



**ANNUAL**  
**REPORT** 2017



**come in. compare. come out ahead.**

### **Our Vision**

OCCU will continue to maintain our status of being one of the best Credit Unions in Ontario by providing excellent banking services and by committing to meet or exceed the financial needs of our members.

### **Our Mission**

OCCU's mission is to maintain our profitability while providing financial services and products in a unique delivery style that supports our continuous commitment to all our members and to our community.

### **Oshawa Community Credit Union Board of Directors and all employees are committed to:**

- Respecting the dignity and privacy of individuals.
- Assisting in the development of each person's self-reliance.
- Providing quality service and competitive products.
- Protecting the financial resources of our members.
- Improving the quality of life for people within our community.
- Operating within sound business policies, the Act and Regulations.
- Honouring the philosophy of "**People Helping People**".



**come in. compare. come out ahead.**

**78th Annual General Meeting  
Agenda**

**Meeting of Tuesday, April 10, 2018 at 7:00 p.m.  
At the Oshawa Community Credit Union  
Main Floor**

1. Registration
2. Adoption of the Agenda
3. Adoption of the Minutes of the previous Annual General Meeting
4. Report to our Members
5. Report of the I.T. Specialist and Support Manager
6. Report of the Audit Committee
7. Report of the Auditor
8. Reports of the Other Committees
9. Unfinished Business
10. New Business;
  - a) Report of the Nominating Committee and Elections
  - b) Appointment of the Auditors
  - c) By special resolution the repeal and replacement of the Credit Union By-Law
  - d) Other Business that is properly brought to the attention of the Board of Directors
11. Adjournment

**Annual General Meeting**  
**Tuesday, April 4, 2017 at 7 p.m.**

H. Berkers, Chair of the Board of Directors, called the meeting to order at 7 p.m. with members and visitors in attendance at the Oshawa Community Credit Union office.

H. Berkers opened the meeting and welcomed everyone to the 77th Annual General Meeting for Oshawa Community Credit Union Limited.

The membership observed a moment of silence in memory of our deceased members.

H. Berkers introduced the members of the Board and the Associate Directors.

H. Berkers introduced L. Gaudette, CEO and the management team.

H. Berkers introduced the following guests:

Roman Sochaniwsky, Deposit Insurance Corporation of Ontario (DICO)  
Sharon Wilson, Dan Lawrie Insurance Broker  
Linda Foster, AWCCU

H. Berkers reported 37 members and 5 visitors in attendance. H. Berkers declared a quorum existed according to By-Law #1 which requires a minimum of 20 members to constitute a quorum.

**Moved by R. Vanderkwaak, seconded by D. Dowsley:  
That the Agenda be accepted.**

**Motion carried.**

**Moved by J. Large, seconded by M. Goodson:**

**That the Minutes of the 76th Annual General Meeting of April 5, 2016 be accepted.**

**Motion carried.**

H. Berkers presented the Report of the Board of Directors.

- OCCU is pleased to announce that for the 11<sup>th</sup> consecutive year, profit sharing and dividends were distributed to our 3,707 members at December 31, 2016, in the amount of \$170,524.00 (from the 2016 surplus) for an aggregate 11 year amount of \$3.85 million.

Question from J. Zamora: As stated in the Report from the Board of Directors, the number of Ontario Credit Unions is declining, with 72 operational as of November 2016. Is the decline a result of Credit Unions merging? H. Berkers handed the question to L. Gaudette. L. Gaudette stated that in the past 4 years,

Ontario credit unions have declined by half from 144 credit unions to 72. The decline is mostly due from mergers and a few credit unions that have dissolved. This has been an ongoing trend in the Credit Unions system the past few decades. The number of Credit Unions are declining and the Ontario Credit Unions are getting larger asset bases as a result of the mergers.

H. Berkers thanked the members for choosing OCCU as their “financial institution of choice” and thanked all the employees for providing our membership with excellent service and support.

**Moved by J. Moore, seconded by H. Smith:  
That the Report of the Chairperson be accepted. Motion carried.**

H. Berkers called upon L. Gaudette, CEO to present her report.

L. Gaudette presented the CEO’s Report for the year ending December 31, 2016:

Financials:

- 2016 marks a year of record growth:
  - ✓ 10% asset growth in 2016 compared to 12% asset growth in the previous 4 years.
  - ✓ 10.46% deposit growth.
  - ✓ 16% loan growth.
- OCCU is very well capitalized at 10.46%. Capital provides us with a cushion for potential loan losses and the opportunity to grow our assets by another \$60 million.
- Assets at year-end were \$96.4 million. L. Gaudette announced that as of March 31, 2017 OCCU assets now exceed the \$100 million mark.
- OCCU reported a surplus of approximately \$133,000 for an aggregate Retained Earnings of \$7.118 million.
- \$133,000 was distributed to our members in dividends, rebates and bonus interest. This is exceptional even under the current low interest rate environment.

L. Gaudette advised the membership that the role of the Board is to ensure OCCU is compliant to all regulatory and policy requirements. This role of the CEO and Board of Directors is transforming to include a more forward thinking environment. The Board Governance is moving from a fiduciary role to a more transitional and transformational role. The Board needs to be more strategic with scanning for future risks, opportunities, and obstacles with vision looking beyond 3 to 5 years.

L. Gaudette stated that the management and the directors worked together to establish a 5 year strategic plan, which includes technical upgrades to meet

regulatory challenges, new technological services to attract youth members, and succession planning for staff and directors.

L. Gaudette stated in light of Karen Reid, MSR Manager's retirement as of March 31, 2017, Jakob Henninger was hired in September 2016 and will assume I.T., Audit and some administration functions. Other functions will be distributed between J. Remillard and L. Treen.

L. Gaudette stated that OCCU reported 3,707 members, which is much higher than the 2,909 membership reported to the regulators as of December 31, 2016. Management at OCCU is investigating the actual number of members over the age of 18, including Advantage Account members who do not hold the minimum share requirement.

L. Gaudette stated that OCCU has been on the same banking software platform since 1998 and it is considered a legacy system. With increasing demands in both regulatory requirements and technology advancements, OCCU is investigating banking software systems options.

L. Gaudette stated that she is representing the "smaller" credit unions on the Credit Union and Caisses Populaires Act Review Committee and highlighted the 2018 Regulatory changes under the Ministry of Finance. The Ministry is recommending the following changes to the Deposit Corporation of Ontario (DICO):

- ✓ Insurance for deposits increased from \$100,000 to \$250,000 (implementation target is for 2018).
- ✓ Unlimited insurance on registered products will continue.
- ✓ OCCU expects an increase in premiums as a result of the increase in insurance coverage (the current annual premium is \$1 per \$1,000 of insured deposits)
- ✓ On a positive note Credits Unions deposit insurance is higher than the banks.

Other pending Regulatory changes:

- ✓ Credit Unions will now be able to own "subsidiaries" (insurance companies)
- ✓ Credit Unions will now be able to do cross border "commercial financing syndications".

Comment: R. Vanderkwaak (Board Member) stated that OCCU's current banking platform (Infonancial) is a "legacy system" and has served us well. In his opinion, this banking system is not in jeopardy. OCCU is however looking at introducing new technology to attract the youth and will be investigating all options including newer products offered under Member Direct. Ontario Credit Unions currently using the Infonancial banking platform are concerned with several issues including long term contracts and a business continuity plan.

L. Gaudette stated that it is an honour to serve our members and thanked the Board for their support and leadership. Special thanks to staff and management for their support as well and for providing excellent financial services to our members.

**Moved by J. Zamora, seconded by M. Young:  
That the CEO's Report be accepted.**

**Motion carried.**

H. Berkers called upon J. Remillard to present the Credit Manager's Report.

J. Remillard presented the Credit Manager's Report for the year ending December 31, 2016:

- J. Remillard stated that he is proud of the record loan growth of 16% for 2016 which exceeded the budget projection of 4%.
- Delinquency remains at zero. Sometimes with growth, there is more risk for experiencing delinquency. OCCU's delinquency has not changed reflecting the quality of our loan portfolio and true organic growth.
- Mortgage Referral Program continues to be successful. The average referral incentive is approximately \$1,400 per mortgage. This is our way to say "thank you" for referring your friends and family to OCCU.

J. Remillard stated that it is exciting to see younger people joining our team; with 2 young Associate Directors on the Board since 2015, new young members looking to become Associate Directors in 2017, and 2 new young employees here in the audience. The Board and management work together to ensure we have a succession plan that will position OCCU to be great and powerful and meet our members future needs. OCCU is a great place, we are experiencing phenomenal growth and a team in place to ensure the operation runs like clockwork.

**Moved by K. Reid, seconded by E. Brazier:  
That the Credit Manager's Report be accepted.**

**Motion carried.**

Question from M. Goodson: With the rising housing prices, how will new home buyers be able to afford housing? J. Remillard stated that expectations for new home buyers may need to be more realistic. CMHC is lobbying municipalities to relax restrictions and we are seeing an increase in legal rental spaces within their homes in order to assist with their mortgage payments. This is a challenge, new home owners need to be creative and partner with the lender for guidance to help them to be successful with a purchase. Recently a new concept was introduced whereby purchasers can apply as a "group" (example: 2 couples) for a mortgage. The housing prices are high due to the lack of product on the market (supply and demand). It is expected within the next 3 – 5 years this will change.

H. Berkers called upon J. Henninger to present the I.T. Specialist and Support Manager's Report.

J. Henninger presented the Member Service Manager's report for the year ending December 31, 2016:

- Implementation of a scheduled back up system for every office computer used in OCCU's day to day business.
- In house storage used for the backups has been expanded to be used as a file sharing platform throughout the office. This is eventually intended to replace our outsourced file sharing system which will save OCCU both time and money.
- Re-wiring of our network was completed. Old cables originally installed in 1998 were removed and replaced with faster and more robust CAT 6 cables and terminated into rack-mounted switches.
- Updated our phone service provider from Bell to Rogers, which also included a new internet service to parallel with our existing Bell internet. The phone line upgrade will pay for itself by the 2nd year, and the second internet line will be essential in providing redundancy with improved internet speed and efficiencies for all staff members.
- Interact FLASH card was introduced.
- Our Internet banking has received some additional layers of security. By including personal verification questions in the login process and updating password complexity requirements, online banking accounts are more secure than ever.
- OCCU continues to actively communicate electronically with our members using Facebook, Twitter and E-Blasts for credit union news and updates. We encourage members to communicate with us on social media. New requirements will be address this year in relation to the Anti-Spam legislation.

**Moved by J. Moore, seconded by R. Vanderkwaak:  
That the I.T. Specialist and Support Manager's Report be accepted.  
Motion carried.**

H. Berkers called upon H. Smith, Chair of the Audit Committee, to present the report.

H. Smith, Chair of the Audit Committee Report to present the report:

- The Committee meets on a regular basis to ensure OCCU adheres to the various rules and regulations governing our Credit Union.
- The Committees main function is to assist the Board in fulfilling its oversight responsibilities.



**Moved by W. Clark, seconded by E. Brazier:  
That the Audit Committee Report be accepted.**

**Motion carried.**

H. Berkers introduced and called upon Paul Brocklesby, C.A. (Tinkham and Associates) to present the 2016 External Auditor Report:

P. Brocklesby advised the membership that the Condensed Financial Statements are included in your AGM report and full 29 page financial statements, including the auditor's notes, are available from management upon request. The following information was highlighted.

- The scope of the audit was outlined as stated in the Engagement Letter presented to the Audit Committee and management.
- In the opinion of the auditors the financial statements are presented within International Financial Reporting Standards (IFRS) and is within OCCU's operating standards.
- Assets for 2016 at \$96.4 million compared to \$87.8 million in 2015. The 2016 increase is primarily due to the increase in member deposits by approximately \$8 million. The new deposits, along with other liquid investments, were used to fund member loans which were approximately \$10 million.
- Decline in Net Comprehensive Income from \$239,167 compared to \$137,635 in 2016 as a result of lower financial margin and lower other revenue as well as higher expenses.
- Total Expenses for 2016 was \$2,027,814 million which is an increase from the \$1,967,721 million for 2015.
- Regulatory Capital is at 10.43% well in excess of minimum policy of 6.5% and below the minimum regulatory requirement of 4%.

Question from D. Dowsley: In the CEO's Report it was stated that the number of Credit Unions have declined by 50% in the last 4 years, what are the highlights of the strengths of this Credit Union? P. Brocklesby stated that OCCU's capital is in excess of 10% which is at the ratio required by the banks. The profit component is shared with all the members and the face to face dealing with members are a few highlights that make this credit union strong.

Question by J. Remillard: This may be a question for the CEO – How do you explain the salary and benefit expense increase in 2016 by approximately \$60,000? P. Brocklesby explained the salary and benefit increase is reflective of our succession planning of having two management (MSR Manager and I.T. Manager) working together from September to December 2016, and also an increase in wages as of October 1, 2016.

**Moved by H. Smith seconded by D. Nicholls:  
That the Audited Financial Statements for the year ending December 31,  
2016 be accepted. Motion carried.**

H. Berkers called upon R. Vanderkwaak, Chair of the By-Law, Policy and Standard/Criteria Committee to present the report.

R. Vanderkwaak presented the Policy/By-Law Committee Report:

- OCCU operates in a highly regulated environment which requires a comprehensive collection of policies guiding our operation.
- The Committee works closely with Management to keep pace with the changing regulatory and industry standards.
- The Committee reviews other policies as recommended by our internal and external auditors who provide valuable input upon as a result of their audits.

Question from M. Goodson: What is the Advantage Account? L. Gaudette replied that this new account was introduced in June 2016 and was recommended by the Board as a result of the 2016 Annual Business Plan. This particular account is free (no service charges) for members 30 and under. This account was implemented to attract younger people. All members 18 years and older are required to hold the minimum share requirement. L. Gaudette also stated that members over age 60 do not pay service charges.

**Moved by J. Moore, seconded J. Zamora:  
That the By-Law, Policy and Standard/Criteria Committee Report be  
accepted. Motion carried.**

W. Clark presented the Budget/Planning Committee Report.

W. Clark presented the Budget/Planning Committee Report:

- The Committee worked with L. Gaudette and management to develop a comprehensive 2017 Annual Business Plan and Budget.
- The business plan process includes reviewing OCCU's strength, weaknesses, opportunities and threats.
- The business plan process includes reviewing the Enterprise Risk Management report that includes local and global risks.
- The budget process includes setting key targets and set financial goals for the 2017 fiscal year.
- The succession plan for management, board and staff is critical in the planning process.
- The Board self-assessment and Board group assessment is a regulatory requirement under DICO as well as an integral part of the Annual Business Plan.

**Moved by R. Vanderkwaak, seconded by D. Nicholls:  
That the Planning Committee Report be accepted.**

**Motion Carried.**

H. Berkers called upon W. Clark, member of the Maintenance Committee to present the report.

W. Clark stated that maintenance work around and in the building is based on the recommendations provided by L. Treen as she has been guiding and working with the Committee on completing many projects during 2016.

**Moved by J. Moore, seconded by J. Large:  
That the Maintenance Committee Report be accepted.**

**Motion carried.**

H. Berkers called upon J. Moore, Chair of the Nominating Committee, to present the report.

J. Moore presented the Nominating Committee Report:

- The Committee carries out the responsibilities of the nominating process and ensures candidates are qualified under OCCU's By-Laws.
- The Associate Director position has been an excellent avenue to introduce new and younger candidates as part of the Board succession plan. These Associate Directors are required to complete governance courses and are provided with the opportunity to learn from veteran Board members.

J. Moore thanked the management team for their assisting the Committee with completing their duties and thanked everyone for their dedication to the Credit Union.

**Moved by H. Smith, seconded by W. Clark:  
That the Nominating Committee Report be accepted.**

**Motion carried.**

H. Berkers called for any new business. Seeing none, H. Berkers turned the Chair over to J. Moore to address the Board of Directors nomination process.

J. Moore stated that 4 nominations were received. There are 3 Board of Director positions available for 3 year terms.

J. Moore introduced the candidates and asked to them to address the membership with a short speech:

Henrietta Berkers – Completed 3<sup>rd</sup> level CGA at Durham College and worked in Toronto from 1997 to 2008 as a Graphic Designer. In 2008 I decided to work as a freelance Graphic Designer and currently have clients in Canada and the United States. I am involved with many community teams and groups and have been a director of OCCU for 6 years. During my time on the OCCU Board, I have worked on most of the Committees including holding Executive Committee positions (Chair and Secretary of the Board).

Jeremy Large – Have lived in Oshawa, come to the Credit Union with mother to do banking and also hold an account since being a young boy. As a young person I have a good understanding of the difficulties facing my generation and would be able to share my ideas and insight of a youth to the Board. Most of my experiences have been helping small businesses and although OCCU is a small business with large profits I would like to share my experiences with the Board. I would like to serve the Credit Union as Oshawa has been my home my entire life.

Arjun Muraleetharan – Has been an Associate Director for the past year and a half and have been able to take a back seat tour with how the Credit Union operates. As an Associate Director I have contributed to the Budget and Planning Committee and have learned a lot. I would like the opportunity to take a more important role and contribute to the Board. I attended University in Oshawa and was one of the first graduating classes in 2011 achieving a Bachelor of Commerce. I currently work at Inc. Entertainment Company and would like to bring my experience and skills learned to the Board. My promise and commitment to the members is that I will continue to learn and always do what is in the best interest of the Credit Union and members.

Correna Blair – Moved to the Durham Region about 9 years ago when I started my family. After taking Early Childhood Education, I decided to go back to school and attended UOIT to pursue business studies towards my C.A. designation and graduated from UOIT 2015. I have been an Associate Director with OCCU since September 2015 and contributed to the Budget and Planning Committee as well as provided input to the implementation of the Advantage Account for members 30 and under. With the guidance of management and directors, I've learned about the Credit Union operation and as a director I commit to serve the Credit Union to the best of my ability.

J. Moore advised the membership to write 3 separate names on the ballot sheet for it to be valid and that staff will be around to collect the votes and provide the information to the scrutineers.

Scrutineers were selected: Linda Foster from AWCCU and Sharon Wilson from Dan Lawrie Insurance Broker.

J. Moore stated that there were 34 ballots of which 2 were spoiled ballots.

The elected directors are:

Henrietta Berkers,  
Correna Blair  
and Arjun Muraleetharan

J. Moore thanked all nominees for putting their name forth and encouraged the younger members to apply for the Associate Director position.

Moved by R. Vanderkwaak, seconded by H. Smith to destroy the ballots.

**Motion carried.**

J. Moore turned the Chair back over to H. Berkers.

H. Berkers called upon H. Smith, Chair of the Audit Committee to explain the external audit selection process.

H. Smith informed the membership there are a limited number of accounting firms that specialize in Credit Union audits. The Board and Management have been very satisfied with the services provided by Tinkham and Associates resulting in the recommendation to commission the 2017 auditing services to this company.

**Moved by H. Smith, seconded by W. Clark:  
That OCCU appoint Tinkham and Associates, Chartered Accountant firm as  
external auditors for the fiscal year 2017. Motion carried.**

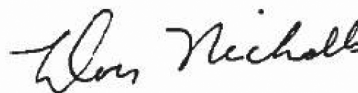
H. Berkers thanked the membership for their dedication and attendance this evening. She thanked all the Board of Directors for their support and contribution of their hard work that makes this Credit Union a successful organization. She also thanked the staff and management for their dedication and commitment.

**Moved by J. Moore, seconded by M. Young:  
That the meeting be adjourned. Motion carried.**

Meeting adjourned at 8:30 p.m.



H. Berkers, Chair



D. Nicholls, Secretary

## Report to Our Members

It is with honour and pleasure that we present the 2018 report to our members for the year ending December 31, 2017.

### 2017 Performance Statistics

<b>Loan Applications</b>	<b>Reviewed</b>	<b>Approved</b>	<b>Declined</b>
Number	157	103	54
Value	\$29,555,319	\$16,981,944	\$12,573,375
<b>Loan Portfolio</b>	<b>Residential Mortgages</b>	<b>Consumer Loans</b>	<b>Commercial Mortgages</b>
Percentage	58.69%	1.39%	15.53%
Value*	\$57,626,777	\$1,365,708	\$15,247,408
<b>Growth</b>	<b>Budget</b>	<b>Actual</b>	<b>Difference</b>
Loans	4.00%	0.84%	(3.16%)
Deposits	4.00%	1.24%	(2.76%)
<b>Financial Margin</b>	2.02%	2.28%	0.26%

\*Gross

DICO (Deposit Insurance Corporation of Ontario) regulations, under By-law #6, sets a ceiling for delinquency of 1.60% of the total loan portfolio. Monthly reports with respect to credit risk are provided to the Board of Directors and includes non-compliance issues, bad debts and the allowance for doubtful loans report. As at December 31, 2017 our number and value of delinquent loans was zero.

OCCU has been serving people in the Durham Region and surrounding areas for over 75 years. Our original charter for business is dated 1939. Our Credit Union has its roots firmly planted in Oshawa and the surrounding communities.

Since our inception we have grown from a small credit union to now having assets in excess of \$98 million. The membership has grown by merging with local industrial credit unions, servicing the employees at the local hospitals, employees of the Region of Durham, employees at the local school boards and employees at the City of Oshawa.

OCCU is a financial co-operative and everyone in Ontario is welcome to be a member.

Our goal is to continue being a member-centric and member directed service institution.

For the **12<sup>th</sup> consecutive year** your Board of Directors approved profit sharing with members. Approximate distributions paid to members in good standing as of December 31, 2017 were as follows:

<b>TYPE</b>	<b>FORM</b>	<b>RECIPIENT</b>	<b>COST (Aggregate)</b>
Dividend	In Kind	Class B Special Shares	\$72,098
Interest	In Kind	Membership & Patronage Shares	\$16,707
Interest Bonus	In Cash	Depositors	\$20,750
Interest Rebate	In Cash	Borrowers	\$20,750
<b>TOTAL</b>			<b>\$130,305</b>

At the Board level, requirements for legislated compliance for Credit Unions remain high. The Board of Directors are responsible to ensure that our policies are refined and updated on an ongoing basis and that OCCU is complying with all the regulatory requirements mandated by the Deposit Insurance Corporation of Ontario (DICO).

Your Board of Directors are responsible for the long term strategic plan of OCCU. The financial services industry is changing at a very rapid pace. OCCU's Strategic Plan takes us 3 years from now with many factors to consider, including updating our technology to meet onerous regulatory reporting; applications that appeal to the youth; succession planning to attract qualified new members to the Board; and an ongoing review of the Enterprise Risk Management which assesses both local and global issues that may affect OCCU.

But how does a small financial firm ensure long term prosperity in a marketplace dominated by large, successful competitors and new entrants determined to harvest the profitable portions of our business? By developing a sound strategic plan based on those things at which we can excel, then executing with an obsessive focus.

The 2018-2020 Strategic Plan is structured around the following three pillars; Human Capital, Technology Infrastructure, and increased Marketing.

## **Human Capital**

Succession planning continues to be the number one concern that will impact the long-term viability of the credit union. The Board has approved an increase in the existing staff complement to support management's succession initiative. Two new Member Service Representative Tellers were hired to start in January to support this initiative.

## **Technology Infrastructure**

There are many projects pending to be completed in 2018 including:

- Implementation of MemberDirect Integrated
- Everlink Debit Card Issuance and support
- Central 1 IFRS 9 Loan Loss Model implementation
- An alternative credit card issuer

## Marketing

- Continue working with Central 1 for commercial syndicate mortgage opportunities
- Continue to develop, strengthen and expand our partnerships with select mortgage brokers
- Maintain the current relationship with the marketing firm Snapd Design, target to execute a digital marketing campaign
- Continue the Mortgage Referral Program

OCCU remains committed to supporting our community. We recognize and thank our Board, Staff, Management and members for their loyalty and hard work.

In conclusion, employees, management and the Board of Directors collectively have joined efforts to ensure we work cooperatively and efficiently within a highly regulated framework and provide our 3,634 members with a financially strong Credit Union. Thank you to our members for choosing OCCU for your financial services.

Respectfully,



Roy Vanderkwaak, Chairman

OCCU Board of Directors



John Remillard, Acting CEO

Oshawa Community Credit union



## **Report of the IT Specialist & Support Manager**

As with previous years, Oshawa Community Credit Union has continued working with our data system provider to meet new and changing financial industry standards in 2017.

Due to the difference between privacy standards in the U.S and Canada, we decided early in the year to migrate our cloud data from an American data storage center to a fully Canadian company. During this process, we were also able to ensure that our new data storage provider upholds the highest standards of security.

We have also continued to move forward on transferring our Verafin subscription to their new cloud service. This is expected to go live in quarter two of 2018, and will massively increase the credit union system's ability to track and prevent fraud.

Although still currently ongoing, we have taken large strides towards completing the conversion to new debit and credit card providers. We expect to have new debit cards in the hands of our members by March 2018, with credit cards to follow shortly after. We've worked hard to ensure that this transition is as seamless as possible, and you will be receiving more information about this in the near future.

The Rogers phone and internet conversion has proved to be an excellent decision this past year. The new high-speed internet line has allowed us to provide Wi-Fi to both our staff and members, which has proved essential in helping our members become more comfortable with keeping track of their finances in the ever-changing digital world. We look forward to increasing our web-based services in the coming year, so keep an eye out for updates!

OCCU continues to actively communicate electronically with our members using E-Blasts for Credit Union news and updates. Due to the changes in the Canadian Anti-Spam Legislation, we have removed all members who have not provided express consent to receive electronic communication. If you would still like to receive these communications, make sure to speak to one of our member service representatives or subscribe to our mail list via our website. We also encourage everyone to connect with us on our social media for the latest updates, as well as financial information and tips.

I am extremely proud of what our team at Oshawa Community Credit Union has accomplished in the last year, and I can't wait for all of our projects in 2018! Thank you to the Board of Directors, my fellow management team, all employees and our members. We wouldn't be where we are today without all of your wonderful support.

Respectfully,

*Jakob Henninger*

Jakob Henninger,

IT Specialist & Support Manager

## **Report from the Audit Committee**

Every credit union has an Audit Committee whose role is, in great part, established under the Credit Unions and Caisse Populaires Act. The roles are further enhanced by The Deposit Insurance Corporation of Ontario (DICO). There is extensive guidance for the Committee to help fulfill their role. Our primary role is to ensure that our Credit Union is meeting all necessary regulatory and Board imposed standards. We are required to meet at least quarterly. We meet regularly with Greg Greer, our CFO, who reports extensively on our financial results and reviews his ideas about what the future will bring. We also meet with Rick Belsby, our Internal Auditor, to discuss his ongoing reviews of our financial activities. We also meet at the end of the year with our External Auditors Tinkham LLP Chartered Financial Accountants to discuss and then later review their audit plans and findings. Although this represents an emphasis on our financial affairs, the Committee is, as mentioned above, also responsible for ensuring that we meet a number of legal requirements including the oversight of risk management which covers a wide range of potential areas of concern.

I am extremely proud of the work that is being performed internally. We get constant reports of excellent work and control and of great staff support to those working 'behind the scenes'. Any recommendations from any of these parties have been implemented and that ensures that your credit union is being well managed in a number of respects, not just in the area of finances.

On a more formal note, we confirm that all significant recommendations made by the internal and external auditors and the Audit Committee have been implemented and that the Committee is conducting its affairs in accordance with the Credit Unions and Caisse Populaires Act, the Regulations, the Audit Committee Charter and the Credit Union By-Laws.

Respectfully submitted,

*Howard Smith*

H. Smith, FCPA, FCA  
Chair

Committee Members:  
Henrietta Berkers  
Kim Bulloch

# TINKHAM LLP

CHARTERED  
PROFESSIONAL  
ACCOUNTANTS

D C Tinkham FCPA FCA CMC LPA  
P J Brocklesby CPA CA LPA  
M Y Tkachenko CPA CA  
M W G Rooke CPA CA LPA  
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## REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS

To the Members of  
OSHAWA COMMUNITY CREDIT UNION LIMITED

The accompanying condensed financial statements, which comprise the summary balance sheet as at December 31, 2017 and the summary statement of comprehensive income for the year then ended, are derived from the audited financial statements of the Oshawa Community Credit Union Limited for the year ended December 31, 2017. We expressed an unqualified audit opinion on those financial statements in our report dated January 30, 2018. Those financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

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

### Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of a summary of the audited financial statements in accordance with International Financial Reporting Standards.

### Auditor's Responsibility

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

### Opinion

In our opinion, the summary financial statements derived from the audited financial statements of Oshawa Community Credit Union Limited for the year ended December 31, 2017, are a fair summary of those financial statements in accordance with International Financial Reporting Standards.

Toronto, Ontario  
January 30, 2018



Licensed Public Accountants



**OSHAWA COMMUNITY CREDIT UNION LIMITED  
SUMMARY BALANCE SHEET  
AS AT DECEMBER 31, 2017**

	2017	2016
<b>ASSETS</b>		
Cash	\$ 8,398,334	\$ 5,390,915
Investments	14,234,502	16,005,939
Accrued interest	407,875	341,161
Receivables and prepaid	163,585	100,037
Member loans receivable	74,049,007	73,541,658
Income taxes receivable	-	23,201
Future income tax asset	58,550	46,822
Capital assets	918,784	974,240
	<b>\$ 98,230,637</b>	<b>\$ 96,423,973</b>

**LIABILITIES, MEMBER ENTITLEMENTS AND MEMBERS' EQUITY**

Accounts payable and accrued liabilities	\$ 246,755	\$ 223,679
Income taxes payable	72,295	-
Member entitlements	87,430,769	86,244,425
Members' share capital	2,728,550	2,655,591
Retained earnings	7,752,268	7,118,761
Accumulated other comprehensive income	-	181,517
	<b>\$ 98,230,637</b>	<b>\$ 96,423,973</b>

Approved on behalf of the Board:

 Director  
 Director

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

**OSHAWA COMMUNITY CREDIT UNION LIMITED**  
**SUMMARY STATEMENT OF COMPREHENSIVE INCOME**  
**YEAR ENDED DECEMBER 31, 2017**

	2017	2016
Interest income		
Interest on residential mortgages	\$ 1,884,549	\$ 1,666,323
Interest on personal loans	121,966	124,817
Interest on commercial loans	669,304	596,187
Investment income	547,610	409,276
	<u>3,223,429</u>	<u>2,796,603</u>
Interest expense	<u>697,825</u>	<u>727,565</u>
Financial margin	2,525,604	2,069,038
Other revenue	<u>301,335</u>	<u>288,396</u>
	<u>2,826,939</u>	<u>2,357,434</u>
Expenses		
Advertising	54,289	71,554
Cash costs and clearing charges	115,731	104,872
Central 1 fees	15,021	14,925
Convention, training and annual meeting	57,917	47,611
Data processing	131,494	122,048
Depreciation	63,409	71,741
Insurance	120,431	115,782
Mortgage fees	7,991	22,670
Office	121,215	122,606
Occupancy	125,487	130,317
Professional services and consulting	152,190	86,010
Provision for impairment losses on member loans	21,532	23,838
Salaries and benefits	997,977	1,093,840
	<u>1,984,684</u>	<u>2,027,814</u>
Income before dividends and provision for taxes	842,255	329,620
Member dividends, bonus interest, and rebates	125,625	171,687
Provision for taxes	<u>83,123</u>	<u>24,862</u>
Net income for the year	633,507	133,071
Other comprehensive (loss) income, net of taxes	<u>(181,517)</u>	<u>4,564</u>
Net comprehensive income	<u>\$ 451,990</u>	<u>\$ 137,635</u>

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

## **Report from the Policy/By-Law Committee**

The Policy/By-law Committee is required to review, analyze and monitor certain policies annually to ensure that these policies comply with any new legislative or regulatory changes. The Committee meets to study and recommend changes that the management team may bring to the Committee, who in turn must bring such recommendations to the Board for approval.

The Committee reviewed and amended as appropriate, various operating policies for clarity or as result of DICO regulatory changes, including:

- Liquidity Policy
- Structural Risk Policy
- Credit Policies
- Operational Risk Policy
- Market Risk Policy
- Corporate Governance Policy
- Capital management Policy

We received valuable input from our Auditor, Rick Belsby, when these policies were reviewed and modified.

In addition to the aforementioned, the Committee conducted a review and restructure of Board specific policies with the goal of compiling a Board of Directors' manual.

An extensive review of OCCU By-Law was also completed. By special resolution the Board of Directors is proposing the repeal and replacement of the Credit Unions By-Law.

We are very fortunate to have such knowledgeable and professional staff to help us stay informed and up to date with new important requirements and regulations. The members of this Committee work hard to ensure that our Members' deposits and investments are well protected. I am most grateful to fellow committee members, Don Nichols, and Roy Vanderkwaak for their support and commitment to this task.

Respectfully submitted,



Kim Bulloch  
Chair

Committee Members:  
Don Nicholls  
Arjun Muraleetharan

## Report from the Budget and Planning Committee

The Board of Directors approved the 2017 Annual Business Plan in February 2017. Financial targets were set and long term strategies were developed to address key areas:

1. Succession planning to accommodate pending staff retirements will be critical over the next 3 – 5 years. K. Reid, Member Service Manager of 41 years retired in March 2017 and Jakob Henninger was hired to support this role.
2. Management will continue to investigate alternative banking systems, technology upgrades and product offerings to secure OCCU's long term viability and remain competitive in the market.
3. Shortfall in the financial target growth of 4% in the deposits and loans. Year-end deposit growth of 1.5% and loan growth of 0.68%.

In the fall of 2017, the Committee and management collaborated to develop a three year Strategic Plan and proposed 2018 Annual Business Plan including the Budget. Three key areas were identified and strategies implemented to further develop and strengthen OCCU:

1. Technology Infrastructure  
The Board of Directors approved the Infonancial/InfoNet group-buy of Central 1's MemberDirect Integrated internet banking platform. The move will place the Credit Union in a position of providing a more robust and flexible internet banking experience.
2. Succession Planning  
The Credit Union will invest in staff recognizing their essential role in the success of the Credit Union's future. Two new Member Service Tellers were hired and a training program was implemented utilizing existing experienced staff as trainers, coaches and mentors.
3. Marketing  
The Credit Union will continue to work with Snap'd Marketing Company to execute a new "digital marketing" campaign. Modifications of the existing Mortgage Referral Program were launched making the program more available to the public through electronic and social media channels.

During this year the Board will be reviewing its Vision, Objectives and Strategies, hopefully in time for the 2019 AGM.

The Committee would like to thank all Board members, management and staff for their continued support of the many projects that are introduced annually. Together we can achieve our goals.

Respectfully submitted,

*Gillis Paterson*

Gillis Paterson, CPA, CMA  
Chair

Committee Members:

Correna Blair, Vice Chair

Don Nicholls, FCUIC

Arjun Muraleetharan

Cameron Salmers, Associate Director

## **Report from the Maintenance Committee**

In 2016, the Board approved contracting Pacific Lighting and Energy to upgrade the lighting in the building to LED and approved contracting Advantage Airtech to install an "Energy Save Device" for the three Heating, Ventilation and Air Conditioning Units (HVAC). As a result, the Committee is pleased to announce OCCU has experienced a cost savings of 28%.

Additionally, in 2016 the Board approved contracting Telcom Enterprises to facilitate changes to our telephone and internet lines. As a result, the Committee is pleased to announce phone line cost savings of 81.76% and long distance/toll cost savings of 48.83%. Overall, substantial savings and improved communications and services were gained.

The Board of Directors also approved the renewal leases with Step With Style Dance Studio and Palter McCarthy, Barristers and Solicitors, both are long time tenants of OCCU. Parking leases were also renewed with Remax Jazz Group and initiated with Right at Home Reality.

In 2017, the Board of Directors approved upgrades to our building as follows:

- Existing awnings were removed and new awnings installed
- Duct Cleaning was completed
- Installation of parking curbs (pending 2018)
- Installation of concrete surface mounted bollards at the front entrance (pending 2018)

The Committee wishes to thank the management team for their huge part in these endeavors, and to the Committee members for their valued input and dedication to the Credit Union.

Respectfully submitted,

*Jackie Moore*

Jackie Moore  
Chair

Committee Members:  
Correna Blair  
Howard Smith, FCPA, FCA



## **Report from the Nominating Committee**

The Nominating Committee is responsible for the nomination process and conducting the elections at the Annual General Meeting. The Committee interviews the candidates running for a position on the Board, ensures that candidates qualify under the Credit Union and Caisses Populaires Act, Regulations, Credit Union By-laws and Policies. The Nomination Committee assures that candidates are fully aware of the legal, ethical and moral obligations required from a Board member. There are personal benefits of helping to serve the community and benefits of learning the intricacies for leading a successful co-operative financial institution.

In 2013, the Board of Directors approved to introduce an Associate Director position to serve with the Board of Directors. Cameron Salmers, long time member, was appointed as our new Associate Director in September 2017. Cameron participates on the Budget and Planning Committee, gaining valuable experience and insight. While serving as an Associate Director Cameron has provided a fresh perspective to the Board.

In February 2018, one of our newest directors resigned due to business commitments. As a result, four positions were open for nominations, however there were no external candidates. The three existing directors and Cameron were acclaimed for the positions.

Special thanks to the management team and to the Committee members for their contribution and dedication to the Credit Union.

Respectfully,

*Gillis Paterson*

Gil Paterson, CPA, CMA  
Chair

Committee Members:  
Henrietta Berkers  
Jackie Moore

<b>Board of Directors</b>		<b>Term Expiry</b>
Roy Vanderkwaak	Chair of the Board	2018*
Howard Smith	Chair of the Audit Committee Member of the Maintenance Committee	2018*
Kim Bulloch	Chair of the Policy/By-Law Committee Member of the Audit Committee	2018*
Jackie Moore	Member of the Nominating Committee Chair of the Maintenance Committee	2019
Don Nicholls	Vice-Chair of the Board Member of the Policy/By-Law Committee Member of the Budget and Planning Committee	2019
Gil Paterson	Chair of the Budget and Planning Committee Chair of the Nominating Committee	2019
Henrietta Berkers	Secretary of the Board Member of the Audit Committee Member of the Nominating Committee	2020
Correna Blair	Member of the Budget and Planning Committee Member of the Maintenance Committee	2020
Arjun Muraleetharan	Member of the Budget and Planning Committee Member of the Policy/By-Law Committee	2020

**Associate Director**

Cameron Salmers	Member of the Budget and Planning Committee	September 2018
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**Employees of Oshawa Community Credit Union**

Lori Gaudette	Chief Executive Officer
John Remillard	Acting CEO/Credit Manager, Commercial Lender (Privacy Officer/Complaints Officer)
Linda Treen	Administration Manager (Compliance Officer)
Jakob Henninger	I.T. Specialist and Support Manager
Greg Greer	Chief Financial Officer
Sharan Yarrow	Level III
Teresa Brudek	Level III
Carolyn Terrion	Level II
Lori Kelly	Level II
Jackie King	Level II
Lori Hunsley	Level II
Margaret Love	Level I
Sarah Broderick	Level I
Samantha Harrison	Level I
Justine Kyc	Level I
Ann Menheere	Level I (part time)





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