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Report of the Independent Auditor on the Summary Financial Statements

To the Members of Khalsa Credit Union

Opinion

The summary financial statements, which comprise the summary statement of financial position at December 31, 2022, and the summary statements of comprehensive income and members' equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Khalsa Credit Union ["the "Credit Union"] for the year ended December 31, 2022.

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

Summary Financial Statements

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

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited statements for the year ended December 31, 2022 in our report dated March 3, 2023.

Other Matter

The financial statements for the year ended December 31, 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on March 8, 2022.

Management's Responsibility for the Summary Consolidated Financial Statements

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

Auditor's Responsibility

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

BDO Canada LLP

Chartered Professional Accountants

Salmon Arm, British Columbia
March 3, 2023

Khalsa Credit Union
Summary Financial Statements

Statement of Financial Position


As at December 31	2022	2021
Assets		
Cash	\$ 39,021,659	\$ 54,494,798
Investments	62,567,929	82,313,594
Member loans	569,394,214	535,589,052
Derivative financial asset	55,929	108,849
Property and equipment	6,491,411	6,447,745
Investment property	2,135,853	2,183,401
Other assets	691,142	2,237,476
	\$ 680,358,137	\$ 683,374,915
Liabilities and Members' Equity		
Accounts payable and accrued liabilities	\$ 2,519,947	\$ 1,364,697
Member deposits	627,784,053	636,627,612
Derivative financial liability	1,630,853	108,849
Member shares	255,170	237,322
Members' equity	48,168,114	45,036,435
	\$ 680,358,137	\$ 683,374,915

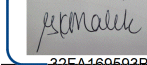
Statement of Comprehensive Income and Members' Equity

For the year ended December 31	2022	2021
Financial income	\$ 24,033,035	\$ 17,674,969
Financial expense	8,324,220	5,068,521
Financial margin	15,708,815	12,606,448
Other income	1,902,949	2,039,195
	17,611,764	14,645,643
Operating expenses		
Employee salaries and benefits	6,009,203	5,337,440
General operating and administrative	3,427,934	3,494,639
Other	1,138,862	1,320,758
	10,575,999	10,152,837
Income before income taxes	7,035,765	4,492,806
Income taxes	1,909,204	862,095
Net income for the year	5,126,561	3,630,711
Members' equity, beginning of year	45,036,435	41,668,355
Distributions to members	(291,146)	(211,449)
Reversal of dividend accrual	291,146	-
Net issuance of members' shares	(250,687)	126,187
Net comprehensive loss	(1,744,195)	(177,369)
Members' equity, end of year	\$ 48,168,114	\$ 45,036,435

Statement of Cash Flows

For the year ended December 31	2022	2021
Cash flows from operating activities	\$ (32,673,235)	\$ 5,410,122
Cash flows from investing activities	17,535,570	(52,900)
Cash flows from financing activities	(335,474)	(187,849)
Net increase in cash	(15,473,139)	5,169,373
Cash at beginning of year	54,494,798	49,325,425
Cash at end of year	\$ 39,021,659	\$ 54,494,798

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 Chair of the Board

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 Chair of the Audit Committee

Khalsa Credit Union
Note to Summary Financial Statements

December 31, 2022

1. Summary Financial Statements

The summary financial statements are derived from the complete audited financial statements, prepared in accordance with International Financial Reporting Standards as at December 31, 2022.

The preparation of these summary financial statements requires management to determine the information that needs to be reflected so that they are consistent in all material respects with, or represent a fair summary of, the audited financial statements.

Management prepared these summary financial statements using the following criteria:

- (a) the summary financial statements include the statement of financial position, statement of comprehensive income and members' equity and the statement of cash flows;
- (b) information in the summary financial statements agrees with the related information in the complete audited financial statements including comparative information and all major subtotals and totals; and
- (c) in all material respects, the summary financial statements contain the information necessary to avoid distorting or obscuring matters disclosed in the related complete audited financial statements, including significant accounting policies and the notes thereto.

The complete audited financial statements of Khalsa Credit Union are available upon request by contacting the management of Khalsa Credit Union.