

2019 ANNUAL REPORT

80 YEARS



CARPATHIA
CREDIT UNION
КАРПАТІЯ



Vision Statement

The financial institution of choice for Manitoba's Ukrainian community.

Mission Statement

"To achieve excellence in providing financial services that are beneficial to our members and community."

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Chair's Report

Chair **Roman Zubach**

It is my privilege to present the Chairman's Annual Report on behalf of the **Board of Directors** of **Carpathia Credit Union**.

Serving as the Chair for the past four years has been a delight, an honour, and definitely a challenge.

Reflecting on 2019 and its 80th year of operation, your Credit Union continued to build on its strong legacy. **Carpathia Credit Union's** deep and proud roots enabled our continued growth and development as we delivered the **Carpathia Credit Union** difference to our members.

2019 was a remarkable chapter in our history and growth. During the year, we implemented a new operating system. We transitioned from an account centric process to a member centric approach. In April 2019, **North Winnipeg Credit Union's** membership and **Carpathia Credit Union's** membership voted in favour of the amalgamation of two historic Ukrainian Credit Unions. The result is a stronger Ukrainian Credit Union to serve our members.

As I look forward, **Carpathia Credit Union** has a strong financial base, a focused business plan, an experienced and dedicated team of senior management and employees, a strong **Board of Directors**, and a loyal growing group of members. These strengths will serve **Carpathia Credit Union** well in managing the unprecedented times posed by the COVID-19 pandemic in 2020 and will support our continued growth and development well into the future.

The Board of Directors commends our CEO, **Nick Rawluk**, senior management team, and employees for their dedication and sacrifices made in 2019 to ensure that our projects were completed with as little interruption to our members as possible.

It's been my pleasure to serve as Chair this past year. I would like to thank our members for their continued support during this past year. Also, my sincere thanks to our **Board of Directors** for their support and guidance throughout a most challenging year.

Roman Zubach

Chair



CEO's Report

CEO **Nick Rawluk**

2019 marks the end of my first financial reporting period at **Carpathia Credit Union**, and the first financial reporting period following the successful merger of **Carpathia** and **North Winnipeg** credit unions. This moved **Carpathia** from the 71st largest credit union in Canada at the end of 2018 to the 64th largest at the end of 2019. With our merger, the group of Ukrainian heritage credit unions changed from 6 to 5. This also added to the number of Manitoba credit unions dropping from 28 to 26. By ending the year with an asset size of just over \$619 million, **Carpathia** remains the 3rd largest of the group of Ukrainian heritage credit unions and the largest Ukrainian heritage credit union in western Canada.

Following our legal merger on July 1st, management and staff went through a reorganisation process and immediately got to work on the logistics of moving from five branches to six. As that work progressed, our dedicated core system conversion team drove ahead on the system change that occurred as scheduled on November 23rd. This new system is a major improvement for **Carpathia** and will allow our credit union to continue to offer competitive products and services well into the future. Although this was a major project requiring staff from across the organisation, there was no time to rest on our laurels, as we had to begin immediate work on converting the Leila Branch off their old system and into **Carpathia's** new system. That conversion is scheduled to occur September 18-20, 2020. Until then, members can continue to complete basic transactions at any of the six branches. Full and seamless service will commence on September 21, 2020.

While we have moved through these major changes and projects, a focus on active cost and revenue management has allowed us to post a modest profit of \$219,184 before taxes. While this is an improvement on the loss posted in 2018, most figures are not easily comparable because not only did we move through a merger in 2019, but we also changed from a September 30th year-end to December 31st. This change resulted in a 15-month reporting year instead of the regular 12, with the impact of the merger affecting 6 of those 15 months on the income statement.

Although our team still has a lot of work ahead of us, I know we are up to the challenge. We benefit from a devoted and engaged **Board of Directors**, a committed group of staff, and a dedicated membership base. I would like to thank the **Board of Directors** for their unwavering commitment to the success of the organisation as well as the Executive Team and all my colleagues at the credit union whose hard work and passion drive **Carpathia** forward. Our members and associates are our purpose for existing, and I would like to also thank each of you for your continued engagement. I encourage you to keep challenging us to always improve for the continued benefit of you, your loved ones, and our community.

Nick Rawluk
CEO



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www.bdo.ca

BDO Canada LLP
700 - 200 Graham Avenue
Winnipeg MB R3C 4L5 Canada

Report of the Independent Auditor on the Summary Financial Statements

To the Members of CARPATHIA CREDIT UNION LIMITED

Opinion

The summary financial statements, which comprise the summary balance sheet as at December 31, 2019 and the summary statement of comprehensive income, summary statement of changes in members' equity and summary statement of cash flows for the 15 month period then ended, are derived from the audited financial statements of **CARPATHIA CREDIT UNION LIMITED** for the 15 month period ended December 31, 2019.

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

Summary Financial Statements

The summary financial statements do not contain all the statements and 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 Credit Union's 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 April 22, 2020.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of the summary financial statements in accordance with the criteria disclosed in Note 1.

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 Audit Standard (CAS) 810, 'Engagements to Report on Summary Financial Statements'.

BDO Canada LLP

Chartered Professional Accountants

Winnipeg, Manitoba

April 22, 2020

CARPATHIA CREDIT UNION LIMITED
Summary Balance Sheet

December 31, September 30,
2019 2018

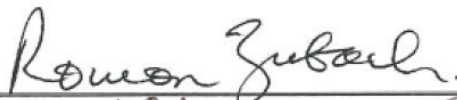
Assets

Funds on hand and on deposit	\$ 13,203,808	\$ 5,014,099
Income taxes recoverable	306,373	319,178
Other assets	320,680	1,203,634
Investments	66,647,986	35,794,603
Loans to members	531,345,282	452,812,996
Deferred income tax asset	330,600	232,000
Property and equipment	7,146,344	5,403,993
	\$ 619,301,073	\$ 500,780,503

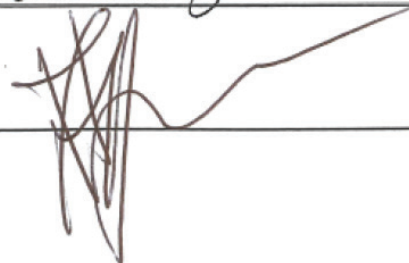
Liabilities and Members' Equity

Accounts payable and other liabilities	\$ 734,805	\$ 672,108
Members' deposits	586,058,167	474,496,996
	586,792,972	475,169,104
Members' Equity		
Contributed surplus	6,040,523	-
Members' shares	596,750	43,385
Retained earnings	25,870,828	25,568,014
	32,508,101	25,611,399
	\$ 619,301,073	\$ 500,780,503

Approved on behalf of the Board of Directors:



Director



Director

CARPATHIA CREDIT UNION LIMITED

Summary Statement of Comprehensive Income

For the 15 month period ended December 31	2019	2018
(with comparative amounts for the year ended September 30, 2018)		
Revenue		
Interest on loans to members	\$ 21,773,585	\$ 16,110,053
Investment income		
Liquidity deposits	1,530,437	967,431
CUCM shares	847,405	74,952
	24,151,427	17,152,436
Cost of funds		
Interest paid to members	13,207,561	8,808,611
Interest paid on borrowings	9,583	42,109
	13,217,144	8,850,720
Gross financial margin	10,934,283	8,301,716
Operating Expenses		
Personnel	5,141,808	4,180,158
Administrative	3,241,376	1,541,300
Occupancy	1,759,216	1,334,434
Members' security	620,102	506,605
Organizational	374,657	253,042
Gross operating expenses	11,137,159	7,815,539
Other income	2,126,457	1,627,046
	9,010,702	6,188,493
Gross operating income	1,923,581	2,113,223
Provision for impaired loans	1,704,397	2,837,540
Income (loss) before income taxes	219,184	(724,317)
Provision for Income Taxes		
Deferred tax recovery	(83,630)	(144,000)
Total comprehensive income (loss) for the period	\$ 302,814	\$ (580,317)

CARPATHIA CREDIT UNION LIMITED

Summary Statement of Changes in Members' Equity

For the 15 month period ended December 31 2019

(with comparative amounts for the year ended September 30, 2018)

	Contributed Surplus	Members' Shares	Retained Earnings	Total
Balance at September 30, 2017	\$ -	\$ 43,850	\$ 26,148,331	\$ 26,192,181
Net loss for the year	-	-	(580,317)	(580,317)
Issue of members' shares	-	42,690	-	42,690
Redemption of members' shares	-	(43,155)	-	(43,155)
Balance at September 30, 2018	-	43,385	25,568,014	25,611,399
Net income for the period	-	-	302,814	302,814
Issue of members' shares	-	86,876	-	86,876
Redemption of members' shares	-	(97,010)	-	(97,010)
Business combination	6,040,523	563,499	-	6,604,022
Balance at December 31, 2019	\$ 6,040,523	\$ 596,750	\$ 25,870,828	\$ 32,508,101

CARPATHIA CREDIT UNION LIMITED

Summary Statement of Cash Flows

For the 15 month period ended December 31

2019

2018

(with comparative amounts for the year ended September 30, 2018)

Cash Flows from Operating Activities

Net income (loss) for the period	\$ 302,814	\$ (580,317)
Adjustments for		
Interest revenue	(24,151,427)	(17,152,436)
Interest expense	13,217,144	8,850,720
Depreciation expense	679,865	514,789
Provision for impaired loans	1,704,397	2,837,540
Deferred income taxes	(98,600)	(144,000)

(8,345,807) (5,673,704)

Change in other assets and accounts payable and other liabilities	(817,382)	(473,056)
Change in income taxes recoverable	9,775	(11,807)

(807,607) (484,863)

Changes in member activities, net		
Change in loans to members	21,833,923	(17,877,988)
Change in members' deposits	(199,632)	12,677,390

21,634,291 (5,200,598)

Cash flows related to interest, dividends, and income taxes		
Interest received on loans to members	21,222,913	15,870,144
Interest paid on members' deposits	(11,382,042)	(9,019,280)
Interest received on investments	2,330,916	1,085,749
Interest paid on borrowings	(9,583)	(42,109)
Income taxes paid	-	(78,103)

12,162,204 7,816,401

Total cash flows from (used in) operating activities **24,643,081** (3,542,764)

Cash Flows from Investing Activities

Redemption of investments	8,480,038	763,655
Purchase of property and equipment	(1,253,615)	(45,391)

7,226,423 718,264

Cash received on business combination	4,830,339	-
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Total cash flows from investing activities **12,056,762** 718,264

Cash Flows from Financing Activities

Issue of common and surplus shares	86,876	42,690
Redemption of common and surplus shares	(97,010)	(43,155)

Total cash flows used in financing activities **(10,134)** (465)

Net increase (decrease) in cash and cash equivalents **36,689,709** (2,824,965)

Cash and cash equivalents, beginning of period **38,014,099** 40,839,064

Cash and cash equivalents, end of period **\$ 74,703,808** \$ 38,014,099

Comprised of the following

Funds on hand and on deposit	\$ 13,203,808	\$ 5,014,099
Credit Union Central of Manitoba term deposits	61,500,000	33,000,000

\$ 74,703,808 \$ 38,014,099

CARPATHIA CREDIT UNION LIMITED

Notes to Summary Financial Statements

For the 15 month period ended December 31, 2019

1. Basis of Presentation

Management is responsible for the preparation of summary financial statements. The summary presented includes only the summary balance sheet, the summary statement of comprehensive income, summary statement of changes in members' equity and summary statement of cash flows. It does not include all notes to the financial statements. The summary balance sheet, summary statement of comprehensive income, summary statement of changes in members' equity and summary statement of cash flows are presented in the same detail as the audited financial statements except the note referencing has been removed.

Copies of the December 31, 2019 audited financial statements are available at the Credit Union's head office at 952 Main Street, Winnipeg, Manitoba.

2. Compliance with Minimum Capital and Liquidity Requirements

The Credit Union is in compliance with the capital and liquidity reserve requirements at December 31, 2019 established by the Regulations to The Credit Unions and Caisses Populaires Act of Manitoba.

Readers of the summary financial statements are advised that in order to appropriately interpret the Credit Union's capital and liquidity, the reader must refer to the audited financial statements including notes for the 15 month period ended December 31, 2019, which contain the information detailing the calculations.



Our Team

= MILESTONE YEARS OF SERVICE

Corporate Office

- 5 Elizabeth Erickson, *Executive Assistant to the CEO*
 - Valentina Dubovik, *Executive Assistant*
 - Doris Dyck, *HR Manager*
 - Carissa Hryniw, *Receptionist*
- 10 Shelly Maslechko, *Director, Credit*
 - Myrosia Chimuk, *Senior Credit Administration Officer*
 - Yuliia Melnyk, *Credit Administration Officer*
 - Yana Yamborko, *Credit Administration Officer*
 - Tammi McIvor, *Compliance Officer*
 - Marilyn Choquette, *Processing Clerk*
 - Myron Fiks, *Director, Finance*
 - Svitlana Levenets, *Accountant*
 - Helen Krawczuk Suchy, *Accounting Clerk*
 - Ashley Elkiw-Buckle, *Director, Member Experience*
- 15 Brandeis Orr Smallwood, *Manager, Member Service*
 - Katrusia Manning, *Manager, Lending*
 - Lesia Gojan Klein, *Director, Operations*
 - Ginette Henry, *Marketing and Communications Coordinator*
 - Bryan Yallits, *Help Desk Support Analyst*
 - Maryana Singh, *Document Processing Supervisor*
 - Oksana Borys, *Document Processor*
 - Stephie Pilat, *Document Processor*
 - Maryna Buby, *Accountant*

Commercial Centre

- Gary Peric, *Director, Commercial Services*
- Dan Stanicky, *Manager, Business Services*
- Mike Chomiak, *Commercial Account Manager*
- Hailey Heng, *Commercial Services Analyst*
- Julia Baryluk, *Supervisor, Commercial Administration*
- Laura Sala, *Senior Commercial Credit Administration Officer*
- Galyna Andriyeshyn, *Commercial Credit Administration Officer*

Main Street Branch

- Irina Lisowski, *Member Services Representative Supervisor*
- Iryna Voytovych, *Senior Member Services Representative*
- Maria Karnaoukh, *Member Services Representative*
- Maryna Herasymyk, *Member Services Representative*
- Vickie Sulyma, *Member Services Representative*

McPhillips Street Branch

- 10 Tenille Black-Greaves, *Member Services Representative Supervisor*
 - Halyna Havdo, *Financial Services Representative*
 - Iryna Gumenyuk, *Senior Member Services Representative*
 - Christine Rinn, *Member Services Representative*

Henderson Highway Branch

- Karen Dubesky, *Member Services Representative Supervisor*
- 10 Ekaterina Romanyuk, *Financial Services Representative*
- 5 Oksana Volochiy, *Member Services Representative*
 - Mira Rozit, *Member Services Representative*
 - Denise Romaniuk, *Member Services Representative*



Grant Avenue Branch

- Chelsey Staniforth, *Member Services Representative Supervisor*
- Vadym Haidashevskiy, *Financial Services Representative*
- Tatiana Sadikova, *Member Services Representative*
- Tracy Jeffrey, *Member Services Representative*
- Iryna Serdiuk, *Member Services Representative*

Regent Avenue Branch

- Olha Holovko, *Member Services Representative Supervisor*
- Oksana Rayter, *Financial Services Representative*
- Natalie Suchoplas, *Member Services Representative*
- Tetiana Zazuliak, *Member Services Representative*
- Natasha Hiebert, *Member Services Representative*

Leila Avenue Branch

- Maria Tychanski, *Member Services Representative Supervisor*
- Juliia Novytska, *Financial Services Representative*
- Svetlana Davidov, *Senior Member Services Representative*
- 20 Iryna Kozak, *Member Services Representative*
- Nadiia Semenyshyn, *Member Services Representative*

Executive Management



Nicholas Rawluk
Chief Executive Officer



Janet Hnytko
*Chief Financial
& Risk Officer*



20 **Brian Petrynko**
Chief Operating Officer



Lisa Jaworsky
*Chief Member
Experience Officer*



2019 Board of Directors



Roman Zubach
Chair



Dr. Taras Babick
Vice Chair



Noella Pylypowich
Secretary



Demyan Hyworon



Sophia Kachor



Don Cilinsky



Irka Semaniuk



Nick Chubenko



Susan Zuk



Mike Mager



Donna Korban



Eugene Waskiw

Carpathia & Our Community

Carpathia Credit Union donated \$93,585.73 back into our community!



Just to name a few:

- Bernie Wolfe Community School
- Bulava Awards
- Camp Veselka
- Camp Wannakumbac
- Cancer Care Association
- Chief Peguis Community School
- East Selkirk Middle School
- Happy Thought School
- Holy Family Home
- Hoosli Ukrainian Male Chorus
- IPAC Ukrainian Soccer Tournament
- Knights of Columbus
- Lubov SSMI Foundation
- Manitoba 55 Plus Games
- Manitoba High Schools Athletics Association
- Manitoba Museum
- Manitoba Parents for Ukrainian Education
- Manitoba Ukrainian Dance Festival
- Melos Folk Ensemble
- Olexander Koshetz Choir
- Orlan Ukrainian Folk Ensemble
- Oseredok Ukrainian Cultural and Educational Centre
- Plast Ukrainian Youth Association
- Ralph Brown School
- R. F. Morrison School
- Rossdale Ukrainian Dance School
- Rusalka Ukrainian Dance Ensemble
- Sopilka Ukrainian Dance School
- Springfield Heights School
- St. John Ambulance
- Ukrainian Canadian Congress
- Ukrainian Youth Association
- United Way Winnipeg
- Valour FC
- Verba Ukrainian Dance Company
- Welcome Home
- Westland Foundation
- Winnipeg Goldeyes





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