

# INDEPENDENT AUDITORS' REPORT ON THE SUMMARY FINANCIAL STATEMENTS

To the Members of Sunrise Credit Union Limited:

The accompanying summary consolidated financial statements of Sunrise Credit Union Limited, which comprise the summary consolidated statement of financial position as at December 31, 2012 and the summary consolidated statement of income, changes in members' equity and cash flows for the year ended December 31, 2012 are derived from the audited consolidated financial statements of Sunrise Credit Union Limited for the year ended December 31, 2012. We expressed an unmodified audit opinion on those financial statements in our report dated March 19, 2013.

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of Sunrise Credit Union Limited.

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

Management is responsible for the preparation and fair presentation of these summary consolidated financial statements in accordance with International Financial Reporting Standards.

## *Auditors' Responsibility*

Our responsibility is to express an opinion on these summary consolidated financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard (CAS) 810, "Engagements to Report on Summary Financial Statements."

## *Opinion*

In our opinion, these summary financial statements derived from the audited financial statements of Sunrise Credit Union Limited for the year ended December 31, 2012 are a fair summary of those financial statements.

## *Report on Other Legal and Regulatory Requirements*

As at December 31, 2012, the Credit Union met the liquidity reserve requirements established by Section 15 of the Regulations to the Credit Unions and Caisses Populaires Act of Manitoba. The Credit Union did meet its capital reserve requirements established by Section 21 of the Regulations to the Credit Unions and Caisses Populaires Act of Manitoba except Section 21(1)(c). The Credit Union has obtained an exemption from meeting the capital reserve requirement laid out in Section 21(1)(c) until December 31, 2013.

Readers of the summary financial statements are advised that in order to appropriately interpret the Credit Union's capital and liquidity reserve requirements, the reader must refer to the audited consolidated financial statements and notes for the year ended December 31, 2012.

Brandon, Manitoba  
March 19, 2013

*MNP* LLP  
Chartered Accountants

# SUNRISE CREDIT UNION LIMITED

## Summary Consolidated Statement of Financial Position

As at December 31, 2012

	2012	2011
<b>ASSETS</b>		
Cash and cash equivalents	4,888,661	16,830,860
Investments and accrued interest	71,129,804	103,808,200
Accounts receivable	680,675	592,491
Members' loans receivable and accrued interest	646,466,037	541,128,302
Prepaid expenses	729,909	1,323,425
Property and equipment	12,047,841	10,775,019
Goodwill	2,512,579	2,512,579
Intangible assets	10,296,111	7,732,389
	748,751,617	684,703,265
<b>LIABILITIES</b>		
Member deposits and accrued interest	695,991,588	638,524,315
Accounts payable	7,462,082	7,393,039
Current tax payable	67,875	205,971
Deferred tax	53,000	53,000
	703,574,545	646,176,325
<b>MEMBERS' EQUITY</b>		
Member shares	10,968,033	7,609,781
Retained earnings	34,209,039	30,917,159
	45,177,072	38,526,940
	748,751,617	684,703,265

### APPROVED ON BEHALF OF THE BOARD

  
 Chairman of the Board of Directors

  
 Chairman of the Audit Committee

# SUNRISE CREDIT UNION LIMITED

## Summary Consolidated Income Statement

For the year ended December 31, 2012

	2012	2011
<b>INTEREST INCOME</b>		
Member loans	26,376,661	23,245,553
Interest income	2,436,637	3,216,411
	<u>28,813,298</u>	<u>26,461,964</u>
<b>INTEREST EXPENSE</b>		
Deposits	10,865,608	10,422,205
Interest on borrowed money	305,837	13,267
	<u>11,171,445</u>	<u>10,435,472</u>
<b>GROSS FINANCIAL MARGIN</b>	<u>17,641,853</u>	<u>16,026,492</u>
<b>OPERATING EXPENSES</b>		
Administration	7,430,851	7,253,456
Amortization	1,188,215	743,648
Member security	687,819	574,097
Occupancy	1,355,640	1,145,053
Organizational	617,748	607,533
Personnel	12,193,382	11,231,239
	<u>23,473,655</u>	<u>21,555,026</u>
<b>NET OPERATING EXPENSE</b>	<u>(5,831,802)</u>	<u>(5,528,534)</u>
<b>OTHER INCOME</b>	<u>10,118,647</u>	<u>8,472,734</u>
<b>INCOME BEFORE PROVISION FOR (RECOVERY OF) IMPAIRED LOANS, INTEREST RATE SWAPS AND INCOME TAXES</b>	<u>4,286,845</u>	<u>2,944,200</u>
<b>PROVISION FOR (RECOVERY OF) IMPAIRED LOANS</b>	<u>198,611</u>	<u>(236,130)</u>
<b>INCOME BEFORE INTEREST RATE SWAP AND INCOME TAXES</b>	<u>4,088,234</u>	<u>3,180,330</u>
<b>FAIR VALUE ADJUSTMENT ON INTEREST RATE SWAP</b>	<u>30,882</u>	<u>109,866</u>
<b>INCOME BEFORE INCOME TAXES</b>	<u>4,057,352</u>	<u>3,070,464</u>
<b>INCOME TAXES</b>		
Current	695,085	329,395
Deferred tax	-	117,000
	<u>695,085</u>	<u>446,395</u>
<b>NET INCOME</b>	<u>3,362,267</u>	<u>2,624,069</u>

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

# SUNRISE CREDIT UNION LIMITED

## Summary Consolidated Statement of Changes in Members' Equity

For the year ended December 31, 2012

	MEMBER SHARES	RETAINED EARNINGS	TOTAL
<b>BALANCE, DECEMBER 31, 2010</b>	<b>7,794,206</b>	<b>28,293,090</b>	<b>36,087,296</b>
Net income	-	2,624,069	2,624,069
Issuance of member shares	9,700	-	9,700
Redemption of member shares	(194,125)	-	(194,125)
<b>BALANCE, DECEMBER 31, 2011</b>	<b>7,609,781</b>	<b>30,917,159</b>	<b>38,526,940</b>
Net income	-	3,362,267	3,362,267
Adjustment due to business acquisition	-	-	-
Issuance of member shares	3,649,880	-	3,649,880
Redemption of member shares	(291,628)	-	(291,628)
Dividends on preference shares, net of tax recovery	-	(70,387)	(70,387)
<b>BALANCE, DECEMBER 31, 2012</b>	<b>10,968,033</b>	<b>34,209,039</b>	<b>45,177,072</b>

# SUNRISE CREDIT UNION LIMITED

## Summary Consolidated Statement of Cash Flows

For the year ended December 31, 2012

	2012	2011
<b>CASH PROVIDED BY (USED FOR) THE FOLLOWING ACTIVITIES</b>		
<b>OPERATING ACTIVITIES</b>		
Interest received from member loans	25,795,747	23,497,724
Interest and dividends received from investments	2,549,509	3,276,542
Other income received	7,466,741	4,747,231
Income taxes paid	(833,181)	(284,850)
Interest paid to members	(10,979,008)	(10,483,422)
Interest paid on borrowed money	(305,837)	(13,267)
Cash payments to suppliers and employees	(19,288,729)	(16,970,739)
	<u>4,405,242</u>	<u>3,769,219</u>
<b>INVESTING ACTIVITIES</b>		
Net change in loans receivable	(104,955,432)	(46,840,909)
Net proceeds (purchase) of investments	32,565,524	(25,087,784)
Purchase of property and equipment	(2,146,452)	(1,385,917)
Business acquisitions	(2,750,000)	(2,200,000)
	<u>(77,286,360)</u>	<u>(75,514,610)</u>
<b>FINANCING ACTIVITIES</b>		
Net change in member deposits	57,580,673	70,314,711
Issuance of member shares	3,649,880	9,700
Redemption of member shares	(291,628)	(194,125)
	<u>60,938,925</u>	<u>70,130,286</u>
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(11,942,199)</b>	<b>(1,615,105)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>16,830,860</b>	<b>18,445,965</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>4,888,661</b>	<b>16,830,860</b>