



Annual Report 2020



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VISION, MISSION AND VALUES

Our vision, mission and values come together to provide a clear direction for our credit union; they focus our efforts and guide our operations.

Our Vision

To increase overall market share.

Our Mission

To partner with our members in creating their financial success.

Our Values

Excellent service, knowledgeable staff, competitive pricing, member value & community; involvement, investment and visibility.

REPORT OF THE CHAIR

On behalf of the entire Ganaraska Financial Credit Union Board of Directors, I would like to extend a sincere welcome to all of our members, staff and invited guests who have been able to join us as we hold our 2020 Annual General Meeting.

Just last year, Ganaraska Financial Credit Union held its first-ever virtual AGM. The fact that we're now hosting our second-ever virtual AGM, highlights two important facts. First, and most obviously, it is clear that the global pandemic which has touched our communities and the rest of the world is still profoundly affecting the way we live and work more than a year since it started. Second, Ganaraska Financial Credit Union - its staff and its members - have been very ready to adapt and change to a new reality, and I'm confident that this financial co-operative - despite being decades old - is still very well-positioned to serve its members in a fast-changing world.

2020 was definitely a year of change for GFCU. As the Board Chair, and with the help of the directors, we onboarded our new CEO, Kathy Foster in October 2020. I would like to thank all staff and management for their welcoming of Kathy into her new position as Kathy has worked at the credit union over 30 years. In 2020 we also added the new position of VP of Risk to our Executive Team and I welcome Michael Riseley.

As our industry transforms, we're continuously assessing our environment for new opportunities and potential threats. Our robust reporting and risk management framework allows management and the board to monitor and mitigate potential industry risks, all the while keeping key performance indicators top of mind.

Throughout 2020 as your Board Chair, I attended and participated in numerous industry virtual conferences and Directors Forums to keep abreast of this ever-changing environment and in preparation for future initiatives. As noted in the Governance Report you can see how hard your board has worked on behalf of you, our members.

Looking into 2021, our members have much to look forward to as we continue to invest in – and improve on – our products and services. We expect to see more members conducting business online and the credit union has made investments in your digital experience. Members can expect to see a new experience in online banking and with the GFCU mobile app. This year the Board and Executive Team are excited to participate in developing a new 5-year Strategic Plan so GFCU has a roadmap to help guide the credit union into the future.

I would like to thank the Board of Directors for their support of me as the Board Chair in my first 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.

It has been truly inspiring to see how our executive team and staff have adapted to ensure that our members' needs are met. Our members in turn have been extremely patient and understanding as we navigate this situation together. We look forward to a better year ahead and thank you for your continued support and patronage of Ganaraska Financial Credit Union.

Co-operatively yours,



Wendy Giroux
Board Chair

REPORT OF THE CEO

As the new CEO of Ganaraska Financial Credit Union, 2020 has been an exceptional year that no one could have predicted. None of us have ever experienced such worldwide disruptions and uncertainty as the COVID-19 pandemic situation unfolded.

In 2020 we had grand plans for the year to celebrate the credit union's 75th anniversary which had to be shelved as businesses shifted into a reactive mode just to sustain day-to-day operations.

Supporting our community and as a provider of an essential service, Ganaraska Financial Credit Union continued to operate and serve our members. We did this while carefully following the lead of our public health authorities. Our top priority was our employees and members as we implemented precautions to continue to serve you. Also, to support our members and businesses as they struggled with the pandemic, layoffs and business closures, GFCU introduced COVID relief measures.

Some of these COVID precautions and relief measures included:

- Offering a suite of COVID-19 financial relief programs including mortgage and loan deferrals.
- Connecting members to government programs including: – approving and funding more than \$1.6 million in Canadian Emergency Business Account (CEBA) loans.
- Enabled CRA direct deposit for the Canadian Emergency Response Benefit (CERB) and the Canada Emergency Student Benefit (CESB) through our online banking portal.
- Provided flexible payment options, waived NSF fees for 3 months and have done away with e-transfer fees.
- Enhanced health and safety protocols in branches including installing plexiglass shields, staff wearing PPE and regular deep cleaning.
- Closed branches temporarily in order to ensure healthy and safe environments for our members and employees.
- We quickly transitioned to providing staff who were able to work from home with the technology to do so.

More than ever in 2020 we focused on staff safety and doing everything to protect both the staff and our members. As another precaution, we encouraged members to come into the branches only if absolutely necessary, and if possible, to utilize our ATM, Night Depository, or online banking services. Also, we encouraged members to use our online Loan and Mortgage Applications and offered virtual loan appointments through Zoom to meet with members face to face.

In 2020, GFCU experienced losses incurred as a result of the sale of several Power of Sale properties that have been on our books for a number of years. New loan processes have been put in place and our provision for loan losses has been enhanced to mitigate these types of losses in the future. The expectation is that we will recover a portion of these losses in 2021.

Similar to the financial industry as a whole, in 2020 we experienced higher than usual liquidity as a result of a change in spending habits due to COVID-19. We expected these high levels of liquidity to continue through 2021.

As always, I am very proud of all that GFCU, and our staff achieve for our community. In 2020, despite the obvious limitations imposed on us by COVID-19, GFCU continued to be active in our community, donating corporately and through fundraising efforts. In 2020, GFCU donated over \$38,000 to various organizations and causes.

GFCU was and is proud to share these with our members through our Social Media channels which were launch in 2020 to include Facebook and Instagram.

In closing, I want to say how very proud I am of our staff, who showed up to work every day and worked diligently throughout this pandemic. Without our staff’s passion and commitment, our resilience throughout the pandemic would not have been possible, and for their continued efforts in serving our members have been and are truly inspirational. I want to take this opportunity to say thank you. I am so proud of this team.

I also want to sincerely recognize the Board for their dedication, support, and leadership. With the Board’s direction, we have succeeded once again in making GFCU a leader in our community, not only in financial services, but in compassion. Their help has seen us survive and thrive in an unprecedented year of challenges, and I sincerely thank them for their leadership.

Respectfully submitted,



Kathy Foster
Chief Executive Officer

STAFF YEARS OF SERVICE

In 2020 GFCU in recognizes and thanks the employees for their important contributions over their milestones of years of service.

5 Years

- Maria Blacquier
- Jennifer Whitbourn
- Justin Henderson
- Judith Auchlerlonie



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MANAGEMENT RESPONSIBILITY

The accompanying financial statements of Ganaraska Credit Union Ltd. and all information contained in this Annual Report are the responsibility of management. The financial statements have been prepared using the appropriate accounting policies that are in accordance with International Financial Reporting Standards. Management is also responsible for the integrity and fairness of the information presented, which include certain amounts that are based on estimates and judgements. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material aspects.

Ganaraska management has developed and maintains a system of internal accounting and administrative controls. The systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate for preparation of financial statements and that assets are properly accounted for and are safeguarded. The Board of Directors is responsible for ensuring that Management fulfils its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board of Directors carried out its responsibilities for the financial statements through its regular review of financial results and operations and through its Audit Committee. The Audit Committee is appointed by the Board.

The Committee meets periodically, as per regulations, with Management, the external auditors and reviews quarterly third party internal audit reports. Internal controls, the financial reporting process, auditing matters and overall financial reporting issues are reviewed and discussed to satisfy itself that each party is properly discharging their responsibilities.

The financial statements have been audited by BDO Canada LLP, our member appointed external auditors and their report is shown as part of the summarized financial statements.



Kathy Foster
Chief Executive Officer

AUDIT COMMITTEE REPORT

The Audit Committee of Ganaraska Credit Union Ltd. is a committee of the Board of Directors pursuant to section 125 of the Credit Union and Caisse Populaires Act, 1994. The Committee, which consists of eight directors, has adopted a mandate which covers all the duties which are specified in the Regulations and Act.

The Audit Committee meets at least quarterly throughout the year (in 2020 the Committee met 4 times) and has the following oversight responsibilities;

- Financial reporting and disclosure;
- The external audit function;
- The internal audit function;
- Risk management and control environment; and
- Compliance.

As per Ganaraska's Audit Committee Charter, the committee's purpose is to oversee and assess the:

- Integrity of the financial reporting process and financial statements;
- Adequacy of the internal and external audit functions;
- Adequacy and effectiveness of internal controls;
- Adequacy and effectiveness of the risk management process;
- Compliance with legal and regulatory requirements;
- External auditor's qualifications and independence;
- Performance of the external auditors; and
- Performance of the internal audit function.

The Committee received full co-operation and support from management. There are no significant recommendations made by the Audit Committee that management has not implemented and there are no matters which the Committee believes should be reported to the members or are required to be disclosed pursuant to the Act or regulations.



Peter Dounoukos
Chair, Audit Committee

INDEPENDENT AUDITOR'S REPORT

To the Members of Ganaraska Credit Union Ltd.

Opinion

The summary financial statements, which comprise the summary statement of financial position as at December 31, 2020 and the summary statements of comprehensive income and changes in members' equity for the year then ended (the "Summary Financial Statements"), are derived from the audited financial statements of Ganaraska Credit Union Ltd. (the "Credit Union") for the year ended December 31, 2020.

In our opinion, the accompanying summary financial statements are a fair summary of the financial statements.

Summary Financial Statements

The Summary Financial Statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the Summary Financial statements and the auditor's report thereon, therefore, is not a substitute for reading the Credit Union's audited financial statements and the auditor's report thereon.

The Audited Financial Statements

We expressed an unmodified audit opinion on the audited financial statements in our report dated March 24, 2021.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of the Summary Financial Statements based on the audited financial statements of Ganaraska Credit Union Ltd. for the year ended December 31, 2020.

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 Standard (CAS) 810, Engagements to Report on Summary Financial Statements.

BDO Canada LLP

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Peterborough, Ontario
March 24, 2021

BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

STATEMENT OF FINANCIAL POSITION

December 31 2020 2019

ASSETS

Cash resources	22,628,771	\$ 6,425,360
Liquidity deposits	12,752,586	12,392,768
Investments	926,713	935,827
Members' loans	170,651,640	180,741,409
Income taxes recoverable	10,000	—
Deferred tax assets	294,000	—
Other assets	794,903	1,221,516
Property and equipment	2,536,574	2,668,324

\$ 210,595,187 \$ 204,385,204

LIABILITIES AND MEMBERS' EQUITY

LIABILITIES

Members' deposits	\$200,460,957	\$ 193,470,995
Accounts payable & accrued liabilities	296,118	26,631
Income taxes payable	—	10,414
Deferred tax liabilities	—	3,400
Members' shares	1,698,408	2,622,593

202,455,483 196,134,033

MEMBERS' EQUITY

Members' shares	7,633,857	6,457,720
Retained earnings	505,847	1,793,451

8,139,704 8,251,171

\$ 210,595,187 \$ 204,385,204



Director



Director

STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31	2020	2019
INTEREST REVENUE		
Interest on members' loans	\$ 8,140,323	\$ 8,405,695
Investment income	211,022	395,833
	8,351,345	8,801,528
INTEREST AND LOAN RELATED EXPENSES		
Interest on members' deposits	4,600,979	4,584,290
Loan loss expense	1,319,943	(14,462)
	5,920,922	4,569,828
FINANCIAL MARGIN	2,430,423	4,231,700
SERVICE FEES & COMMISSIONS REVENUE	1,315,492	1,014,251
	3,745,915	5,245,951
OPERATING EXPENSES		
Administration	266,351	340,694
Advertising	46,063	48,547
Amortization	252,218	251,800
ATM expense	32,850	34,042
Data processing	271,542	296,788
Insurance	252,094	256,395
Lending	771,957	514,603
Member service	127,063	112,512
Occupancy	189,202	206,606
Professional fees	78,156	63,025
Salaries and employee benefits	2,797,325	2,403,413
	5,084,821	4,528,425
OPERATING INCOME (LOSS)	(1,338,906)	717,526
FAIR VALUE ADJUSTMENTS ON INVESTMENTS	—	129
INCOME (LOSS) BEFORE INCOME TAXES	(1,338,906)	717,397
INCOME TAX PROVISION	(307,400)	65,060
NET INCOME (LOSS)	(1,031,506)	652,337
OTHER COMPREHENSIVE INCOME	—	—
COMPREHENSIVE INCOME (LOSS)	\$ (1,031,506)	\$ 652,337

STATEMENT OF CHANGES IN MEMBERS' EQUITY

For the year ended December 31

	Membership Shares	Class A Patronage Shares	Class B Investment Shares	Retained Earnings	Total
Balance at December 31, 2018	\$1,907,278	\$54,302	\$4,187,135	\$1,458,001	\$7,606,716
Comprehensive income	–	–	–	652,337	652,337
Distributions to members	–	–	–	(316,887)	(316,887)
Net increase in shares classified as equity	200,157	18,792	90,056	–	309,005
Balance at December 31, 2019	\$2,107,435	\$73,094	\$4,277,191	\$1,793,451	\$8,251,171
Comprehensive loss	–	–	–	(1,031,506)	(1,031,506)
Distributions to members	–	–	–	(256,098)	(256,098)
Net increase in shares classified as equity	6,530	17,447	1,152,160	–	1,176,137
Balance at December 31, 2020	\$2,113,965	\$90,541	\$5,429,351	\$505,847	\$8,139,704

LENDING SERVICES

When you're a Ganaraska Financial Credit Union member, your money doesn't just sit around – it gets put to work through investments back into your community. Member deposits are our primary funding source that help your neighbours get loans to buy homes, start businesses, get educated and more! These investment help to drive the local economy forward and help make our province a great place to live!

		2020		2019
Personal Loans	90	\$ 1,392,548	91	\$ 1,495,797
Personal Line-of-Credit	71	\$ 157,750	81	\$ 240,645
Personal Mortgages	94	\$ 38,619,718	83	\$ 39,321,822
Commercial Line-of-Credit	3	\$ 17,000	1	\$ 38,000
Commercial Loans & Mortgages	0	\$ 0	0	\$ 0
TOTAL APPROVED	258	\$ 40,187,016	256	\$ 41,096,264
CEBA Loans Approved/Funded	33	\$ 1,600,000		

The table above includes the mandatory reporting of lending activity for the Year Ended December 31, 2020 (as required by Ontario Regulation pursuant to the Credit Unions and Caisses Populaires Act 1994)

WE ARE A PROUD COMMUNITY

A credit union relies on its community for success, and we truly believe we can play a large part in making our communities better, stronger, and more vibrant. Ganaraska Financial Credit Union knows the power of working together to accomplish a goal, and we are proud of our corporate donations and sponsorships. Donations assist other organizations in reaching their financial goals and help them provide the services we rely on.

Our staff knows giving back is another important way to show we care about the members we serve. GFCU staff members logged hundreds of volunteer hours over the past year; both through their personal volunteer hours and GFCU-organized volunteer efforts.

2020 DONATION & SPONSORSHIP LISTING



Thank You FOR 75 YEARS...



1945

1950-1960

1962-1965

1973-1984

In May 1945, Ganaraska Credit Union opened its doors to the public. The first office was in the basement of the treasurer's home, located at 74 Bruton Street in Port Hope.

During this year, there were 21 loans issued for a total of \$1,311.

The first ever loan was made for \$50. By the year end, there were 67 members with assets of \$1,446

Ganaraska Credit Union's membership grew to 247 members with assets of \$30,930.

The mortgage loan limit was increased to \$4,000
By the 10th Anniversary, Ganaraska Credit Union issued loans totalling \$500,000

Personal chequing accounts were introduced

In May of 1962, the purchase of the Morton Building at 17 Queen Street was completed.

During the 20th year, Ganaraska Credit Union was proud to report a membership of 1634 members and assets of \$1,013,434.00, our First Million!

Ganaraska Credit Union purchased its first computer, a Phillips P350.

In June '75, mortgage loan limits were increased to \$30,000 and lines of credit were introduced to its members.

We survived the 1980 Port Hope Flood!

In 1984, Ganaraska Credit Union merged with Gancoco Credit Union.

IT'S BEEN AN HONOUR!



1985-1986

1995-2002

2010-2014

2015-2020

Ganaraska Credit Union merged with Cobourg Credit Union.
The construction of the new Port Hope office began.
In April 1986, the official Grand Opening of the Port Hope office was held.
During the Grand Opening the first ATM in Northumberland County was unveiled.

Ganaraska Credit Union celebrated its 50th Anniversary. In that 50 year span, 5200 members had joined with assets exceeding \$30 million.
In 2002 Ganaraska Credit Union changed its name to what is now called Ganaraska Financial Credit Union.

In May of 2010, we marked the 65th Anniversary of Ganaraska Financial Credit Union!
In 2014, we purchased our Peterborough branch.
Hit \$100M in assets!

In 2015, we purchased our Cobourg branch location.
In 2019, just as we entered our 75th year anniversary, we hit \$200M in assets!





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823 Park St. S, Peterborough K9J 3T9

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