



2019

ANNUAL REPORT

local community ROOTS
home history **Sudbury Credit Union** 
Community Banking Services

new sudbury *COPPER CLIFF minnow lake*
levack south end *LIVELY* downtown



COMMUNITY MINDED... Just Like You. ©



A MESSAGE FROM THE CEO

We are proud to be Sudbury's only locally owned financial institution, and we are delighted each time a member chooses us. During 2019, members entrusted us with their investments and daily banking needs. Our financial advisors helped members achieve their home ownership dreams, members relied on us for loans for various purchases and they put their retirement savings plans in our hands. Our local business members counted on us for funding and advice to help them grow and, in-turn, serve the residents of Sudbury.

During 2019, we saw the usage of our online offerings continue to grow while some in-branch traffic declined. In an ongoing effort to keep our members' financial information safe and secure, we implemented additional security features to help our members safely perform financial transactions online. We continue to encourage members to set up Direct Alerts for online banking. Direct Alerts allow members to be notified each time their account is used. For example a member can receive an email or text message when their account is logged into; when bill payments are made; or if an e-transfer is set up. Members should also take advantage of increased authentication, which adds an extra layer of security for account access.

We grew by 7% in 2019, comparing quite favourably to the 2.6% growth the prior year. Despite the low

interest rate environment we paid a 3% dividend to our investment shareholders. And we estimate that we have saved our membership \$1million by offering fee free services.

Internally, we continued to focus on providing rewarding employment opportunities for our staff family. We currently provide meaningful jobs with fair wages, health benefits and pensions for 75 Sudburians. Our employees continue to educate themselves resulting in several internal promotions during the year. We also hired an additional 14 people this year. Externally, many of our community partners looked to us for donations and to promote their activities and we responded positively by contributing nearly \$140,000, not including the countless volunteer hours of our employees and directors. This is all as part of our mission to fulfill the financial needs of our members; and to live our vision to be committed to the well-being of our employees, members and community. This is our home. We invest in each other and we invest in our community because it matters. We indeed are "Sudbury's" Credit Union.

We are strongly rooted in our community. At the time of incorporation in 1951, as Copper Cliff Community Credit Union, there was only one branch in a rented location. In 1961 the decision was made to construct a building, and the location at 1 Gribble Street was born. That building was officially



opened on January 6th 1962. It has undergone several additions and renovations over its 58 years, and during 2019 we completed some important renovations to that location.

The building isn't the only thing that has changed since 1961. At the time of the Gribble Street grand opening, the credit union had loans to members totaling just under \$600,000 and member shares of \$623,000. Today we have loans to members of \$377 million, and member deposits of more than \$400

million. One thing that hasn't changed is our overall purpose. As stated in the annual report from 1961, the credit union's basic principles were 'Not for Profit – Not for Charity – But for Service'. Our mission today is to serve our members with pride and excellence. That service extends also to our employees and to our community, as we are committed to their well-being.

We are a strong, stable organization. Our capital is more than double the regulated required minimum,

NOW AND THEN



1 Gribble Street in 1961



1 Gribble Street in 2020

bell park FIELDING *kalmo* *onaping falls* lily creek KIVI PARK



and among the highest of credit unions in Ontario.

Looking ahead, we know that 2020 could be a year unlike any we have seen before as the coronavirus reshapes our activities. But before we look forward we should take a look back. The last recession we experienced was from October 2008 to May 2009. During the second quarter of 2009 Sudbury was also dealing with a looming strike at Vale, which materialized in July 2009 and lasted nearly a year. The economy was stressed and the outlook was bleak. How did Sudbury Credit Union respond during that time? We saw moderate growth and profitability in both years, and in November 2008 we introduced our No Fee account for all ages. Our foundational strength as an organization will allow us to ride out these uncertain times, just as it has done over our history. We will continue to look after our employees and our members, and we will continue to contribute to our vital community minded partners.

To our employees, our SCU Family – thank you for keeping yourself educated; for looking after the financial health of our members, and for looking after the well-being of each other.

To our Board of Directors – thank you for your stewardship, commitment to continuous learning, and commitment to ensuring the longevity of our wonderful local company.

To our members – thank you for choosing us, and entrusting us with your financial needs. Know that when you choose Sudbury Credit Union you are making a choice that is beyond that of just providing your financial services. You are supporting a local company that supports your community. And that matters. Continue to tell others about us, as we are all stronger together.



Mimi Regimbal
Chief Executive Officer



A MESSAGE FROM THE CHAIR

Community – so easy to say.... but what does it mean exactly? First and foremost, community is about people; people who have the same interests, the same goals, the same ideals and the same passions. It is not about buildings or places, but about people. It is about feeling and people with common objectives. A community is usually formed to meet a common need.

So why am I talking about community? As chairperson, should I not be talking about all of the important financials? Should I not be telling you that asset growth was 7% and that pre tax profit was \$3.31M? I should also be telling you about all of the work our team has done over the past year to achieve all of these financial goals; that changes once again to accounting standards have created more work for our dedicated team of professionals, and how low interest rates and more regulations have made this a challenging year once again.

And again, as has been the case for a number of years now, management and staff find a way to keep our profit margins and growth at respectable levels compared to other similar and larger credit unions. I said this last year, and it still holds true: “while others are busy finding problems, we at Sudbury Credit Union are busy working on solutions.”

So, why am I talking about community? Because Sudbury Credit Union was started, as many other

credit unions were, with a small group of people (a community) who wanted to meet a certain need. We aren't here because of the profit or assets we have. Yes, these numbers do play a major role in the long-term sustainability of our credit union, but it has always been, and will always be, about people. It's about people who care about people. This year, Sudbury Credit Union donated over \$137,000 to numerous organizations within the greater community of Sudbury. Our employees and directors willingly volunteer time to help some of our community organizations, such as Maison McCulloch Hospice, Sudbury Food Bank and many others.

As a member of Sudbury Credit Union, you are part of this great community. A community of which we are proud, and you can be, too. Thank you for being a member of our wonderful community.



Leo Racette
Board Chair

elgin REGENT *durham*
falconbridge PARIS notre dame

BOARD OF DIRECTORS



LEO RACETTE
BOARD CHAIR



GRANT HOWARD
VICE-CHAIR



FLOYD LAUGHREN
PAST CHAIR



BETTE CHOQUETTE
CORPORATE SECRETARY



JAMIE CONROY
DIRECTOR



DAVID VARES
DIRECTOR



MICHAEL BELLMORE
DIRECTOR



KATE BARBER
DIRECTOR



LINDSAY LISKE
DIRECTOR



BRANDON MARTEL
INTERN DIRECTOR

KEY FINANCIAL RESULTS

ASSETS, LOANS AND DEPOSITS

Sudbury Credit Union's assets increased \$29 million or 6.6% in 2019. Growing our assets allows us to increase lending to our community and provide impact to our economy and 2019 allowed us to do just that. Member loans increased \$15.7 million with the largest growth seen in residential mortgages. We are proud to be partnered with our community members in guiding our residents through the process of buying and selling homes. Member deposits increased \$25.9 million a further show of our connection with, and confidence from our local community. The growth in numbers on both sides of our Balance Sheet show that in 2019 we were able to fund 100% of our new loans with member deposits and this is important to us as we work to keep our money circulating close to home.

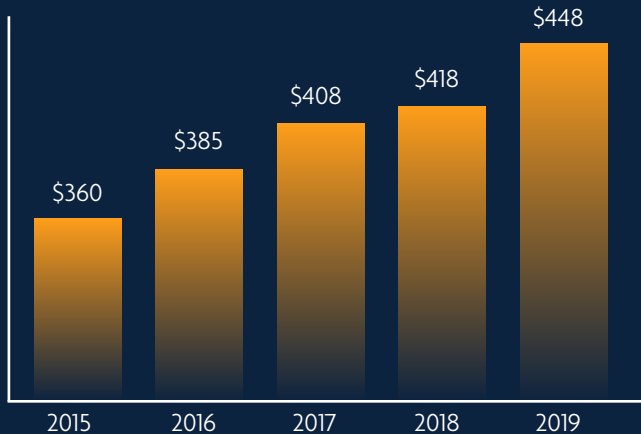


ASSETS

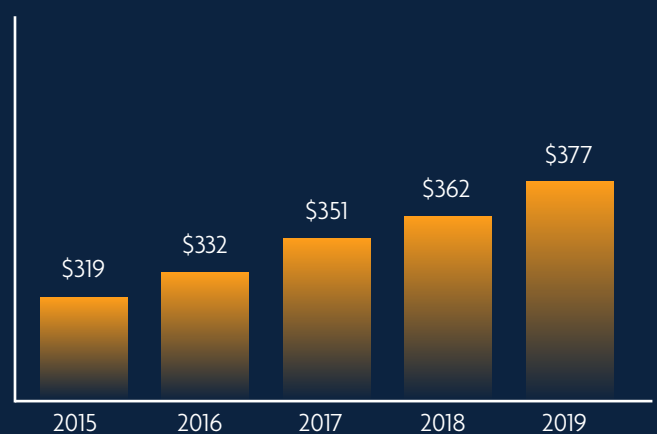


MEMBER LOANS

ASSETS (IN MILLIONS)



MEMBER LOANS (IN MILLIONS)



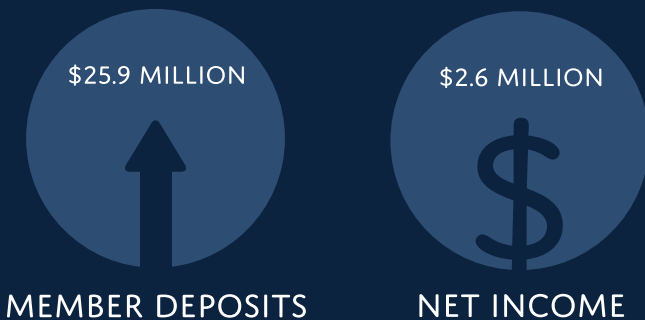
Laurentian conservation *anderson farm* *rainbow routes* ADANAC dynamic earth



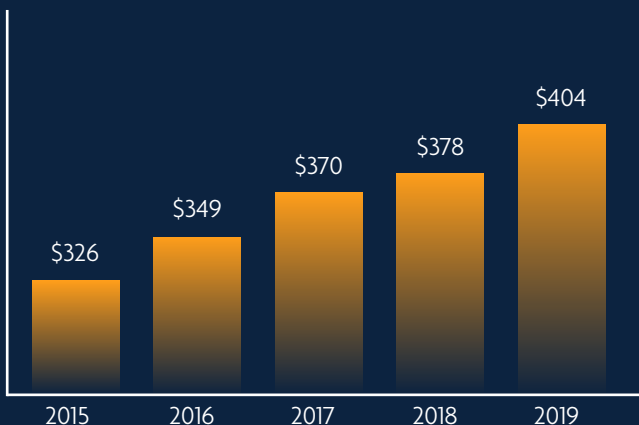
EARNINGS AND CAPITAL

Net income for the year was \$2.6 million, a return on average assets of 0.60%. With the highly competitive interest rate environment of 2019, we saw downward pressure on our net interest income however, our operating expenses were lower than expected which resulted in a return that was slightly stronger than 2018.

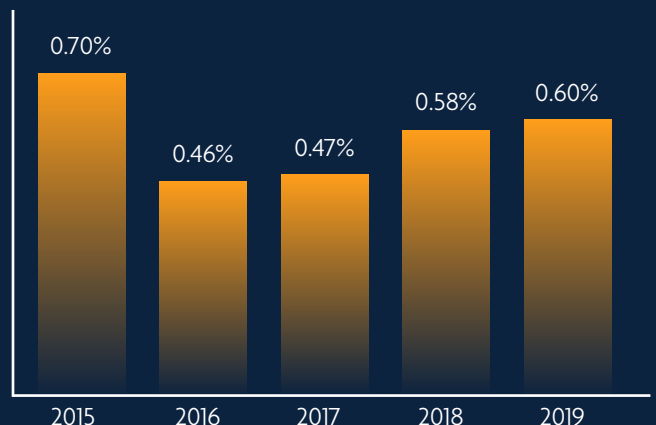
Strong growth and solid earnings resulted in capital leverage remaining high at 9.42%, well above the regulatory required minimum of 4.00%. Sudbury Credit Union has spent years building capital and as a result is well positioned to face challenges as they arise. Equally important to the level of capital is its quality and composition for which we are proud to report that 85% is comprised of the most secure form: retained earnings and contributed surplus.



MEMBER DEPOSITS (IN MILLIONS)



RETURN ON ASSETS





AUDIT COMMITTEE REPORT

Sudbury Credit Union Limited's Audit Committee was formed pursuant to the Credit Unions and Caisses Populaires Act, 1994 (Ontario) ("Act"). The committee, composed of Board of Director members, has oversight responsibility for the Credit Union's financial reporting, risk management, ethics and compliance requirements. Written terms of reference prescribe the committee's objectives and responsibilities and how it functions. The committee met throughout the year to receive reports from management, internal audit, and KPMG LLP, our external auditors.

The committee met 4 times in 2019, and reviewed and approved:

1. Audited Financial Statements and notes,
2. Audited Management and Employee Pension Plan Financial Statements and notes,
3. The Annual Internal Audit Plan,
4. Internal Audit Reports,
5. The Credit Union's risk management policies, and
6. Updates related to the scope and impact of International Financial Reporting Standards (IFRS).

These reviews were performed to ensure proper safeguarding of the Credit Union's assets and adherence to policies. Based on its reviews and findings, the Audit Committee made recommendations to the Board of Directors and

Senior Management, and followed up to ensure that the recommendations were considered and implemented, as appropriate.

The Audit Committee is pleased to report to the members that the committee is functioning in accordance with the Act. Through the full co-operation and support of management, it continues to play an effective role in assuring the quality of financial reporting, risk management, ethics and compliance requirements, thus, enhancing overall operational control of the Credit Union.

There are no significant recommendations made by the Audit Committee that have not been either implemented or are in the process of being implemented. There are no issues the committee believes should be reported and no matters that would require disclosure pursuant to the Act or the Regulations.

Respectfully submitted on behalf of the
Audit Committee,

Grant Howard (Chair), Floyd Laughren, Jamie Conroy
and David Vares



KPMG LLP
Claridge Executive Centre
144 Pine Street
Sudbury Ontario P3C 1X3
Canada
Telephone (705) 675-8500
Fax (705) 675-7586

REPORT OF THE INDEPENDENT AUDITORS ON THE SUMMARY FINANCIAL STATEMENTS

To the Members of Sudbury Credit Union Limited

Opinion

The summary financial statements of Sudbury Credit Union Limited (the "Credit Union"), which comprise:

- the summary statement of financial position as at December 31, 2019
- the summary statement of income and comprehensive income for the year then ended
- the summary statement of changes in members' equity
- and related notes

are derived from the audited financial statements of the Sudbury Credit Union Limited as at and for the year ended December 31, 2019 (audited financial statements).

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements, in accordance with the criteria disclosed in Note 2 in 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 Credit Union's audited financial statements and the auditor's report thereon.

The summary financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

The Audited Financial Statements and Our Report Thereon

On our report dated March 4, 2020:

- We expressed an unqualified opinion on the audited financial statements.



Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of the summary financial statements in accordance with the criteria disclosed in Note 2 in the summary financial statements.

Auditors' Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, the audited financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standards 810, Engagements to Report on Summary Financial Statements.

KPMG LLP

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly curved line that underlines the text.

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Ontario
March 4, 2020

SADBURY CREDIT UNION LIMITED

Summary Statement of Financial Position

December 31, 2019, with comparative information for 2018

	2019	2018
Assets		
Cash and cash equivalents	\$ 8,796,491	\$ 7,387,099
Loans to members	377,299,921	361,586,580
Investments	55,314,866	44,040,112
Other assets	615,665	438,958
Deferred income taxes	249,200	331,000
Property, equipment and intangibles	5,465,162	4,606,680
	\$ 447,741,305	\$ 418,390,429
Liabilities and Members' Equity		
Members' deposits	\$ 404,053,349	\$ 378,176,786
Accounts payable and accrued liabilities	1,100,898	1,421,724
Lease liabilities	941,488	-
Liabilities qualifying as regulatory capital	5,898,565	5,913,770
	411,994,300	385,512,280
Members' equity:		
Contributed surplus	5,484,655	5,484,655
Retained earnings	30,189,812	27,588,043
Accumulated other comprehensive income (loss)	72,538	(194,549)
	35,747,005	32,878,149
	\$ 447,741,305	\$ 418,390,429

See accompanying notes to the summary financial statements.

SUDBURY CREDIT UNION LIMITED

Summary Statement of Income and Comprehensive Income

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Revenue:		
Interest - non-mortgage loans	\$ 2,217,985	\$ 2,153,351
- mortgage loans	12,215,567	11,492,069
Investment income	1,232,669	927,779
	<u>15,666,221</u>	<u>14,573,199</u>
Cost of financing:		
Interest - demand deposits	376,843	357,126
- term deposits	2,165,072	1,692,772
- registered savings plans, tax free savings, registered retirement income fund	2,271,661	1,696,013
Interest on external borrowings	36,129	6,207
Dividends on investment shares	166,767	182,301
	<u>5,016,472</u>	<u>3,934,419</u>
Net interest income	10,649,749	10,638,780
Provision for impaired loans	162,424	294,001
Net interest income after provision for impaired loans	10,487,325	10,344,779
Non-interest revenue	2,044,374	1,851,714
	<u>12,531,699</u>	<u>12,196,493</u>
Operating expenses:		
Personnel	5,222,834	5,146,311
General	2,375,375	2,456,438
Occupancy	957,111	780,248
Organization	202,301	215,028
Insurance	461,809	453,698
	<u>9,219,430</u>	<u>9,051,723</u>
Income before income taxes	3,312,269	3,144,770
Income taxes	710,500	755,000
Net income for the year	2,601,769	2,389,770
Other comprehensive income (loss) (net of tax):		
Items that will never be reclassified to net income or loss:		
Experience gain related to defined benefit pension plan	187,498	349,149
Items that are or may be reclassified subsequently to net income or loss:		
Net change in fair value of investments	79,589	(9,560)
Total other comprehensive income for the year	267,087	339,589
Total comprehensive income for the year	<u>\$ 2,868,856</u>	<u>\$ 2,729,359</u>

See accompanying notes to the summary financial statements.

SADBURY CREDIT UNION LIMITED

Summary Statement of Changes in Members' Equity

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Contributed surplus:		
Balance, as at January 1 and December 31	\$ 5,484,655	\$ 5,484,655
Retained earnings:		
As at January 1	27,588,043	25,198,273
Net income	2,601,769	2,389,770
Balance, end of year	30,189,812	27,588,043
Accumulated other comprehensive income (loss):		
Representing the fair value reserve:		
As at January 1	(194,549)	(534,138)
Net change in fair value of investments, net of tax of \$28,696 (2018 - \$2,971)	79,589	(9,560)
Experience gain related to defined benefit pension plan, net of tax of \$67,602 (2018 - \$125,851)	187,498	349,149
As at December 31	72,538	(194,549)
Members' equity, end of year	\$ 35,747,005	\$ 32,878,149

See accompanying notes to the summary financial statements.

SUDBURY CREDIT UNION LIMITED

Notes to Summary Financial Statements

Year ended December 31, 2019

1. Reporting entity:

Sudbury Credit Union Limited (the "Credit Union"), was incorporated on October 9, 1951 and operates in compliance with the Credit Union and Caisses Populaires Act of Ontario (the "Act"). The Credit Union is a member of the Central 1 Credit Union ("Central 1"). The Credit Union's Member deposits are insured by the Financial Services Regulatory Authority ("FSRA") under a mandatory program, the expense for which amounted to \$330,277 in 2019 (2018 - \$322,863). The Credit Union provides financial services and products to its members through seven branches in the Greater Sudbury area. The Credit Union's head office is located at 1 Gribble Street, Sudbury, Ontario.

2. 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 and for the year ended December 31, 2019.

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

These summarized financial statements have been prepared by management using the following criteria:

- (a) whether information in the summary financial statements is in agreement with the related information in the complete audited financial statements; and
- (b) whether, 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 the notes thereto.

Management determined that the statement of cash flows does not provide additional useful information and as such has not included them as part of the summary financial statements.

The complete audited financial statements of Sudbury Credit Union Limited as at and for the year ended December 31, 2019 are available upon request by contacting the Credit Union.

THIS IS *our* HOME.



100%

Of our employees and board members live in Sudbury.

15,760

Local members and growing.

1,350

Volunteer hours contributed by our staff and board members to our community.

\$137,662

In sponsorships and donations provided to local charities and organizations.

MISSION

With pride and excellence, Sudbury Credit Union is dedicated to identifying and fulfilling your financial needs and those of our community.

VISION

Committed to the well-being of our employees, our members and our community.

SUDBURY CREDIT UNION
HIKE FOR HOSPICE



La **Fondation**
de la Maison de soins palliatifs de
Sudbury Hospice **Foundation**



Maison
McCulloch
Hospice

We are proud to announce that Sudbury Credit Union will be the title sponsor of the Sudbury Hospice Foundation's Hike for Hospice event for the next three years.

The Foundation contributes funds to Maison McCulloch Hospice to support the Hospice's ongoing commitment to provide the highest quality of care to our community through programs and services, resident/client empowerment and education. The Foundation also assists in facilitating capital building projects at the Hospice.

We invite our members to join our staff and board in supporting the Maison McCulloch Hospice through the Sudbury Credit Union Hike for Hospice.

INVESTING IN OUR COMMUNITY

1 In it's 21 years, the Northern Cancer Foundation's Luncheon of Hope has raised \$988,000 for breast cancer research being done right here in Sudbury. In 2019, SCU helped bring this total to one million with a \$12,000 donation.



2 The 7th Annual Charity BBQ in support of the Canadian Mental Health Association, hosted by our South End branch team, was held on May 24th and raised over \$4000.



3 Our Second Avenue branch team hosted the 26th Annual Charity BBQ in support of Camp Quality Northern Ontario on June 28th and raised \$10,530.

4 Seven young members received bursaries to help cover the costs of their post-secondary education.



giving strengthen CO-OPERATION *support*



5

5 SCU proudly supports the Finlandia Village SISU Family Walk once again. The walk takes place each year in September.



6

6 Our Levack branch team is a huge supporter of Falls Food. Their summer raffle raised \$875 for the food bank.

7 We celebrated International Credit Union Day by surprising 10 local organizations with donations totaling \$15,000 to further support the amazing work they do in our community.

8 Supporting those in need in our community with donations of \$1000 each to the Blue Door Soup Kitchen and the Elgin Street Mission.



7



8





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