

now you're getting somewhere

# 2018 Annual Report



**momentum**<sup>™</sup>  
CREDIT UNION

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# Mission

Count on us for simple solutions and service.

## Values



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graph TD; Values[Values] --- V1((We believe that we will never lose sight of our co-operative principles.)); Values --- V2((We believe in accountability to our members, our colleagues and to ourselves.)); Values --- V3((We believe our vision for the future should be top of mind with every interaction.)); Values --- V4((We believe in the strength of diversity - diversity of opinion, approach and perspectives.)); Values --- V5((We believe that every member should feel like they belong to something bigger, membership is only the beginning...)); Values --- V6((We believe that innovation is the best tool to be ahead in the future.)); Values --- V7((We believe our people have the ability to do great things.));
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We believe that we will never lose sight of our co-operative principles.

We believe in accountability to our members, our colleagues and to ourselves.

We believe our vision for the future should be top of mind with every interaction.

We believe in the strength of diversity - diversity of opinion, approach and perspectives.

We believe our people have the ability to do great things.

We believe that innovation is the best tool to be ahead in the future.

We believe that every member should feel like they belong to something bigger, membership is only the beginning...

# Report of the Chair

On behalf of the Board of Directors, it is my pleasure to welcome you to our ninth annual general meeting of Momentum Credit Union and give my third report as the Chair of the Board.

2018 was a year of change and challenge for MCU. The Board of Directors, acting in the best interest of the credit union, made a strategic decision to move in a new direction with the position of CEO. While the Board is not at liberty to discuss the specific circumstances, we remain confident we made the best decision in order to work towards a successful future.

As the Board Chair, and with the help of the directors, we had the arduous task of finding a new CEO in 2018 who would be a proper fit to lead MCU forward. Several candidates were interviewed and I am pleased to introduce Mr. Robert Kirby as the new CEO of Momentum Credit Union. We are confident that Mr. Kirby's credentials and leadership skills will drive MCU in the proper direction with a focus on our membership. I would like to thank all staff and management for their professionalism during this difficult time. It is these people that provide the products and services that you need to live your busy lives and their commitment to delivering the best possible service levels that are critical to our long term success. They deliver the experiences that you rely on both face-to-face, online, over the phone and behind the scenes every day and we are all grateful for their dedication, care and passion for the membership.

The Board's oversight role is undertaken through its work and the work of its Audit & Risk Committee. The Board takes its duties very seriously and is responsible for approval of annual business plans and budgets as well as monitoring of the deliverables and risks that are being taken in support of those plans.

I would like to thank the Board of Directors for their support of me as the Board Chair in my third year in the role. They are a dedicated and talented team and their commitment to the Credit Union is at the forefront of everything that we do and every decision that we make. Finally, I will thank the membership for their ongoing support and patronage of the Credit Union. We know you have plenty of choices available when it comes to your day-to-day banking needs and we appreciate your dedication to Momentum Credit Union.

Count on us for simple solutions and service.

Sincerely Yours,



Dave Thomas  
Chair of the Board  
Momentum Credit Union

# Report of the CEO

As the new CEO of Momentum Credit Union, I am very excited to have joined the team and am looking forward to working with everyone on our growth initiatives and driving strong results.

Looking to our future, the vision is to include strategies for sustainable growth, procedural efficiencies and continued profitability. Your leadership team is committed to ensuring financial sustainability while looking at streamlining operations and investing in technology. I am also looking forward to meeting and building relationships with staff and members over the coming months, while engaging and investing in our people to deliver an exceptional member experience.

As I get to know the Credit Union, I will naturally go through a learning exercise including a complete review of products and services that Momentum Credit Union provides, looking to ensure we continue to be competitive within the financial marketplace.

We will continue to monitor the financial landscape and look for solutions to improve the convenience and ease of financial services to our members. Continued investment in technology and innovation to stay current in the options and delivery of financial products to our members is of utmost importance while we will always strive to deliver safe and proven technology that simplifies and enhances your experience.

In closing, I would like to thank the membership for their loyalty, patronage, commitment and support of Momentum Credit Union. I would also like to take this opportunity to thank Momentum Credit Union's Board of Directors, management, and all employees for their dedication to our members. It is through these individuals' efforts that we have built a successful and caring credit union. We understand that changes are sometimes difficult, but we are committed to delivering value, convenience and simple solutions for your day-to-day personal and business banking needs.

Momentum Credit Union has exciting opportunities and challenges ahead and we are certain that the future looks bright and that together we will create and do great things.

Sincerely,



Robert Kirby  
CEO, Momentum Credit Union

# Report of the **Audit & Risk Committee**

Momentum Credit Union Audit and Risk Committee ("ARC") pursuant to Section 125 of the Credit Union and Caisses Populaires Act, 1994, meet not less than quarterly or as required. The ARC operates under the mandate that covers all of the duties in the Regulations of the Act.

For the year ended December 31, 2018, the Committee met 7 times as the Board restructured its meeting policies.

As delegated by the Board of Directors and the Act, the ARC has primary responsibility for review of audited financial statements, internal controls, accounting policies and reporting procedures. The ARC has oversight of the Enterprise Risk Management program and has primary contact with both the Internal and External auditors.

The ARC recommends to the Board of Directors that MNP LLP be appointed as the external Auditors. Internal Auditors for the financial year 2019 is PRA Group. Their remuneration is to be set by the Board of Directors.

The ARC is not aware of any matters required to be disclosed pursuant to the Act and Regulations.

The ARC receives full cooperation from the new management of the Credit Union when conducting its business. There were no significant recommendations made by the ARC, the Internal Auditor, the External Auditor or the Deposit Insurance Corporation of Ontario that have not been implemented or are not in the process of being implemented by management.



Respectfully submitted,

Dave Thomas (Chair), Nadia Anton-Collins, William Jones, Gail Luyben-Powers, Shaun Power and Bill Van Gaal

## Years of Service

*Please join  
Momentum Credit Union  
in recognizing and thanking  
these employees for their  
important contributions  
over their milestone years  
of service.*

**Kathie  
Gordon**  
15 years

**Lysandre  
Dunsmuir**  
10 years

**Teresa  
Duarte**  
10 years

# Board of Directors Meeting Attendance

## DIRECTOR

## REGULAR

## SPECIAL

### Board of Directors

Nadia Anton-Collins	8/8	5/5
Dave Edwards	3/3	2/3
Bill Jones	8/8	5/5
Gail Luyben-Powers	8/8	5/5
Sewak Manak	5/5	3/5
Dave Thomas	7/8	5/5
Bill Van Gaal	8/8	4/5
Ken Watman	5/5	4/5

### Audit and Risk Committee (January - April)

Nadia Anton-Collins	2/2
Dave Edwards	2/2
Bill Van Gaal	1/2
Ken Watman	2/2

### Audit and Risk Committee (May - December)

Nadia Anton-Collins	5/5
Bill Jones	5/5
Gail Luyben-Powers	5/5
Sewak Manak	2/5
Dave Thomas	5/5
Bill Van Gaal	5/5
Ken Watman	3/5

### Governance and HR Committee

Nadia Anton-Collins	2/2
Bill Jones	2/2
Gail Luyben-Powers	2/2
Sewak Manak	0/2
Dave Thomas	2/2
Bill Van Gaal	2/2
Ken Watman	2/2

# Management's Responsibility for Financial Statements

Management is responsible for the preparation, presentation and consistency of the accompanying financial statements and other information contained in this Annual Report.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and have been audited by Millard, Rouse & Rosebrugh LLP Chartered Professional Accountants.

Management maintains the necessary system of internal controls to provide reasonable assurance that transactions are authorized, assets safeguarded and proper records maintained. This system of internal controls provides reasonable assurance that financial records are reliable and are a proper basis for preparation of the financial statements.

The Audit and Risk Committee and the Board of Directors, in carrying out their responsibility, have reviewed and approved the financial statements.



Robert Kirby  
CEO



Evan Rudd  
Financial & Regulatory Reporting Manager

## In the Community

We believe in giving back to our local communities and helping them prosper. Through our community giving program we strive to enrich the communities in which our members and employees live. Listed below are some of the organizations we were proud to support in 2018 with the help of our membership and employees through a combination of fundraisers, corporate donations and event sponsorships. We thank you for your generosity and continued commitment to giving back with us.

Charity Chicks Hamilton

CityKidz

Down Syndrome Association  
of Hamilton

Dr. Bob Kemp Hospice

Halton Learning Foundation

Halton Women's Place

Hamilton/Burlington SPCA

Hamilton Food Share

Ian Anderson House

Ontario Credit Union  
Foundation

Pride Hamilton

The Salvation Army



# Report of the Independent Auditor

## To the Members of Momentum Credit Union Limited

The summary financial statements, which comprise the summary statement of financial position as at December 31, 2018, the summary statement of comprehensive income, and summary statement of changes in members' equity for the year then ended, are derived from the audited financial statements of Momentum Credit Union Limited for the year ended December 31, 2018.

In our opinion, the accompanying summary financial statements are a fair summary of the audited financial statements, in accordance with management's criteria.

## 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 audited 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 financial statements in our report dated March 11, 2019.

## Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of the summary financial statements on the basis described in Note 1.

## 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 Standards (CAS) 810, "Engagements to Report on Summary Financial Statements".

March 11, 2019  
Brantford, Ontario

*Millard, Rame & Rossburgh LLP*

CHARTERED PROFESSIONAL  
ACCOUNTANTS  
Licensed Public Accountants

# Summary Statement **Financial Position**

As at December 31	2018	2017
<b>ASSETS</b>		
Cash and bank	6,695,634	16,123,038
Investments	14,590,187	16,184,809
Derivatives	20,021	40,075
Loans to members	175,732,627	174,655,123
Income taxes recoverable	66,621	-
Property, plant and equipment	3,586,457	3,356,622
Intangible assets	343,750	398,027
Goodwill	996,473	996,473
Deferred income taxes	288,360	130,796
Deferred pension costs	28,800	3,500
Other assets	197,463	199,974
	<u>202,546,393</u>	<u>212,088,437</u>
<b>LIABILITIES</b>		
Term Loans	5,450,000	3,000,000
Members' deposits	184,348,490	194,619,430
Derivatives	20,021	57,242
Income taxes payable	-	42,364
Post-retirement pension and benefits	1,290,700	1,545,500
Accounts payable and accrued liabilities	583,841	329,428
Shares	385,331	409,939
	<u>192,078,383</u>	<u>200,003,903</u>
<b>MEMBERS' EQUITY</b>		
Shares	3,084,907	3,290,783
Retained Earnings	4,961,539	6,568,740
Accumulated Other Comprehensive Income	(640,706)	(837,259)
Contributed Surplus	3,062,270	3,062,270
	<u>10,468,010</u>	<u>12,084,534</u>
	<u>202,546,393</u>	<u>212,088,437</u>

# Summary Statement **Comprehensive Income**

For the year ended December 31	2018	2017
<b>Interest Revenue</b>	7,131,632	6,436,429
<b>Interest Expense</b>	2,884,764	2,456,032
<b>Interest Margin</b>	4,246,868	3,980,397
Other income	1,020,007	939,202
<b>Income Before Operating Expenses</b>	5,266,875	4,919,599
<b>Operating Expenses</b>		
Employee salaries and benefits	2,767,560	2,454,946
Data processing	425,983	419,332
Administration	793,346	578,140
Insurance	269,815	230,862
Collection and bad debts	2,241,192	138,641
Occupancy	357,817	218,376
Staff and director expenses	64,196	97,004
Term Loans	205,373	191,038
	7,125,282	4,328,339
<b>Income Before Income Taxes</b>	(1,858,407)	591,260
Income taxes - current	(45,884)	101,480
- deferred	(205,322)	(531)
<b>Net Income</b>	(1,607,201)	490,311
<b>Other Comprehensive Income (Loss) for the Year</b>	196,553	(162,590)
<b>Comprehensive Income for the Year</b>	(1,410,648)	327,721

# Summary Statement **Changes in Member Equity**

	Accumulated Other Comprehensive Income		Shares	Contributed Surplus	Retained Earnings	Total
	Post retirement Benefits	Cash Flow Hedges				
<b>Balance January 1, 2017</b>	(670,055)	(4,614)	3,509,033	3,062,270	6,197,256	12,093,890
Net Income					490,311	490,311
Adoption of IFRS 9 (Net of taxes)					(95,814)	(95,814)
Dividends and distributions to members			24,102		(23,013)	1,089
Redemptions			(242,352)			(242,352)
Actuarial gains (losses) on pension and post-retirement benefits	(159,035)					(159,035)
Change in unrealized gains (losses) on cash flow hedges		(3,555)				(3,555)
<b>Balance at December 31, 2017</b>	(829,090)	(8,169)	3,290,783	3,062,270	6,568,740	12,084,534
Net Income					(1,607,201)	(1,607,201)
Dividends and distributions to members			31,408			31,408
Redemptions			(237,284)			(237,284)
Actuarial gains (losses) on pension and post-retirement benefits	188,384					188,384
Change in unrealized gains (losses) on cash flow hedges		8,169				8,169
<b>Balance at December 31, 2018</b>	(640,706)	-	3,084,907	3,062,270	4,961,539	10,468,010

# Summary Statement **Cash Flows**

For the year ended December 31	2018	2017
<b>Cash flows from operating activities</b>		
Net Income	(1,607,201)	490,311
Non-cash operating activity adjustments	(14,569)	575,209
	<u>(1,621,770)</u>	<u>1,065,520</u>
<b>Cash flows from financing activities</b>		
Term loan	2,450,000	(8,000,000)
Member deposits and share capital	(10,460,575)	34,933,622
	<u>(8,010,575)</u>	<u>26,933,622</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(380,932)	(62,399)
Loans and mortgages to members	(1,019,109)	(27,998,500)
Investments	1,604,982	5,481,777
	<u>204,941</u>	<u>(22,579,122)</u>
Net decrease in cash and cash equivalents	(9,427,404)	5,420,020
Opening cash and cash equivalents	16,123,038	10,703,018
<b>Closing cash and cash equivalents</b>	<u>6,695,634</u>	<u>16,123,038</u>

# Notes to Summary Financial Statements

For the year ended December 31, 2018

## 1. Basis of Criteria for Presentation

The summary financial statements are derived from the audited financial statements, prepared in accordance with International Financial Reporting Standards, as at December 31, 2018 and for the year then ended.

The preparation of these summary financial statements requires management to determine the information that needs to be reflected in them 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 a statement for each statement included in the audited financial statements;
- b) information in the summary financial statements agrees with the related information in the audited financial statements;
- c) major subtotals, totals and comparative information from the audited financial statements are included; and
- d) the summary financial statements contain the information from the audited financial statements dealing with matters having a pervasive or otherwise significant effect on the summarized financial statements.

The audited financial statements of Momentum Credit Union Limited are available upon request by contacting the credit union.

*The Financial Statements of Momentum Credit Union Limited were audited by the firm Millard, Rouse & Rosebrugh LLP, Chartered Professional Accountants. The statements presented in the annual report represent excerpts from the audited financial statements.*

*A complete copy of the audited financial statements of Momentum Credit Union Limited, including all notes to the financial statements, are available upon request.*



**momentum**<sup>™</sup>  
CREDIT UNION

**Hamilton Downtown**

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**Hamilton Mountain**

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F: 905.383.5580

**Oakville**

1045 Industry Street  
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F: 905.845.2155

**Brampton**

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