



**Eagle River Credit Union, having financial stability
will promote social and economic development
by providing quality financial service
in a democratic and cooperative environment.**

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Rules of Order

1. The Meeting shall be called to order at 19:15.
2. Members wishing to speak, shall, after recognition by the Chair, state their names.
3. If a member, while speaking, be called to order, he shall, at the request of the Chair, take his seat until the question of order has been decided.
4. Should two or more members rise to speak at the same time, the Chair shall decide who is entitled to the floor.
5. No member shall interrupt another, except on a point of privilege.
6. A member shall not speak more than once upon a question until all who wish to speak have an opportunity to do so.
7. Any member, who upon request from the Chair, refuses to take his seat, shall be subject to suspension for the remainder of the meeting.
8. Any motion presented becomes the property of the Credit Union and may be withdrawn only with the consent of the assembled members.
9. Speeches shall be limited to three minutes, excluding a motion.
10. Questions have to be decided upon by a show of hands, except where the Chair is in doubt; a roll call shall be ordered, and voting by ballot.
11. A motion to reconsider shall not be entertained unless made by a delegate who voted in the majority and the motion received a majority vote.
12. When a motion is pending, no motion shall be in order except:
 - to postpone a certain time (debatable)
to refer (debatable)
 - to postpone indefinitely (debatable)
to amend (debatable)
 - to adjourn (not debatable)
to table (not debatable)
 - to put the previous question (2/3 not debatable)which motion shall have precedence in the order listed.
13. A roll call shall require a demand for same by at least (20) members.
14. When a roll call has been ordered, no adjournment shall take place until the results have been announced.
15. The Chair shall be entitled to debate on the subject after calling a Vice Chair to the Chair.
16. On items where the count is required, (i.e. By-law Issues), the count will be recorded so that the Minutes will show the number of votes cast for and against.
17. When provision is not made in the RULES OF ORDER, and it is not in conflict with the By-laws, Robert's Rules of Order shall apply.

Annual General Meeting & Banquet

6:00 – 6:30 p.m.

Registration

6:30 p.m.

Welcoming & Introductions
Banquet

7:15 p.m.

Annual General Meeting

9:30 p.m.

Entertainment

Agenda

1. Establishment of Quorum
2. Call to Order – Welcoming of Guests
 - Opening Remarks
3. Adoption of Minutes from the 2014 Annual General Meeting
4. Business Arising from the Minutes
5. Reports:
 - A. Report of the Board of Directors
 - B. Report of the Audit, Risk and Conduct Review Committee
 - C. Report of the CEO
 - D. Report of the Auditor & Review of Financial Statement for 2014
6. Approval of Dividend and Patronage Rebates for 2014
7. Co-operative Social Responsibility Presentation
8. Appointment of External Auditor for 2015
9. Elections
10. Messages from Guests
11. New Business
12. Adjournment

Door Prizes

Entertainment

Bugs and Debbie Greene

**Minutes
EAGLE RIVER CREDIT UNION, LIMITED
Annual General Meeting
April 1, 2014**

ITEM NUMBER	DISCUSSION	ACTION BY
1	<p>Establishment of Quorum</p> <p>Present: 97 voting members 22 non-voting members 5 invited Guests</p> <p>The Chair called for a minute of silence to honor the memory of former Directors and members of the credit union.</p>	
2	<p>Call to Order</p> <p>The 30th Annual General Meeting was called to order at 7:30pm by Chair, Bert Belben. On behalf of the Board of Directors, he welcomed members and guests to the 30th Annual General Meeting.</p> <p>Approval of the Agenda</p> <p>The chair requested approval to change the order of the Agenda if deemed necessary.</p> <p>MOTION -2014 AGM - 01 that the Agenda be approved as presented and the Chair be granted approval to adjust the order of the agenda if necessary.</p> <p>MOVED BY Trent O'Brien, SECONDED BY Gail Butt</p> <p style="text-align: right;">MOTION CARRIED.</p>	
3	<p>Adoption of Minutes from the 29th Annual General Meeting</p> <p>MOTION - 2014 AGM - 02 to adopt the Minutes of the 29th Annual General Meeting.</p> <p>MOVED BY Tom Martin, SECONDED BY Michelle Normore-Ryland</p> <p style="text-align: right;">MOTION CARRIED.</p>	
4	<p>Business Arising From the Minutes:</p> <p>There was no business arising from the Minutes.</p>	
5	<p>Reports</p> <p style="padding-left: 40px;">A. Report of The Board of Directors</p>	

Chair, Bert Belben presented the Report of the Board of Directors. This year marks the 30th anniversary of Eagle River Credit Union with assets just over \$102 million. Over the years, we have experienced many changes while providing invaluable benefits to our communities. The financial needs of members are constantly changing requiring us to refocus and change to meet member needs and to remain relevant and sustainable.

Highlights for the Report:

1. **CHANGE** – the only constant is change.

- Change in the way we interact with members.
- Change in the delivery of service.
- Change in the dynamic of the financial services industry.
- Change in the type of service members require.
- Change in the global marketplace and how it is impacting us.
- Change in the way we recruit.

All of these changes have and will impact us at all levels – Board of Directors, Management, Staff and members. The changing dynamic of the financial services industry, combined with internal/external fraud and money laundering schemes, mean that we must consistently educate and train to have the necessary information to fulfill our roles.

Change in the marketplace impacts the type of service members require and how they will want that service delivered. We will need more than competitive margins to meet member demands. We will need to be able to do business when and where our members want it to be done. We need to be ever mindful that the way in which we do business today will require focus and change in order for us to remain relevant and sustainable in the future.

As a result of the positive growth that we have enjoyed, the types of positions, along with associated responsibilities and accountabilities, have grown as well. As a result of declining population and lack of specific skills, we have had to recruit outside of our region to fill key management positions. This is a trend that we anticipate will continue into the future.

2. **Successes** noted from 2013:

- Renovations commenced on our building at Happy Valley - Goose Bay.
- CEO emergency succession plan in place.
- Amalgamation with Humber Valley Credit Union.
- Successful recruitment of key management positions.
- Achieved a financial position to return \$545,850 to staff and members via the variable incentive pay and dividends and patronage rebates.

Renovations on the building in Happy Valley-Goose Bay commenced in late summer 2013 and is anticipated to be finalized by June 2014 and is currently on budget to be approximately \$500,000 below the quotes received via the public tendering option.

The Board of Directors has provided direction and support to the management team to examine all aspects of our business, including service delivery channels, in an effort to ensure that members are provided with the products and services to support them in reaching their financial goals. With decreasing profit margins and an increase in operating costs, combined with required investment in new products and services and service delivery channels, there will no doubt be impacts to net profitability as we move into the future.

Dedication and commitment to the people and communities we serve will be our guiding and unchanging principle as we navigate change to ensure a successful future.

From the Report of the Board of Directors, further clarification was requested on the decision to engage in international recruiting. As indicated in the report, every effort is made to develop employees and promote from within; however, it has been challenging in finding qualified candidates in our local areas to fill key management positions.

MOTION -2014 AGM - 03 to adopt the Report of the Board of Directors

MOVED BY Roderick Normore, SECONDED BY Elsie Barney

MOTION CARRIED

B. Report of the Audit, Risk and Conduct Committee

The Report was presented by the Chair of the Audit, Risk and Conduct Committee, Amanda Barney.

The Audit, Risk and Conduct Committee provide a knowledgeable, well-informed communication bridge between the Board of Directors, the various auditors and Government Examiners. The role of the committee is to assist the Board of Directors in fulfilling their supervisory tasks.

Key activities of the Audit Committee during the past year;

- Reviewed monthly and annual financial statements;
- Endured the independence of the external auditor from the Board, Management and Staff;
- Monitored compliance with respect to legal and regulatory requirements as prescribed in the Credit Union Regulations under the Credit Union Act;

- Reviewed various management reports including the Asset/Liability Management Report, Delinquency Reports and the Report on Remittances to CRA;
- Reviewed the results of the examination report completed by the Credit Union Deposit Guarantee Corporation;
- Met with the external auditor, Brian Scammell CA, to review the 2014 Audit Plan and discuss the results of the 2013 Audit.

MOTION - 2014 AGM - 04 to accept the Report of the Audit, Risk and Conduct Committee.

MOVED BY Randell Flynn, SECONDED BY Eileen Dumaresque.

MOTION CARRIED.

C. Report of the CEO

In her report, CEO, Alvina O'Brien reported that Eagle River Credit Union experienced another year of growth and success; however, not at the levels we have grown to expect over the past 30 years.

Highlights from the report:

- We continue to be impacted by rising costs, declining market share, outward migration, aging membership, changes in consumer behavior, increased regulatory burden, falling financial margins and fierce competition. Also, having a "bricks and mortar" presence in our locations is no longer a competitive advantage.
- Changes in consumer behavior and having access to 24/7 service through call centers make accessing financial services much easier and on the members' terms. In first quarter 2014, we introduced extended hours at all locations on Thursday's to 7:00pm. Reviewing and revamping our service delivery is a top priority for ERCU.
- Targeted employee performance and development planning, along with solid coaching and mentoring is paramount to our sustainability.
- Moving forward, relevance with our current and potential members must be grounded in providing an exceptional product and service offering, that is delivered by a highly competent and credible team of individuals, and is available when and where the member wants it.

As a result of the amalgamation with Humber Valley Credit Union, which officially took place on January 1, 2014, we started the year with combined On-Balance Sheet Assets of just over \$118.5 million, a membership of 7,567 and Capital Adequacy of 6.38%.

	<p>There was some concern raised regarding the turnover in staff at the LAL Branch and if it is being experienced across the organization. Recently, we have had a number of staff leave for various reasons, most predominately, to move on to other employment. We have seen trending of this, especially in regions where there is greater demand for employees and opportunities for employment. The CEO also explained that this is not only occurring within Eagle River Credit Union but also being experienced across the country within all industries.</p> <p>MOTION - 2014 AGM - 05 to accept the Report of the CEO.</p> <p>MOVED BY Pearl Buckle, SECONDED BY Tom Martin</p> <p style="text-align: right;">MOTION CARRIED.</p> <p>D. Report of the Auditor & Review of the Financial Statement for 2013.</p> <p>Brian Scammell, CA CBV, our external auditor presented the Independent Auditor’s Report and reviewed the Financial Statement for 2013. Brian indicated that “In [his] opinion, the financial statements present fairly, in all material respects, the financial position of Eagle River Credit Union Limited as at December 31, 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards”.</p> <p>MOTION - 2014 AGM - 06 to accept the Report of the External Auditor and review of the financial position of Eagle River Credit Union as at December 31, 2013.</p> <p>MOVED BY William Roberts, SECONDED BY, Eileen Roberts</p> <p style="text-align: right;">MOTION CARRIED.</p>	
6	<p>Approval of Dividend and Patronage Rebates for 2013.</p> <p>MOTION – 2014 AGM -07 to ratify the payment of 1% dividend on Non-Equity Shares, 20% dividend on Equity Shares, 5% Patronage Refund on loan interest, 5% bonus on deposit interest and a 5% rebate on service charges for a total of \$481,857.</p> <p>MOVED BY Tim Jordan, SECONDED BY Divina Normore</p> <p style="text-align: right;">MOTION CARRIED.</p>	
7	<p>Appointment of External Auditor for 2014</p> <p>Amanda Barney, Chair of the Audit, Risk and Conduct Committee recommended that Brian T. Scammell CA CBV be re-appointed the external auditor for Eagle River Credit Union for the fiscal year 2014.</p> <p>MOTION - 2014 AGM - 08 to approve the recommendation and re-appoint Brian T. Scammell CA CBV the External Auditor for the fiscal year 2014.</p>	

	<p>MOVED BY Eben Humber, SECONDED BY Mabel Buckle</p> <p style="text-align: right;">MOTION CARRIED.</p>	
8	<p>ELECTION</p> <p>There are 4 vacant positions' however only 2 nominations were received:</p> <p style="text-align: center;">Bradley Hancock and Dawn Pilgrim</p> <p>Both were elected by acclamation. There remains two vacant positions and the Board will have to decide if or when those will be filled.</p> <p>Bert also advised that, as per the amalgamation agreement with Humber Valley Credit Union, 2 of their former board members were appointed to Eagle River Credit Union's board for a one year period - Terri Gilbert and Dave Evans.</p> <p>A member raised a concern related to the qualifications and process for being considered for a position on Eagle River Credit Unions Board of Directors. In response, the Chair advised that there are very stringent guidelines that must be considered and followed in the selection of a member to the Board of Directors. A Directors position will require great commitment and a need to be knowledgeable on many aspects of the business and the financial services industry.</p>	
9	<p>MESSAGE FROM GUEST</p> <p>Clayton Handrigan – CUDGC brought greetings on behalf of the Minister of Government Services, Dan Crummell; the Superintendent of Credit Unions, Julian McCarthy; and the Credit Union Deposit Guarantee Corporation board and staff. Mr. Handrigan said the credit union system in the province continues to be successful. He spoke of the recent activity in promoting the insurance coverage being offered to protect credit union deposits in the province. More information and the details can be found at the CUDGC web site: www.CUDGC.ca.</p> <p>Frank Flynn brought greetings on behalf of the LFUSCL and congratulated the Credit Union on its continued success.</p> <p>Karen Davis brought greetings on behalf of MP Yvonne Jones, congratulating Eagle River Credit Union on another successful year.</p> <p>Michelle Normore-Ryland brought greeting from MHA Lisa Dempster, congratulating ERCU on another year of success and acknowledging the contributions to the region.</p> <p>Lisa Davis-Ryland read a message from MHA Christopher Mitchel move recognizing the contributions that ERCU makes, not only to the Labrador region, but also to the Northern Peninsula.</p>	

10	NEW BUSINESS Outgoing Board member, Terry Casey was acknowledged for his 9 years of service as a member of the Board of Directors and his role on a number of board committees.	
11	Adjournment MOTION – 2014 AGM – 09 to adjourn the meeting. MOVED BY Aubrey Russell MOTION CARRIED	

President

Recording Secretary

Report of the Board of Directors

This year marks the 31st anniversary of our credit union working cooperatively with you to provide financial services to the communities in which we live and work. This past year, we have once again experienced significant growth and success and we are quite pleased to provide you with the results for 2014.

Credit Union Structure and Regulatory Environment

The operation of your Credit Union is governed by Federal and Provincial Legislation and by the Provincial Credit Union Regulators. Under Section 47 of the Newfoundland and Labrador Credit Union Act, we must operate under sound business and financial practices. We are also required by the Federal Legislation (Criminal Code) and Provincial Legislation (WHSCC) to ensure safety of our employees in the work place.

Your Board of Directors is responsible under law for supervising the management of Eagle River Credit Union business. The Board has the statutory authority and obligation to protect and enhance the assets of the organization in the interest of all shareholders. Although Directors may be elected to bring special expertise, points of view, or regional perspectives to Board deliberations, they are not chosen to represent a particular constituency. Eagle River Credit Union Directors are solely accountable to Eagle River Credit Union in their capacity as Directors.

Board of Directors

Voting Process

At our AGM in 2013, the membership approved a change to our By-Laws which effectively allowed for a voting process for the Board of Director elections to include in-branch or mail-in ballots. We have been asked why this process has not been used to date and simply put, it is because we have not been in a position where it could have been exercised. Last year at the AGM we advised that we had two vacant positions as a result of lack of candidates coming forward with a nomination and this year, once again, we did not have nominations put forward in a timeframe to allow for this election process.

Board Training

In today's environment, continuous learning and upskilling is a requirement for your Board. New directors participate in an Orientation program followed by structured learning to prepare them for their role as a Director. On an ongoing basis, it is imperative that Directors continue to participate in regulatory and governance training to allow them to be effective and to ensure that we provide the level of direction and support required. During the past year the Board participated in learning opportunities including attending a regional Director Forum, self-directed training and webinars.

Board Evaluation

Best practices in corporate governance indicates that Boards should establish formal processes for reviewing and evaluating its performance to help fulfill its responsibility to those to whom it is accountable. Your Board has developed a policy that we conduct regular evaluations as part of the cycle of governance with an objective of allowing directors to identify areas of strength and to develop strategies for improvement. In addition, the discussion of Board roles and responsibilities builds communication and understanding among the members and leads to a stronger, more cohesive working group.

Government Advocacy

Government relations is a responsibility of everyone at the credit union, beginning with those in leadership positions. This past year, an invitation was issued to members via our website to participate in a campaign called "My Credit Union Matters": in support of a proposed new tax credit for Credit Unions to re-establish a competitive balance between credit unions and the big banks. The tax credit proposed for the 2015 budget identifies that it would enable credit unions to generate an estimated \$700 Million in lending to small businesses, farmers and families across the country. As part of the campaign, the Board Chair and CEO requested meetings with MPs in the areas of our branch locations to discuss the proposed tax credit, the impacts to credit unions and to gain support for the proposal.

Amalgamation with Humber Valley Credit Union

The amalgamation with Humber Valley Credit Union was finalized during the first quarter of 2014. As a result of the amalgamation there have been positive impacts to Eagle River Credit Union in terms of growth and increased potential, as well as access to a larger pool for Director and employee recruitment; to employees in terms of opportunities for personal development and advancement; and to members in terms of access to new products and services. Two Directors from the former Humber Valley Credit Union joined the Board of ERCU following the amalgamation and I would like to thank them for their active and valued participation over the past year.

Building Renovation Project

We were exceptionally pleased to see the completion of the state-of-the-art renovation and addition to our office building in Happy Valley – Goose Bay. As a result of taking the project on ourselves, with a Project Manager, we were able to complete the renovation with a cost savings in excess of \$500K. We would like to thank Francis Barney for his leadership, direction and oversight of the project which certainly made our job much easier. The move was made to the new section of the office in August of 2014 and we have received positive feedback from members to date. An official opening will be planned for later this year.

System Transformational Change

To follow up from previous reports, the Atlantic Credit Union system is continuing to experience significant change, as is the system nationally and globally. Your Board is actively involved with system partners to address the need for action in the continued evolution of the credit union system in our region.

In the 31 short years that ERCU has been in existence, it is sometimes difficult to appreciate the amount of change that we have undergone, including the suite of products and services we offer; utilization of technology in the delivery of products and services, as well as internal operations; specialized skillsets required for Board and employees; and the regulatory environment in which we operate; etc.

Within the national credit union system there has been a significant shift in the number of credit unions; however, the Asset size is ever increasing:

Year	# of Credit Unions	Asset Size
1991	1 133 Credit Unions	\$33 Billion
2006	669 Credit Unions	\$62 Billion
2012	368 Credit Unions	\$140 Billion
2013	336 Credit Unions	\$157 Billion

This is a direct result of amalgamations and restructuring to meet the financial needs of members.

Cartwright Branch Closure

At our last AGM, I reported that we had reviewed the branch structure for the Cartwright Branch and at that point had made the decision to decrease the hours of business effective December, 2013. Following further thought and analysis, and taking into consideration the financial position of the branch, future outlook, as well as recruitment challenges, the Board and management announced the difficult decision to close the branch in Cartwright effective March 20, 2015. We remain committed to the town of Cartwright and surrounding areas and will continue to work with members to service their financial needs going forward.

Financial Results

While this past year was not without its challenges, from a financial perspective, it has been a rewarding one. We achieved our highest increase in Assets since 2010, and while loan growth was low compared to previous years, we were relatively pleased with the results given the current marketplace. As indicated throughout my report, the financial needs of members are constantly changing and in reviewing our business model, we believe that there is much opportunity for increasing our market share in the communities that we serve; however, the service delivery channels and the way in which we do business today will require continued focus and change in order for us to remain relevant and sustainable in the future.

The CEO and our External Auditor will provide you with more details of the financial results in their respective reports. However, we are quite pleased to once again be in a position to share our success with employees and members. As a result we have allowed a provision for approximately \$99,000 through our variable incentive pay program for employees, and we will be recommending approval of record dividends and patronage rebates.

In closing, I extend sincere thanks to my colleagues for their efforts and dedication over the past year. There is no doubt that the amount of time and level of commitment required to carry out your fiduciary duties is constantly growing. On behalf of the Board I would also like to thank the CEO and her management team, along with the entire staff for the work that they do to ensure the success of the credit union. Working together we will continue to provide great benefits to our members and the communities we serve.

On behalf of the Board,



Bert Belben, President

“The strength of the team is each individual member. The strength of each member is the team.”

– Phil Jackson



Back Row (L-R): Bradley Hancock, Burt Belben, David Evans, Bradley Sheppard

Front Row (L-R): Lisa Davis-Ryland, Dawn Pilgrim, Amanda Barney, Alvina O'Brien (CEO), Terri Gilbert, Jeannette Yetman

Missing: Ginger Ryland

Report of the Audit, Risk, & Conduct Review Committee

The Audit Committee is a supervisory committee of the Board that is tasked with liaising between the Board of Directors, the various auditors, and government examiners.

The Audit Committee is responsible for a number of supervisory functions as set out in the Credit Union Act and Regulations, as well as those assigned by the Board of Directors.

A large part of the committee's responsibility is the monitoring of:

- The integrity of the financial statements;
- Internal accounting and financial controls;
- The external auditor's qualifications and independence;
- The performance of the external auditor; and,
- Compliance with legal and regulatory requirements.

The following were the key activities of the Audit Committee during the past year:

- Reviewed monthly and annual financial statements;
- Ensured the independence of the external auditor from the Board, Management, and Staff;

- Monitored compliance with respect to legal and regulatory requirements as prescribed in the Credit Union Regulations under the Credit Union Act;
- Reviewed various management reports including the Asset / Liability Management Report, Delinquency Reports, and the Report on Remittances to Canada Revenue Agency;
- Reviewed the results of the internal audit reports completed by Brian Scammell CA;
- Met with the external auditor, Brian Scammell CA, to review the 2015 Audit Plan and discuss the results of the 2014 Audit.

It is the opinion of the Audit, Risk and Conduct Review Committee that in 2014 your Credit Union operated in a satisfactory manner and in the best interest of you, the members.

On Behalf of the Committee,



Amanda Barney, Chair

Report of the CEO

On behalf of the entire organization I would like to extend my thanks and congratulations to all members, employees and directors as we mark another year of success and accomplishments for Eagle River Credit Union.

2014 was yet another year of financial successes for Eagle River Credit Union. Assets (on balance sheet) grew by almost \$13.5 million or 11.42%, ending the year at \$132 million. (Current on and off balance sheet assets total in excess of \$150 million.) Member deposits grew by \$12.4 million to \$122 million, while loans increased by \$1.4 million to \$100 million at year-end. Despite the low interest rate environment and highly competitive marketplace, earnings were up about 83% before income tax and patronage rebates compared to the previous year, and the net surplus reflected a 203% increase overall. The increase in income is largely a reflection of continued benefits of our positive relationships with system partners where additional commissions and rebates accounted for approximately 18% of non-interest revenue and 32% of gross operating income (gross margin less operating expenses). Total equity increased by 11% or \$883,000 after an allocation of \$497,000 for patronage and dividends, and a new CSR Reserve of just under \$50,000.

This past year we continued to make enhancements in technology including hardware, software and security upgrades. We have also invested in mobile payment options which has resulted in the release of the mobile app for Android early in the first quarter of 2015. Further enhancements such as remote cheque capture (Deposit Anywhere) and the mobile app for iPhone, are on the way over the next few months as we continue to expand these convenient options for doing business with us.

As Members, you continued to benefit from the Financial Planning Services that we share with Leading Edge Credit Union. At December 31, the assets under management on behalf of Eagle River Credit Union within this program was \$14.3 million. This service provides members with

additional investment options such as mutual funds, segregated funds, RESPs, etc. In addition you can avail of insurance services such as whole life, term life, and others.

Today, as we look at the phenomenal success of our credit union and of the entire system, it is clear that the credit union business model is sound and still completely relevant in our communities. Our success and longevity comes by staying true to those founding principles and always acting in members' best interests. This creates an environment of continuous improvement as we try to understand and anticipate future member needs and generally building a better, stronger organization for your benefit.

While our focus is on serving members we are increasingly challenged by other forces of change that do not necessarily complement our member focused approach – nonetheless these are reality. Demographic, technological and economic factors, as well as recruitment challenges are all affecting our decisions about the future of the credit union. As provincial regulations become harmonized with Canadian and international banking standards we will also be required to hold higher levels of capital and liquidity. Regulatory requirements are increasing as well; however, they provide a benefit to members in that they are all intended to reduce risks and create a stronger financial system. They are particularly dominant in our planning and on many fronts we are facing significantly higher costs as a result.

Furthermore, changes in consumer behaviour (for example, adoption of technology and reduction in Branch traffic), shrinking financial margins, and fierce competition require us to continue to create and implement strategies to address these, if we are to remain relevant to our communities and to our membership. We are also committed to delivering a consistent superior experience for our membership - a service that is focused on your unique needs and delivered to you how and when you need it.

As we look to the future, Eagle River Credit Union remains committed to acting in the best interests of members; however, we realize this responsibility involves many conflicting obligations and demands, whereby often there are no easy choices. Regulatory compliance is the “table stakes” for any financial institution and our ability to deliver direct member value is always constrained by economic and business realities. As we understand and acknowledge the challenges facing our credit union we are proud of our past accomplishments and are extremely positive and optimistic about our future.

In closing, I would once again like to take this opportunity to thank all of the people who have made our organization strong and successful. I have the privilege of working with a great board of Directors, management team and staff. All of these people work very hard and truly do care about members and one another. I would like to acknowledge the leadership, dedication and support of my senior management team who consistently go above and beyond to ensure that we carry out the vision of our Board to continue to compete, be relevant, and perform while remaining true to our cooperative values.

Respectfully submitted,



Alvina O'Brien, Chief Executive Officer

“Cooperation is the thorough conviction that nobody can get there unless everybody gets there.”

– Virginia Burden

Eagle River Credit Union Limited

Financial Statements

Year End December 31, 2014

INDEPENDENT AUDITOR'S REPORT

To the Members of Eagle River Credit Union Limited

I have audited the accompanying financial statements of Eagle River Credit Union Limited, which comprise the statement of financial position as at December 31, 2014 and the statements of comprehensive income and retained earnings 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 auditor's 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, the auditor considers internal control relevant to the entity'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 entity'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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Eagle River Credit Union Limited as at December 31, 2014 and its financial performance and its cash flow for the year then ended in accordance with International Financial Reporting Standards.



St. John's, NL
March 24, 2015

CHARTERED PROFESSIONAL ACCOUNTANT

EAGLE RIVER CREDIT UNION LIMITED**Statement of Financial Position****December 31, 2014****ASSETS**

Cash and cash equivalents (Note 4)	\$ 6,430,286
Investments (Note 5)	21,477,798
Loans and mortgages receivable (Notes 6, 7)	100,115,731
Property, plant and equipment (Note 8)	3,389,608
Other assets	632,019

\$ 132,045,442

LIABILITIES

Accounts payable and accrued liabilities	\$ 993,179
Income taxes payable	154,079
Dividends and patronage refunds payable (Note 9)	497,201
Members' deposits (Note 9)	123,840,239

125,484,698

MEMBERS' EQUITY

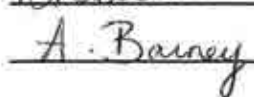
Corporate social responsibility reserve (Note 11)	49,265
Retained earnings	6,511,479

6,560,744

\$ 132,045,442

ON BEHALF OF THE BOARD

 _____ Director

 _____ Director

EAGLE RIVER CREDIT UNION LIMITED
Statement of Comprehensive Income
Year Ended December 31, 2014

FINANCIAL REVENUE	
Members' loans and mortgages (Note 12)	\$ 4,543,884
Investment	1,563,373
	<hr/>
	6,107,257
COST OF FUNDS	
Interest on members' deposits (Note 13)	1,073,171
	<hr/>
NET FINANCIAL MARGIN (82%)	5,034,086
OTHER INCOME	
Service charges	1,212,185
Rebates	397,067
Other	381,564
Commissions	320,746
Card services	320,607
	<hr/>
	2,632,169
EXPENSES	
Salaries and benefits	2,702,233
Electronic processing	588,482
Service charges	582,112
Choice rewards	277,785
Commissions	238,700
Occupancy	237,826
Miscellaneous	215,786
Credit Union Deposit Guarantee Corporation assessment	159,390
Fees and dues	152,858
Amortization	151,755
Business tax	103,197
Office and stationary	102,786
Travel	92,571
Professional fees	88,075
Advertising and promotion	86,926
Board governance	86,750
Loss on demolition of building	85,966
Insurance	73,923
Bad debts	70,460
Telephone	68,986
Computer hardware maintenance	30,553
Meetings	18,282
	<hr/>
	6,215,402
INCOME BEFORE INCOME TAXES	1,450,853
INCOME TAXES	
Current (Note 14)	205,096
Future	(42,382)
	<hr/>
	162,714
NET INCOME	\$ 1,288,139

EAGLE RIVER CREDIT UNION LIMITED**Statement of Retained Earnings****Year Ended December 31, 2014**

RETAINED EARNINGS - BEGINNING OF YEAR	\$ 4,831,796
NET INCOME FOR THE YEAR	1,288,139
	6,119,935
DIVIDENDS DECLARED <i>(Note 9)</i>	(497,201)
TRANSFER TO CORPORATE SOCIAL RESPONSIBILITY RESERVE <i>(Note 11)</i>	(49,265)
AMALGAMATION WITH HUMBER VALLEY CREDIT UNION LIMITED <i>(Note 20)</i>	938,010
RETAINED EARNINGS - END OF YEAR	\$ 6,511,479

EAGLE RIVER CREDIT UNION LIMITED

Notes to Financial Statements

Year Ended December 31, 2014

1. REPORTING ENTITY

Eagle River Credit Union Limited (the "Credit Union") commenced its operations in June 1984 and operates six branches. It is incorporated under The Credit Union Act, 2009 and is subject to the Credit Union Act and regulations. Products and services offered to its members include personal and commercial loans and mortgages, chequing and savings accounts, term deposits, RRSPs, RRIFs, debit and credit cards, and internet banking. Membership in the Credit Union is open to residents of Newfoundland and Labrador. The registered head office of the Credit Union is L'anse Au Loup, Newfoundland and Labrador.

2. BASIS OF PREPARATION

Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The financial statements for the year ended December 31, 2014 were authorized for issue by the Credit Union's Board of Directors on March 24, 2015.

Basis of preparation

These financial statements are presented in Canadian dollars which is the Credit Union's functional currency. They are prepared on the historical cost basis, except for available-for-sale investments and other financial assets and liabilities held for trading, which are stated at their fair value.

Use of significant accounting judgments, estimates and assumptions

The preparation of these financial statements in conformity with IFRS requires management to make judgements, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities, and disclosures of contingent assets and contingent liabilities at the date of these financial statements, and the reported amounts of revenues and expenses during the year. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from estimates made in these financial statements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS have a significant effect on these financial statements. Outlined below are areas involving a higher degree of judgment or complexity, or areas where assumptions are significant to the Credit Union's financial statements:

(continues)

EAGLE RIVER CREDIT UNION LIMITED
Notes to Financial Statements
Year Ended December 31, 2014

2. BASIS OF PREPARATION (continued)

(a) Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the Statement of Financial Position cannot be derived from observable markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. The judgements include considerations of liquidity and model inputs such as volatility for longer dated derivatives, discount rates and prepayment rates. The valuation of financial instruments is discussed in more detail in Note 15.

(b) Impairment losses on loans and mortgages

The Credit Union reviews its individually significant loans and advances at each Statement of Financial Position date to assess whether an impairment loss should be recorded in the Statement of Comprehensive Income. In particular, management judgment is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors such as the length of time payments are past due and the amount of the security held on the loan. Actual results may differ, resulting in future changes to the allowance.

Loans and mortgages have been assessed individually and collectively for impairment. The impairment loss on loans and mortgages is disclosed in more detail in Note 7.

(c) Impairment of available for sale investments

The Credit Union reviews its equity investments classified as available for sale at each Statement of Financial Position date to assess whether they are impaired. This requires similar judgment as applied to the individual assessment of loans and mortgages.

The Credit Union also records impairment charges on available for sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgment.

(d) Economic lives of property, plant and equipment

Management determines the estimated useful lives of its property, plant and equipment based on historical experience of the actual lives of property, plant and equipment of similar nature and functions, and reviews these estimates at the end of each reporting period.

(e) Provisions

The amount recognized as accounts payable and accrued liabilities is the best estimate of the consideration required to settle the related liability, taking into account the risks and uncertainties surrounding the obligation.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Management believes the estimates used in preparing these financial statements are reasonable. Actual results in the future may differ materially from those reported.

(continues)

EAGLE RIVER CREDIT UNION LIMITED

Notes to Financial Statements

Year Ended December 31, 2014

2. BASIS OF PREPARATION (continued)

Application of new and revised standards

In the current year, the Credit Union applied the following new IFRS issued by the International Accounting Standards Board ("IASB") that are mandatorily effective for the year ended December 31, 2014.

Recoverable amount disclosures for non-financial assets

The Credit Union has applied the amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets for the first time in the current year. The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit ("CGU") to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 Fair Value Measurements.

The adoption of the new standard had no impact on the operations or reporting of the Credit Union.

New standards and interpretations not yet adopted

Certain new standards, interpretations, amendments and improvements to the existing standards have been issued by the IASB but are not yet effective for the year ended December 31, 2014, and have not been applied in preparing these financial statements:

(a) Financial instruments

In November 2009 and October 2010, the IASB issued IFRS 9 - Financial Instruments ("IFRS 9"), Classification and Measurement of Financial Assets and Financial Liabilities. IFRS 9 will replace IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39") in its entirety. IFRS 9 uses a single approach to determine whether a financial asset or liability is measured at amortized cost or fair value, replacing the multiple rules in IAS 39.

In November 2013, the IASB announced the completion of a package of three amendments to the accounting requirements for financial statements set out in IFRS 9. The amendments are as follows:

- (i) bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements;
- (ii) allow the changes to address the so-called 'own credit' issue that were already included in IFRS 9 to be applied in isolation without the need to change any other accounting for financial instruments; and
- (iii) remove the January 1, 2015 mandatory effective date of IFRS 9, to provide sufficient time for preparers of financial statements to make the transition to the new requirements.

The Credit Union is assessing the potential impact of these new amendments and standards.

(b) Clarification of acceptable methods of depreciation

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for property, plant and equipment.

(continues)

EAGLE RIVER CREDIT UNION LIMITED**Notes to Financial Statements****Year Ended December 31, 2014****2. BASIS OF PREPARATION (continued)**

The amendments apply prospectively for annual periods beginning on or after January 1, 2016. Currently, the Credit Union uses the straight-line and declining balance methods for depreciation of its property, plant and equipment. Management of the Credit Union believe that these methods are the most appropriate to reflect the consumption of economic benefits inherent in the respective assets and accordingly, management of the Credit Union does not anticipate that the application of this amendment to IAS 16 will have a material impact on the Credit Union's financial statements.

(c) Revenue for contracts with customers

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

IFRS 15 is applicable for annual periods beginning on or after January 1, 2017, with earlier application permitted. Management of the Credit Union is assessing the potential impact of this new standard.

3. SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies have been applied consistently by the Credit Union.

Financial Instruments

Financial assets and financial liabilities are recognized when the Credit Union becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Credit Union's designation of such instruments.

(continues)

EAGLE RIVER CREDIT UNION LIMITED

Notes to Financial Statements

Year Ended December 31, 2014

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Credit Union is required to classify all financial assets either as fair value through profit or loss ("FVTPL"), available for sale, held to maturity or loans and receivables. Financial liabilities are classified as either fair value through profit or loss, or other liabilities. The standards require that all financial assets and financial liabilities, including derivatives, be subsequently measured at fair value with the exception of loans and receivables, debt securities classified as held to maturity, available for sale financial assets that do not have quoted prices in an active market and whose fair value cannot be reliably estimated, and other liabilities.

(a) Fair value through profit or loss ("FVTPL")

Financial assets and financial liabilities are classified as FVTPL when the financial asset or financial liability is held for trading or is designated as FVTPL as certain criteria are met. The Credit Union does not have any financial assets or liabilities classified as FVTPL.

(b) Available for sale financial assets

Available for sale financial assets are non-derivative financial assets that are designated as available for sale and are initially recognized at fair value. Subsequent to initial recognition, available for sale financial assets are measured at fair value, and the gains and losses on such assets are recorded as other comprehensive income until the investment is derecognized or until the investment is identified as being subject to impairment.

Dividend income is recognized when the Credit Union's right to receive the dividends is established. Interest income is recognized using the effective interest method.

The Credit Union holds shares in Atlantic Central, League Data Limited and League Savings and Mortgage that are not traded in an active market and are classified as available for sale. Available for sale equity investments that do not have quoted market prices in an active market and whose fair value cannot be reliably measured are measured at cost less any impairment losses at the end of each reporting period.

(c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which the Credit Union does not intend to sell immediately or in the near term. Loans and receivables, including cash and cash equivalents, liquidity reserve investments, loans and mortgages to members, accrued interest on loans and mortgages, accrued interest on investments and other receivables, are measured at amortized cost, using the effective interest rate method, net of impairment losses.

Interest income is recognized by applying the effective interest rate.

(d) Other financial liabilities

Other financial liabilities (including borrowings) are subsequently measured at amortized cost using the effective interest method.

(e) Classifications

The Credit Union has classified its current financial instruments as follows:

Cash and cash equivalents	Loans and receivables
Investments - liquidity reserves	Loans and receivables

(continues)

EAGLE RIVER CREDIT UNION LIMITED
Notes to Financial Statements
Year Ended December 31, 2014

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments - shares in credit union related entities	Available for sale
Loans and mortgages	Loans and receivables
Other assets - receivables	Loans and receivables
Members' deposits	Other liabilities
Accounts payable and accrued liabilities	Other liabilities

(f) Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income/expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees, transaction costs and other premiums or discounts) through the expected life of the asset/liability, or where appropriate, a shorter period, to the net carrying amount on initial recognition.

(g) Derivative financial instruments

The Credit Union enters into derivative contracts including index-linked deposits. The premium related to the derivative transaction, which is included in other assets, is recognized over the term of the derivative contract as an adjustment to interest expense.

(h) Impairment of financial assets and allowance for impaired loans

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each Statement of Financial Position date. Financial assets are impaired when there is objective evidence that, because of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the asset have been affected.

The amount of impairment on financial assets carried at amortized cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The impairment loss on financial assets is based on a review of all outstanding amounts at period end. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of loans to members, where the carrying amount is reduced using an allowance account. The allowance for impaired loans is maintained in an amount considered adequate to absorb incurred losses in the loan portfolio. The allowance for impaired loans reflects management's best estimate of the losses existing in the loan portfolio and their judgments about economic conditions. If the circumstances under which these estimates and judgments were made change, there could be a change to the allowance for impaired loans currently recognized. The allowance for impaired loans consists of a specific provision component attributable to individually significant exposures. Changes in the carrying amount of the allowance account are recognized in profit or loss. Write-offs are generally recorded after all reasonable restructuring or collection activities have taken place and there is no realistic prospect of recovery. The methodology and assumptions used are reviewed regularly. Each component of the allowance for impaired loans is reviewed at least on the reporting date.

When an available for sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

(continues)

EAGLE RIVER CREDIT UNION LIMITED

Notes to Financial Statements

Year Ended December 31, 2014

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent to an impairment loss, events can occur that provide objective evidence that the financial asset is no longer impaired. When this occurs, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment, at the date the impairment is reversed, does not exceed the amortized cost that would have resulted had the impairment not been recognized.

(i) Derecognition of financial assets

The Credit Union derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

The Credit Union continues to recognize the transferred asset to the extent that the Credit Union neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset or when the Credit Union retains substantially all the risks and rewards of ownership. In the latter case, the Credit Union also recognizes collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received/receivable and any cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

(j) Derecognition of financial liabilities

The Credit Union derecognizes financial liabilities when, and only when, the Credit Union's obligations are discharged, cancelled or they expire.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits with Atlantic Central and other highly liquid investments with original maturities of three months or less. Cash and cash equivalents are classified as loans and receivables and are carried at amortized cost, which is considered equivalent to fair value due to the short term nature of these assets.

Loans to members

Loans to members include personal loans, lines of credit, mortgages and commercial loans, and are recognized when the cash is advanced to the borrower. All loans to members are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and have been classified as loans and receivables, which are subsequently measured at amortized cost using the effective interest method.

Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and any accumulated impairment losses. When components of property, plant and equipment have different useful lives, they are accounted for as separate assets. Assets under construction are not amortized until they are available for use.

Depreciation, which reduces the original cost to estimated residual value over the useful life of the assets, is calculated at the following rates and methods. Depreciation methods, useful lives and residual values are reassessed at the end of each reporting period.

(continues)

EAGLE RIVER CREDIT UNION LIMITED**Notes to Financial Statements****Year Ended December 31, 2014****3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

Paved areas	8%	declining balance method
Buildings	5%	declining balance method
Furniture and equipment	5 years	straight-line method
Computer equipment	3 years	straight-line method
Vehicles	20%	straight-line method
HVAC in building (Happy Valley Goose Bay)	20 years	straight-line method
Roof on building (Happy Valley Goose Bay)	25 years	straight-line method
Building (Happy Valley Goose Bay)	40 years	straight-line method

Members' deposits

Deposits from members are disclosed in Note 9 and are the Credit Union's main source of funding. They are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest rate method.

Membership shares

The Credit Union's membership shares are presented in the Statement of Financial Position as financial liabilities in accordance with the substance of the contractual terms of the instruments. These shares qualify as capital for regulatory purposes. All membership shares of the Credit Union are classified as liabilities. Payments of dividends and patronage rebates on membership shares presented as a financial liability are recognized as a distribution of profit or loss. Dividends and patronage rebates are recorded when declared by the Credit Union's Board of Directors.

Revenue recognition

Interest income is accrued monthly by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income is recognized when the right to receive payment is established. Dividends are included in investment income on the Statement of Comprehensive Income.

Other fees and commission income include account service fees and insurance fees which are recognized over the period the services are provided.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

Short-term employee benefits

Short-term employee benefits include salaries and wages, employee benefits, allowances and bonuses. Short-term employee benefits are expensed as the related service is provided.

(continues)

EAGLE RIVER CREDIT UNION LIMITED

Notes to Financial Statements

Year Ended December 31, 2014

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translation

The financial statements are presented in Canadian dollars.

Transactions in foreign currencies are initially translated into Canadian dollars at the rate of exchange in effect at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rate of exchange at the Statement of Financial Position date.

Translation gains and losses are recognized immediately in profit or loss and are included in the miscellaneous expense line item in the Statement of Comprehensive Income.

Provisions

Provisions are recognized when the Credit Union has a present obligation (legal or constructive), as a result of a past event, it is probable that the Credit Union will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. When some or all of the economic benefits required to settle a provision are expected to be covered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Income taxes

Income tax expense comprises current and deferred income tax.

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

Current tax and deferred income tax relating to items recognized directly in equity are also recognized in equity and not in the Statement of Comprehensive Income.

Deferred income tax assets and liabilities are recognized in respect of temporary differences between the tax bases of assets and liabilities and their respective carrying amounts for financial reporting purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using income tax rates enacted or substantially enacted at the reporting date.

Deferred income tax assets are recognized to the extent that it is probable that taxable profit will be available against which the asset can be utilized.

Current income tax and deferred income tax relating to items recognized directly in equity are also recognized in equity and not in the statement of comprehensive income.

EAGLE RIVER CREDIT UNION LIMITED
Notes to Financial Statements
Year Ended December 31, 2014

4. CASH AND CASH EQUIVALENTS

The Credit Union's current accounts are held with Atlantic Central and positive balances are non-interest bearing.

Cash and cash equivalents **\$ 6,430,286**

The Credit Union has available short-term borrowings of \$2,500,000 with Atlantic Central, bearing interest at prime, of which \$0 was used at December 31, 2014 (2013 - \$0). As security for the operating line of credit, the Credit Union has provided a continuing, specific and fixed first security interest, mortgage, hypothec and charge over all Property as defined in the line of credit agreement dated November 1, 2013.

5. INVESTMENTS

The following table provide information on investments by type of security and issuer. The maximum exposure to credit risk would be the fair value as detailed below.

Equity instruments

	2014
	\$
<i>Loans and receivables</i>	
Atlantic Central mandatory liquidity	7,396,720
Atlantic Central cash management account	9,456,598
Atlantic Central savings	3,000,000
Accrued interest	1,060
 <i>Available for sale</i>	
Atlantic Central common shares	1,142,780
Atlantic Central Class NS shares	18,000
Atlantic Central Class B shares	192,000
Atlantic Central Class NL shares	99,000
League Data Limited - Class B preferred shares	65,180
League Savings and Mortgage shares	106,250
CUCNL shares	210
	21,477,798

The Credit Union is required under the Credit Union Regulations, 2009 of the Credit Union Act, 2009 to maintain an amount equal to 6% of the total liabilities as at each month end. Note 17 provides the Credit Union's position in this regard. At maturity, these deposits are reinvested at market rates for various terms as determined by management. The deposit can be withdrawn only if there is a sufficient reduction in the Credit Union's assets or upon withdrawal of membership from Atlantic Central.

(continues)

EAGLE RIVER CREDIT UNION LIMITED
Notes to Financial Statements
Year Ended December 31, 2014

5. INVESTMENTS (continued)

Equity instruments

Equity investments are recorded at cost as they do not have available quoted market prices in an active market. The shares in Atlantic Central, issued at par value, are required as a condition of membership and are redeemable at par value upon withdrawal of membership or at the discretion of the Board of Directors of Atlantic Central. The common shares of Atlantic Central are subject to an annual re-balancing mechanism. Dividends on these shares are at the discretion of the Board of Directors of Atlantic Central.

6. LOANS AND MORTGAGES RECEIVABLE

	December 31, 2014
	\$
Personal term loans and chequing overdrafts	34,973,791
Personal lines of credit	8,404,978
Personal mortgages	48,762,581
Commercial loans and mortgages	7,979,361
Accrued interest - personal loans	151,912
Accrued interest - mortgages	99,467
Accrued interest - commercial loans and mortgages	<u>14,301</u>
Allowance for impaired loans	100,386,391
Net loans to members	<u>(270,660)</u>
Credit Quality of Loans	<u>100,115,731</u>

Security held on a portfolio basis is as follows:

(continues)

EAGLE RIVER CREDIT UNION LIMITED
Notes to Financial Statements
Year Ended December 31, 2014

6. LOANS AND MORTGAGES RECEIVABLE (continued)

	December 31, 2014
	\$
Mortgages secured by property	52,008,898
Secured loans	35,916,361
Unsecured loans	12,195,452
	100,120,711

Terms and Conditions

Member loans can have either a variable or fixed rate of interest and they mature within five years. Variable rate loans are based on a "prime rate" formula such as prime plus x%. The rate is determined by the type of security offered and the members' credit worthiness. The Credit Union's prime rate at December 31, 2014 was 3%. The interest rate offered on fixed rate loans varies with the type of security offered and the member's credit worthiness.

Residential mortgages are loans secured by residential property and are repayable in blended payments of principal and interest either on a weekly, bi-weekly or monthly basis, over a maximum term of five years.

Personal loans and lines of credit are repayable to the Credit Union in monthly blended principal and interest installments over a maximum term of seven years, except for line of credit loans, which are repayable on a revolving credit basis and require minimum monthly payments. All loans are open and, at the option of the borrower, may be repaid at any time without notice. At December 31, 2014 \$12,195,452 of the loan portfolio represented "character" loans which are unsecured; where collateral for loans is obtained, it includes member's personal property such as vehicles, cash and marketable securities, personal guarantees, etc.

Average Yields to Maturity

Loans and mortgages bear interest at both variable and fixed rates with the following average yields:

	<u>Principal</u>	<u>2014 Yield</u>
Variable rate	\$17,366,621	5.64 %
Fixed rate loans due less than one year	9,964,770	5.08 %
Fixed rate loans due between one and five years	69,066,660	5.93 %
Fixed rate loans due after five years	3,722,660	5.33 %
	\$100,120,711	

EAGLE RIVER CREDIT UNION LIMITED
Notes to Financial Statements
Year Ended December 31, 2014

7. ALLOWANCE FOR IMPAIRED LOANS

The activity in the allowance for impaired loans is summarized as follows:

	Personal	2014
	\$	\$
Balance, January 1	347,512	347,512
Less: Loans written off	147,312	147,312
Add: Provision for impaired loans	70,460	70,460
	<hr/>	<hr/>
Balance, December 31	270,660	270,660

The credit quality of member loans is summarized as follows:

	December 31, 2014
	\$
Neither past due nor impaired (Note 1)	99,521,010
Past due but not impaired (Note 2)	295,550
Impaired (Note 2)	569,831
	<hr/>
	100,386,391
Less: Individual provision	270,660
	<hr/>
	100,115,731

(1) A loan is considered to be past due when the counterparty has not made a payment by the day of the contractual expiry date.

(2) Past due but not impaired and impaired loans are shown net of collateral held by the Credit Union.

The Credit Union has determined the likely impairment loss on loans which have not maintained the loan repayments in accordance with the loan contract, or where there is other evidence of potential impairment such as industrial restructuring, job losses or other economic circumstances. In identifying the impairment likely from these events, the Credit Union considers the loan type, industry, geographic location, type of loan security, the length of time the loans are past due and the historical loss experience. The circumstances may vary for each loan over time, resulting in higher or lower impairment (losses). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Board of Directors to reduce any differences between loss estimates and actual loss experience. An estimate of the collective provision is based on the period of repayments that are past due. For purposes of the collective provision loans are classified into separate groups with similar risk characteristics, based on type of product and type of security.

EAGLE RIVER CREDIT UNION LIMITED
Notes to Financial Statements
Year Ended December 31, 2014

8. PROPERTY, PLANT AND EQUIPMENT

	2014								
	Land	Buildings	Roof	Paved areas	HVAC	Furniture & Equipment	Computers	Vehicle	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Rate									
Cost									
Balance, beginning	168,446	3,113,687	-	89,243	-	873,607	292,086	17,540	4,554,609
Amalgamation adj.	70,750	483,083		13,366		260,914	137,952	-	966,065
Additions		554,896	155,501	56,522	227,288	38,862	44,738	-	1,077,807
Disposals	-	154,959		9,545			-	-	164,504
Balance, end of year	239,196	3,996,707	155,501	149,586	227,288	1,173,383	474,776	17,540	6,433,977
Accumulated depreciation									
Balance, beginning	-	1,271,848	-	74,614	-	825,586	271,401	2,631	2,446,080
Amalgamation adj.	-	168,459	-	4,980	-	224,793	126,843	-	525,075
Depreciation	-	72,351	6,220	3,724	11,364	31,988	22,597	3,508	151,752
Adjustments	-	70,763	-	7,775	-	-	-	-	78,538
Balance, end of year	-	1,441,895	6,220	75,543	11,364	1,082,367	420,841	6,139	3,044,369
Net book value	239,196	2,554,812	149,281	74,043	215,924	91,016	53,935	11,401	3,389,608

EAGLE RIVER CREDIT UNION LIMITED
Notes to Financial Statements
Year Ended December 31, 2014

9. MEMBERS' DEPOSITS

	December 31, 2014
	\$
Chequing accounts	46,409,237
Term deposits plus accrued interest	21,656,804
Savings accounts	26,396,258
RRSP funds plus accrued interest	19,339,608
Equity shares	1,753,943
RRIF funds administered by Concentra Financial plus accrued interest	1,565,248
Tax-free savings accounts	5,736,589
Non-equity share accounts	<u>993,974</u>
	<u>123,851,661</u>

Terms and Conditions

Term deposits

Term deposits for periods of 30 days to five years generally may not be withdrawn prior to maturity. Term deposits bear fixed rates of interest which can be paid annually, semi-annually, monthly or upon maturity. The interest rates offered on term deposits issued on December 31, 2014 range from 0.45% to 2.00%.

Savings accounts

Savings accounts are due on demand. The portfolio consists of variable rate deposits up to 1.00%.

Chequing accounts

Chequing accounts are due on demand and bear interest at a variable rate up to 0.75% at December 31, 2014.

Included in chequing deposits at December 31, 2013 is \$23,843 denominated in US dollars.

RRSP accounts

Registered retirement savings plans ("RRSP") accounts can have fixed or variable rates. RRSPs have terms ranging from one to five years and fixed and variable rates up to 2.00%.

RRIF accounts

Registered retirement income funds ("RRIF") accounts consist of both fixed and variable rate products with term and conditions similar to those of the RRSPs described above. Members may make withdrawals from a RRIF account on a monthly, semi-annual or annual basis. The regular withdrawal amounts vary according to individual needs and statutory requirements.

(continues)

EAGLE RIVER CREDIT UNION LIMITED**Notes to Financial Statements****Year Ended December 31, 2014****9. MEMBERS' DEPOSITS (continued)***Equity shares*

Member equity shares consist of 20 shares per adult member and 1 share per youth/student member at a par value of five dollars (\$5.00) per share. The holders of member equity shares have all of the rights and privileges and are subject to the restrictions of a member as provided for in the Credit Union Act and Regulations and in the By-Laws of the Credit Union. Currently there are 7,883 fully paid equity share accounts with an aggregate dollar value of \$766,615.

Since membership shares are redeemable on demand, they are presented as a liability on the Credit Union's Statement of Financial Position.

Share accounts are not insured by the Credit Union Deposit Guarantee Corporation; however, they do qualify as capital for regulatory purposes, notwithstanding their financial statement classification as liabilities.

Dividends and patronage refunds

The financial statements reflect the recording of patronage refunds of \$344,321 and dividends on share accounts of \$152,880.

Both the patronage dividends and the dividends paid on share accounts are subject to ratification at the annual general meeting to be held in April 2015. Any difference between the amount approved and the amount ultimately paid is charged to earnings in the year of payment.

Deposit Referrals

The Credit Union refers deposits to League Savings and Mortgage which are not recorded on the Statement of Financial Position. The balance outstanding at December 31, 2014 was \$249,608. The Credit Union earns referral fees based on this deposit portfolio.

Average Yields to Maturity

	<u>Principal</u>	<u>2014 Yield</u>
Variable rate	\$50,210,220	0.37%
Fixed rate due less than one year	\$51,513,540	1.49%
Fixed rate due between one and five years	\$19,192,370	2.60%

Concentration of Risk

Individual of related groups of members' deposits which exceed 1% of total deposits total \$8,276,930.

EAGLE RIVER CREDIT UNION LIMITED

Notes to Financial Statements

Year Ended December 31, 2014

10. CAPITAL ADEQUACY

Capital Management

The Credit Union is subject to capital requirements set out in the Credit Union Act of Newfoundland and Labrador (the Act). The Credit Union is required to hold a capital reserve equal to 5% of total assets consisting of equity shares and retained earnings with the minimum retained earnings requirement being 3% of total assets. Alternatively, a risk weighted approach may be used. The Credit Union follows the percentage of total assets method.

As at December 31, 2014 the Credit Union's total capital as a percent of assets was 6.38%. Therefore, the Credit Union has exceeded its minimum capital requirement at December 31, 2014.

The Credit Union's objectives when managing capital are to ensure the long term viability of the Credit Union and the security of member deposits by holding a level of capital deemed sufficient to protect against unanticipated losses, and to comply at all times with the capital requirements set out in the Act.

The Credit Union management ensures compliance with capital adequacy through the following: setting policies for capital management, monitoring and reporting; setting policies for related areas such as asset liability management; reporting to the Board of Directors or its committees regarding financial results and capital adequacy; reporting to the Credit Union Deposit Guarantee Corporation ("CUDGC") on its capital adequacy; and setting budgets and reporting variances to those budgets.

Should the Credit Union not comply with its legislated capital adequacy requirements the following actions would result: the Chief Executive Officer would immediately notify the Board Chair, the Audit Committee Chair and CUDGC; the Board of Directors would be informed at their next scheduled meeting; an explanation and action plan would be presented and enacted; and the Credit Union may be subjected to intervention by the CUDGC as provided for in the Act.

EAGLE RIVER CREDIT UNION LIMITED
Notes to Financial Statements
Year Ended December 31, 2014

11. CORPORATE SOCIAL RESPONSIBILITY RESERVE

ERCU is committed to the implementation of a Cooperative Social Responsibility policy that supports the way in which it integrates social, environmental and economic concerns into its values, culture, decision making, strategy and operations, establishing better practices within the credit union, and improving the communities in which it operates.

The activities and projects will be planned, purposeful and targeted. Projects could include items such as assistance with rent subsidy for the local food banks, contributions to the "Kids Eat Smart" breakfast program in local schools, and funding for Junior Achievement, elder abuse presentations, financial literacy, etc.

The Credit Union has set aside approximately \$49,000 for projects and activities this year.

12. FINANCIAL REVENUE - MEMBERS' LOANS AND MORTGAGES

Personal loans	\$ 3,280,672
Residential mortgages	986,310
Commercial loans and mortgages	276,902
	<hr/>
	\$ 4,543,884

13. INTEREST ON MEMBERS' DEPOSITS

Interest Expense - TDR Interest	\$ 403,828
Interest Expense - RRSP	369,932
Interest Expense - Plan 24	80,830
TFSA - Term Dep	71,394
Interest Expense - Special Saver	47,858
Interest Expense - RRIF Expense	38,200
Interest Expense - YC Chequing Interest	23,346
TFSA - Savings	11,356
Interest Expense - Fat Cat	7,112
Interest Expense - Head Start	1,208
Interest Expense - MSP Interest Expense	1,292
RRSP demand	13,022
Interest Expense - LOC Interest	3,315
Interest Expense - PCA USD	478
	<hr/>
	\$ 1,073,171

EAGLE RIVER CREDIT UNION LIMITED

Notes to Financial Statements

Year Ended December 31, 2014

14. INCOME TAXES

The provision for income taxes reported for the year ended December 31 differs from the amount computed by applying the Canadian statutory rate to income before income taxes for the following reasons:

Income before income taxes	\$ 1,450,853
Increase (decrease) resulting from:	
Deductible dividends paid	\$ (497,201)
Non-deductible expenses	9,855
Temporary differences	35,052
<hr/>	
Taxable income	\$ 998,559
<hr/>	
Income taxes	\$ 205,096
<hr/>	
Income tax rate	20.54 %
<hr/>	

15. RELATED PARTY TRANSACTIONS

At December 31, 2014 the aggregate amount of loans and mortgages outstanding to members of the Board of Directors and key management personnel totaled \$232,664 and the aggregate amount of deposits totaled \$690,238. These loans and mortgages have been advanced, and deposits receipted on the same terms and conditions as have been accorded to other members of the Credit Union.

No provision for impairment was necessary with respect to the loans.

The Credit Union's compensation, including the employers' portion of benefits, to key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Credit Union, including directors and management was \$1,053,430. The directors also received reimbursement for the year ended December 31, 2014 of \$15,941 for their travel, meals and other out of pocket expenses.

16. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value

The fair value of the Credit Union's financial instruments are calculated using the valuation methods and assumptions described below. The fair values do not reflect the value of assets that are not considered financial instruments such as prepaid expenses and property, plant and equipment assets.

The estimated fair value amounts are designed to approximate amounts at which instruments could be exchanged in a current transaction between willing parties who are under no compulsion to act. Fair values are based on estimates using present value and other valuation techniques, which are significantly affected by the assumptions used concerning the amount and timing of estimated future cash flows and discount rates which reflect varying degrees of risk. Because of the estimation process and the need to use judgment, the aggregate fair value amounts should not be interpreted as being necessarily realizable in an immediate settlement of the instruments.

Fair value hierarchy

(continues)

EAGLE RIVER CREDIT UNION LIMITED**Notes to Financial Statements****Year Ended December 31, 2014**

16. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Financial instruments recorded at fair value on the Statement of Financial Position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The fair values of cash and cash equivalents, certain other assets and certain other liabilities are assumed to approximate their carrying values, due to their short-term nature.

The fair value of fixed rate loans, fixed rate deposits and liabilities qualifying as regulatory capital is determined by discounting the expected future cash flows of these loans, deposits and capital accounts at current market rates for products with similar terms and credit risks.

The fair value of investments is based on quoted market values where available. (See Note 3)

Investments in credit union related entities such as Atlantic Central, League Data Limited. and League Savings and Mortgage are not traded in an active market. As the fair value cannot be reliably measured, these investments are carried at cost, less any identified impairment losses. The Credit Union has not recorded any impairment losses on these investments.

There has been no significant transfer of amounts between Level 1, Level 2 and Level 3 financial instruments for the years ended December 31, 2013 and 2012.

Additionally, there are no financial instruments classified in Level 3.

17. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Credit Union is exposed to the following risks as a result of holding financial instruments: credit risk, liquidity risk and market risk. The following is a description of these risks and how the Credit Union manages its exposure to these risks.

Credit risk

The business of the Credit Union necessitates the management of credit risk. Credit risk is the potential for loss due to the failure of a borrower to meet its contractual obligations.

The Board of Directors of the Credit Union oversees the risk management process. Senior management coordinates policy setting on risk management issues, assesses the risk exposure of the Credit Union and reviews the effectiveness of internal control processes.

(continues)

EAGLE RIVER CREDIT UNION LIMITED

Notes to Financial Statements

Year Ended December 31, 2014

17. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

The Credit Union's credit risk is primarily attributable to its loans and mortgages receivable. The amounts disclosed on the Statement of Financial Position are net of the allowance for impaired loans, estimated by management of the Credit Union based on previous experience and its assessment of the current economic environment.

The carrying amounts of financial assets on the Statement of Financial Position represent the Credit Union's maximum exposure at the Statement of Financial Position date.

The Credit Union uses a disciplined lending approach with standard underwriting parameters for each category of loans. These parameters are used to assist the Credit Union in implementing a prudent and effective process to assess the borrower's ability to repay.

The Credit Union mitigates credit risk by obtaining quality collateral. The Credit Union considers collateral to be of good quality if it can determine the legal validity and market value on an on-going basis. The Credit Union's internal policy provides additional information regarding the appropriate collateral based on the category of loan. Types of collateral generally obtained by the Credit Union are, but are not limited to, the following: member's personal property such as vehicles; cash and marketable securities; mortgage charges; fixed, floating or specific general security agreements and personal guarantees.

In addition, the Credit Union monitors its loan concentration to ensure that it is in compliance with its policies.

Liquidity risk

The business of the Credit Union necessitates the management of liquidity risk. Liquidity risk is the risk of being unable to meet financial commitments, under all circumstances, without having to raise funds at unreasonable prices or sell assets on a forced basis.

The Credit Union's objective is to implement a policy that addresses limits on the sources, quality and amount of the assets to meet normal operational, contingency funding for significant deposit withdrawals and regulatory requirements.

The Board is ultimately responsible for the liquidity risk management policy. Management reports regularly to the Board, the Credit Union's compliance with the policy and regulatory requirements; concentration of large deposits of single/connected depositors as a percentage of total deposits; and reports borrowings for liquidity purposes, the level of borrowings and the liquidity less borrowings in relation to the statutory minimum.

The Act requires credit unions to maintain investments equal to 6% of deposits for adequate liquidity. Assets held by the Credit Union for such purposes are investments and demand deposits held with Atlantic Central in the amount of \$20,287,339 at December 31, 2014 6% of liabilities total \$7,430,414 with excess liquidity being \$12,856,925.

Contractual maturities of financial liabilities are shown under interest rate risk.

Market Risk

Market risk is the risk of loss that may arise from change in market factors such as interest rates and foreign exchange rates. The Credit Union is exposed to this market risk in its investing and asset/liability management activities.

(continues)

EAGLE RIVER CREDIT UNION LIMITED**Notes to Financial Statements****Year Ended December 31, 2014**

17. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

Senior management is responsible for managing market risk in accordance with the Credit Union's Asset and Liability Management and Investment policy set by the Board. Senior management reports regularly to the Board its compliance with the policy and regulatory requirements; dollar volume and yields of all investments; and the particulars of all investment transactions entered into by the Credit Union. All exceptions noted are to be reported to the Board.

The Board is responsible for monitoring significant variances and that corrective measures are implemented.

Interest rate risk

The Credit Union's major source of income is financial margin, the difference between interest earned on investments and member loans and interest paid on member deposits. Interest rate risk refers to the potential impact of changes in interest rates on the Credit Union's earnings when maturities of its financial liabilities are not matched with the maturities of its financial assets or which are priced on a different basis. It is the policy of the Credit Union to keep exposure to interest rate fluctuations within limits set by the Board of Directors.

The following schedule shows the Credit Union's sensitivity to interest rate changes. A significant amount of loans and deposits can be settled before maturity and a penalty may apply, but no adjustment has been made for payments that may occur prior to maturity. Amounts that are not interest sensitive have been grouped together regardless of maturity.

(continues)

EAGLE RIVER CREDIT UNION LIMITED

Notes to Financial Statements

Year Ended December 31, 2014

17. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

The table below summarizes the carrying amounts of financial instruments exposed to interest rate risk by maturity dates:

	Assets	Liabilities	Asset/ Liability Gap
	\$	\$	\$
Variable	16,208	50,210	- 34,002
One month	16,000	1,515	14,485
2-3 months	2,307	9,716	- 7,409
4-6 months	4,415	4,384	31
7-9 months	4,429	3,913	516
10-12 months	4,774	4,899	- 125
1-5 years	70,585	19,194	51,391
> 5 years	3,723	-	3,723
	122,441	93,831	28,610

Interest rate risk sensitivity

Interest rate risk refers to the potential impact of changes in interest rates on the Credit Union's earnings when maturities of its financial liabilities are not matched with the maturities of its financial assets or are priced on a different basis. It is the policy of the Credit Union to keep exposure to interest rate fluctuations within limits set by the Board and Regulations.

At December 31, 2014, if interest rates at that date had been 100 basis points lower with all other variables held constant, net income before income tax for the year would have been \$185,000 lower. If interest rates had been 100 basis points higher, with all other variables held constant, net income before income tax would have been \$163,000 higher.

Foreign currency exchange risk

Foreign currency exchange risk refers to the potential impact of changes in foreign exchange rates on the Credit Union's earnings when balances of its foreign currency liabilities are not matched with the balances of its foreign currency assets. It is the policy of the Credit Union to mitigate exposure to foreign exchange rate fluctuations by matching its foreign currency liabilities to its foreign currency assets. The Credit Union does not hold foreign investments beyond cash required to meet daily operational requirements.

18. MORTGAGES UNDER ADMINISTRATION

Mortgages under administration are not the property of the Credit Union and are not reflected in the Statement of Financial Position. At December 31, 2014, the Credit Union had mortgages under administration of \$3,707,887. The Credit Union earns referral fees based on this mortgage portfolio.

EAGLE RIVER CREDIT UNION LIMITED**Notes to Financial Statements****Year Ended December 31, 2014****19. COMMITMENTS**

In the normal course of business, the Credit Union enters into various credit commitments to meet the requirements of its members. These commitments include lines of credit available on a revolving basis. These credit arrangements are subject to the Credit Union's normal credit standards and collateral may be obtained where appropriate. The contract amounts set out below represent the maximum future cash requirements should the contracts be fully drawn. However, many of these arrangements will expire or terminate without being fully drawn. At December 31, 2014, the unused authorized lines of credit totalled \$8,123,373.

20. AMALGAMATION

On January 1, 2014, Eagle River Credit Union Limited amalgamated with Humber Valley Credit Union Limited and continued under the name Eagle River Credit Union Limited.

The details of the net assets of Humber Valley Credit Union at December 31, 2013 were as follows:

Assets

	\$
Cash and cash equivalents	2,322,073
Investments	2,185,364
Loans and mortgages receivable	11,066,061
Income taxes recoverable	-
Capital assets	440,992
Other assets	32,293
	<u>16,046,783</u>

Liabilities

Accounts payable and accrued liabilities	138,919
Income taxes	6,060
Members' deposits	14,963,794
	<u>15,108,773</u>

Net assets acquired	<u>938,010</u>
----------------------------	-----------------------

These values reflect the historical net book values at December 31, 2013.

2014 Cooperative Social Responsibility

Eagle River Credit Union committed

Over \$29,000

To local, national and international organizations in 2014, including:

Community Youth Network – Lab Straits
Forteau Fire Brigade
Labrador Straits Minor Hockey
Labrador Straits District Women’s Institute
The CURE Foundation – National Denim Day (for Breast Cancer Research)
Labrador Straits Academy
Partridgeberry Festival
Junior Achievement
Bakeapple Festival
L’Anse au Loup Christmas Parade
Forteau Christmas Parade
Labrador Straits Loppet
Youth Forum (Ottawa) – Michelle Brown
Charlottetown Women’s Take Back the Night
Mary’s Harbour Crab Festival
St. Lewis Fire Brigade
Labrador Health Centre Hospital – Healing Hands
Expo Labrador
Labrador North Chamber of Commerce
The Salvation Army
Royal Canadian Legion
Deer Lake Christian Aid Committee
Elwood Regional High School
Ducks Unlimited
Deer Lake Relay for Life
Humber River Golf Course
Deer Lake Chamber of Commerce
Coats for Christmas – Deer Lake
Deer Lake Food Bank
Noddy Bay/Straitsview/Hay Cove/L’Anse aux

Meadows Fire Department
St. Anthony Winterfest
Grenfell Historic Society
Canadian Cancer Society
Greg Boyd Memorial Hockey Tournament
“A Pair of Helping Hands” – Home Care Initiative
Northern Peninsula Family Resource Centre
Grenfell Foundation
Shirley’s Haven Recreation
3rd St. Anthony Rangers
Goose Cove Ladies Group
College of the North Atlantic
White Hills Academy
St. Anthony and Area Boys and Girls Club
St. Anthony and Area Fire Department
St. Anthony Girl Guides
St. Anthony and Area Lions Club
Labrador Grenfell Health
St. Anthony and Area Chamber of Commerce
Twin Towns Sports Complex
Port au Choix Fire Department
Port Saunders Fire Department
River of Ponds Fire Department
French Shore Academy
Holy Family Parish
Twin Towns Easter Hockey Tournament
Ingornachoix Ministerial Association – Christmas Hampers
Hawkes Bay Come Home Year
Craig House - Liver Foundation
Bethel Pentecostal Youth Group
United Towns Lions Club
World Council of Credit Unions
World Vision
Kids Eat Smart Foundation

Board, Management and Staff

Board of Directors

Bert Belben, President
 Bradley Hancock, Vice President
 Alisa Davis-Ryland
 Amanda Barney
 Bradley Sheppard
 David Evans
 Dawn Pilgrim
 Ginger Letto
 Terri Gilbert
 Alvina O'Brien, Treasurer
 Jeannette Yetman, Corporate Secretary

Corporate Office

Alvina O'Brien, Chief Executive Officer
 Shanti Samaroo, Director of Finance & Credit Union Operations
 Lynn Hunter-Murphy, Director, Organizational Performance
 Bernadette Normore, Administrator, Accounting
 Brenda McCarthy, Regional Manager of Branch Performance
 Evelyn Russell, Human Resources Coordinator
 Glenda Buckle, Senior Manager, Credit
 Heather Jordan, Risk Management Coordinator
 Jeannette Yetman, Manager, Special Projects
 Laquita Normore, Commercial Loans Servicing & Recovery
 Luke Simms, Information Technology Specialist
 Mandy Ciero, Administrator, Clearing & Credit Union Operations
 Muhammad Umair, Accounting Specialist
 Sandra Pye, Credit Officer
 Sherry Letto, Administrator, Credit Union Operations
 Tracey O'Brien, Member Care Coordinator

L'anse Au Loup Branch

Janice Butt, FSO*
 Danica Belben, FSR II**
 Brittany Farrell, FSR I
 Calla Rose, FSR I
 Mandy O'Brien, FSR I
 Stefanie Kao, FSR I

Mary's Harbour Branch

Jackie Rumbolt, Branch Manager
 Deanne Rumbolt, FSR II
 Nicole Rumbolt, FSR I

White Hills Branch

Beverly Patey, Branch Manager
 Nolan Pelley, FSO
 Cheryl Patey, FSR II
 Joyce Squires, FSR I

Tri-Town Branch

Dallis Gould, Branch Manager
 Carolyn Spence, FSO
 Stacy Patey, FSR II
 Sonya Ryan, FSR I

Labrador Savings Branch

Eileen Walsh, Branch Manager
 Haseeb Ahmad, Branch Manager (In Training)
 Mary Jane Hudson-Cabot, FSO
 Barbara Mesher, FSR/FSO
 Amy Rose, FSR I
 Angie Bartlett, FSR I
 Connie Saunders, FSR I

Humber Valley Branch

Jennifer Hiscock, FSO
 Crystal Feltham, FSR II
 Bridgette Lavers, FSR I
 Megan Webb, FSR I

*FSO – Financial Services Officer / **FSR (I & II) – Financial Services Representative

Steering Committee & Past Board Members

Steering Committee

Emile Cabot 1984
Reg Hancock 1984
Mary Smith 1984
Reg O'Brien Jr. 1984

Randy Earle, 1997-2004
Reg Hancock, 1984-1989
Reg O'Brien Jr., 1984-1993
- President, 1987-1989
Ronald O'Brien, 1986-2005

Past Board Members – Years of Service

Agnes Cabot, 2012
Caroline Davis, 1999
Chad Letto, 2013-2014
Claude Rumbolt, 1984-1985
Cleon Moores, 2000-2001
Darcy Hancock, 2006-2011
Darren Butt, 2006-2009
Dean Flynn, 1998-1999
Dennis Normore, 1990-2012
- President, 1995-2003
Dorothy Earle, 1994
Frank Flynn, 1987-1991
Gilbert Linstead, 1984-1987
Heather Normore, 2005-2009
Jamie Pye, 2003-2005
Jamie Snook, 1999-2000
Joe Fowler Jr., 1995-1996
John Dumaresque, 1988-1990 / 1995-1998
Lester Letto, 1995-1998
Lori O'Brien, 1998-2004
Mary Smith, 1984-1994 / 1996-1999
Milton Hancock, 1988-2012
Pius Walsh, 2002-2005 / 2013
Randy Cahill, 1993-1994

Ruby O'Brien, 1984-1989
Shawn Warren, 2005-2012
Stan Pike Sr., 1984-1995
Steve Letto, 1984-1987
Terry Casey, 2006-2014
Tim Jordan, 1987-1997
- President, 1989-1995
Wilfred Letto, 1984-1987
- President, 1984-1987
Woodrow Lethbridge, 1989-1992

In Memoriam

William Normore, 1986-1989
Kirk Dumaresque, 2000-2005
Paul Pye, 1992-1994
William Horwood, 1991-2003

Reasons to Refer Family Members and Friends to Eagle River Credit Union

You may be asking yourself, “Why should I ask my family members to switch from their current financial institution to my Credit Union?”

Switch for the benefits of ownership: Since 1984, in excess of \$5.7 million has been returned to our members in the form of share dividends and patronage rebates (which includes loan interest rebates, bonus on deposit interest, and service charge rebates)! Profit sharing is one main distinction between credit unions and other financial institutions. There are many other reasons to join the thousands of Canadians who have made the switch to a credit union. As both customer and owner, the benefits of choosing your Credit Union for financial services are unique.

Service: Outstanding personal service is our top priority. Credit Unions are formed by Members to serve Members. So as a shareholder in the organization, our commitment to your financial well-being comes naturally. In addition to professional advice, you can receive service at over 157 locations in the Atlantic Region and from Credit Union ATMs all across Canada. Together, Credit Unions have more locations than any other financial institution.

Range of Products: We offer all of the financial products and services available in the marketplace including internet and telephone banking, mortgages, global ATM access, MasterCard® credit cards, and a full range of investment options.

Democratic Voice: As an owner, you can speak directly to the Directors and Managers of your Credit Union by exercising your right to vote in the election of officers and on issues of importance in the operation.

Strengthen Your Community: We are partners in our communities and have a strong commitment to local quality of life and economic development. Credit Unions return profits in the form of common share dividends and patronage rebates to our members. We invest in our local economies using the services of and making purchases from local businesses. Credit Unions also donate time and money to community projects and charities.

Security: Canada’s credit unions are financially fit – no credit union member has ever lost money. Collectively, we have over \$171 billion in system assets, serve more than 5.3 million Members, and have 1,747 locations. We follow strict guidelines of sound business practices and have the backing of our respective Credit Union Deposit Guarantee Corporations. In our province, your deposits are covered up to \$250,000 per account type.

Switching to a Credit Union is Easy: Thousands of Canadians make the switch every year and the arrangements are safe, secure, and hassle free. We’ll do the paperwork, and help you select the right services for you, your family, or your business.

Join Us... Share in the Financial Success: Membership is available to your spouse, children, grandchildren, siblings, parents, in-laws, aunts, uncles, cousins, nieces, nephews, friends and neighbours.

The Credit Union Difference

Firsts & Quick Facts

Firsts

What many now take for granted, credit unions invented! We are the innovators in Canadian financial services. And if you look closely, most of our 'firsts' are focused on making financial services better, more convenient, and more flexible for our members.

- First loans based on borrower character
- First payroll deduction service for deposits and loan payments
- First open mortgages
- First financial institutions to lend to women in their own names (in the 1960s – if you can believe that)
- First to offer daily interest savings
- First full-service ATM network
- First home equity lines of credit
- First debit card service
- First registered education plans
- First fully functional internet banking
- First cheque imaging service

Quick Facts

Now that you know how often credit unions put our members' needs first, learn a little more about the credit unions that put all Canadians first.

There are 313 credit unions in Canada affiliated with Canadian Central. We have:

- 1747 locations
- More than 5.3 million members
- \$170.96 billion in assets
- More than 25,000 employees
- Together, we are the second largest lender to small businesses in Canada

It is not enough to simply operate a business for business's sake in today's world. We all have a social responsibility – and for credit unions, that responsibility is the core of our roots and our daily operations. In a world of global corporations and the search for bigger and bigger issues, we are local and we focus on our communities.

In 2014, Eagle River Credit Union and its staff contributed to the communities it serves by:

- Volunteering over 380 hours
- Fundraising over \$3,500 for local, community initiatives
- Donating over \$23,000 to local, regional, national and international causes
- Awarding \$2,000 in post-secondary educational scholarships
- Employing approximately 45 full-time, part-time, casual and contractual staff

Co-operative Principles

Definition

A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

Values

Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

Principles

The co-operative principles are guidelines by which co-operatives put their values into practice.

- ***Voluntary and Open Membership***

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

- ***Democratic Member Control***

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

- ***Member Economic Participation***

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate

surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

- ***Autonomy and Independence***

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

- ***Education, Training and Information***

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

- ***Co-operation among Co-operatives***

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

- ***Concern for Community***

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

Looking for a Rewarding Career

Superior people, products, and services for the co-operative spirit!

Our organization exists to provide financial security for members by providing quality financial services. What drives our organization is giving our members what they need to be successful. We take tremendous pride in our values, ethics, and corporate responsibility to communities.

We believe that to be the best at serving our members, we have to be the best at supporting our employees.

So what's so great about working here?

- We offer challenging jobs
- We give back to the communities we serve
- We promote self-development
- We enjoy working together
- We are proud to live our values

Special features for Eagle River Credit Union employees!

- We have an Employee Computer Purchase Program; whereby we offer employees a low-interest loan up to \$3,000, payable over a 3-year period.
- We pay 100% of course costs (including books).
- We offer a generous leave allotment including: Vacation Days providing employees with work/life balance; Personal Leave Days to assist with personal and family responsibilities; and Volunteer Days to encourage community involvement and to support staff in their efforts.
- We offer career development opportunities: over 70% of promotions have been internal.
- We offer an Annual Travel Assistance Benefit.

We have...

An Employee Assistance Program that provides confidential counseling for all aspects of life, including:

- Work/Life Balance Support
- Financial
- Nutrition
- Legal
- Career Counseling

Benefits!

- We have a flexible pension option, in addition to our company-paid pension plan for enhanced retirement planning.
- We have a comprehensive and competitive medical, dental, and vision benefits package.
- We have a short-term and long-term disability plan.

HR Services Online!

- Learning and resources site
- Performance planning and review process
- Job postings in the credit union
- On-line learning

We Reward Success!

We have formal programs and celebrations to recognize and reward employees:

- Variable Incentive Pay Program – rewards employees based on pre-determined and agreed-upon goals and standards in service.