



Invested in you.



Annual Report 2016

Mainstreet Milestones

Message from the Chair of the Board of Directors and President & CEO

Life is a series of events that create our special memories – graduations, first homes, new homes, weddings, building a family, retiring.

They say money can’t buy happiness, and as much as this is true, it is an integral part of realizing our life events- the money needed to pay for your schooling, the down-payment on your first home, the wedding celebration with friends and family, dream vacations or retirement savings that allow you to quit your “9-5”.

At Mainstreet we recognize that we have been entrusted with the important role of helping our members realize their dreams and the role we play as a financial partner is one we take very seriously. That is why in 2016 we decided to invest even further in our culture of “investing in you” our members. We made the commitment to an organization-wide member engagement program that includes a review of our products, policies and procedures, as well as additional training to ensure we are asking the right questions of our members to provide the best service possible. Over the past couple months there have been a number of articles in the media about the big five banks in Canada and the high-pressure sales tactics that are being employed to reach their sales goals. As a credit union, that is 100% owned by our members, we put people before profits. This allows us to provide the right advice to our members, and excess profits are returned to our members in the form of patronage dividends. In early 2017 we returned \$300,000 in profits back to members for our 2016 fiscal year.

As we learn and share in your life and financial goals we want to celebrate these moments with our members and have introduced a new program in 2016 called the Mainstreet Milestone Program. With this program our advisors can recognize key moments in members’ lives through a warm message and Mainstreet gift.

In 2015 the Board of Directors worked hard to create Mainstreet’s five year plan including the areas of focus on member engagement, operational excellence, and culture. We are excited about the progress made in these areas this past year, which you can read more about on page 8 where we outline some key 2016 organizational milestones.

Mainstreet has also continued its investment and development into our communities through our volunteer hours, events and corporate donations to our local hospitals and United Way chapters, which we share more details on in page 7.

We have our sights set on 2017 being an incredible year where we will continue to make a difference in our members’ lives and become a part of their milestones and memories. We can’t wait to be a part of your next story and life journey.


Patrick O'Malley
Mainstreet Credit Union
BOARD CHAIR


Janet Grantham
Mainstreet Credit Union
PRESIDENT & CEO

25,807

Numbers of Members

14

Number of Branches

16th

Overall in Ontario
Credit Unions

\$665

Million in Assets

\$142

Million in Mutual Funds

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 Collins Barrow, 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

Report of the Audit & Risk Committee For the Year Ended December 31, 2016

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 five 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, 2016, 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.



Darrin Canniff
CHAIR, AUDIT & RISK COMMITTEE

Auditor's Report and Summarized Financial Statements

To the Members of Mainstreet Credit Union Limited

The accompanying summarized consolidated financial statements of Mainstreet Credit Union Limited, which comprise the summarized consolidated balance sheet as at December 31, 2016 and the summarized consolidated statement of earnings, comprehensive income and members' equity and cash flows for the year ended December 31, 2015 are derived from the audited consolidated financial statements of Mainstreet Credit Union Limited for the year ended December 31, 2016. We expressed an unmodified audit opinion on those statements in our report dated March 8, 2017. Those financial statements and the summarized financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements. The summarized financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summarized financial statements, therefore, is not a substitute for reading the audited financial statement of Mainstreet 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 these 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 Mainstreet Credit Union Limited for the year ended December 31, 2016 are a fair summary of those financial statements, in accordance with International Financial Reporting Standards.



Collins Barrow CK, LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

62 Keil Drive South
Chatham, Ontario
N7M 3G8 Canada

March 8, 2017

For year ended December 31,	2016	2015
INTEREST REVENUE		
Interest Revenue	\$ 20,229,408	\$ 19,661,824
Investment Income	1,718,834	1,699,289
	21,948,242	21,361,113
INTEREST AND LOAN RELATED EXPENSES	7,084,175	7,418,073
FINANCIAL MARGIN	14,864,067	13,943,040
OTHER INCOME	4,116,013	3,826,702
PROVISION (RECOVERY) FOR LOSSES ON LOANS	(8,807)	355,485
	18,971,273	18,125,227
EXPENSES		
Administrative	5,063,762	4,586,963
Deposit and loan life insurance	22,273	30,535
Deposit insurance	496,643	459,719
Distributions to members	497,000	352,385
Employee salaries and benefits	9,340,699	9,516,418
Occupancy	1,803,549	1,556,541
	17,223,926	16,502,561
	1,747,347	1,622,666
OTHER INCOME (EXPENSE)		
Acquisition costs	(356,302)	(345,189)
Rental income	162,872	154,048
	(193,430)	(191,141)
EARNINGS BEFORE INCOME TAXES	1,553,917	1,431,525
INCOME TAXES		
Current	63,471	316,241
Deferred	165,847	(145,204)
	229,318	171,037
NET EARNINGS	\$ 1,324,599	\$ 1,260,488

Summarized Statement of Comprehensive Income and Members' Equity

Mainstreet Credit Union Limited

For year ended December 31,	2016	2015
Net earnings for the year	\$ 1,324,599	\$ 1,260,488
Other comprehensive income (loss):		
Unrealized gains and losses on available-for-sale financial assets arising during the year	(155,589)	(197,213)
Unrealized gains and losses on cash flow hedges and interest rate swaps arising in the year	(280,034)	251,885
	(435,623)	54,672
Income tax effect	100,193	(12,575)
Other comprehensive income (loss)	(335,430)	42,097
Comprehensive income	\$ 989,169	\$ 1,302,585

CONTINGENCY RESERVE

Balance, beginning of the year	\$ 40,982,089	\$ 33,554,541
Acquired on acquisition	-	6,167,060
Adjusted balance, beginning of the year	40,982,089	39,721,601
Net earnings of the year	1,324,599	1,260,488
Balance, end of year	\$ 42,306,688	\$ 40,982,089

ACCUMULATED OTHER COMPREHENSIVE INCOME

Balance, beginning of the year	\$ 991,462	\$ 949,365
Other comprehensive income (loss) for the year	(335,430)	42,097
Balance, end of year	\$ 656,032	\$ 991,462

December 31,	2016	2015
Assets		
Cash resources	\$ 52,146,970	\$ 54,694,820
Investments	44,946,318	44,363,372
Derivative financial instruments	350,404	578,501
Investment property	813,556	828,847
Loans to members and accrued interest receivable	551,198,926	534,250,100
Capital assets	14,851,646	14,688,228
Deferred tax asset	165,131	198,845
Other assets	745,278	739,103
	\$ 665,218,229	\$ 650,341,816
Liabilities		
Short-term loans	\$ -	\$ 7,000,000
Members' deposit and accrued interest payable	607,968,556	589,113,283
Derivative financial instruments	170,258	120,805
Other liabilities	5,320,923	3,584,772
Deferred tax liability	226,192	94,059
Membership shares	8,569,580	8,455,346
	\$ 622,255,509	\$ 608,368,265
Members' Equity		
Contingency reserve	42,306,688	40,982,089
Accumulated other comprehensive income	656,032	991,462
	42,962,720	41,973,551
	\$665,218,229	\$650,341,816

On behalf of the board:


Pat O'Malley
 BOARD CHAIR


Steve Kay
 DIRECTOR

Community Report

\$19K for United Way

Mainstreet is proud to have donated a total of \$19,000 to our UW chapters in our branch communities of

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

Thank you to our amazing staff who donate to dress down on Friday's to help the many non-profit organizations in our community supported by United Way.



\$16K to local health care

Strathroy Middlesex General Hospital Foundation

Colour Run - \$5000

Chatham-Kent Health Alliance

Pumpkin Run - \$5000

Bluewater Health Foundation

Winter Wonderland & Christmas Market- \$5000

Alexandra Marine and General Hospital Foundation

OB Department- \$1000



\$58K

Community Sponsorships and Donations

&

710

Staff Volunteer Hours



A few of the highlights

1. Captain Kidd Days (Sarnia)

A great family event with a free movie screening and lots of fun for the whole family. Staff gave away free popcorn to all spectators.

2. CK Positivity Day (Chatham)

Staff handed out free ice cream sandwiches for a smile near the Capitol Theatre before the big CK Positivity Illusionist Show.

3. Strathroy District Minor Hockey (Strathroy-Middlesex)

Mainstreet is a proud sponsor of the Tyke hockey program and their practice ice dividers.

4. Goderich Triathlon (Goderich)

Mainstreet was so thrilled to be a 2016 sponsor and be able to be there with a crew of amazing volunteers!

2016 Organization Milestones

Spring

The final step, the banking system integration, with Goderich was completed which officially joined Goderich Community Credit Union with Mainstreet. Members transitioned to Mainstreet's banking products and services.



Summer

Our ideal culture was better defined and a member engagement plan was created. A new role of "Advice Manager" was created to help nurture our culture of investing in our members and providing exceptional service and advice.



Fall

- The creation of the Mainstreet Innovation Team to tackle annual process improvement projects. Innovation Team members were trained and received their LEAN Green Belt certification.
- Fibre network was installed across our organization meaning speedier computer/network speeds across Mainstreet locations.
- Members can now shop online using their debit card (Interac Online Payments) at participating retailers.



Winter

Newly designed 40 Keil branch is re-opened for business in Chatham. The space was completely re-invented to allow for more space for our members to meet one-on-one with their advisor and for specialty services to be added at this location, including wealth management and agricultural and business advisors.



Member Milestone Story

Building our dream home

“We were working with a bank at the time on a construction loan to build our dream home in Goderich. Part-way through the financing process things started to go terribly wrong and we lost trust in our bank advisor, we were however weeks away from needing to break ground on our home build and needed to make a change and fast.

Tricia had heard great things about Mainstreet from clients and around the community so we decided to speak to them to see if they could help us. We met with Kim and she took the time to get to know us and the building loan situation we were facing and jumped into action right away. Within 3 days she had fixed everything for us, had our loan in place, and the entire process was so much smoother and personalized- we really felt a part of the entire process and well taken care of.

Since then we have worked with Kim on other areas of our finances – she helped us pay down student loans quicker and has even found ways to lower our mortgage rate and payments.

With Mainstreet we feel like they are on our side- always looking for ways to help us save money and make things better for our family.

We are busy- we are parents of two young children, have careers and Tricia runs her own business, and we find time whenever we can to train for triathlons. There just isn't a lot of time for other things and to be thinking about our finances all the time. Luckily for us we have someone like Kim looking out for us, saving us money, and taking care of our family's financial well-being.

Thank you Mainstreet!”

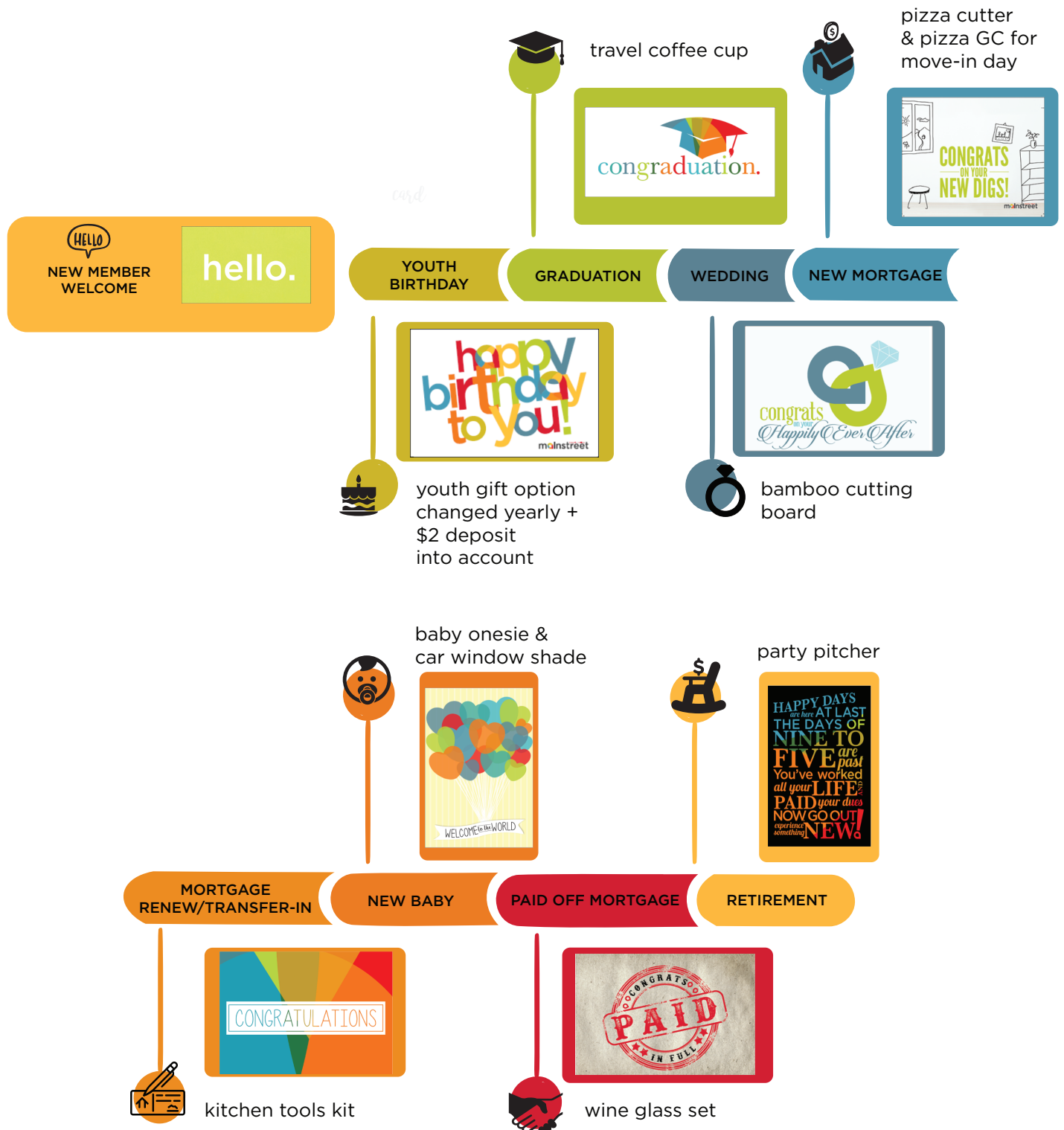
Tricia and Stacy
Goderich, ON



Milestones Program

At Mainstreet we believe in investing in our members lives and celebrating their important milestones along the way. From graduation to getting your first mortgage, to moving into your new home, to welcoming the arrival of your baby - we want to congratulate you every step of the way.

Members receive a greeting card and special Mainstreet gift:



Branch Locations

General Inquiries

info@mainstreetcu.ca

Ailsa Craig

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

Brigden

2394 Jane Street
Brigden ON NON 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

Note: This office is in the security-protected Union Gas head office. Community members are invited to visit our branch just down the street at 40 Keil Dr S in Chatham.

Corunna Branch

201 Hill Street
Corunna ON NON 1G0
†519 862-5225

Goderich

39 St David St,
Goderich, ON N7A 3Y5
†519 524-8366

London-Lambeth Branch

4562 Colonel Talbot Road
Lambeth ON N6P 1B1
†519 652-5721

Mount Brydges Branch

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

Parkhill Branch

260 Main Street, PO Box 338
Parkhill ON NOM 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