory regimes will inevitably cause bumps in the road, the future is bright. This can change quickly, however. Many small and mid-sized Manitoba credit unions have decided to merge, resulting in a system that now numbers only 16 credit unions (roughly half the number just five years ago). While BACU is not actively looking to join a larger credit union, we do believe it is best to work with like-minded credit unions to find value and efficiencies wherever possible. Our *Vision 2025* road map charts a path for continued success; we look forward to delivering on this for all of our members.

To the staff, management team and Board of Directors, we express our sincere appreciation for all that you do. We have a dedicated, dynamic and passionate team of experts who embrace change and deliver services not easily replicated elsewhere. Our success is due entirely to your efforts.

To our valued Members, we are here to serve you and appreciate your continued support, dedication, and unwavering loyalty to our credit union. It is our hope that when you aggregate all your financial affairs at BACU, we can make your lives a little easier and provide the level of advice you need to reach all your goals.

*Respectfully submitted on behalf of the Board of Directors  
and the management team,*

**Joanne Mercier**  
CHAIR

**Martin Trudeau**  
CHIEF EXECUTIVE OFFICER

## BOARD OF DIRECTORS



**Joanne Mercier**  
CHAIR



**John Vandewater**  
VICE-CHAIR



**Marc Lemoine**  
CORPORATE SECRETARY



**Bohdana Bashuk**  
DIRECTOR



**Remi Brengman**  
DIRECTOR



**Tom Daeninck**  
DIRECTOR



**Ian Dunne**  
DIRECTOR



**Rachelle Needham**  
DIRECTOR












**Ron Wersch**  
DIRECTOR

### HONORARY DIRECTORS

Jim Beaulieu · Richard Gregoire · Bob Seys · Casey Van Corp

BOARD OF DIRECTORS • MEETING ATTENDANCE

		Board Meetings	Executive Committee	Audit & Risk Management Committee	Governance Committee	Term Expires
	<b>Joanne Mercier</b> CHAIR	9/9	5/5		2/2	2024
	<b>John Vandewater</b> VICE-CHAIR	9/9	4/5	4/4		2025
	<b>Marc Lemoine</b> CORPORATE SECRETARY	8/9	1/1	1/2	2/3	2025
	<b>Bohdana Bashuk</b> DIRECTOR	8/9		2/2	3/3	2025
	<b>Remi Brengman</b> DIRECTOR	9/9	4/4	2/2		2023
	<b>Tom Daeninck</b> DIRECTOR	7/9			5/5	2024
	<b>Ian Dunne</b> DIRECTOR	9/9		2/2	2/2	2023
	<b>Rachelle Needham</b> DIRECTOR	8/9		4/4		2023
	<b>Ron Wersch</b> DIRECTOR	9/9			5/5	2024

*Board spending in 2022 on honoraria, per diems, conferences, and training totaled \$38,794*





## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Members of Belgian-Alliance Credit Union Ltd.:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting policies and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and Audit and Risk Management Committee are composed of Directors who are neither management nor employees of the Credit Union. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Audit and Risk Management Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee is also responsible for recommending the appointment of the Credit Union's external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Committee and management to discuss their audit findings.

**Martin Trudeau**

CHIEF EXECUTIVE OFFICER





## Report of the Independent Auditor on the Summary Financial Statements

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To the Members of Belgian-Alliance Credit Union Ltd.:

### Opinion

The summary financial statements, which comprise the summary statement of financial position as at December 31, 2022, and the summary statements of comprehensive income, changes in members' equity and cash flows for the year then ended, are derived from the audited financial statements of Belgian-Alliance Credit Union Ltd. (the "Credit Union") for the year ended December 31, 2022.

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

### Summary Financial Statements

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

### The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated March 22, 2023.

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

Management is responsible for the preparation of the summary financial statements on the basis described in Note 1 to the summary financial statements.

### Auditor's Responsibility

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

Winnipeg, Manitoba

March 22, 2023

*MNP* **LLP**  
Chartered Professional Accountants

**A copy of the complete** financial statements including significant accounting policies and other explanatory information is available from the credit union or at [www.belgianalliancecu.mb.ca](http://www.belgianalliancecu.mb.ca).

### MNP LLP

True North Square

242 Hargrave Street, Suite 1200, Winnipeg MB, R3C 0T8

1.877.500.0795 T: 204.775.4531 F: 204.783.8329



MNP.ca

**Belgian-Alliance Credit Union Ltd.**  
**Summary Statement of Financial Position**

*As at December 31, 2022*

	2022	2021
<b>Assets</b>		
Funds on hand and on deposit	23,232,458	25,209,679
Investments	6,975,855	1,932,593
Members' loans receivable	187,498,917	192,837,662
Prepaid expenses and other assets	162,116	112,301
Property, equipment and intangible assets	2,358,172	2,531,768
	220,227,518	222,624,003
<b>Liabilities</b>		
Members' savings and deposits	203,011,708	206,914,527
Accounts payable	1,704,778	921,029
Income taxes payable	38,079	120,481
Lease liability	157,924	207,628
Deferred taxes	137,000	110,000
	205,049,489	208,273,665
<b>Members' equity</b>		
Member shares	1,194,689	1,128,376
Provision for issue of surplus shares	80,000	80,000
Retained surplus	13,903,340	13,141,962
	15,178,029	14,350,338
	220,227,518	222,624,003

**Approved on behalf of the Board of Directors**

*Signed "Joanne Mercier"* \_\_\_\_\_

*Signed "John Vandewater"* \_\_\_\_\_

A copy of the complete financial statements including significant accounting policies and other explanatory information is available from the credit union or at [www.belgianalliancecu.mb.ca](http://www.belgianalliancecu.mb.ca).



**Belgian-Alliance Credit Union Ltd.**  
**Summary Statement of Comprehensive Income**  
*For the year ended December 31, 2022*

	2022	2021
<b>Financial income</b>		
Interest from members' loans	6,046,220	5,942,128
Investment income	793,653	395,213
	<b>6,839,873</b>	<b>6,337,341</b>
<b>Cost of funds</b>	<b>3,401,523</b>	<b>3,327,042</b>
<b>Financial margin</b>	<b>3,438,350</b>	<b>3,010,299</b>
<b>Operating expenses</b>		
Administration	740,740	678,247
Member security	192,440	197,076
Occupancy	519,756	517,206
Organizational	138,761	119,694
Personnel	1,521,105	1,457,895
<b>Gross operating expenses</b>	<b>3,112,802</b>	<b>2,970,118</b>
<b>Other income</b>	<b>(890,986)</b>	<b>(1,050,747)</b>
<b>Net operating expenses</b>	<b>2,221,816</b>	<b>1,919,371</b>
<b>Income from operations before provision for loan losses, patronage refund and income taxes</b>	<b>1,216,534</b>	<b>1,090,928</b>
Provision for loan losses	76,644	32,061
<b>Income before patronage refund and provision for income taxes</b>	<b>1,139,890</b>	<b>1,058,867</b>
Patronage refund	80,000	80,000
<b>Income before provision for income taxes</b>	<b>1,059,890</b>	<b>978,867</b>
<b>Provision for income taxes</b>	<b>273,935</b>	<b>230,322</b>
<b>Income and comprehensive income for the year</b>	<b>785,955</b>	<b>748,545</b>

A copy of the complete financial statements including significant accounting policies and other explanatory information is available from the credit union or at [www.belgianalliancecu.mb.ca](http://www.belgianalliancecu.mb.ca).



**Belgian-Alliance Credit Union Ltd.**  
**Summary Statement of Changes in Members' Equity**  
*For the year ended December 31, 2022*

	<i>Member shares</i>	<i>Provision for issue of surplus shares</i>	<i>Retained surplus</i>	<i>Total equity</i>
<b>Balance December 31, 2020</b>	<b>1,120,400</b>	<b>40,000</b>	<b>12,411,099</b>	<b>13,571,499</b>
Income and comprehensive income for the year	-	-	748,545	748,545
Patronage refund	-	80,000	-	80,000
Dividend on surplus shares, net of tax savings of \$5,045	-	-	(17,682)	(17,682)
Issuance of member shares	64,442	(40,000)	-	24,442
Redemption of member shares	(56,466)	-	-	(56,466)
<b>Balance December 31, 2021</b>	<b>1,128,376</b>	<b>80,000</b>	<b>13,141,962</b>	<b>14,350,338</b>
Income and comprehensive income for the year	-	-	785,955	785,955
Patronage refund	-	80,000	-	80,000
Dividend on surplus shares, net of tax savings of \$8,210	-	-	(24,577)	(24,577)
Issuance of member shares	106,032	(80,000)	-	26,032
Redemption of member shares	(39,719)	-	-	(39,719)
<b>Balance December 31, 2022</b>	<b>1,194,689</b>	<b>80,000</b>	<b>13,903,340</b>	<b>15,178,029</b>

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**Belgian-Alliance Credit Union Ltd.**  
**Summary Statement of Cash Flows**  
*For the year ended December 31, 2022*

	2022	2021
<b>Operating activities</b>		
Interest received from members' loans	5,979,745	6,066,233
Interest received from investments	766,216	396,490
Other income received	890,986	1,050,747
Income taxes paid	(329,337)	(68,853)
Interest paid on borrowed money	(3,218,877)	(3,815,415)
Operating expenses paid	(2,133,962)	(3,006,064)
	<b>1,954,771</b>	<b>623,138</b>
<b>Financing activities</b>		
Net change in members' savings and deposits	(4,085,465)	(1,285,246)
Issuance of member shares	1,455	1,715
Redemption of member shares	(39,719)	(56,466)
	<b>(4,123,729)</b>	<b>(1,339,997)</b>
<b>Investing activities</b>		
Net change in investments	(5,015,825)	239,285
Net change in members' loans receivable	5,328,576	(13,115,950)
Purchases of property, equipment and intangible assets	(71,310)	(133,896)
Net lease payments	(49,704)	(48,731)
	<b>191,737</b>	<b>(13,059,292)</b>
<b>Decrease in funds on hand and on deposit</b>	<b>(1,977,221)</b>	<b>(13,776,151)</b>
<b>Funds on hand and on deposit, beginning of year</b>	<b>25,209,679</b>	<b>38,985,830</b>
<b>Funds on hand and on deposit, end of year</b>	<b>23,232,458</b>	<b>25,209,679</b>

A copy of the complete financial statements including significant accounting policies and other explanatory information is available from the credit union or at [www.belgianalliancecu.mb.ca](http://www.belgianalliancecu.mb.ca).



**Belgian-Alliance Credit Union Ltd.**  
**Notes to the Summary Financial Statements**  
*For the year ended December 31, 2022*

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**1. Basis of presentation of the summary financial statements**

Management has prepared the summary financial statements from the Credit Union's December 31, 2022 audited financial statements which can be obtained at the Credit Union. The detailed notes included in the audited financial statements are not included in these summary financial statements.

**2. Compliance with minimum capital and liquidity requirements**

The Credit Union is in compliance with the capital and liquidity reserve requirements at December 31, 2022 established by the Deposit Guarantee Corporation of Manitoba in its standards of Sound Business Practice.

Readers of the summary financial statements are advised that in order to appropriately interpret the Credit Union's capital and liquidity compliance, the reader must refer to the audited financial statements and notes for the year ended December 31, 2022, which contain the information detailing the calculation.

**A copy of the complete** financial statements including significant accounting policies and other explanatory information is available from the credit union or at [www.belgianalliancecu.mb.ca](http://www.belgianalliancecu.mb.ca).



# Our History

Belgian-Alliance Credit Union lays claim to a proud tradition of dedicated member service and trust by virtue of its presence in the Manitoba Credit Union landscape over several decades. While our Credit Union continues to evolve with respect to changes in product lines, service channels and new technologies, our roots go back to the very beginnings of the credit union movement in our province.

The following chronology outlines key historical events and highlights the founding credit unions that formed the Belgian-Alliance Credit Union of today.



## 1943

**The Amalgamated Civil Servants of Canada (Winnipeg) Credit Union Society** (A.C.S. of C.) is incorporated to serve the financial needs of Federal Government employees working at Deer Lodge Hospital, with much of the original credit union's business conducted within the hospital building itself. A.C.S. of C. later becomes **Adanac Credit Union**.

## 1955

The **CBC Winnipeg Employees Credit Union** is incorporated by a group of employees at the Canadian Broadcasting Corporation. Initially located within the CBC building on Portage Avenue, it later moves to the Spence Street side of the building to allow for a separate entrance for its members. In 1994, the credit union moves to Balmoral Street and is re-named **Communicators Credit Union**.

## 2001

**Adanac, Communicators** and **Progress-Vera** credit unions merge to form **Alliance Credit Union** with membership opened to all. The Progress-Vera branch is moved from 627 Selkirk Avenue to its current location at 101-930 Jefferson Avenue in the Maples.

## 1950

**Vera Credit Union** is formed to meet the financial needs of Ukrainian-Canadians living in Winnipeg's north end. 'Vera' means to have 'belief' or 'faith' (in the credit union movement and its ideals).

## 1958

**Progress Credit Union** is formed. Progress and Vera credit unions amalgamate in 1981 to create the new **Progress-Vera Credit Union**.

## 2018

**Belgian-Alliance Credit Union** celebrates 10 years.

## 1939

A new financial cooperative, **Belgian Sacred Hearts Society**, is founded by Reverend Father Damas-Van Dyck to serve the financial needs of local parishioners. In 1949, the bond of association is expanded to include all peoples of Belgian or Dutch origin — and further broadened from time to time until, in 1970, it is opened up to all Manitobans. The name was changed to **Belgian Credit Union** in 1974, the same year the operation moved to a new building at 387 Provencher Boulevard.

## 2008

**Belgian** and **Alliance** credit unions merge to form the new **Belgian-Alliance Credit Union**, creating a stronger, unified credit union that is well poised to serve its members into the future.

# Today

Belgian-Alliance Credit Union is pleased to continue in the spirit of quality member service adhered to by each of the legacy credit unions that served members so well for 80 years.

Think of us as old friends with a fresh, new approach to the business of credit union-ing.



387 Provencher Boulevard  
204.982.3400

1177 Portage Avenue  
204.927.0460

101-930 Jefferson Avenue  
204.927.0450

[mybacu.ca](http://mybacu.ca)

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