

# branching into our communities





**our core  
values**

## **HONESTY & INTEGRITY**

Honesty and integrity guide everything we do.

We earn and maintain the trust of our members, employees, communities and business partners throughout every interaction.

We offer our members products and services which fit their needs and enhance their lives.

## **RESPECT**

We ensure that every human interaction is respectful, courteous and genuine.

We value and respect diversity of background, religion, lifestyle and thought.

## **ENERGETIC, DYNAMIC & MOTIVATED**

We are never satisfied with the status quo and strive to continually improve our company and ourselves.

We communicate openly and embrace member interaction.

We continuously drive member intimacy to innovate our products and services.

## **INNOVATIVE & ENTREPRENEURIAL**

We are committed to excellence and the achievement of long-lasting relationships through our members' life cycles.

We aim high and hold ourselves to those standards.

We look to find creative solutions to fulfill expectations of our members, employees, communities and business partners.

We will celebrate our successes and learn from our failures.





## MESSAGE FROM THE CEO

It was 75 years ago when we planted the first seed that would become the strong and proud Credit Union network we are today.

Since then we have created a solid foundation of financial service and support for our flourishing membership. We have expanded our offerings to meet your growing needs and expectations and have remained competitive in an ever-changing financial landscape.

We have nurtured our connections with our members with the understanding that each of you is an individual with unique financial needs and goals. We continuously work to foster these relationships in order to preserve your trust and remain your financial partner of choice. In doing so we have become deeply rooted in your communities. Branching out into these communities to provide support and opportunities to connect is an important part of who we are and what we do.

This commitment to unparalleled service and giving back in any way we can is the foundation of the co-operative banking movement. While we operate as a business by providing products and services to individuals and collect revenue in the process, it's what we do with this revenue that makes all the difference. The concept is simple. We return the profit we earn back to you in the form of great rates and enhanced products, and by doing right by the communities we serve.

It has long been the tradition of Comtech Credit Union to put the needs of our members and the community as a whole first and foremost, and after 75 years this is a vision we plan to carry with us year after year.

## WHERE WE'VE BEEN

As a member of the Ontario Co-operative Banking system that caters to over 1 million people in Ontario, we are the chosen financial alternative to the big banks. It is an exceptional privilege after all these years, and one that continues to strengthen in leaps and bounds and comes with incredible responsibility.

2014 was an incredible year of advancement and achievement for our Credit Union.

Our commitment to our communities is always a strong focus at Comtech. In helping our members achieve financial health and happiness in their daily lives, it reminds us of the responsibility we have to provide the information, resources and tools our members need to achieve that goal. This support doesn't stop there. We know that by creating opportunities for growth and development and showing our members that we support them in all aspects of their lives, a basis of trust on which they can rely will be created. Insomuch, we walk with our members and the causes that are important to them.

This past year we supported many important initiatives such as:

- St Paul's Breakfast program
- Holy Name Kind Program
- Bell Canada Hike for Life
- Bell Bowling
- CEP Golf Tournament
- London Pioneers Golf tournament
- Camp BUCKO
- Daily Food Bank
- Christmas Family Sponsorship
- Marcel Vincent Baseball tournament
- Bell Hockey Tournament
- Scott Jamieson Scholarship Program
- St Paul's Community Barbeque
- Kids Come First



Students and the younger generation remain an important focus for Comtech. Each year we honour three outstanding students with the Scott Jamieson Scholarship award whereby they receive \$1,000 each to help with their postsecondary education costs. Each year, we also sponsor our Leadership Program for students. Successful applicants were invited into our branches for one month to gain a hands-on learning experience in a financial environment. Upon successful completion of the Program participants received \$500 to put towards their education.

Beyond our own backyard, we continued our efforts to support our global community through our ongoing partnership with Opportunity International. This year we hosted our first annual golf tournament as part of our mission to raise funds to help build two financial institutions in

Ghana, Africa. This event alone raised over \$30,000, a number we are exceptionally proud of and grateful to our members, sponsors, and supporters for helping us to achieve.

We are always excited to expand our branch network and provide new opportunities for our members to connect with our knowledgeable Member Support teams. In May 2014 we opened the doors to our newest branch on Bank Street in Ottawa. We worked very closely with designers to create a state of the art branch featuring an open concept environment that would be an inviting and interactive space to connect with our members. Consideration for families, the younger banking generation and servicing the community as a whole with features such as an iPad display for children, a coffee station, private meeting rooms, and a comfortable and entertaining common area with a fireplace are among the highlights of our new branch. We are pleased with the response to our newest space and have seen a steady flow of new members into this branch since its inception. This space concept will certainly set a new standard for our branch network and all those to come.

We launched our new MasterCard® program in September, which has received an excellent response from members. The program offers several credit card choices including rewards cards, no fee cards, student cards, and business cards. We also created a streamlined process for automatic approval when members apply at any of our branches. We are excited to add this product to our suite of retail and commercial options.

As our membership continues to grow we are committed to ensuring our product and service offerings meet the demands and expectations of our members. This past year included a switch in our life, disability, and critical illness insurance providers to CUMIS. This change will result in more competitive pricing on loan related insurance products, as well as a wider scope of product offerings.

Year after year we are pleased to extend our relationship with the Bell Pensioner Groups across Ontario. They represent an important demographic within our membership and, as such, we are committed to maintaining and strengthening our partnership with them. We participated in eight meetings this past year.

2014 was an incredible year of advancement and achievement for our Credit Union. We dove headfirst into the long list of ambitious goals we had set for ourselves the previous year with a focused vision on where these changes would take Comtech and our membership.



Our first-ever golf tournament to support the building of FIs in Africa raised \$30,000.

We are undertaking a major overhaul of our internal data system with a full data conversion to Wealthview Banking™. The new features and enhancements of this system will provide the best platform for us to continue to grow our business and services within. Members and

employees can look forward to improved staff efficiency, better product support, and real-time alerts about account or transaction activity through text messaging or email and new mobile apps.

We also modernized our home banking system in 2014 with the finalization of our conversion to Member Direct®. The launch of this new and improved system will take place in three phases over the course of 2015 beginning on March 1. The WHERE WE'RE GOING section of this report reviews in detail all of the enhancements that are in store with this upgrade.

## OUR FINANCIAL FOCUS

Once again, the strength and stability of our Credit Union continued to be proven throughout the year. In 2014 we achieved significant growth on our balance sheet, enhanced our profitability, and provided competitive rates of return, all while ensuring safety and soundness within our operating environment.

Our assets increased by \$27 million which totals 13% and contributed to the year-end balance sheet totalling \$233 million at December 31, 2014.

A key area of growth at Comtech was our deposit base. We are pleased to report total deposits of \$212 million representing growth of 14% or \$27 million over the prior year. Registered savings plans grew by 10% and non-registered term deposits increased by 20%. At the end of the year, term and registered term products accounted for 82% of Comtech's deposit portfolio. Overall, we continue to see a large portion of our membership taking advantage of our competitive fixed-rate term deposits.



We are pleased to report total deposits of \$212 million representing growth of 14% or \$27 million over the prior year.

With the continued weak economic conditions in 2014, our focus within the loan portfolio was on writing quality loans and working together with our members to find solutions, while being mindful of protecting the assets of the Credit Union. In this regard, our commercial loan growth is entirely made up of secured mortgages on commercial or residential property. Overall loan growth in 2014 totalled \$20 million or 11%. The loan portfolio ended the year at \$205 million. The largest component of loan growth was in the commercial loan portfolio, which rose from \$60 million to \$84 million. Overall, at the end of 2014, 91% of Comtech's loan portfolio was secured by assets on which the Credit Union holds title.

Our share capital remained stable in 2014 at \$14 million. At year-end, our capital ratio decreased from 8.11% to 6.84%. The drop in the capital ratio relates to an accounting entry for our defined benefit pension plan, which is discussed later in this report. Despite the drop, we continue to exceed regulatory requirements. Comtech also paid Class B, series 1 and series 4 dividends to



participating members in 2014 at the rate of 3.50%, as well as series 3 dividends at the rate of 4.44% and series 2 dividends for seven months at 4.44% and five months at 3.50%. The Board of Directors also declared a dividend on Loyalty shares of 2.00% to be paid in February 2015.

Despite the continuation of low interest rates experienced in 2014, Comtech was able to exceed operating profit by 2.50% from the prior year. In 2014, we continued to focus growth in key product areas, specifically on fully-secured residential and commercial mortgages. This resulted in a decrease of our unsecured loan portfolio revenue, while our fully-secured loan portfolio revenue increased.

Investment income increased from 2013 despite record low interest rates available on safe investments. Comtech continues to invest in lower-yielding, but highly-secured investments. Investment income at year-end was \$328,394 compared to \$287,081 in 2013. At year-end our portfolio consisted only of cash, GICs, and our mandatory Central 1 Credit Union membership shares and liquidity reserve deposits. We have taken the position that safety of your deposits outweighs the opportunity for higher yields.

Ancillary revenues in automated teller machines, insurance premiums and other administration decreased 11% from the prior year with a combined total of \$994,540. An increase in life insurance claims on loans as well as lower insurance premiums collected was the main reason for the overall decrease in 2014.

Operating expenses increased year-over-year by 1% or \$53,039, which is mainly a result of increased rent at the new Bank Street branch in Ottawa and increased IT expenses.

Overall, with the increase in operating profit despite the continuation of low interest rates and the slight increase of operating expenses, the Credit Union reported net income before taxes of \$623,852, which is a 20% increase over the prior year. Our after-tax profit for 2014 is \$597,352.

Lastly, with the introduction of International Financial Reporting Standards (IFRS) in 2011, annual pension gains and losses are now recorded on the statement of profit or loss and other comprehensive (loss) income. In 2013, our pension plan recognized \$730,304 of gains, net of tax, which is reported on the second last line of the statement for 2013. However, in 2014, the discount rate used for estimating the defined benefit obligation dropped 95 basis points from 2013. As a result, the gains earned in 2013 have essentially been eliminated by recording a corresponding loss of \$777,016 in 2014. This entry does not relate to the core operating results of Comtech and will move up or down each year based on the discount rate projections for any given year. As a result of the pension losses, total comprehensive loss for the year was \$197,664.



Our results for 2014 were strong and exceeded our projections. We are extremely pleased with the continued strength of our core business lines and look forward to a stronger 2015.

## WHERE WE'RE GOING

As always, our members are our first priority and that means ensuring that we put the people and practices in place to help them reach their financial goals and dreams. The back-end work we undertook this past year to bring our banking platform to its highest level will culminate with the official launch of our new data and banking system on March 1, 2015. It has been a long road but one we know will be well worth the effort, especially for our members and staff.

To assist in the transition to our new platform we will be sending out a series of communication releases that will keep members informed of all the latest offerings our new data system will bring. Some of these enhancements include banking system support for:

- Euro accounts
- LIF products
- Escalator GICs
- Index linked GICs
- Bill payments by teller
- Improvements to document generation (term letters, mortgage renewals)
- Improved management of RRIF and TFSA accounts
- Improved workflows to improve member experience
- Improvements to ATM card processing (flexibility on holds on ATM deposits)
- Member One view and house-holding

Additionally, our home banking platform will offer members new features that improve the way they conduct their day-to-day banking. The first phase of this upgrade includes high quality self-service options for our members including:

- Account summary, transaction details, and electronic statements
- Immediate, future-dated and recurring bill payments, including government payments
- Qtrade® brokerage integration – one stop shop for online investing
- Cheque imaging – through click on transaction
- Interac e-Transfers
- E-documents, including T5, T4, RRSP receipts
  - E-statements – 5 year history
  - Downloads to accounting packages, including Quicken
  - Me-To-Me self service transfers to and from your own accounts outside Comtech
  - Mobile banking app for iOS and Android, with a mobile-optimized website for all other smart devices


Our new online banking system will launch March 1, 2015 and has involved a great deal of back-end work in the past year.

In the second phase of our upgrade we will incorporate:

- Urgent Reminders
- Deposit Anywhere
- New account opening
- *Hyperwallet* email transfers

The third and final phase of our home banking upgrade, which we anticipate will take place in May 2015, will focus on enhancing our service for our small business accountholders and will include:

- **Member Direct Small Business Services**
- **My Business-to-My Business transfers**
- **Increased authentication**  
(login with images and pass-phrases)
- **Self-serve login features**




Our new branch will introduce us to an area of Toronto with one of the highest population densities.

New on branch development, we will be moving our Eaton Centre branch on May 1st to the corner of Bathurst and King Street West. The new branch will emulate the features and enhancements of our Bank Street Branch in Ottawa and will introduce Comtech to an area of Toronto with one of the highest population densities. This branch will be an extension of the community and allow us the opportunity to connect with those living in the area through new marketing initiatives and a customized product suite. Aside from comfortable and inviting spaces inside the branch, local residents and members will benefit from an outdoor patio space where they can meet with our staff to discuss their financial goals. This new branch will be a key launch for Comtech as we strive to enhance new membership growth as an ongoing strategy for our own sustainability. We will keep members posted on our progress through our website and marketing communications.

This coming June we will host our second annual golf tournament in support of Opportunity International. On the heels of our success with the event last year, we are hopeful that through the renewed efforts of our sponsors, supporters, and members we will reach our goal again this year. We are getting increasingly closer to our ultimate goal of raising \$105,000 to help break the cycle of poverty in Ghana, Africa with micro-financing opportunities in their community that also promote financial education.

We will continue to support and grow our sponsorships in both Toronto and Ottawa through causes that are important to those cities and our members who make those cities their home or workplace. We remain committed to our longstanding sponsorships with St. Paul's Breakfast Club and Barbeque, Holy Name Kind Program, Kids Come First, and a great number of other community-focused events and fundraisers.

Another important action item for us this coming year is to introduce financial literacy to our younger generation. In doing so, we will be embarking on a partnership with local elementary and high schools to bring programming and workshops into those environments with the intention of raising awareness for the co-operative conscience and educating students on the importance of financial awareness.



We are not driven solely by profit, but by doing the right thing for our members.

People often ask about the difference between Comtech and other financial institutions. It all revolves around the principles that we uphold; a shared standard amongst co-operatives in providing our members with financial service and support. It means that we are not driven solely by profit, but by doing the right thing for our members in helping them reach their financial goals and dreams. Now that's a vision we can all stand behind.

## ACKNOWLEDGEMENTS

As we move forward, we know that our successes are shared amongst our 11,000 strong. Our future is driven on values and principles that balance financial acuity with social imperatives. We will continue to listen, adapt, modify, and grow based on the changing needs of our membership base and in doing so will ensure that we remain a member-driven co-operative.

As Chief Executive Officer of Comtech, I would like to thank all of those involved for their outstanding co-operation in making Comtech what it is today. Our staff and Board have always ensured that our members' needs are the top priority. They are a vital link to our co-operative model and I am thankful for all they do to ensure a positive member experience. Most importantly, I would like to thank our members. It is your support, input, dreams, desires, and vision that have defined Comtech over the years. As we move into 2015, Comtech remains firmly committed to being your financial institution of choice.



**John Mach**  
Chief Executive Officer





## BOARD OF DIRECTORS

### Mr. S. Longeway

Retired – Bell Canada  
Wheatley, Ontario  
Board service – 30 years  
Term Expires 2015

### Mr. P. Nadeau

Lawyer  
Gatineau, Quebec  
Board service – 9 years  
Term Expires 2015

### Mr. J. Stubbs

Chartered Professional Accountant, CA  
Stouffville, Ontario  
Board service – 17 years  
Term Expires 2015

### Mrs. H. Cooper

Retired – Nortel Networks  
Gatineau, Quebec  
Board service – 11 years  
Term Expires 2016

### Mrs. B. Salewski

Retired – Bell Canada  
Manotick, Ontario  
Board service – 24 years  
Term Expires 2016

### Mr. T. Wright

Chartered Professional Accountant, CMA  
Kanata, ON  
Board service – 5 years  
Term Expires 2016

### Mr. P. Harris

Chartered Professional Accountant, CGA  
Oakville, Ontario  
Board service – 3 years  
Term Expires 2017

### Mr. S. McDermott

SJM Consulting  
Ottawa, Ontario  
Board service – 3 years  
Term Expires 2017

### Mr. T. Power

MBA  
Mississauga, Ontario  
Board service – 11 years  
Term Expires 2017



**BACK, LEFT TO RIGHT:** T. WRIGHT, J. STUBBS, S. MCDERMOTT, P. NADEAU, P. HARRIS, S. LONGEWAY;  
**FRONT, LEFT TO RIGHT:** B. SALEWSKI, T. POWER, H. COOPER

### AUDIT COMMITTEE

Mr. J. Stubbs, Chair

Mr. P. Harris

Mr. S. Longeway

### EXECUTIVE COMMITTEE

Mr. P. Nadeau, Chair

Mr. T. Power, Secretary

Mr. T. Wright, Vice Chair

A large green geometric shape, resembling a stylized arrow or a series of connected triangles, pointing towards the left, located in the top right corner of the page.

## NOMINATING COMMITTEE REPORT

The by-laws of Communication Technologies Credit Union Limited require the Nominating Committee to present a slate of suitable candidates for election at the annual meeting. Each year a number of vacancies occur. The terms of office are organized in such a manner that  $\frac{1}{3}$  (one third) of all elected positions are open for consideration each year, however this can change if a Director steps down from the Board prior to the expiry of their term. The Board of Directors, therefore, recommends the following slate of candidates for election at the annual meeting on March 3, 2015.

### CANDIDATES FOR THE BOARD OF DIRECTORS

**Mr. S. Longeway**

Retired - Bell Canada  
Wheatley, Ontario  
Board service - 30 years  
Incumbent

**Mr. P. Nadeau**

Lawyer  
Gatineau, Quebec  
Board service - 9 years  
Incumbent

**Mr. J. Stubbs**

Chartered Professional Accountant, CA  
Stouffville, Ontario  
Board service - 17 years  
Incumbent

# CREDIT REPORT

## COLLECTION REPORT

	December 31, 2014			December 31, 2013		
	NO. OF LOANS	PRINCIPAL \$	TOTAL \$ OWING	NO. OF LOANS	PRINCIPAL \$	TOTAL \$ OWING
Repayment lapse 90 to 179 days	8	23,378	23,386	4	21,287	21,729
Repayment lapse 180 to 364 days	9	74,920	75,062	16	137,430	137,449
Repayment lapse 365 days and greater	36	309,790	341,173	46	411,181	453,074
Bankruptcies	3	295,418	295,418	4	299,935	299,960
Impaired - current	1	691,081	691,081	1	240,417	240,417
Impaired - 30 days delinquent	1	44,865	45,177			
Total of loans in collection related to the Allowance for Impaired Loans	58	1,439,452	1,471,297	71	1,110,250	1,152,629

## LOAN REPORTS

Balance as of December 31	2014	2013
	\$	\$
Variable Rate Loans	1,274,741	1,699,204
Lines of Credit and Overdrafts	16,082,179	18,245,364
Fixed Loans	324,624	500,699
Residential Equity Lines of Credit	24,330,488	24,544,565
Commercial Equity Lines of Credit	7,386,352	3,330,410
Residential Mortgages	79,442,737	80,804,150
Commercial Mortgages	77,057,187	56,471,655
Total Value of Loans Outstanding	205,898,308	185,596,047
Total Value of Loans Outstanding (less allowance)	205,464,760	184,993,174

Loans granted during the year - number of loans and value	2014		2013	
	NO.	\$	NO.	\$
Variable Rate Loans	61	610,563	69	826,343
Lines of Credit	18	250,500	17	189,500
Chequing Overdrafts	3	600	15	4,600
Fixed Loans	4	87,324	4	82,157
Residential Equity Lines of Credit	26	3,667,450	18	3,063,500
Commercial Equity Lines of Credit	2	2,778,000	2	2,420,000
Residential Mortgages	46	13,518,869	73	19,116,574
Commercial Mortgages	19	25,922,000	20	30,036,545
Number of Loan Applications Received	232		399	
Number of Loan Applications Declined	8		51	



## AUDIT COMMITTEE REPORT

The Audit Committee of Communication Technologies Credit Union Limited is appointed by the Board and all members are active Directors of the Credit Union. The Committee meets regularly with management to discuss operational and accounting practices, and internal controls over the financial reporting issues in order to be satisfied that each party is properly discharging its responsibilities and to review the annual report, the financial statements and the external auditor's report. The Committee reports its findings to the Board for consideration when approving the financial statements for issuance to the Credit Union membership. The Committee also considers for review by the Board and approval by all members, the engagement or reappointment of the external auditors.

In 2014, the firm of Deloitte LLP performed the statutory audit. The results of external and internal audits have been very good, indicating that the accounting systems and internal controls are adequate. The response of the members to the statement audit conducted in 2014 and each preceding year has shown a consistently low level of discrepancy and a high level of membership acceptance to our standards of care in handling members' money.

The Audit Committee and the auditors co-operate and perform reviews together. Our duties included the examination of new loans, members' account balances, and term deposits on a test basis, in addition to all officer and staff loans. Additional duties included auditing a sampling of office policies and procedures which incorporate Board policy, cash verification, verification of the monthly financial report and verification of the bank reconciliation insofar as is necessary to ensure that internal controls are adequate.

It is our opinion that the financial affairs of Communication Technologies Credit Union Limited are being conducted in the best interests of the membership.



**Jeff Stubbs**  
Chair, Audit Committee



**TOP TO BOTTOM:**  
J. STUBBS,  
S. LONGEWAY,  
T. WRIGHT

## MANAGEMENT'S REPORT



**LEFT TO RIGHT:**  
J. MACH, J. WOEHL

### MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Communication Technologies Credit Union Limited and all information in this annual report are the responsibility of management and have been approved by the Board of Directors.

The financial statements have been prepared by management in accordance with International Financial Reporting Standards. Financial statements are not precise since they include certain amounts 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 respects. Management has prepared the financial information presented elsewhere in the annual report and has ensured that it is consistent with that in the financial statements.

Communication Technologies Credit Union Limited maintains systems of internal accounting and administrative controls of high quality and consistent with reasonable cost. Such systems are designed to provide reasonable assurances that the financial information is relevant, reliable and accurate, and that the Credit Union's assets are properly accounted for and safeguarded. Also, the Credit Union has established an appropriate Code of Business Ethics, Conflict of Interest Policy, Confidential Information Policy, and Disclosure Statements for all officers.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee.

Financial statements have been audited by Deloitte LLP, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the Credit Union membership.

**John Mach**  
Chief Executive Officer

**Judy Woehl**  
Chief Financial Officer

## AUDITOR'S REPORT

### REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARIZED FINANCIAL STATEMENTS

#### To the Members of Communication Technologies Credit Union Limited

The accompanying summarized financial statements, which comprise the summarized statement of financial position as at December 31, 2014 and the summarized statement of profit or loss and other comprehensive (loss) income, the summarized statement of changes in members' equity, and the summarized schedule of administrative expenses for the year then ended, are derived from the audited financial statements of Communication Technologies Credit Union Limited for the year ended December 31, 2014. We expressed an unmodified audit opinion on those financial statements in our report dated February 5, 2015.

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 Communication Technologies Credit Union Limited.

#### Management's Responsibility for the Summarized Financial Statements

Management is responsible for the preparation of a summary of the audited financial statements in accordance with International Financial Reporting Standards.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the summarized financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard (CAS) 810, "Engagements to Report on Summary Financial Statements."

#### Opinion

In our opinion, the summarized financial statements derived from the audited financial statements of Communication Technologies Credit Union Limited for the year ended December 31, 2014 are a fair summary of those financial statements, in accordance with International Financial Reporting Standards.

The signature of Deloitte LLP is written in a cursive, handwritten style.

Chartered Professional Accountants, Chartered Accountants  
Licensed Public Accountants  
February 5, 2015  
St. Catharines, Ontario

# FINANCIAL STATEMENTS

## SUMMARIZED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE (LOSS) INCOME

Year ended December 31, 2014

CDN DOLLARS	2014	2013
	\$	\$
Interest on loans to members		
Personal loans	1,886,957	2,194,457
Residential mortgages	3,761,741	3,857,304
Commercial mortgages	3,069,419	2,191,169
Investment income	328,394	287,081
	9,046,511	8,530,011
Interest expense		
Dividends on savings dividend accounts	10,696	11,196
Interest on daily savings and chequing accounts	87,527	82,117
Interest on term deposits	2,550,624	2,305,256
Interest on registered products	1,151,445	1,034,104
	3,800,292	3,432,673
Net interest income	5,246,219	5,097,337
Provision for impaired loans	80,779	210,454
Net interest margin	5,165,440	4,886,884
Other operating income (net)	994,540	1,120,570
Total operating profit	6,159,980	6,007,454
Personnel expenses	2,523,211	2,525,036
Administrative expenses (schedule)	1,233,712	1,215,773
Occupancy	415,983	390,607
Data processing	405,500	384,107
Pension expense	290,485	315,262
Promotion, marketing and publicity	251,313	246,517
Depreciation	219,200	204,253
Deposit insurance premium	176,719	181,528
Total operating expenses	5,516,123	5,463,083
Dividends on investment shares	20,005	22,434
Profit before income taxes	623,852	521,937
Income tax expense (recovery)	44,500	(24,000)
Profit for the year	579,352	545,937
Other comprehensive (loss) income, net of income taxes		
Items that will not be reclassified subsequently to profit or loss	(777,016)	730,304
Total comprehensive (loss) income for the year	(197,664)	1,276,241

# FINANCIAL STATEMENTS

## SUMMARIZED STATEMENT OF CHANGES IN MEMBERS' EQUITY

Year ended December 31, 2014

CDN DOLLARS	MEMBER SHARES	RETAINED EARNINGS	TOTAL
	\$	\$	\$
<b>As at January 1, 2013</b>	9,880,304	1,628,046	11,508,350
Profit for the year	-	545,937	545,937
Other comprehensive income	-	730,304	730,304
Dividends on investment shares	-	(331,047)	(331,047)
Reclassification of Class B investment shares, series 2	(250,000)	-	(250,000)
Net increase in membership shares	3,764,167	-	3,764,167
<b>As at December 31, 2013</b>	13,394,471	2,573,240	15,967,711
Profit for the year	-	579,352	579,352
Other comprehensive loss	-	(777,016)	(777,016)
Dividends on investment shares	-	(419,179)	(419,179)
Net decrease in membership shares	(140,589)	-	(140,589)
<b>As at December 31, 2014</b>	13,253,882	1,956,397	15,210,279

# FINANCIAL STATEMENTS

## SUMMARIZED STATEMENT OF FINANCIAL POSITION

As at December 31, 2014

CDN DOLLARS	2014	2013
	\$	\$
<b>Assets</b>		
Cash and cash equivalents	9,951,681	14,551,122
Investments	14,282,757	4,661,988
Loans to members	205,464,760	184,993,174
Accounts receivable	91,995	216,077
Accrued interest on members' loans	317,478	269,529
Deferred income tax asset	287,475	137,754
Property and equipment	1,315,853	497,963
Current tax assets	38,178	40,876
Other assets	838,189	432,090
	232,588,366	205,800,573
<b>Liabilities</b>		
Deposits from members		
Savings dividend accounts	26,768,684	26,782,004
Daily savings and chequing accounts	10,485,470	9,396,734
Term deposits	120,031,590	99,671,673
Registered savings plans	55,103,810	49,931,551
	212,389,554	185,781,962
Accrued dividends on savings dividend accounts and Class B investment shares	141,592	154,356
Accrued interest on members' accounts	1,612,687	1,574,393
Accounts payable and other liabilities	1,031,660	915,849
Defined benefit obligation	1,563,286	757,590
Members' shares	639,308	648,712
	217,378,087	189,832,862
<b>Members' equity</b>		
Members' shares	13,253,882	13,394,471
Retained earnings	1,956,397	2,573,240
	15,210,279	15,967,711
	232,588,366	205,800,573

On behalf of the Board



Peter Nadeau, Chair



Tony Power, Secretary

# FINANCIAL STATEMENTS

## SUMMARIZED SCHEDULE OF ADMINISTRATIVE EXPENSES

Year ended December 31, 2014

CDN DOLLARS	2014	2013
	\$	\$
Automated teller machines	209,641	196,758
Directors meetings and honoraria	168,692	161,364
Legal and professional fees	153,300	141,792
Postage and mailing	101,018	93,541
Travel and seminar	65,456	61,284
Bonding insurance	63,703	64,846
Lending and collection costs	60,747	69,978
Share and loan insurance	56,999	78,311
Sundry	56,000	53,429
Telephone	55,547	49,038
Bank charges and interest	49,066	42,591
Community involvement and donations	42,031	51,707
Annual meeting	36,698	32,145
Central 1 member fees	35,449	13,728
Stationery and printing	34,269	49,913
Mutual fund fees	30,872	28,424
Staff training and consulting	14,224	26,924
	1,233,712	1,215,773



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