



**80**  
YEARS  
**Southwest**  
REGIONAL CREDIT UNION  
— Serving People with People Since 1939

# 2019 ANNUAL REPORT



# AGENDA

## 30th Annual Meeting of



JANUARY 21, 2020 • 7:30 P.M.

### Registration

- Call To Order By Chairperson
- Report On Registration Of Members
- Appointment Of Recording Secretary

### Service Awards

### Business Meetings

1. Minutes Of The 29th Annual Meeting
2. Report Of The Board Of Directors and The Chief Executive Officer
3. Report Of The Director of Sales & Service
4. Report Of The Audit Committee
5. Report Of The Auditors

### New Business

1. Appointment Of The Auditors
2. Elections

### Other Business

Guest Presentations:

Hannah Berkvens, Co-Operative Young Leader Program Recipient

Jennifer Fulcher, House of Cakes, Fund Your Hustle

### Adjournment

(Coffee & Desserts will be available after the adjournment of the Annual Meeting)

### 2018-2019 Board of Directors

Elected:

Jim Maw	2019	Rudy Fischer	2020	Darren Henderson	2021
Lorne Johnson	2019	Wayne Freer	2020	Chris Courtis	2021
Carl Thompson	2019	Ben Dekker	2020	Dan Peters	2021



## 4 Southwest Regional Credit Union Ltd.

# 29<sup>TH</sup> ANNUAL MEETING MINUTES

January 22, 2019

The 29th Annual Meeting of Southwest Regional Credit Union Ltd. was held at the Holiday Inn –1498 Venetian Boulevard, Sarnia, Ontario on January 22, 2019.

The meeting was called to order at 7:32 p.m.

Board Chair, Ben Dekker welcomed members of Southwest Regional Credit Union Ltd. and explained the importance of annual meetings. He welcomed input from anyone who is wanting to speak. After introducing the head table, guests were introduced; Laura Poland, Managing Partner and Cody Prorazyn, staff accountant of Collins Barrow Chartered Accountants; Pamela McLeod of McLeod Law Firm; Paul Hogg, Relationship Manager of CUMIS; Rod McLean, Director & Wealth Management Senior Wealth Advisor of Scotia Wealth Management; Ryan Webster, Wealth Manager of Scotia McLeod; David Vanos, Regional Manager of Libro Credit Union; Lonnie Napper., Mayor of Plympton-Wyoming; past Board Members, Bill Hoad, Bruce Fisher, Rick Rule, and Bill Pollock; special guest Ryan Feddes, owner of Feddes Fabrication.

Ben passed on a number of regrets but did not list them individually.

Chair Ben Dekker acknowledged the Board of Directors for 2017 – 2018:

Rudy Fischer	Board Member and Board Vice-Chair;
Jim Maw	Board Member, Audit Committee Chair and Marketing/AGM Chair;
Chris Courtis	Board Member and Governance Committee Chair;
Darren Henderson	Board Member, Personnel Committee Chair and Bursary Committee Chair;
Greg Agar	Board Member and Future Direction Committee Chair; regrets
Lorne Johnson	Board Member, CEO Evaluation Committee Chair and Property/Premise Committee Chair;
Wayne Freer	Board Member;
Ben Dekker	Board Member and Board Chair.

Ben Dekker asked Mr. Secretary, Tony Gioiosa if a quorum was present. Tony Gioiosa responded yes, there are 56 registered members and 12 guests present. With this, Ben declared we have a quorum.

Following a request for appointment of a recording secretary, it was moved by Kelly Ash and seconded by Lorne Johnson to appoint Angela Gordon the Recording Secretary of the 29th Annual Meeting of Southwest Regional Credit Union Ltd. Motion Carried.

Chair Ben Dekker called on Ken Ritchie to recognize and present awards to the following staff for their service to the Credit Union:

Fifteen (15) years of service:	Sue Anderson (Exmouth Branch)
Five (5) years of service:	Dee Johnson (Wallaceburg Branch)
Fifteen (15) years of service:	Deb McLachlin (Wallaceburg Branch)
Twenty (20) years of service:	Luanne Rummerfield (Exmouth Branch)
Five (5) years of service:	Alicia Rumohr (Exmouth Branch)
Five (5) years of service:	Ann Wieringa (Wyoming Branch)

Ben Dekker presented the service award to Ken Ritchie for five (5) years of service.

# 29<sup>TH</sup> ANNUAL MEETING MINUTES...Cont'd

January 22, 2019

## Business Meeting

Moving forward with the business portion of the meeting, Ben Dekker presented the Minutes from the 28th Annual Meeting. Noting that there were no errors or corrections to be made, it was moved by Darragh Ginn and seconded by Kelly Ash to accept the Minutes of the 28th Annual Meeting as presented. Motion Carried.

Tony Gioiosa presented the Report of the Board of Directors and Chief Executive Officer. Mr. Gioiosa stated that in 2018 we became aware of the technological advances that could negatively impact the Credit Union system as we know it today. While others are preparing to implement digital advances we will continue to provide full member service while maintaining momentum in adopting technological advances. 2018 also brought to us the creation of the Financial Services Regulatory Authority (FSRA) which will control the insurance sector, pension plans, loan and trust companies, Credit Union, the mortgage broker sector, and co-operative corporations in Ontario. Fee structure is currently under discussion. For the time being we continue to enjoy the lowest premium rate available by our regulator which supports the soundness of our credit union. Tony reported that we reached all of our goals during the year. This is something to be proud of on every level within our organization. He also listed new products that were implemented in 2018. Tony commented that we continue to rise to every challenge and surpass the odds. Despite Chatham-Kent and Sarnia-Lambton communities showing limited economic growth in comparison to the rest of the province, we prevailed by continuing to generate proven financial and impressive growth results. He then listed this year's Dividends and Rebates to our members. Tony reported that from survey responses 89% of participants rated our level of service at 90% or better, 78% indicated our products and services work well for their individual financial needs, and 76% said there was nothing negative to report. Tony thanked the members for their continued support. Using the knowledge we've learned from our successful year in 2018, we've developed a set of goals to move forward with in 2019, our 80th year anniversary and we eagerly await what 2019 will bring to Southwest Regional Credit Union.

Ben Dekker asked if there were any questions or concerns. Dave Smith, Wyoming branch asked if there is pressure on the Credit Union to become a federally regulated organization. Tony answered that there is no pressure of this but he reported that there are a lot of competitive forces in the marketplace. If there is any force to compete with from the big banks it would be at the core customer level and not at the regulatory level. No further questions were asked. Ben Dekker moved for acceptance of The Report of the Board of Directors and CEO as presented. Chris Courtis moved for acceptance and Darragh Ginn seconded. Motion Carried.

At this time Ben Dekker announced that it is Tony Gioiosa's intent to retire effective February 2020. The Board has started the process of finding a replacement and we hope to have someone in place by the fall of this year to smoothly transition into the position.

The Report of the Director of Sales & Service was presented by Sherry Van Bilsen, Director of Sales & Service. Sherry stated that the year started very strong with an active real estate market but the market as a whole cooled down as the year progressed. The Ontario Unemployment rate is at an all-time low. With a new Provincial Government in place and having pending policy changes, we remain uncertain of the impact to the provincial economy. Southwest has maintained its liquidity level at the higher end of its desired range despite focusing most of our efforts toward lending activities. We were rewarded handsomely with record setting growth this past year, most notable in the residential mortgage area. We look forward to another successful year in 2019. Sherry reported that over all on a year-to-year basis, our lending increased \$12.4M. The loan department processed 367 loan applications for \$2,182,601 in new money and 184 mortgage applications for \$25,261,964 in new money. Staff maintained tight control

# 29<sup>TH</sup> ANNUAL MEETING MINUTES...Cont'd

January 22, 2019

of delinquent loans with no delinquent personal mortgage and no delinquent commercial mortgages. There was one commercial mortgage charged-off for the year totaling \$294,756.99 and Bad debts collected of \$2,045.11. No questions were asked. Mary Heynsbergen moved for acceptance of the Report of the Director of Sales & Service and Kelly Ash seconded. Motion Carried.

Jim Maw – Audit Committee Chairman, presented the Report of the Audit Committee. Mr. Maw explained the Committee's function at the Credit Union. The Committee met quarterly with a work plan to review and update all procedures as necessary and required. The plan also included keeping Southwest Regional Credit Union compliant with all regulatory standards and requirements. Timeliness and training were our main objectives. The Audit Committee works closely with the Auditors to look after the interest of the Credit Union and the owners. It has a good working relationship with the Internal and External Auditors. There are no outstanding issues. Any issues that do arise continue to be addressed as they are brought forward. No questions were asked. Wayne Freer moved for acceptance of the Report of the Audit Committee and Darren Henderson seconded. Motion carried.

Ben Dekker called on Baker Tilly (formerly Collins-Barrow) to give The Report of the Auditors. Laura Poland gave the Auditor's presentation to the membership. Laura addressed the Membership on the name change from Collins-Barrow to Baker Tilly. Baker Tilly has been the international affiliate and asked that the Canadian affiliates take on the Baker Tilly name. Laura stated that the audit was conducted in accordance to the Canadian Auditing Standards. A Summarized Audit Report was provided to the membership with a full report available at each branch on request. Laura summarized the Statement of Earnings for the year ending October 31, 2018. Revenue increase year over year by \$600K. Interest expense in 2018 has increased \$22K which means the margin, interest generated less interest expense increased \$576K year over year. The margin is at 81.9% in 2018, an increase from 81.1% in 2017. Laura presented slides comparing Southwest Regional Credit Union to other competing Credit Unions. No questions were asked. The Report of the Auditors was moved for acceptance by Jim Maw and seconded by Rudy Fischer. No questions or concerns were brought forward. Motion Carried.

## New Business

### **APPOINTMENT OF THE AUDITORS:**

Ben Dekker advised the membership that we continue to have a strong working relationship, that a proposal has been received from Baker Tilly to continue their services into the next year and that the Board supports the proposal. Chris Courtis motioned to appoint Baker Tilly Chartered Accountants as the Credit Union Auditors for the fiscal year November 1, 2018 to October 31, 2019. The motion was seconded by Rudy Fischer. Motion carried.

### **ELECTIONS:**

Ben Dekker called on Pamela McLeod to chair the elections. Ms. McLeod explained the procedure and announced that there are three available positions due to the expiration of the terms of Greg Agar, Darren Henderson and Chris Courtis. Two have chosen to run for re-election. There is also one vacancy to be filled. Positions to be filled are three three-year terms and one one-year term. The secretary posted the "Call for Nominations to the Board of Directors" from November 19, 2018 to December 31, 2019 at 3:00 p.m. The secretary, Tony Gioiosa, reported that five names were received from the Call for Nominations which were submitted to the Nomination Committee. The nominating committee submitted the names of Darren Henderson, Chris Courtis, Dan Peters, Carl Thompson and Ian Spurling. Pamela McLeod explained that because there are five nominees for four positions a vote will take place. Each nominated member was given an opportunity to speak to the membership. Ian



# 29<sup>TH</sup> ANNUAL MEETING MINUTES...Cont'd

January 22, 2019

Sparling was not present at the meeting. Ballots were then cast, collected, counted twice under the supervision of Baker Tilly and results were given to Pamela to announce to the membership. In accordance with the by-laws of Southwest Regional Credit Union, Darren Henderson, Chris Courtis and Dan Peters are declared elected to three year terms and Carl Thompson declared elected to a one-year term. Chairman Ben Dekker thanked Ms. McLeod for chairing the elections and congratulated the membership on four excellent choices. Jim Maw motioned to close the election and destroy the ballots, seconded by Kelly Ash. Carried.

## BYLAW CHANGES/AMENDMENTS: NIL

## Other Business

Ben Dekker called on Tony Gioiosa to introduce our guest speaker to make a presentation. Tony explained our "Fund Your Hustle" campaign and how it was geared towards helping local home based businesses get a head start with a cash injection and marketing services. Out of approximately 20 applicants, one applicant stood out receiving over half of all votes. Tony then called on Ryan Feddes from Feddes Fabrication, the winner of the Fund Your Hustle campaign to address the membership.

Ben Dekker asked the membership if there were any other items which needed to be discussed. None were brought forward.

Ben Dekker thanked staff for their help in coordinating the Annual Meeting and the Holiday Inn for their hospitality. Several door prizes were drawn: door prize winners were Ryan Feddes – Lunch bag, First Aid pack, cooling towel & \$5 Tim Hortons gift card compliments of CUMIS, Lonnie Napper – Step Ladder, compliments of Southwest Regional Credit Union, Cathy Thompson – \$50 Homesense/Winners gift card compliments of Genworth Canada, Brenda Freer – Canon Printer compliments of MC Business Solutions, Janet Vandeguchte– \$50 Winners gift card compliments of Genworth Canada, Janice Mathers - \$25 Tim Horton's gift card compliments of Central 1, Cathy Van Bunderen – ergonomic ball chair compliments of Manleys, Dan Peters – 2- \$25 Various restaurants gift cards & 2 tickets to London Knights game compliments of Genworth Canada, Mary Heynsbergen – \$25 Starbucks gift card compliments of Central 1, Amy Veysey - Valentine Package compliments of Southwest Regional Credit Union. Ben invited everyone to stay for coffee and desserts.

## Adjournment

Keith Rabidoux motioned for adjournment of the 29th Annual Meeting of Southwest Regional Credit Union Ltd., Tia Bongers seconded at 9:01 p.m. Motion Carried.

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Chair of the Board of Directors

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Secretary to the Board of Directors

## REPORT OF THE BOARD OF DIRECTORS & CHIEF EXECUTIVE OFFICER

January 21, 2020

Once again, the time has come to sit back and reflect on the achievements of the past year. 2019 was Southwest Regional Credit Union's 80th year, and there are many advancements and accomplishments to observe as we move into 2020.

Southwest celebrated its momentous 80th anniversary by hosting events in the various communities we serve as a thank you for the tremendous support we have received over the last eight decades. Government dignitaries and past Board Members honoured us by attending these events where they presented us with certificates of recognition – with a special congratulatory certificate coming from the Office of the Premier.

As our communities continue to support us we too support them. Southwest strongly believes in giving back, and it is with great pride, we maintain several initiatives throughout the year to strengthen the communities that embrace us.

- The 2nd annual Fund Your Hustle campaign allowed us to assist another up-and-coming local small business;
- Our bursary program presented multiple students with bursary awards to help with the cost of post-secondary education; and
- Our support of the Co-operative Young Leaders programs, which recognizes youth leadership within the co-operative sector, allowed us to support a youth member at a week-long camp designed to develop and strengthen their leadership skills.

As always, we continue to seek out innovative, new products and services to serve our Members better and help them achieve their financial goals. This year we introduced MemberDirect Alerts which enhances Member security by alerting Members of account activities in real time. Investment in digitalization will continue as a new service provider platform is implemented, allowing us to participate in Open Banking activities. With digitalization comes increased security requirements and enhanced privacy practices. Members will notice an immediate impact with a new website and MemberDirect access.

We upgraded our ATM network to comply with the current standards and pave the way for future enhancements. Southwest will continue to embrace the technology of the future, investing today in systems that will allow for digital advancements imperative for the improvement of Member experience.

2019 also saw the introduction of a new position at Southwest Regional Credit Union, a Member Relations Manager was brought on to our team with the goal of enhancing Member product and service delivery from our branches to our Membership.

Southwest's regulator is now the Financial Services Regulatory Authority of Ontario, assuming responsibility from Deposit Insurance Corporation of Ontario. We are unsure of the repercussion to the Credit Union system, but are told the goal is to reduce regulatory burden by 25%. Modernization of the Credit Union Act and full implementation of the Market Conduct Code remain a priority for the Credit Union System.

Financially, 2019 was a successful year as Southwest surpassed budget projections. Due to this success we are pleased to announce the following Dividends and Rebates for our Members:

- |                        |       |
|------------------------|-------|
| • Dividend Savings     | 1.75% |
| • Dividend Term        | 2.00% |
| • Personal Loans       | 2.30% |
| • LambtonLine II       | 0.80% |
| • Personal Mortgages   | 1.05% |
| • Commercial Mortgages | 0.75% |



## REPORT OF THE BOARD OF DIRECTORS & CHIEF EXECUTIVE OFFICER...*Cont'd*

January 21, 2020

Our Members continue to graciously provide us feedback through our Annual Survey. This information is extremely valuable in our efforts to provide the best service possible, and helps to shed a light on the services and products we can improve upon. Last year's results indicate that overall our Members are pleased with our service delivery (90% rated 9/10 or better), our professionalism, our amazing staff, and our products (76% rated 9/10 or better).

The goal for 2020 is to continue to focus on offering exceptional service to our Members and provide relevant and competitive products. We are excited to announce that in 2020 Members will see an improved website and online banking experience. The new website will offer expanded functionality and will accommodate future digital advancements. To continue supporting the communities we serve we will enhance the products and services offered for small business and our agriculture Members.

With the arrival of a new incoming CEO came an exciting opportunity to take a fresh look at Southwest's relationships with our branch communities. A renewed focus on local agricultural and small business will continue to strengthen our relationships with these sectors while enhancing our ability to support these Members and provide them with sound financial advice.

Southwest is successful when our Members succeed! We would like to express our deepest appreciation for the trust and support shown by our Members throughout 2019. As we head into 2020, we look forward to working closely with our community partners and building a strong and relevant Credit Union so that we may continue to serve the local markets for many years to come!

Southwest thanks all our Members, both new and old for a successful year in 2019. We appreciate your loyalty and patronage as we look forward to another excellent year in 2020!

Respectfully yours,



A handwritten signature in black ink that reads "B. Dekker".

**Ben Dekker**  
*Board Chair*



A handwritten signature in black ink that reads "Glenn Wilson".

**Glenn Wilson**  
*Chief Executive Officer*

# REPORT OF THE DIRECTOR OF SALES & SERVICE

January 21, 2019

2019 has proven to be a relatively successful year for the Lambton / Kent Areas. The leading industries continue to be Healthcare, retail, manufacturing and construction. Several major expansion projects were started in 2019 as well as additional projects recently announced. A notable increase of activity in Wallaceburg, has resulted in improved results in that market.

Housing prices continued to increase as requests for affordable housing continues to be a concern. Political pressures continue in support of reduced stress testing and longer amortizations. A low interest rate environment and sound employment levels have allowed household debt amounts to increase to record levels in Canada.

Your loan department processed 293 loan applications, rejecting and deferring 106 requests and making 187 new loans for \$1,331,428 new money. The number of personal loans outstanding at year-end was 270 for \$2,815,634 and 9 Commercial & Agricultural loans for \$188,939 an overall decrease of (\$2,059). The number of lines of credit outstanding at year-end was 1761 Personal for \$19,435,652 and 66 Business/Agricultural/Association Line of Credits for \$2,560,083, an overall decrease of (131,245). Total authorized but yet to be advanced is \$41,503,223. The net decrease for the year was (\$2,643,135).

Your loan department processed 193 mortgage applications, rejecting and deferring 66 and booking 127 new mortgages for \$21,940,723 new money. The volume outstanding at year-end was 505 Personal mortgages for \$62,986,045 and 64 Commercial & Agricultural mortgages for \$27,316,518. The pending amount with an expected close date within the next 3 months is \$4,745,147. The net increase was \$6,487,354.

Staff maintained tight control of delinquent loans. At year-end the Credit Union had one delinquent personal loan that has since been paid off and one mortgage accounts delinquent that has since been brought current. Total charge-off for 2018/2019 was \$11,129.73. Bad Debt collections for the year totaled \$7,323.25. Your credit union maintains adequate allowance for future loss exposure.

The following is a breakdown of the distribution of loans by purpose:

2018-2019 LENDING ACTIVITY	INCREASE (DECREASE)
Personal Loans	(\$699,043.91)
Personal Lines of Credit	(\$5,027.42)
Lambton Line II (Secured Lines of Credit)	(\$1,100,161.87)
Residential Mortgages	\$7,791,479.72
Commercial and Agricultural Loans	\$69,161.53
Commercial and Agricultural Lines of Credit	(\$908,062.91)
Commercial and Agricultural Mortgages	(\$1,304,125.59)
<b>TOTAL</b>	<b>\$3,844,219.55</b>



**Sherry Van Bilsen**  
Director of Sales & Service

# REPORT OF THE AUDIT COMMITTEE

January 21, 2020

Your Audit Committee is elected each year by your Board of Directors. This year we have Lorne Johnson, Chris Courtis and myself elected. We meet at least four times a year. At the start of each year we form a year long work plan. It is our responsibility to review the Credit Union's compliance to policy and our regulator's requirements. We work with the Auditors and the Board to accomplish this. The Audit Committee also reviews policy and recommends changes to the board. The Committee operates under the mandate of the Credit Union and Caisses Populaires Act to confirm financial reporting and overseeing the work of Management & operational risk. Additional work included review of all Policies and Resolutions providing recommendations to the Board, review Auditor findings, and ensuring appropriate system of internal controls are in place to safe guard the Credit Union and assets. The Audit Committee also provides timely approvals to management throughout the year.

During this year it was decided that we should initiate a Request for Proposal process for new Internal and External Auditors. After considering a number of proposals Baker Tilly and Complete CU Services were recommended to the board for External and Internal Auditors respectfully. The Board endorsed our opinion. We have started to work with our Auditors as the new year has already began. The Committee has already started to look forward to reviewing policy updates that will be driven by our recent Board Strategic Planning.

The Audit committee works closely with the Auditors to look after the interests of the Credit Union and the owners. We have a good working relationship with the Internal Auditor and the External Auditor as well.

I am proud to report that neither our Auditors nor the Audit Committee have discovered any findings that need to be reported to the member owners.

The Credit Union certainly has had a great year. We have reported one of the most profitable years in recent history. I congratulate the staff for their contribution.



A handwritten signature in blue ink, appearing to be 'Jim Maw', written in a cursive style.

**Jim Maw**

*Audit Committee Chairman*

# Southwest Regional Credit Union is here to support our local communities and our memberships!

- Literacy in Lambton: Annual Give-a-Book Christmas Campaign
- Cruise in the Park
- The Sydenham Challenge Dragon Boat Races
- CHOK International Bridge Race
- Sarnia-Lambton Crime Stoppers Gold Tournament
- Wallaceburg Chamber of Commerce Golf Tournament
- Moore Museum
- Wyoming Baptist Church: Teen Challenge
- Wyoming Fair
- Canadian Champion and Member of Team Canada: Kaitlyn Clark
- Rebound: Hearts and Handbags
- Sarnia-Lambton Pretty in Pink Cruise

Congratulations to the WINNER of #FundYourHustle:

**House of Cake 2.0**

**FUND  
YOUR  
Hustle**





Southwest Regional Credit Union Ltd.

**AUDITOR'S REPORT  
AND SUMMARIZED FINANCIAL STATEMENTS**

October 31, 2019



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## Independent Auditor's Report

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To the Members of Southwest Regional Credit Union Ltd.

### *Report on the Audit of the Summarized Financial Statements*

#### **Opinion**

In our opinion, the summarized financial statements derived from the audited financial statements of Southwest Regional Credit Union Ltd. for the year ended October 31, 2019 are a fair summary of those financial statements, 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.

The accompanying summarized financial statements of Southwest Regional Credit Union Ltd., which comprise the summarized balance sheet as at October 31, 2019, and the summarized statements of earnings, comprehensive income and members' equity for the year then ended are derived from the audited financial statements of Southwest Regional Credit Union Ltd. for the year ended October 31, 2019. We expressed an unmodified audit opinion on those statements in our report dated December 17, 2019. Those financial statements and the summarized financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

The summarized financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summarized financial statements, therefore, is not a substitute for reading the audited financial statements of Southwest Regional Credit Union Ltd.

#### **Other Information**

Management is responsible for the preparation and fair presentation of the annual report. Our audit opinion does not express an audit opinion or any form of assurance on such other information prepared by management. We have reviewed the annual report and nothing has come to our attention that is inconsistent with the information contained in these financial statements.

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

Management is responsible for the preparation and fair presentation of the summarized 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. The board of directors are charged with governance of the Credit Union.

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**Independent Auditor's Report (cont'd)**

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***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.

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 auditor's 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 auditor's 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.

Chatham, Ontario  
December 17, 2019

*Baker Tilly CK, LLP*  
**CHARTERED PROFESSIONAL ACCOUNTANTS  
LICENSED PUBLIC ACCOUNTANTS**

**SUMMARIZED STATEMENT OF EARNINGS**

Year Ended October 31, 2019

	2019	2018
<b>REVENUE</b>		
Interest from personal loans	\$ 338,406	\$ 377,792
Interest from mortgage loans	3,083,163	2,628,807
Interest from commercial loans	1,049,868	962,299
Interest from agriculture loans	288,613	285,883
Interest from investments and short-term deposits	690,559	567,176
Service charges	647,558	670,210
Other revenue	<u>17,484</u>	<u>5,550</u>
	<u>6,115,651</u>	<u>5,497,717</u>
<b>INTEREST EXPENSE</b>		
Interest on term deposits	523,111	485,175
Interest on demand deposits	168,686	62,830
Interest on Registered Retirement Savings Plans	301,487	276,994
Interest on Registered Retirement Income Funds	<u>184,654</u>	<u>169,858</u>
	<u>1,177,938</u>	<u>994,857</u>
<b>FINANCIAL MARGIN</b>		
	<u>4,937,713</u>	<u>4,502,860</u>
<b>EXPENSES</b>		
Administrative	644,075	633,076
Occupancy	604,179	558,112
Salaries and benefits	2,068,650	1,952,899
Computer and network fees	436,172	451,269
Provision for impaired loans	<u>99,003</u>	<u>212,000</u>
	<u>3,852,079</u>	<u>3,807,356</u>
<b>EARNINGS BEFORE INCOME TAXES AND DISTRIBUTION TO MEMBERS</b>		
	<u>1,085,634</u>	<u>695,504</u>
<b>DISTRIBUTION TO MEMBERS</b>		
Interest rebate	21,286	12,738
Dividend on dividend savings accounts	<u>142,028</u>	<u>117,597</u>
	<u>163,314</u>	<u>130,335</u>
<b>EARNINGS BEFORE INCOME TAXES</b>		
	<u>922,320</u>	<u>565,169</u>
<b>INCOME TAXES</b>		
Current	228,114	146,822
Deferred	<u>(6,376)</u>	<u>(15,385)</u>
	<u>221,738</u>	<u>131,437</u>
<b>NET EARNINGS</b>		
	<u>\$ 700,582</u>	<u>\$ 433,732</u>

# SUMMARIZED STATEMENT OF COMPREHENSIVE INCOME AND MEMBERS' EQUITY

Year Ended October 31, 2019

	2019	2018
<b>Net earnings for the year</b>	\$ 700,582	\$ 433,732
<b>Other comprehensive income</b>	<u>-</u>	<u>-</u>
<b>Comprehensive income</b>	<u>\$ 700,582</u>	<u>\$ 433,732</u>
<b>CONTINGENCY RESERVE</b>		
<b>Balance, beginning of the year</b>	\$ 19,154,418	\$ 18,720,686
Net earnings for the year	<u>700,582</u>	<u>433,732</u>
<b>Balance, end of the year</b>	<u>\$ 19,855,000</u>	<u>\$ 19,154,418</u>

Southwest Regional Credit Union Ltd. 19

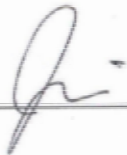
# SUMMARIZED BALANCE SHEET

October 31, 2019

	2019	2018
<b>ASSETS</b>		
Cash and marketable securities	\$ 22,679,356	\$ 25,230,809
Investments	10,266,218	10,022,931
Loans to members		
Personal	4,191,700	5,041,616
Mortgage	62,986,045	55,194,565
Home Equity Line of Credit	17,706,666	18,740,679
Commercial	23,169,681	24,816,774
Agricultural	6,735,749	7,242,686
Capital assets	6,615,103	6,554,675
Other assets	554,399	480,762
	<u>\$ 154,904,917</u>	<u>\$ 153,325,497</u>
<b>LIABILITIES</b>		
Members' deposits	\$ 133,271,095	\$ 132,590,699
Other liabilities	1,631,797	1,429,585
Members' share capital	147,025	150,795
	<u>135,049,917</u>	<u>134,171,079</u>
<b>MEMBERS' EQUITY</b>		
<b>CONTINGENCY RESERVE</b>	<u>19,855,000</u>	<u>19,154,418</u>
	<u>\$ 154,904,917</u>	<u>\$ 153,325,497</u>

ON BEHALF OF THE BOARD

  
 \_\_\_\_\_  
 Director

  
 \_\_\_\_\_  
 Director

# NOTE TO SUMMARIZED FINANCIAL STATEMENTS

October 31, 2019

## **1. APPLIED CRITERIA IN THE PREPARATION OF THE SUMMARY FINANCIAL STATEMENTS**

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The criteria applied by management in the preparation of these summary financial statements are as follows:

- a) Commencing with the 2014 fiscal year, management has adopted the International Financial Reporting Standards (IFRS);
- b) the information in the summary financial statements is in agreement with the related information in the complete financial statements;
- c) a summary statement of cash flows has not been presented, as the relevant information can be obtained from the complete financial statements; and
- d) the summary financial statements contain the information necessary to avoid distorting or obscuring matters disclosed in the related complete financial statements, including the notes thereto.



# SERVICES OFFERED BY OUR CREDIT UNION 21

January 21, 2020

## BANKING SERVICES

STUDENT/YOUTH ACCOUNTS  
HERITAGE 60/SENIOR ACCOUNTS  
PERSONAL CHEQUING ACCOUNTS  
PERSONAL CHEQUING PLUS ACCOUNTS  
REGIONAL ACCOUNT  
REGIONAL ACCOUNT PLUS  
MAXIMIZER ACCOUNTS  
PLAN 24 SAVINGS ACCOUNTS  
U.S. PLAN 24 SAVINGS ACCOUNTS  
PROPERTY TAX SAVINGS ACCOUNTS  
ASSOCIATION ACCOUNTS  
COMMUNITY ACCOUNTS  
TERM DEPOSITS  
BUSINESS/CURRENT ACCOUNTS  
(FLAT FEE or PAY-PER-USE)  
AGRICULTURAL ACCOUNTS  
(FLAT FEE or PAY-PER-USE)  
AGRI-INVEST ACCOUNTS

## ELECTRONIC SERVICES

ABM'S AT ALL BRANCH LOCATIONS  
MEMBERCARD – DEBIT CARD (POINT OF SALE)  
WITH CONTACTLESS TECHNOLOGY  
ON-LINE BANKING  
TELEPHONE BANKING  
TEXT MOBILE BANKING  
E-TRANSFER  
MOBILE BANKING  
E-DEPOSITS  
BANKING ALERTS

## OTHER SERVICES

LOAN & MORTGAGE LIFE INSURANCE  
LOAN DISABILITY INSURANCE  
CRITICAL ILLNESS INSURANCE  
HOME & AUTO INSURANCE  
TRAVEL INSURANCE  
WIRE TRANSFERS  
ELECTRONIC BILL/UTILITY PAYMENTS  
CERTIFIED CHEQUES  
MONEY ORDERS  
FOREIGN CURRENCY  
INTER-BRANCH BANKING  
SAFETY DEPOSIT BOX RENTAL  
MERCHANT MASTERCARD  
CREDIT UNION MASTERCARD/VISA  
PASSBOOK  
NIGHT DEPOSITORY

## LENDING SERVICES

PERSONAL LOANS – FIXED AND  
VARIABLE RATE  
RESIDENTIAL MORTGAGES  
HIGH RATIO MORTGAGES  
LINES OF CREDIT – OVERDRAFT PROTECTION  
HOME EQUITY LINES OF CREDIT  
STUDENT LOANS & LINE OF CREDITS  
RRSP LINE OF CREDITS  
COMMERCIAL LOANS, OPERATING LINES  
& MORTGAGES  
AGRICULTURAL LOANS, OPERATING LINES  
& MORTGAGES  
BRIDGE/INTERIM FINANCING  
NEW CONSTRUCTION FINANCING  
LETTERS OF CREDIT  
MERCHANT FINANCING

## INVESTMENT SERVICES

RRSP, RRIF, LIRA, LIF  
REGISTERED DISABILITY SAVINGS PLANS  
REGISTERED EDUCATION SAVINGS PLANS  
MUTUAL FUNDS OFFERED THROUGH CREDENTIAL ASSET MANAGEMENT INC.  
S&P/TSE 60 INDEX-LINKED TERM DEPOSITS  
SHORT & LONG TERM – TERM DEPOSITS  
TAX FREE SAVINGS ACCOUNT  
DISCOUNTED TRADING SERVICES THROUGH QTRADE INVESTOR

*Mutual Funds are offered through Credential Asset Management Inc. Online brokerage services are offered through Qtrade Investor, a division of Credential Qtrade Securities Inc.*

# DIVIDEND REBATES

January 21, 2020

DATE OF YEAR-END	DIVIDEND PAID	DIVIDEND TERM	LOAN INTEREST REBATE PAID	MORTGAGE REBATE PAID	LAMBTON LINE II REBATE PAID	BUSINESS LOC INTEREST REBATE
OCT. 31, 1993	5.00%	N/A	NIL	NIL	NIL	N/A
OCT. 31, 1994	3.75%	N/A	3.50%	1.75%	1.75%	N/A
OCT. 31, 1995	5.00%	N/A	4.25%	2.125%	2.125%	N/A
OCT. 31, 1996	4.25%	N/A	3.50%	1.75%	1.75%	N/A
OCT. 31, 1997	4.00%	N/A	3.50%	1.75%	1.75%	N/A
OCT. 31, 1998	4.35%	N/A	4.25%	2.00%	2.00%	N/A
OCT. 31, 1999	4.80%	N/A	5.00%	2.50%	2.50%	N/A
OCT. 31, 2000	4.75%	N/A	5.00%	2.40%	2.40%	N/A
OCT. 31, 2001	4.00%	N/A	5.25%	2.625%	2.625%	N/A
OCT. 31, 2002	3.40%	N/A	6.25%	3.00%	3.00%	N/A
OCT. 31, 2003	3.25%	N/A	7.25%	3.40%	3.40%	N/A
OCT. 31, 2004	3.00%	N/A	7.25%	3.40%	3.40%	5.50%
OCT. 31, 2005	3.00%	N/A	12.00%	3.75%	3.75%	5.00%
OCT. 31, 2006	3.25%	N/A	15.00%	5.00%	5.00%	5.00%
OCT. 31, 2007	3.70%	N/A	16.00%	6.00%	6.00%	5.00%
OCT. 31, 2008	3.50%	N/A	16.00%	5.00%	5.00%	5.00%
OCT. 31, 2009	1.70%	N/A	10.00%	3.50%	2.00%	3.00%
OCT. 31, 2010	1.05%	N/A	5.50%	1.75%	1.00%	1.50%
OCT. 31, 2011	1.15%	1.40%	4.00%	1.50%	0.75%	1.00%
OCT. 31, 2012	1.25%	1.50%	4.00%	1.50%	0.75%	1.00%
OCT. 31, 2013	1.00%	1.25%	3.00%	1.00%	0.40%	0.50%
OCT. 31, 2014	1.10%	1.35%	3.00%	1.00%	0.40%	0.50%
OCT. 31, 2015	1.00%	1.25%	1.50%	0.50%	0.20%	0.25%
OCT. 31, 2016	1.00%	1.25%	1.50%	0.50%	0.25%	0.25%
OCT. 31, 2017	1.00%	1.25%	1.50%	0.50%	0.25%	0.25%
OCT. 31, 2018	1.20%	1.45%	1.70%	0.60%	0.35%	0.50%
OCT. 31, 2019	1.75%	2.00%	2.30%	1.05%	0.80%	0.80%





# Southwest

## REGIONAL CREDIT UNION

— *Serving People with People Since 1939*

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