



Annual REPORT

2019

85 Years of **LOCAL** Banking



**CREDIT
UNION**
SYDNEY

MISSION STATEMENT

We are a financial cooperative committed to providing programs and services which enhance the economic and social well being of our members and our community.

VISION STATEMENT

To exceed member and community expectations.

CORE VALUES

- Trust
- Service Excellence
- Community
- Collaborative Relationships
- CSR and Sustainability
- Cooperative Principles

COOPERATIVE SOCIAL RESPONSIBILITY VALUE STATEMENT

Sydney Credit Union's commitment to Cooperative Social Responsibility defines its recognition of stakeholders, while in the pursuit of sustainable solutions, that involve and balance the interests of our organization, our members, our staff, our community, our cooperative sector and our environment.

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85th Annual General Meeting

October 28, 2020

Agenda

Call to Order - Establish Quorum

Approval of Agenda

Approval of April 3, 2019 Annual General Meeting Minutes

Business Arising from the Minutes

Report of the Board of Directors

Report of the Nominating Committee

Report of the Auditor

Report of the Chief Executive Officer

New Business:

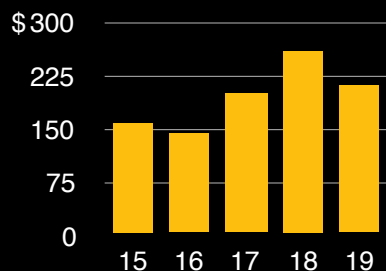
- **Proposed Amendments to By-Laws**
- **Appointment of Auditors for 2020**
- **Employee Service Awards**
- **Other Business**

Announcement of Prizes

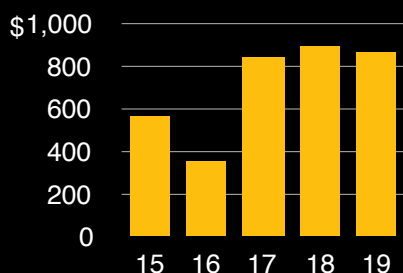
Adjournment

Report of the Board of Directors

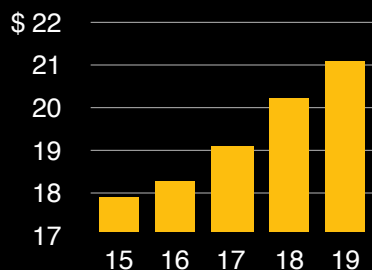
**Patronage
2015 - 2019
(\$ Thousands)**



**Net Income
2015 - 2019
(\$ Thousands)**



**Equity
2015 - 2019
(\$ Millions)**



Once again, I must thank you, the members of Sydney Credit Union, for the opportunity to serve as a Board Member and your Board Chair. I have always been proud to be a Sydney Credit Union Member and that is no truer than it was for 2019.

As with the last few years, a climate of low interest rates and a volatile external environment makes it challenging for any financial institution. Sydney Credit Union, however, continues to work diligently to provide the best possible results. This is a result of the stellar management team, and the dedicated staff that work every day to ensure that all members, and the broader community, are as well serviced as possible. In our 85th year of operation, this foundation was laid by many dedicated individuals, and we continue to follow the trail that they have blazed for us.

Our continued support of local organizations and not for profits in our community is a source of pride for the entire board. We are cognizant that, in addition to great products and services, Sydney Credit Union is investing in and creating community capacity. A healthy community is one that thrives in the long term.

The world continues to be an interesting place to live, and we are not sheltered from life events. News of the burning of the Notre Dame Cathedral in Paris and the unrest in Hong Kong creates uneasiness and fear, but the birth of Prince Archie and the news of Greta Thunberg and her environmental appeal provides hope for the future.

Sydney Credit Union continues to evolve as well. We realize that the rate of change is exponential and that standing still is moving backwards. This continued move to change to meet your needs is why you are well served by your financial institution.

As we move into uncertain times, we know that everyone is unsure what will happen. Rest assured that everyone at Sydney Credit Union is working hard to create plans and strategies to develop the best possible outcome for all.

You have entrusted us to serve on your behalf, and we take that responsibility seriously. Thank you again for trusting us, and the board will continue to work in the best interests of Sydney Credit Union and its members.

Co-operatively yours,

Mary Jane Morrison
Board Chair



**Mary Jane Morrison
Chair**

Board of Directors

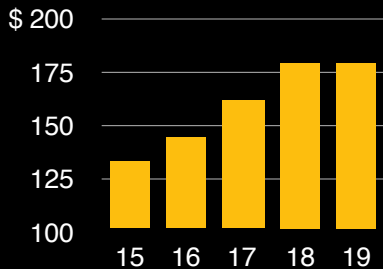


2019 Board Meeting Attendance and Committee Participation

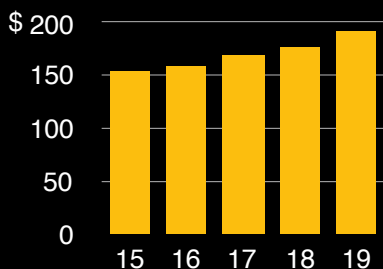
Director	Board	Executive	Credit	CSR	Audit	Governance	Nominating
Mary Jane Morrison	10/10	11/11		3/3		5/5	
Mike Mombourquette	9/10	11/11		3/3	2/3		
Dan MacDonald	8/10	11/11	0/1	3/3		3/4	
Joe Legge	9/10	11/11	3/3		1/1		2/2
Jay Hollohan	9/10			3/3	4/4		
Sarah MacEachern	9/10				4/4	3/5	
Mike McIntyre	8/10			3/3	3/3		
Ron Neville	6/7		3/3			4/4	
John Patrick Fitzgerald	7/7			2/2	3/3		
Doreen Burke	2/2		1/1			2/2	

Chief Executive Officer's Report

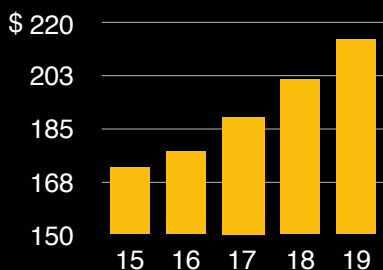
**Loans
2015-2019
(\$ Millions)**



**Deposits
2015-2019
(\$ Millions)**



**Assets
2015-2019
(\$ Millions)**



I am pleased to share an overview of 2019's results with you, as well as the accomplishments that our incredible team at Sydney Credit Union has achieved. We have been very focused on innovating our service delivery model to ensure that we are growing our relationships with both our new, and existing members. At the same time, we have been solidifying our community partnerships and expanding our financial literacy education to reach a wider group of local residents.

We have spent much of the year adapting to change and striving to improve the delivery of our products and services to you, our members. We are working closely with all the credit unions in Atlantic Canada to ensure our strategy enhances our competitiveness in the marketplace. Basing decisions on solid market research into consumer habits and preferences, we are investing in digital technologies to stay in touch with current and potential members. Recognizing that members need and want varying channels of service from us, we will implement new initiatives in the future, while continuing to invest in our branch network as an important option for everyday banking services.



**Carol Ripley
CEO**

In 2019 we introduced a product called ClickSWITCH™ which is a fast, free and secure way for new members to easily switch their direct deposits and automatic payments to their Sydney Credit Union account. We also introduced Apple Pay to our new credit card program, which provides members with an easy option of paying for purchases and expenses with their Apple device. These technology examples demonstrate that we are making investments to meet the increasing demands for digital options that members, and potential members, are looking for. We plan on continuing to build on the significant progress made in 2019 so stay tuned as we implement exciting new initiatives in line with our strategy over the next few years.

Sydney Credit Union knows that member-focused employees are key to our success and so we continue to make employee engagement a priority. Our employee engagement survey is sent to all employees and feedback is collected to gauge how well we are doing, and we are pleased to share that overall, our staff rated engagement positively. Furthermore, we have enlisted a Member Engagement Team from amongst the staff to help us make continuous advances and evolve our responsiveness. The feedback that we receive from our employees will help us to make decisions and choices that will ensure that staff are motivated coming to work each day.

We continued our long tradition of investing our time and financial resources into supporting our community. Our Co-operative Social Responsibility (CSR) Value Statement recognizes this commitment, and we share our Five Star Success results

Chief Executive Officer's Report

with our five stakeholders: our organization, members, staff, community and the co-operative sector at large.

We continue to demonstrate our commitment to community with both financial and in-kind support to many organizations and cooperatives. Corporate donations from both the Credit Union and our Charitable Foundation exceeded \$60,000 in 2019. Some of the major recipients included Loaves and Fishes, Whitney Pier Boys & Girls Club, Cape Breton Regional Hospital Foundation, Cape Breton Music Industry Cooperative, United Way and NSCC's Make Way Campaign, to name just a few. Furthermore, we support many local non-profits by supporting their events with onsite volunteers. This year our staff volunteers were pleased to attend Riverview's Red Cup, YMCA Spring Into Motion, CB Regional Library Super Saturdays, Motionball for Special Olympics and the Acoustic Roots Festival. Having our staff attend these events demonstrates their dedication in supporting their local communities. Thank you to each and every one of them for their role in making these initiatives a success.

Now I would like you to turn your attention to our financial statements as I highlight some important results for 2019 with you. We continued our strong asset growth in 2019 increasing 6.8% over the previous year end. Our net membership decreased slightly by -0.3%, ending the year at just over 13,500 members, largely the result of our school Fat Cat accounts going inactive when the students move to middle school and beyond. Our strategic goal to grow our members' deposits even more than our net loan growth was certainly achieved in 2019. We ended the year with net loan portfolio growth of \$601,000 or 0.3%, while deposit balances increased a significant 7.8% or \$13,872,000. This means that we were 83.2% lent out at year end, a planned drop from 88.5% at the end of the previous year, which helps us meet our statutory liquidity targets.

I am very pleased to report operating income of \$1,122,000 for 2019 which is slightly lower than the previous year's \$1,301,000. These results allowed us to return over \$210,000 in Patronage Rebates to our members for their business in 2019. I'm delighted to report that net income after rebate and taxes was \$866,000, well exceeding our budgeted net income of \$452,000 for the year.

Sydney Credit Union is a financial service cooperative and operates under a democratic member-owned structure. The Board of Directors remains ultimately responsible to you, the membership of the credit union. We strive to offer excellent service to our members while staying committed to social responsibility. These factors set credit unions apart from many of our banking competitors. At Sydney Credit Union we do not treat your trust lightly. We are stewards of your finances and we strive to reward your confidence in us by advancing the continued success and security of your credit union every day.

Your credit union has a strong track record of working collaboratively with other credit unions to maximize our impact, and to advance our financial service offerings, all with the intent of exceeding your expectations. These efforts should ensure that our focus can remain squarely on our members' financial security and resiliency, ultimately resulting in your future financial success.

We are very fortunate to have a dedicated staff and management team which ensures your credit union runs smoothly. They take great pride in serving the members efficiently and effectively, and they are rewarded by our members' continued support. I want to extend my sincere thanks to each and every one of them. Please know that I truly appreciate all that you do every day.

In closing I would like to acknowledge the dedication and commitment that the Board members continue to demonstrate to support your credit union. Thank you to the Board of Directors for your support and guidance throughout 2019. I know that your good governance and strategic oversight have been vital to our success.

Finally I would like to thank the members for their continued support and trust, and for their patience as we work through significant change with ongoing digitization of banking services. We had a successful year and we can attribute much of it to your ongoing faith and support. Your dedication to Sydney Credit Union is critical for our future success. We are looking forward to embracing whatever challenges come our way in 2020, and we are confident that we are up to the task with our members' continued patronage.

Co-operatively yours,



Carol Ripley
Chief Executive Officer

Sydney Credit Union is proud to support many community organizations including:

- Acoustic Roots Festival
- African Heritage Society
- Alzheimers Society of Cape Breton
- Basketball Cape Breton
- Big Pond Scottish Concert
- Boardmore Playhouse
- Canadian Council of the Blind (CNIB)
- Cantley Village Recreation Association
- Cape Bretoners Dragon Boat Team
- Cape Breton Chorale
- Cape Breton Classic Cruisers Car Club
- Cape Breton County Minor Hockey Association
- Cape Breton Fiddlers Association
- Cape Breton Fiddlers Run
- Cape Breton Highlanders Basketball
- Cape Breton Kiwanis Festival
- Cape Breton Music Industry Cooperative (CBMIC)
- Cape Breton Regional Chamber of Commerce
- Cape Breton Regional Library
- Cape Breton Regional Hospital Cancer Care Fund
- Cape Breton Regional Hospital Foundation
- Cape Breton Eagles
- Cape Breton Tradesmen
- Cape Breton University School of Nursing
- CBU Tourism & Hospitality Management Program
- Cape Breton Victoria Regional School Board
- Children's Wish Foundation
- CBU Students Union
- Christmas Daddies
- Community Homeless Shelter
- Community Safety Net
- Cove Guest Home
- Destigmatize
- EPIC Youth Peer Program
- Every Woman's Centre
- Friends of Neville Park Society
- Football Nova Scotia
- Glace Bay UNIA
- Great Cape Breton Clean Up (CBRM)
- Heart & Stroke Foundation of Canada
- Highland Arts Theatre
- The HOPE Project
- Hospice Palliative Care
- Kidney Foundation (Cape Breton)
- Kinsmen Club of Sydney
- Kiwanis Club of Sydney

YOUR Community



YOUR Credit Union



Sydney Credit Union is proud to support many community organizations including:

- The Lakes at Ben Eoin Youth League
- L'Arche Cape Breton
- Lingan Golf & Country Club Youth League
- Loaves and Fishes
- Lumiere Arts Festival
- MacGillivray Guest Home
- Main-a-Dieu Community Development Association
- Meals on Wheels
- Mira Ferry Community Fair
- Mountainview Elementary School
- NSCC – Marconi Campus
- NSCC Make Way Campaign
- New Dawn Enterprises Ltd.
- Northside Hospital Foundation
- Nova Scotia Fire Fighters
- Nova Scotia Ground Search and Rescue
- Nova Scotia Keltics Rugby
- Nova Scotia Nurses Union
- Nova Scotia Secondary School Students Association (NSSSA)
- Pathways
- Port of Sydney
- Pride Cape Breton
- Riverview High School – Red Cup
- Rockin' for Wishes Fundraiser
- Royal Canadian Legion Branch 12
- Rt. Hon. Vincent Massey C.H. Chapter IODE
- Salvation Army/Servicom Employees
- Schooner Curling Club
- Shriners
- St. Mary's Polish Church
- St. Theresa's Parish Spirit Days
- Sydney Academy Athletics
- Sydney Academy Parents Safe Grad Committee
- Sydney Minor Baseball
- Sydney Minor Hockey Association
- Sydney Sooners Baseball
- Sydney Harbourfront Festival
- Sydney Waterfront District
- Two Rivers Wildlife Park
- Transition House Foundation
- Under One Umbrella
- United Way of Cape Breton
- VON
- Westmount Canada Day Celebration
- Whitney Pier Legion
- Whitney Pier Society for the Arts
- Pierscape
- Whitney Pier Youth Club
- YMCA Cape Breton

Scholarships & Bursaries

Sydney Credit Union recognizes the financial burden that increasing tuition costs have on students pursuing their dream for higher education. For almost 50 years, we have provided scholarships to students in the community as a sign of support for the achievement of their educational goals.

The Sydney Credit Union Scholarship Program awards \$11,000 to students through the school scholarships listed below:

- Riverview High School
4 scholarships of \$500 each
- Sydney Academy High School
4 scholarships of \$500 each
- Sydney Academy Safe Grad Bursary
1 bursary of \$100
- Etoile de l'Acadie
1 scholarship of \$500
- Cabot High School
1 scholarship of \$500
- Rankin School of the Narrows
1 scholarship of \$500
- Nova Scotia Community College, Marconi Campus
1 scholarship of \$500
- Cape Breton University
4 scholarships of \$1,000 each
1 scholarship of \$500
- The Cape Breton Kiwanis Festival of Music, Speech and Drama
2 scholarships of \$200 each

Helping Students Succeed



Sydney Credit Union Charitable Foundation

2019 Total
Donations
\$25,000!



3rd Annual Battle of the Golden Jackets Golf Tournament





CREDIT UNION

SYDNEY

Charitable Foundation

**BATTLE OF THE GOLDEN JACKETS
GOLF TOURNAMENT**

**\$15,504
Raised**





Fat Cat®

Sydney Credit Union's Fat Cat® Account is designed to introduce children to the concept of money management. Opening a Fat Cat® account helps local children to establish the groundwork for their financial future and gives them the opportunity to develop money management skills.

Local schools participating in the Fat Cat® Program include Harbourside Elementary, Brookland Elementary, Cusack Elementary, Marion Bridge Elementary, Robin Foote Elementary, Coxheath Elementary, Mountainview Elementary, Sydney River Elementary, and Harbourview Montessori School.

Sydney Credit Union's Fat Cat® mascot has become a popular local celebrity, with children and adults alike recognizing him at local events and school visits. Whether it be signing autographs or taking photos, Fat Cat always has time for fans.



Financial Literacy



Truly **LOCAL** Banking



FINANCIAL LITERACY SERIES

EACH ONE | TEACH ONE

Sydney Credit Union is committed to financial literacy and growing the financial knowledge and skills of our members and our communities. We offer support to groups and organizations by meeting people where they are, to provide a variety of sessions in plain language and in a non-salesperson approach. Topics are varied but include Basic Budgeting, Basic Banking, Managing Debt and Home Buying. In 2019 we held 29 sessions with a reach of 230 participants.

If you feel you, or your community group, would benefit from one of our financial literacy sessions, please reach out.

Growing financial knowledge and know how benefits us all!



SYDNEY

Cooperative MONEY Matters

Whether you're opening your first bank account or are a seasoned spender, it's never too late to learn how to take your money management skills to the next level.

#FinancialLiteracyMonth



HONESTMONEY.CA

Financial literacy for life

Financial literacy isn't always a part of our formal education but t...

Sydney Credit Union
November 1, 2019

We're kicking off Financial Literacy Month with a free Each One Teach One presentation [Introduction to Basic Budgeting!](#) The event takes place tomorrow from 3PM-4:30PM at the [Cape Breton Regional Library](#). Each One Teach One is a financial literacy program designed to deliver sound financial knowledge in plain language. This event is free for all ages, space permitted.

Sydney Credit Union
November 5, 2019

Fatcat reminder! We will be visiting the following schools for our October visit: Harbourside, Brookland, Cusack and Marion Bridge Elementary



Regardless of net worth, Canadians who engage CERTIFIED FINANCIAL PLANNER® professionals for their financial planning needs report that they are experiencing significantly higher levels of financial and emotional well-being.

Applied Wealth Strategies is Sydney Credit Union's focused solution to Financial Planning for our members. Located at 336 Kings Rd, Sydney, Applied Wealth Strategies offers personal and confidential planning services with recommendations customized to the client's unique situation.

Our focus is on you, the client and your family. We take the time to help you understand your financial situation and explain the many vehicles that can be used to secure and grow your investments and your family's financial well being. Applied Wealth Strategies has a broad toolkit to help you organize, analyze and strategize the best ways to reach your personal financial goals.

Managed by Denise Gallant, CFP, and Mackie MacLeod, Applied Wealth Strategies employs a full-time staff of four. At Applied Wealth Strategies we offer electronic signature options and web access for your convenience, yet we still answer our calls personally. We consistently pursue continuing education and ongoing investments in infrastructure and talent to support the wellbeing of our clients.

At Applied Wealth Strategies we realize the importance of financial security to our clients and we strive to provide solid advice and build long-term successful relationships.

Contact us to get started on your financial plan at info@appliedwealth.ca



Denise Gallant CFP, Kim Neville, Tammy Campbell, Mackie MacLeod

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CELEBRATING OUR 85TH ANNIVERSARY

SYDNEY CREDIT UNION'S HISTORY

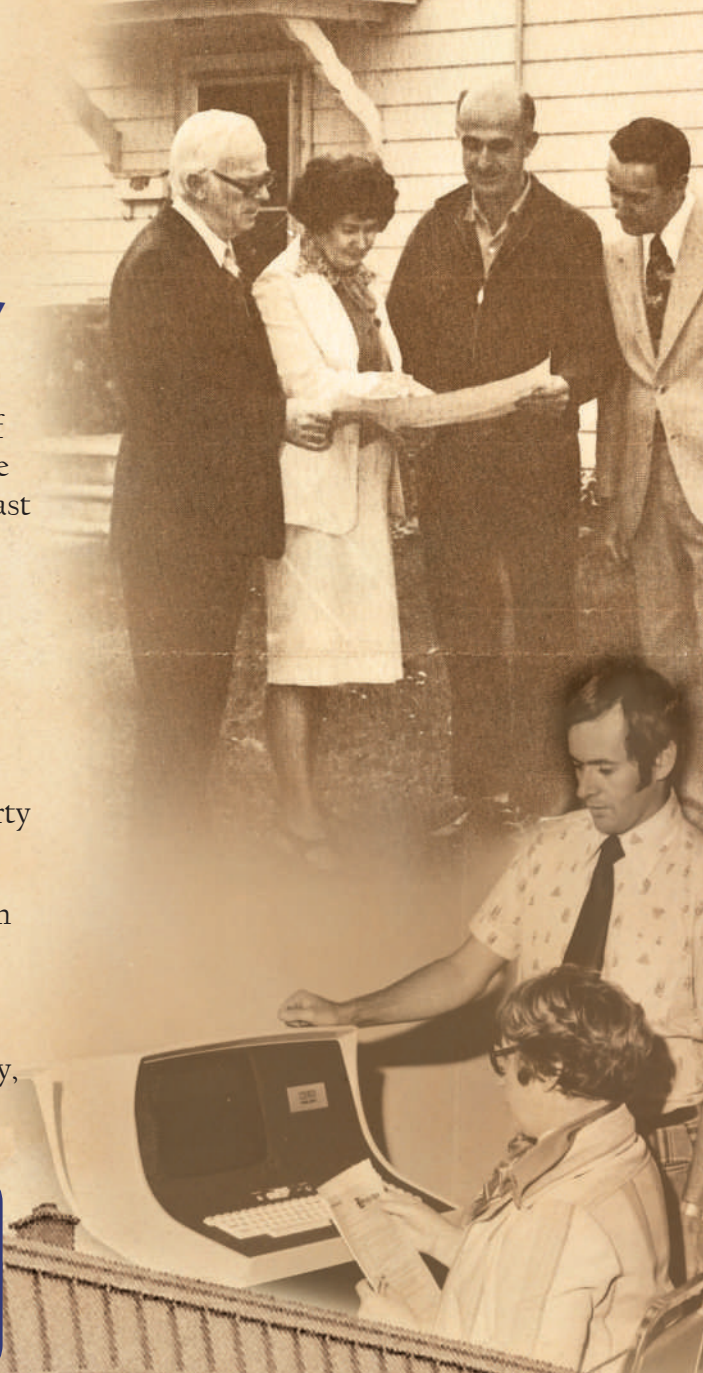
Ours is a tradition of broad grass roots support and an abiding commitment to our community. As we plan for the challenges of the future, it is fitting to reflect on the past, taking heart from the initiative and courage of our forbearers. This reflection on our past is in tribute to those people who were responsible for laying the groundwork which provided the foundation for the professional service we offer today to the people of our communities.

A LEGACY OF CARING

The year was 1935 and times were hard. Cape Breton coal mines cut shifts and the steel plant struggled to attract business. Poverty was a growing threat and hunger was fearful.

It was during these difficult economic times that the credit union movement was born. As the idea of membership in a collective agency caught on across the country, a small group of Sydney citizens joined forces to form Sydney Credit Union. Their vision was economic revival for the community. By pooling their money, they made it possible for those in need to draw on the funds.

The spirit of caring and commitment that founded Sydney Credit Union so many years ago remains the cornerstone of the institution today.



**CREDIT
UNION**

SYDNEY

A LOOK BACK AT SYDNEY CREDIT UNION'S HISTORY

30's

1935

A small group of Sydney citizens pooled their money together to open Sydney Credit Union. Within six weeks, 69 members had signed up. Two weeks later, the first two loans were made, one for \$10 and one for \$20.

1936

Membership grew to 262, with 149 loans totalling \$7,055

1938

The credit union began to operate full time hours

50's

1952

Sydney Credit Union bought and renovated a building on the corner of Townsend Street in Sydney. This site continues to house the main branch of Sydney Credit Union today



1953

First electric posting machine was installed
Assets surpassed the one million dollar mark

90's

1990

Sydney Credit Union installed the very first credit union ATM in Nova Scotia



1993

Sydney Credit Union was instrumental in bringing the Choices Program to the local school board, a program which teaches the importance of staying in school. Sydney Credit Union purchased the assets of Louisbourg Credit Union

1996

Introduced TeleService®
Telephone Banking



1997

Launched its Patronage Rebate Program which distributed \$250,000 to Sydney Credit Union members, with distribution based on the level of business each member conducted with the credit union throughout the year

2000

2000

Introduced a number of new services including; MemberCARE Financial Services, a financial planning service for credit union members, commercial lending and Inter-Credit Union Service. Created the position of Marketing Manager, Sydney Credit Union's Patronage Rebate program reached \$1 million distributed to members over the last four consecutive years, and for the second time, Sydney Credit Union won the prestigious Coady Award

2001

Created the position of Manager, Community Economic Development to manage the commercial lending function

2002

Installed a second ATM in the lobby of the main branch on Townsend Street to address a growing demand for ATM access and honoured the vast contribution and memory of former General Manager John McPhee by launching a scholarship in his name

60's

1964

The credit union became an approved lender for government guaranteed Canada Student Loans

Late 1960's

Membership exceeded 4,500 and assets surpassed \$2 million

70's

1971

A new building was erected on the Townsend Street location, which continues to be the main branch today

1975

Sydney Credit Union became unionized

1976

Its first computer system was installed

1977

The Sydney River branch on Kings Road was opened and Sydney Credit Union won the prestigious Coady Award

80's

1980's

Sydney Credit Union added Lines of Credit, Term Deposits and Mortgages to its product offering



1998

Introduced MemberDirect® Online Banking and opened the Sydney Credit Union Community Police office in the YMCA building on Charlotte Street in Sydney

1999

Opened the Sydney Credit Union Room (CE265) at Cape Breton University



2003

Opened a full service Sydney River branch in a new location on Kings Road in Sydney River and launched the first drive thru ATM in the Sydney area

2005

Opened the Sydney Credit Union Community Board Room in the Crowell's Building on Charlotte Street in Sydney

2006

Created the Cooperative Social Responsibility (CSR) Committee and launched Sydney Credit Union's Five Star Success™ Program, a formula driven program which distributes Sydney Credit Union's profits to its five key stakeholders; Our Organization, Our Members, Our Staff, Our Community and Our Cooperative Sector

\$100 million in assets



2007

Began process to develop the Sydney Credit Union Charitable Foundation and created the Branch Manager position for the main branch of Sydney Credit Union

2008

Sydney Credit Union purchased the assets of Main-a-Dieu Credit Union and launched the Tax Free Savings Account

2009

Cape Breton Credit Unions donated \$250,000 to the Cape Breton Regional Hospital Foundation



2010

Launched the Sydney Credit Union Charitable Foundation in November 2010.

Won the coveted Coady Award for leadership, contribution and commitment to our community

2011

Introduced new products:

- Interac® e-Transfers
- Mobile Banking
- Cheque Imaging
- Purchased SCU ECO-DASHER



2012

SCU was awarded the prestigious 2012 Atlantic Business Ethics Award in the 16 to 50 employee category.

2014

SCU amalgamated with the Whitney Credit Union, Whitney Pier



2015

Introduced new products:

- Deposit Anywhere™
- Mobile banking apps for Android and iPhones
- Interac® Online Payments

2016

- SCU introduced their new mascot, Fat Cat
- SCU introduced Financial Literacy sessions
- Introduced Interac® Flash



2017

The Sydney Credit Union Charitable Foundation First Annual Battle of the Golden Jackets Golf Tournament

Credit Unions were first to launch LOCK 'N' BLOCK, the first mobile debit card management solution in Canada

2018

Introduced ClickSWITCH™, an automated account switching solution that quickly, safely and efficiently switches account holders recurring payments from their old accounts to new ones

2019

Joined the Cape Breton Partnership to pilot a Micro-Loan Program for women entrepreneurs.



After 45 years of service, Jane Graham is retiring. Good luck, Jane!



Management's Responsibility for Financial Information

Management has the responsibility of preparing the accompanying financial statements and ensuring that all information in the annual report is consistent with the financial statements. This responsibility includes selecting appropriate accounting principles and making objective judgments and estimates in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

In discharging its responsibility for the integrity and fairness of the financial statements, Management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets safeguarded and proper records maintained. The Board of Directors has appointed an Audit Committee to review the annual financial statements with Management and the auditors before final approval by the Board.

The provincial regulator of financial institutions may conduct examinations and make such enquiries into the affairs of Sydney Credit Union as they deem necessary to ensure the safety of depositors and members of Sydney Credit Union, and to ensure that Sydney Credit Union is in sound financial condition. Their findings are reported directly to Management.

MNP, independent external auditors, have been appointed by the members to examine and report on the financial statements of Sydney Credit Union in accordance with Canadian generally accepted auditing standards and have expressed their opinion in the following report to members. They have had full and free access to the Audit Committee and Board of Directors. Their report outlines the scope of their examination and their opinion. Full financial statements are available upon request.

Carol Ripley
Chief Executive Officer

Rakesh Kochhar
Chief Operating Officer



**CREDIT
UNION**

SYDNEY

Truly Local Banking

SYDNEY CREDIT UNION LIMITED
Summary Financial Statements
December 31, 2019

SYDNEY CREDIT UNION LIMITED

Summary Financial Statements

Year ended December 31, 2019

Statement of Financial Position	1
Statement of Comprehensive Income	2
Statement of Changes in Members' Equity	3
Statement of Cash Flows	4
Schedule of Expenses	5

Independent Auditors' Report on the Summary Financial Statements

To the Members of Sydney Credit Union Limited

Opinion

The summary financial statements, which comprise the statement of financial position as at December 31, 2019, and the statements of comprehensive income, changes in members' equity and cash flows for the year then ended, are derived from the audited financial statements of Sydney Credit Union Limited for the year ended December 31, 2019.

In our opinion, the accompanying summary financial statements are a fair summary of the audited financial statements, in accordance with International Financial Reporting Standards.

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 audited financial statements and the auditor's report thereon. The summary financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated April 28, 2020.

Management's Responsibility for the Summary Financial Statements

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

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.

MNP LLP

Sydney, Nova Scotia
April 29, 2020

Chartered Professional Accountants

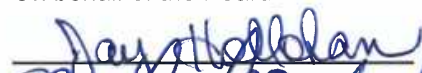
SYDNEY CREDIT UNION LIMITED

Statement of Financial Position

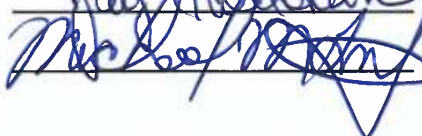
December 31, 2019, with comparative figures for 2018

	2019	2018
ASSETS		
Cash and cash equivalents	\$ 9,497,165	\$ -
Investments and deposits	22,466,628	19,169,281
Loans to members	178,528,043	177,927,203
Income taxes receivable	114,297	-
Other assets	764,968	522,788
Property, buildings and equipment	3,290,719	3,333,228
Deferred income tax liability	-	8,000
	<hr/>	<hr/>
	\$ 214,661,820	\$ 200,960,500
LIABILITIES		
Liabilities to members		
Deposits	\$ 191,847,275	\$ 177,975,694
Accrued interest on deposits	745,744	411,211
Accrued patronage rebate	210,003	260,357
	<hr/>	<hr/>
	192,803,022	178,647,262
Liabilities to non-members		
Bank indebtedness	-	1,104,374
Accounts payable and accrued liabilities	733,704	786,977
Deferred income tax liability	40,600	-
Income taxes payable	-	202,013
	<hr/>	<hr/>
	774,304	988,990
	<hr/>	<hr/>
	193,577,326	179,636,252
MEMBERS' EQUITY		
Equity shares	86,560	88,130
Retained earnings	19,674,389	18,808,199
Contributed surplus	1,323,545	1,323,545
Accumulated other comprehensive income	-	-
	<hr/>	<hr/>
	21,084,494	20,219,874
	<hr/>	<hr/>
	\$ 214,661,820	\$ 200,960,500

On behalf of the Board:



Director



Director

SYDNEY CREDIT UNION LIMITED

Statement of Comprehensive Income

Year ended December 31, 2019, with comparative figures for 2018

	2019	2018
INCOME		
Interest on loans	\$ 7,787,771	\$ 7,319,523
Investment income	580,593	368,841
	<u>8,368,364</u>	<u>7,688,364</u>
INTEREST EXPENSE		
Interest on members' deposits	1,912,723	992,345
Loan interest and referral fees	171,813	302,304
	<u>2,084,536</u>	<u>1,294,649</u>
Financial margin	6,283,828	6,393,715
Other income	2,061,431	2,158,730
	<u>8,345,259</u>	<u>8,552,445</u>
EXPENSES		
Personnel	3,278,166	3,318,646
Members' security (schedule)	207,483	191,860
General business (schedule)	2,558,327	2,502,470
Occupancy (schedule)	379,141	360,435
Provision for loan losses	622,428	698,487
Depreciation	177,957	179,413
	<u>7,223,502</u>	<u>7,251,311</u>
Income before income taxes	1,121,757	1,301,134
Income taxes		
Current	206,967	428,345
Deferred	48,600	(20,400)
	<u>255,567</u>	<u>407,945</u>
NET INCOME	866,190	893,189
OTHER COMPREHENSIVE INCOME	—	—
COMPREHENSIVE INCOME	<u>\$ 866,190</u>	<u>\$ 893,189</u>

SYDNEY CREDIT UNION LIMITED

Statement of Changes in Members' Equity

Year ended December 31, 2019, with comparative figures for 2018

	Equity shares	Retained earnings	Contributed surplus	Accumulated other comprehensive income	Total
BALANCE, DECEMBER 31, 2017	\$ 86,880	\$ 17,667,317	\$ 1,323,545	\$ –	\$ 19,077,742
Comprehensive income	–	893,189	–	–	893,189
Shares issued	6,635	–	–	–	6,635
Shares redeemed	(5,385)	–	–	–	(5,385)
Allowance for impaired loans transition adjustment	–	247,693	–	–	247,693
BALANCE, DECEMBER 31, 2018	88,130	18,808,199	1,323,545	–	20,219,874
Comprehensive income	–	866,190	–	–	866,190
Shares issued	4,825	–	–	–	4,825
Shares redeemed	(6,395)	–	–	–	(6,395)
BALANCE, DECEMBER 31, 2019	\$ 86,560	\$ 19,674,389	\$ 1,323,545	\$ –	\$ 21,084,494

SYDNEY CREDIT UNION LIMITED

Statement of Cash Flows

Year ended December 31, 2019, with comparative figures for 2018

	2019	2018
CASH FLOWS FROM OPERATIONS		
Net income	\$ 866,190	\$ 893,189
Items not involving cash		
Depreciation	177,957	179,413
Deferred income taxes	48,600	(20,400)
Loss on disposal of capital assets	502	–
Change in opening allowance for IFRS 9 adoption	–	226,793
Change in non-cash operating working capital		
Increase in loans to members	(600,840)	(17,583,535)
Increase in income taxes receivable	(114,297)	–
Decrease (increase) in other assets	(242,180)	178,439
Increase in deposits	13,871,581	9,813,447
Increase in accrued interest on deposits	334,533	218,788
Increase (decrease) in accrued patronage rebate	(50,354)	60,350
Decrease in accounts payable and accrued liabilities	(53,273)	(27,588)
Increase (decrease) in income taxes payable	(202,013)	130,209
	14,036,406	(5,930,895)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in equity shares, net	(1,570)	1,250
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Increase in investments and deposits	(3,297,347)	(805,430)
Purchase of property, buildings and equipment	(135,950)	(119,277)
	(3,433,297)	(924,707)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	10,601,539	(6,854,352)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		
	(1,104,374)	5,749,978
CASH AND CASH EQUIVALENTS, END OF YEAR		
	\$ 9,497,165	\$ (1,104,374)
Supplemental cash flow information		
Cash paid during the year for		
Interest on members' deposits	\$ 1,568,505	\$ 752,134
Income taxes	523,277	298,136
Cash received during the year for		
Dividends and interest on investments	571,781	390,683
Interest on loans to members	7,838,800	7,291,007

SYDNEY CREDIT UNION LIMITED

Schedule of Expenses

Year ended December 31, 2019, with comparative figures for 2018

	2019	2018
MEMBERS' SECURITY		
Deposit insurance	\$ 166,565	\$ 154,639
Bonding insurance	40,918	37,221
	\$ 207,483	\$ 191,860
GENERAL BUSINESS		
Service fees and charges	\$ 1,087,543	\$ 1,108,467
Data processing	324,449	325,273
Advertising and promotion	272,319	252,056
Miscellaneous	253,214	236,414
Central assessment and dues	230,569	227,195
Educational	108,755	87,442
Office and stationery	65,553	63,858
Service contracts and maintenance	59,268	44,687
Postage	55,936	57,405
Telephone	42,368	48,517
Professional fees	40,655	34,381
Scholarships	9,900	9,600
Administrative fees - RRSP	7,798	7,175
	\$ 2,558,327	\$ 2,502,470
OCCUPANCY		
Municipal taxes	\$ 122,055	\$ 122,174
Heat, lights and water	75,573	82,122
Repairs and maintenance	74,296	49,835
Janitorial and cleaning supplies	74,234	74,272
Insurance	32,983	32,032
	\$ 379,141	\$ 360,435

Truly Local Banking



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