

# 2018 ANNUAL REPORT

A photograph of a woman and a young child. The woman is wearing a grey knit beanie and a grey hoodie. The child is wearing a blue knit beanie and a grey hoodie. They are both looking at each other with affection. The woman is holding the child's hand. The background is blurred.

**Live your best life. We can help.**

**mainstreet** CREDIT UNION



# MESSAGE FROM THE CHAIR OF THE BOARD OF DIRECTORS & CEO

They say “the times they are changing” and it seems true now more than ever with the pace of new items emerging in our digital-first age.

People’s cars have turned into taxis with the advent of Uber, people’s homes in to Airbnb rentals, and if you need a task done around your home or food delivered just pull up TaskRabbit or Skipthedishes or a plethora of other apps that are at your fingertips and ready to help.

Banking has not been immune to change, sure in-branch banking may not look too different from what you recall years ago, but new service methods, speed, and convenience are playing key roles in banking today. In the same amount of time it would take you to get sushi after-dark, you can apply online and potentially be approved in minutes for your next home mortgage, car loan, contribute to your RRSP or TFSA, or open a chequing account.

We live in a world where Amazon, Goodreads, and Netflix might know your preferences better than anyone else and these companies are always at the ready to make recommendations for your next item to buy, read, or watch that is perfectly in-line with your likes and buying preferences.

This personalized digital experience we are becoming accustomed to in all facets of our life naturally trickles into areas like our financial services. We expect our financial institution to know and understand our life milestones, and what financial needs come along with them, and to be proactive in helping us with the right advice, services and products at the right time.

Providing this type of personalized financial service and advice, whether in-person or digital, is crucial to our continued success and providing exceptional service to our members, which is why it is our core strategic focus within our 3 year strategic plan.

Mainstreet began our digital and omni channel project with the complete re-design of our corporate website in 2018, which now provides a better user experience across all devices and more clarity around our organization, brand, and services. We have also partnered with Credit Unions across Canada who are working on “banking of the future” opportunities together, from influencing our member user experience and self-serve options in banking, to how credit unions can use analytics to help understand our members and their needs. In 2019, we will also be embarking on preparations for a new online integrated financial experience launching in 2020.

We will continue this important work to ensure you can bank the way you want, when you want and that through your experience you receive the financial advice and support you have come to know from us. One thing we know in this digital-first age is that our members and personalized service will remain at our core.

Sincerely,



**Darrin Canniff**

Mainstreet Credit Union  
BOARD CHAIR



**Janet Grantham**

Mainstreet Credit Union  
PRESIDENT & CEO

24,927 

**TOTAL  
MEMBERS**

13   
BRANCHES

140  
MAINSTREET  
STAFF





IN 2018 WE SHARED

**\$575,000**

IN PROFITS WITH OUR MEMBERS

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**625+**



**members**  
bought a home

**180+**  
members

**PAID OFF**

their home loan

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**2400+** new members  
joined Mainstreet in 2018

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**224** people referred a friend to Mainstreet

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**4503** MEMBERS  
**SAVED \$49,600**



in chequing account fees in 2018  
through our relationship reward  
(**RR** program) and also received  
access to special term deposit  
rates

# DANIEL & MELANIE RADOJCIN



“At 21 and 23 years old we weren’t sure if home-ownership would even be a possibility. We had met with a bank representative before coming to Mainstreet and felt we were strung along and led to believe we couldn’t afford a home. We hadn’t heard of credit unions before, but our realtor Amanda referred us to Mainstreet and we are so glad she did. When we went to Mainstreet a few months ago, our advisor Sandra took the time to educate and inform us so we could understand all there was to know about a mortgage and the mortgage process. We worked with her to crunch the numbers using a mortgage affordability calculator so we could make the right decision on how much to spend on a home and what would be possible. She even took the time to go over all the mortgage lingo and important things to know, like extra closing costs when you buy a house.

**“We didn’t think we could afford to become home-owners until we met with Sandra at Mainstreet.”**

Sandra also looked at our full financial picture - we talked about schooling debt, car payments and our finances as a whole so she could help us make the right decisions in other areas of our finances, not just our mortgage. We were also impressed at how professional and friendly she is and how good she is at responding to us and answering our questions quickly.

We tried to purchase a few homes but it was very competitive, but we feel like the one we ended up buying was the right choice for us and truly feels like home. We are about 20 minutes outside of Goderich in the beautiful town of Lucknow and the community is fantastic. We’re excited to own our home and be able to do with it what we want to from painting to the not so fun renos like putting on a new roof this summer.

We’re excited to make this our long-term home and put down roots in this great community.”



## BRIAN MARCHAND



“We feel very cared for by the credit union and the staff and really happy with the service.”

everything was on file and ready to pick-up where we had left off a few months before.

The builder mortgage has been great. The rate is competitive and Mainstreet didn't charge in some areas that a bank would, which helps because building a house is expensive.

I've been really impressed with Mainstreet and its staff. We feel very cared for and happy with the service. We experienced one panic situation during the build when the builder needed a deposit quickly, I called up Joe and they were able to arrange to have an appraiser out and money in the account within 3 days. It was quick and everything was handled perfectly without us even needing to be there. We've been in constant communication with Joe and Crystal – the customer support is great. This has made it easy to decide to move all our day-to-day banking over to Mainstreet.

We'll be moving in to our new house this May right on the lake just outside of the small town of Merlin in the Chatham area. We could not be happier with our new place and the financial support and advice Mainstreet has provided to us throughout the process.”

“Back in July of 2018 we decided we wanted to build a house and were shopping around online for the best builder mortgage product and rate. I came across Mainstreet and they had a really competitive rate but I had never dealt with them before. I set-up an appointment with them and had the opportunity to meet with Crystal, a financial advisor, and the branch manager Joe. They walked me through the construction mortgage details and it sounded really good!

My decision to go with Mainstreet was firmed up even more when I found out that the builder I am using is also a Mainstreet Credit Union member. The approval process was fast and easy but then we hit a build delay for about 5 months waiting on approvals from the Thames Valley Conservation Authority. When I went back to Mainstreet I was sure I would have to re-start the process but was surprised that they remembered me and all my details and

## 2018 COMMUNITY HIGHLIGHTS



Chatham  
Planting trees at  
Kingston Park



Mt Brydges  
Caring Cupboard

Middlesex Community Living  
Strathroy & Ailsa Craig



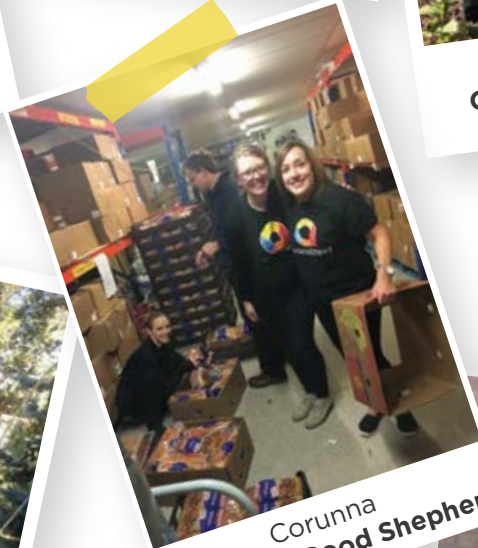
Parkhill  
Community Garden  
clean-up



Chatham  
Yard maintenance at  
Community Living



Brigden  
Yard work and clean-up at  
the Brigden Park



Corunna  
Inn of the Good Shepherd



Yard work and clean-up of  
the homes of local seniors  
Port Lambton



Goderich  
Huron Women's Shelter Second  
Stage Housing & Counselling Services



Sarnia Humane Society

# community care♥day mainstreet

On October 18, Mainstreet celebrated International Credit Union Day (ICU Day) by closing all of our branch and admin office locations at 2pm to spread the co-op values of giving back and strengthening local communities.

"On International Credit Union Day we thought it would be a wonderful opportunity to show what co-operatives do to invest in and strengthen both people and our communities" says Mainstreet President and CEO, Janet Grantham. "Employees from each community worked to identify how they could make an impact, whether it was engaging with their seniors, beautifying the local parks, or serving at a non-profit organization."



# \$50K

## 2018 COMMUNITY HIGHLIGHTS

### COMMUNITY SPONSORSHIP & DONATIONS

Three lucky students showed us what inspires their tomorrow and won a cash prize of \$1000 each towards their education funds!



Mainstreet volunteers spent time helping young women find a free dress for their special occasion, during this year's **Princess Project in Strathroy**.



Mainstreet was a proud sponsor of a free outdoor concert event on the beach in Grand Bend.



Mainstreet was able to bring happiness to 36 kids with an amazing Junior Insider Experience as the main Goal Horn Attendant during a Sarnia Sting game.

For the 10th year in a row, Chatham Mainstreet staff have opted instead of an office Secret Santa gift exchange to pool their funds to donate to the **Chatham Kent Children's Services Christmas Project**. Over 17 children were sponsored with \$1900 raised and donated by Mainstreet and local staff.



# \$17.5K

**FOR UNITED WAY**

Mainstreet is proud to have donated a total of \$17,500 to our UW chapters in our branch communities of

**London-Middlesex,  
Sarnia-Lambton,  
Chatham-Kent &  
Huron-Perth**

Thank you to our amazing staff who donated to “dress-down Fridays” to help the many non-profit organizations in our community supported by United Way!



**United Way**

# \$15K

**TO LOCAL HEALTH CARE**

**Chatham-Kent Heath Alliance**  
Pumpkin Run **\$5000**

**Bluewater Health Foundation**  
Winter Wonderland & Christmas Market **\$5000**

**Strathroy-Middlesex General Hospital Foundation**  
Cancer Golf Tournament **\$5000**



## Management's Responsibility for Financial Reporting

The accompanying financial statements of Mainstreet Credit Union Limited and all the financial 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. When alternative accounting methods exist, Management has chosen those it seems most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgments. 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.

Mainstreet Credit Union maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the credit union's assets are appropriately accounted for and adequately safeguarded.

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 their responsibility principally through its Audit & Risk Committee. The Audit & Risk Committee is appointed by the Board.

The Committee meets periodically with Management and the external auditors to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself 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 owners.

The financial statements have been audited by Baker Tilly, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the owners. The external auditors have full and free access to the Audit & Risk Committee.



**Janet Grantham**  
PRESIDENT & CEO



**Bruce Ross**  
SVP Finance

## Report of the Audit & Risk Committee For the Year Ended December 31, 2018

Mainstreet Credit Union has maintained an Audit & Risk Committee pursuant to Section 125 of the Credit Union and Caisses Populaires Act, 1994. The Committee, which consists of four directors, meets at least quarterly and has adopted a mandate that covers all of the duties in the Regulations to the Act which are specified to be performed by the Audit & Risk Committee.

As delegated by the Board of Directors, the Audit & Risk Committee has primary responsibility for review of the audited financial statements, internal controls, accounting policies and reporting procedures and it has primary contact with the internal and external auditors.

For the year ended December 31, 2018 the Audit Committee met five times.

The Audit & Risk Committee is effectively conducting its affairs in accordance with the Act and the Regulations and has received and continues to receive the full co-operation from management. There are no significant recommendations made by the Audit & Risk Committee that have not been implemented or are in the process of being implemented.

The Audit & Risk Committee is not aware of any other matters that are required to be disclosed pursuant to the Act or the Regulations.

Respectfully submitted by the Audit & Risk Committee.



**Pat O'Malley**  
CHAIR, AUDIT & RISK COMMITTEE



# INDEPENDENT AUDITOR'S REPORT

## To the Members of Mainstreet Credit Union Limited

### Opinion

In our opinion, the summarized financial statements derived from the audited financial statements of Mainstreet Credit Union Limited for the year ended December 31, 2018, are a fair summary of those financial statements, in accordance with International Financial Reporting Standards.

### Basis for opinion

The accompanying summarized financial statements of Mainstreet Credit Union Limited, which comprise the summarized balance sheet as at December 31, 2018 and the summarized statement of earnings, comprehensive income and members' equity for the year ended December 31, 2018 are derived from the audited financial statements of Mainstreet Credit Union Limited for the year ended December 31, 2018. We expressed an unmodified audit opinion on those statements in our report dated March 6, 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 substitute for reading the audited financial statements of Mainstreet Credit Union Limited.

### 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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

*Baker Tilly CK LLP*

**Baker Tilly CK, LLP**

**CHARTERED PROFESSIONAL ACCOUNTANTS**

LICENSED PUBLIC ACCOUNTANTS

Chatham, Ontario

March 6, 2019

## NOTES TO SUMMARIZED FINANCIAL STATEMENTS DECEMBER 31, 2018

### 1. APPLIED CRITERIA IN THE PREPARATION OF THE SUMMARIZED FINANCIAL STATEMENTS

The Criteria applied by management in the preparation of these summarized financial statements are as follows:

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

## Summarized Statement of Earnings

For year ended December 31,	2018	2017
<b>INTEREST REVENUE</b>		
Interest revenue	\$ 22,542,655	\$ 20,065,578
Investment income	915,094	1,498,238
	<b>23,457,749</b>	21,563,816
<b>INTEREST AND LOAN RELATED EXPENSES</b>	<b>7,632,779</b>	6,976,976
<b>FINANCIAL MARGIN</b>	<b>15,824,970</b>	14,586,840
<b>OTHER INCOME</b>	<b>4,130,184</b>	3,884,177
<b>PROVISION FOR DOUBTFUL ACCOUNTS</b>	<b>109,475</b>	(321,910)
	<b>20,064,629</b>	18,149,107
<b>EXPENSES</b>		
Administrative	<b>4,784,913</b>	4,652,564
Deposit insurance	<b>567,772</b>	491,675
Distribution to members	<b>804,523</b>	517,501
Employee salaries and benefits	<b>10,192,180</b>	9,667,467
Occupancy	<b>1,851,194</b>	1,919,111
	<b>18,200,582</b>	17,248,318
	<b>1,864,047</b>	900,789
<b>OTHER INCOME</b>		
Rental income	<b>167,510</b>	189,356
<b>NET INCOME BEFORE INCOME TAXES</b>	<b>2,031,557</b>	1,090,145
<b>INCOME TAXES</b>		
Current	<b>582,246</b>	3,709
Deferred	<b>(42,697)</b>	(10,946)
	<b>539,549</b>	(7,237)
<b>NET EARNINGS</b>	<b>\$ 1,492,008</b>	\$ 1,097,382

## Summarized Statement of Comprehensive Income and Members' Equity

For year ended December 31,	2018	2017
<b>Net earnings for the year</b>	<b>\$ 1,492,008</b>	<b>\$ 1,097,382</b>
<b>Other comprehensive income (loss):</b>		
Unrealized losses on available-for-sale financial assets arising in the year	<b>(6,560)</b>	<b>(711,738)</b>
Unrealized gains and losses on cash flow hedges and interest rate swaps arising in the year	<b>326,739</b>	<b>(351,068)</b>
	<b>320,179</b>	<b>(1,062,806)</b>
Income tax effect	<b>(84,367)</b>	<b>244,445</b>
<b>Other comprehensive income (loss)</b>	<b>235,812</b>	<b>(818,361)</b>
<b>Comprehensive income</b>	<b>\$ 1,727,820</b>	<b>\$ 279,021</b>
<b>CONTINGENCY RESERVE</b>		
<b>Balance, beginning of the year</b>	<b>\$ 43,404,070</b>	<b>\$ 42,306,688</b>
Adjustment for adoption of IFRS 9	<b>(109,590)</b>	<b>-</b>
<b>Adjusted balance, beginning of the year</b>	<b>43,294,480</b>	<b>42,306,688</b>
Net earnings for the year	<b>1,492,008</b>	<b>1,097,382</b>
<b>Balance, end of year</b>	<b>\$ 44,786,488</b>	<b>\$ 43,404,070</b>
<b>ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)</b>		
<b>Balance (deficit), beginning of the year</b>	<b>\$ (162,329)</b>	<b>\$ 656,032</b>
Other comprehensive income (loss) for the year	<b>235,812</b>	<b>(818,361)</b>
<b>Balance (deficit), end of year</b>	<b>\$ 73,483</b>	<b>\$ (162,329)</b>



December 31,	2018	2017
<b>Assets</b>		
Cash resources	\$ 8,401,518	\$ 21,155,165
Investments	46,608,128	45,043,942
Derivative financial instruments	58,419	-
Investment property	873,831	798,265
Loans to members and accrued interest receivable	639,006,554	598,430,225
Capital assets	14,224,418	14,628,067
Deferred tax asset	179,227	162,513
Other assets	872,028	912,616
	<b>\$710,224,123</b>	<b>\$681,130,793</b>
<b>Liabilities</b>		
Short-term loan	\$ 3,000,000	\$ -
Members' deposits and accrued interest payable	644,986,522	625,994,817
Derivative financial instruments	-	170,922
Other liabilities	3,286,885	2,636,522
Deferred tax liability	186,645	212,628
Membership shares	9,242,327	8,874,163
Securitization	4,661,773	-
	<b>665,364,152</b>	<b>637,889,052</b>
<b>Members' Equity</b>		
<b>CONTINGENCY RESERVE</b>	<b>44,786,488</b>	<b>43,404,070</b>
<b>ACCUMULATED OTHER COMPREHENSIVE INCOME LOSS</b>	<b>73,483</b>	<b>(162,329)</b>
	<b>44,859,971</b>	<b>43,241,741</b>
	<b>\$710,224,123</b>	<b>\$681,130,793</b>

On behalf of the board:



Pat O'Malley

CHAIR, AUDIT &amp; RISK COMMITTEE



Darrin Canniff

BOARD CHAIR

# BRANCH LOCATIONS

## General Inquiries

info@mainstreetcu.ca

### Ailsa Craig

135 Ailsa Craig Main Street  
PO Box 190  
Ailsa Craig, ON, N0M 1A0  
519 293-3947

### Brigden

2394 Jane Street  
Brigden, ON, N0N 1B0  
519 864-1026

### Chatham - Keil

40 Keil Drive South  
Chatham, ON, N7M 3G8  
519 436-4590

### Chatham - Queen St. Branch

835 Queen St.  
Chatham, ON, N7M 2K5  
519 360-1313

### Chatham - Union Gas Branch

50 Keil Dr North  
Chatham, ON, N7M 5M1  
519 436-4590  
Open to Union Gas staff only.

### Corunna Branch

201 Hill Street  
Corunna, ON, N0N 1G0  
519 862-5225

### Goderich

39 St David St,  
Goderich, ON, N7A 1L4  
519 524-8366

### Mount Brydges Branch

22478 Adelaide Road  
Mount Brydges, ON, N0L 1W0  
519 264-9708

### Parkhill Branch

B-260 Main Street  
Parkhill, ON, N0M 2K0  
519 294-6277

### Port Lambton

4348 St. Clair Parkway  
Port Lambton, ON, N0P 2B0  
519 677-5652

### Sarnia - Exmouth St Branch

412 Exmouth Street  
Sarnia, ON, N7T 5N9  
519 464-5460

### Sarnia - London Road

1295 London Road  
Sarnia, ON, N7S 1P6  
519 542-9059

### Strathroy Branch

214 Caradoc Street South  
Strathroy, ON, N7G 2P1  
519 245-2530