



**momentum™**  
CREDIT UNION  
now you're getting somewhere



—  
**Annual  
Report**  
2023

## Mission

Count on us for simple solutions and service.

## Values

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

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

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

**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...

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# Report of the Chair

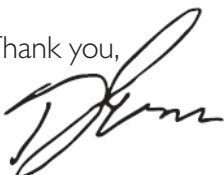
I would like to begin by thanking all the members of Momentum Credit Union. It is an honour and a privilege to have you, the members, entrust MCU with your everyday banking needs. We strive to deliver excellent member service and a personalized experience. Our staff and management team are very dedicated, and on behalf of the Board of Directors, I would like to thank them all for their continued hard work and support.

Once again, Momentum Credit Union had somewhat of a tumultuous year. When the Central Bank of Canada started raising interest rates a significant strain occurred at most financial institutions and economic anxiety was an issue for all Canadians. The high cost of living along with the increased pressure of higher interest rates has made it difficult for many. In 2023, MCU parted ways with the former CEO and our CFO, Greg Weber, took on a much larger leadership role. Thank you to Greg for his dedication and hard work.

Our focus at MCU has always been the financial well being of our members and the quality of service we are able to provide. We are a small financial institution and at times, it is difficult to provide the products and services that larger institutions offer. Market share and profitability continue to be a struggle. Membership is slowly depleting due to attrition and new members are difficult to attract with the highly competitive market. The Board of Directors, along with senior management, have decided the best option for MCU and its membership is to enter into a merger opportunity with FirstOntario Credit Union. FirstOntario is a financial mega in comparison to MCU and would be able to provide a full suite of products and services to our members while maintaining the personalized service they have received at MCU. We have now entered into an Asset Purchase Agreement (APA) and are currently awaiting approval from the Financial Services Regulatory Authority of Ontario (FSRA). If approved, we will call a special membership meeting with all shareholders to approve the pending merger. I have been the Chair of the Board of Directors since 2016 and it has been my honor to hold this position. I have cherished interactions with our members and I have always thrived on putting our membership's needs first. While I have mixed emotions about this potential merger, I believe it is the best scenario to service MCU membership.

Again, I would like to thank the MCU team and most of all, the membership of MCU, for your continued support over years. I would be remiss if I did not make special mention of the Board of Directors: Nadia Anton-Collins, Shaun Power, Gail Luyben-Powers, Pasquale Pugliese and Paul Vayda. Your support and expertise have helped mold MCU into what it is today. I am extremely proud of the work we have accomplished, and should the merger be successful, I wish everyone nothing but the best in all future endeavours.

Thank you,



**Dave Thomas**  
Chair of the Board

# Report of the Audit & Risk Committee

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 for 2024. 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 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,



**Shaun Power**

Chair of the Audit & Risk Committee

# Board of Directors Meeting Attendance

Director

Nadia Anton-Collins	9/9
Gail Luyben-Powers	6/9
Shaun Power	9/9
Pasquale Pugliese	8/9
Dave Thomas	9/9
Paul Vayda	9/9



## IN THE COMMUNITY

Thank you to our Members and employees for your constant support of initiatives that help give back to our local communities.

# Management's Responsibility for Financial Statements

## To the Members of Momentum Credit Union Limited:

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.

March 15, 2024



**Greg Weber**  
Interim Chief Executive Officer

# Report of the Independent Auditor

To the Members of Momentum Credit Union Limited:

## Opinion

We have audited the financial statements of Momentum Credit Union Limited (the "Credit Union"), which comprise the statement of financial position as at December 31, 2023, and the statement of income and comprehensive income, changes in member's equity and cash flows for the year then ended, and notes to the financial statements, including material accounting policy 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, 2023, and the results of its financial performance and its 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.

## 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 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.

Waterloo, Ontario  
March 15, 2024



Chartered Professional Accountants  
Licensed Public Accountants



# Statement of Financial Position

As at December 31

2023

2022

## Assets

Cash and interest-bearing deposits	3,865,523	6,173,365
Investments	32,484,821	32,505,581
Derivatives	3,476	8,383
Loans to members	114,489,331	124,527,101
Accounts receivable	119,120	54,860
Prepaid expenses	299,758	141,528
Income taxes recoverable	129,023	-
Lease receivable	77,261	152,550
Property, equipment and right-of-use asset	3,448,833	2,559,313
Intangible assets	115,371	161,289
Deferred income taxes	125,738	157,496
Defined benefit plan	149,700	198,500

### Total Assets

**155,307,955**
**166,639,966**

## Liabilities

Members' deposits	141,306,463	152,788,752
Accounts payable and accrued liabilities	893,087	994,154
Lease liability	374,768	184,649
Derivatives	3,476	8,383
Income taxes payable	-	27,423
Obligation for post-retirement benefits	1,054,701	1,035,301
Shares	326,001	338,316

### Total Liabilities

**143,958,496**
**155,376,978**

## Members' Equity

Shares	2,627,483	2,719,460
Retained earnings	6,985,090	6,726,233
Accumulated other comprehensive loss	(328,911)	(248,502)
Contributed surplus	2,065,797	2,065,797

### Total Members' Equity

**11,349,459**
**11,262,988**

### Total Liabilities and Members' Equity

**155,307,955**
**166,639,966**

# Statement of Income and Comprehensive Income

For the year ended December 31

2023

2022

Interest revenue	5,438,585	4,910,246
Interest expense	2,330,480	1,960,366
Interest margin	3,108,105	2,949,880
Other income	507,997	2,158,673
<b>Income before operating expenses</b>	<b>3,616,102</b>	<b>5,108,553</b>
<b>Operating expenses</b>		
Employee salaries and benefits	1,490,438	1,490,836
Data processing	413,264	467,868
Administration	1,301,001	1,137,638
Insurance	211,025	260,940
Collections and bad debts (recovery)	(418,500)	(51,776)
Occupancy	232,694	230,669
Staff and director expenses	49,690	81,488
Depreciation and amortization	185,183	164,113
	<b>3,464,795</b>	<b>3,781,776</b>
<b>Income before income taxes</b>	<b>151,307</b>	<b>1,326,777</b>
Income taxes – current	157,199	(41,581)
Income taxes – deferred	(49,649)	(138,808)
<b>Net income for the year</b>	<b>258,857</b>	<b>1,146,388</b>
<b>Other comprehensive income, net of income taxes</b>		
Actuarial gain on defined benefit plan and post-retirement benefits, net of income taxes	80,409	320,204
Unrealized gain on investments measured at fair value through other comprehensive income	-	55,877
Other comprehensive income for the year	80,409	376,081
<b>Comprehensive income for the year</b>	<b>339,266</b>	<b>1,522,469</b>

# Statement of Changes in Members' Equity

For the year ended December 31

	Accumulated other comprehensive loss	Shares	Contributed surplus	Retained earnings	Total
<b>Balance at Jan. 1, 2022</b>	<b>(624,583)</b>	<b>2,784,328</b>	<b>2,065,797</b>	<b>5,579,845</b>	<b>9,805,387</b>
Net income	-	-	-	1,146,388	1,146,388
Redemptions of shares, net	-	(64,868)	-	-	(64,868)
Actuarial gain on defined benefit plan and post-retirement benefits, net of income taxes	320,204	-	-	-	320,204
Unrealized gain on investments measured at fair value through other comprehensive income	55,877	-	-	-	55,877
<b>Balance at Dec. 31, 2022</b>	<b>(248,502)</b>	<b>2,719,460</b>	<b>2,065,797</b>	<b>6,726,233</b>	<b>11,262,988</b>
Net income	-	-	-	258,857	258,857
Redemptions of shares, net	-	(91,977)	-	-	(91,977)
Actuarial gain on defined benefit plan and post-retirement benefits, net of income taxes	(80,409)	-	-	-	(80,409)
<b>Balance at Dec. 31, 2023</b>	<b>(328,911)</b>	<b>2,627,483</b>	<b>2,065,797</b>	<b>6,985,090</b>	<b>11,349,459</b>

# Statement of Cash Flows

For the year ended December 31

2023

2022

## Cash flows from operating activities

Net income	258,857	1,146,388
Adjustments for:		
Interest revenue	(5,438,585)	(4,910,246)
Interest expense	2,330,480	1,960,366
Interest expense on lease liability	14,694	9,039
Interest received on member loans	4,213,610	4,414,014
Interest received on investments	1,590,743	499,886
Interest paid on member deposits	(1,532,591)	(2,189,390)
Gain on sale of assets	-	(1,535,869)
Loss on derecognition of right-of-use asset	-	16,694
Depreciation and amortization	185,183	164,113
Deferred Income taxes	49,649	89,504
Net change in non-cash working capital	(434,814)	(210,532)

## Changes in members' activities:

Net change in loans to members	10,041,712	28,395,280
Net change in members' deposits	(12,280,178)	(28,400,387)
	<b>(1,001,240)</b>	<b>(551,140)</b>

## Cash flows used by financing activities

Shares	(104,292)	(74,315)
Payments on lease liability	(126,593)	(92,669)
	<b>(230,885)</b>	<b>(166,984)</b>

## Cash flows used by investing activities

Purchase of property, equipment and intangibles	(726,767)	(383,149)
Proceeds on assets sold	-	1,953,333
Investments	(348,950)	(17,823,019)
	<b>(1,075,717)</b>	<b>(16,252,835)</b>

Net decrease in cash and interest-bearing deposits	(2,307,842)	(16,970,959)
Opening cash and interest-bearing deposits, beginning of year	6,173,365	23,144,324
Closing cash and interest-bearing deposits, end of year	<b>3,865,523</b>	<b>6,173,365</b>

# Notes to Financial Statements

For the year ended December 31, 2023

## 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, 2023.

### 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 3.

## 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.



Count on us for simple solutions and service.

**Hamilton**

892 Upper James Street  
Hamilton, ON L9C 3A5  
T: 905.383.3395  
F: 905.383.5580

**Oakville**

511 Maple Grove Drive, Unit 14  
Oakville, ON L6J 6X8  
T: 905.845.3441  
F: 905.845.2155