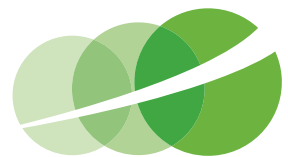


2019 Annual Report

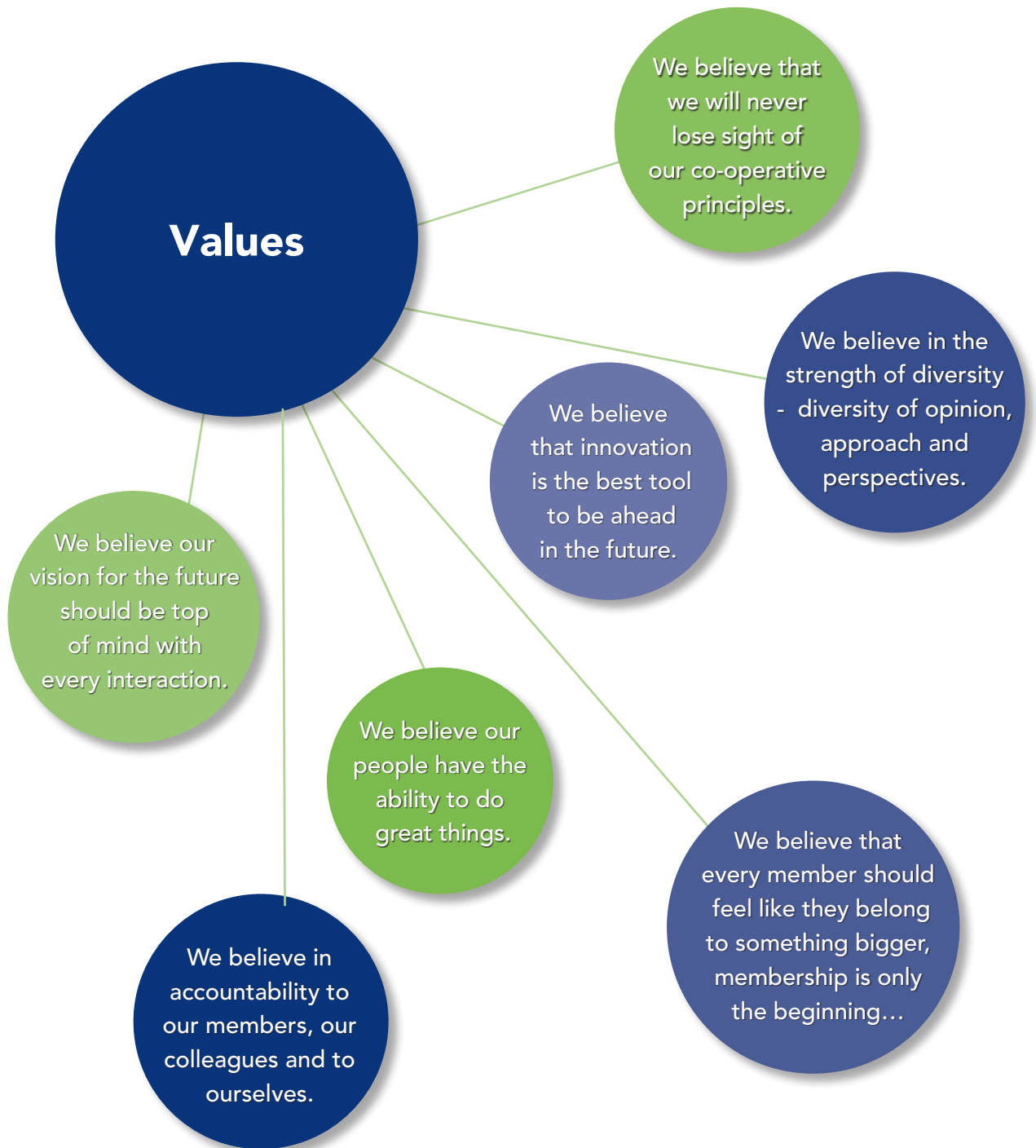


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CREDIT UNION
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Mission Count on us for simple solutions and service.



Report of the Chair

On behalf of the Board of Directors, it is my pleasure to welcome you to our 10th Annual General Meeting of Momentum Credit Union and give my fourth report as the Chair of the Board.

2019 was another year of change and challenge for MCU. As the Board Chair, and with the help of the directors, we onboarded our new CEO, Rob Kirby in late January 2019. Under Mr. Kirby's leadership and direction, MCU had a successful and profitable year while identifying the changes necessary to sustain our direction with a focus on our membership.

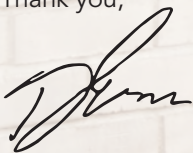
I would like to thank all staff and management for their welcoming of Rob into our Credit Union. It is these great people that provide the products and services that our members need to live their busy lives. Their continued commitment to delivering the best possible service levels are critical to our 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 fourth 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. You can continue to count on us for simple solutions and service.

Thank you,



Dave Thomas
Chair of the Board
Momentum Credit Union

Report of the CEO

As the new CEO of Momentum Credit Union in 2019, I was tasked with reviewing all of our processes, technology and procedures with a focus on growth initiative and driving strong results. We spent most of 2019 looking at what we did, how we did it and the overall impact to the Credit Union and membership. We made a number of operational and procedural changes and sent out a survey asking our membership areas where we could improve and implemented the number 1 item being a reduction in the banking fees.

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. As we continue to move through the changing landscape of financial services, we will continuously review our 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. Our commitment to investing in technology and current innovations is of utmost importance while we strive to deliver safe and proven technology that simplifies and enhances your experience.

In 2020, we will be introducing new online systems that will truly enhance the way you deal and bank with the credit union. The changes will include a much needed and improved online banking system, including a new updated mobile application as well as a new website. We are also going to invest in marketing and looking to increase our membership base in our various locations.

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 and Risk Committee**

Momentum Credit Union Limited 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, 2019, the Committee met 11 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 2020 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 Financial Services Regulatory Authority of Ontario (FSRA) 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 Budh Dhillon

Years of Service

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

5 years

Adam Smith
Katherine Wright

10 years

Paige Cowan
Jen Konowal

15 years

Mary Anne Herlovitch
Elizabeth Szok

Board of Directors Meeting Attendance

DIRECTOR

REGULAR

Board of Directors

Dave Thomas	10/11
Budh Dillon	8/8
Shaun Power	5/8
Bill Jones	10/11
Nadia Anton-Collins	10/11
Gail Luyben-Powers	10/11
Bill Van Gaal	3/3

In Our 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 2019 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.



Management's Responsibility for Financial Statements

The accompanying financial statements of Momentum Credit Union Limited (the "Credit Union") are the responsibility of management and have been approved by the Board of Directors.

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors are composed entirely of Directors who are neither management nor employees of the Credit Union. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board of Directors fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board of Directors is also responsible for recommending the appointment of the Credit Union's external auditor's.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditor's have full and free access to, and meet periodically and separately with, both the Board of Directors and management to discuss their audit findings.

April 29, 2020



Robert Kirby
CEO



Evan Rudd
Financial & Regulatory Reporting Manager

Report of the Independent Auditor

To the Members of Momentum Credit Union Limited:

Opinion

We have audited the accompanying financial statements of Momentum Credit Union Limited (the "Credit Union"), which comprise the statement of financial position as at December 31, 2019, and the statement of income and comprehensive income, changes in members' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Credit Union as at December 31, 2019 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Credit Union in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

The financial statements of the Credit Union for the year ended December 31, 2018 were audited by another firm of Chartered Professional Accountants who expressed an unmodified opinion on those financial statements dated March 11, 2019.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Credit Union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Credit Union or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Credit Union's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but

Report of the Independent Auditor

is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Credit Union's internal control. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Credit Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Credit Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Burlington, Ontario
April 29, 2020



Chartered Professional Accountants
Licensed Public Accountants

Summary Statement **Financial Position**

As at December 31	2019	2018
ASSETS		
Cash and interest-bearing deposits	13,941,366	6,695,634
Investments	17,375,010	14,590,187
Derivatives	22,937	20,021
Loans to members	160,769,231	175,732,627
Accounts receivable	120,704	137,988
Prepaid expenses	68,381	59,475
Income taxes recoverable	-	66,621
Property, equipment and right-of-use asset	4,051,542	3,586,457
Intangible assets	294,152	343,750
Deferred income taxes	237,000	288,360
Defined benefit plan	94,400	28,800
TOTAL ASSETS	196,974,723	201,549,920
LIABILITIES		
Term loans	-	5,450,000
Members' deposits	184,718,517	184,348,490
Accounts payable and accrued liabilities	517,879	583,841
Lease liability	422,474	-
Derivatives	22,937	20,021
Obligation for post-retirement benefits	1,359,600	1,290,700
Shares	363,308	385,331
TOTAL LIABILITIES	187,404,715	192,078,383
MEMBERS' EQUITY		
Shares	2,900,467	3,084,907
Retained earnings	5,257,450	4,961,539
Accumulated other comprehensive income	(653,706)	(640,706)
Contributed surplus	2,065,797	2,065,797
TOTAL MEMBERS' EQUITY	9,570,008	9,471,537
TOTAL LIABILITIES AND MEMBERS' EQUITY	196,974,723	201,549,920

Summary Statement **Comprehensive Income**

For the year ended December 31	2019	2018
Interest Revenue	7,091,656	7,131,632
Interest Expense	3,191,158	2,884,764
Interest Margin	3,900,498	4,246,868
Other income	795,814	1,020,007
Income Before Operating Expenses	4,696,312	5,266,875
Operating Expenses		
Employee salaries and benefits	2,001,428	2,767,560
Data processing	434,384	425,983
Administration	822,820	793,346
Insurance	279,544	269,815
Collection and bad debts	138,650	2,241,192
Occupancy	247,276	357,817
Staff and director expenses	145,540	64,196
Depreciation and amortization	279,399	205,373
	4,349,041	7,125,282
Income (Loss) Before Income Taxes	347,271	(1,858,407)
Income taxes - current	-	(45,884)
- deferred	51,360	(205,322)
Net Income (Loss) for the Year	295,911	(1,607,201)
Other Comprehensive Income (Loss), Net of Income Taxes		
Unrealized gain on derivative instruments designated as cash flow hedges	-	9,610
Tax effect of unrealized gains on cash flow hedges	-	(1,441)
Actuarial (loss) gain on defined benefit plan and postretirement benefits	(13,000)	234,700
Tax effect of actuarial loss	-	(46,316)
Other comprehensive (loss) income for the year	(13,000)	196,553
Comprehensive Income (Loss) for the Year	282,911	(1,410,658)

Summary Statement **Changes in Member Equity**

For the year ended December 31

	Accumulated Other Comprehensive Income		Shares	Contributed Surplus	Retained Earnings	Total
	Post retirement Benefits	Cash Flow Hedges				
Balance at January 1, 2018	(829,090)	(8,169)	3,290,783	2,065,797	6,568,740	11,088,061
Net loss	-	-	-	-	(1,607,201)	(1,607,201)
Distributions to members	-	-	31,408	-	-	31,408
Redemptions of shares, net	-	-	(237,284)	-	-	(237,284)
Actuarial gain on defined benefit plan and post-retirement benefits	188,384	-	-	-	-	188,384
Unrealized gain on derivative instruments	-	8,169	-	-	-	8,169
Balance at December 31, 2018	(640,706)	-	3,084,907	2,065,797	4,961,539	9,471,537
Net income	-	-	-	-	295,911	295,911
Redemptions of shares, net	-	-	(184,440)	-	-	(184,440)
Actuarial loss on defined benefit plan and post-retirement benefits	(13,000)	-	-	-	-	(13,000)
Balance at December 31, 2019	(653,706)	-	2,900,467	2,065,797	5,257,450	9,570,008

Summary Statement **Cash Flows**

For the year ended December 31	2019	2018
Cash flows from (used by) operating activities		
Net income (loss)	295,911	(1,607,201)
Adjustments for:		
Interest revenue	(7,091,656)	(7,131,632)
Interest expense	3,191,158	2,884,764
Interest expense on lease liability	17,958	-
Interest received on member loans	6,456,941	6,649,919
Interest received on investments	526,887	414,400
Interest paid on member deposits	(2,985,289)	(2,925,613)
Depreciation and amortization	279,399	205,373
Deferred income taxes	51,360	(205,322)
Net change in non-cash working capital	(3,070)	93,542
Changes in members' activities:		
Net change in loans to members	15,076,039	(1,019,109)
Net change in members' deposits	164,158	(10,230,091)
	15,979,796	(12,870,970)
Cash flows used by financing activities		
Term loans	(5,450,000)	2,450,000
Shares	(206,463)	(230,484)
Payments on lease liability	(90,852)	-
	(5,747,315)	2,219,516
Cash flows from investing activities		
Purchase of property, equipment and intangibles	(199,518)	(380,932)
Investments	(2,787,231)	1,604,982
	(2,986,749)	1,224,050
Net increase (decrease) in cash and interest-bearing deposits	7,245,732	(9,427,404)
Opening cash and interest-bearing deposits, beginning of year	6,695,634	16,123,038
Closing cash and interest-bearing deposits, end of year	13,941,366	6,695,634

Notes to Summary Financial Statements

For the year ended December 31, 2019

2. Basis of Presentation

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (the "IASB"). The financial statements have been prepared in accordance with all IFRS issued and in effect as at December 31, 2019.

Basis of measurement

These financial statements have been prepared on a going concern basis under a historical cost convention, except for derivatives and equity investments that have been measured at fair value.

Functional and presentation currency

The Credit Union's functional and presentation currency is the Canadian dollar.

Use of estimates and judgments

The preparation of financial statements requires management to make estimates and judgements that affect the application of the Credit Union's accounting policies and the carrying amounts of assets and liabilities, net income and related disclosures. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Complete Audited Financial Statements

The Financial Statements of Momentum Credit Union Limited were audited by the firm MNP LLP, Licensed Public 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.



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