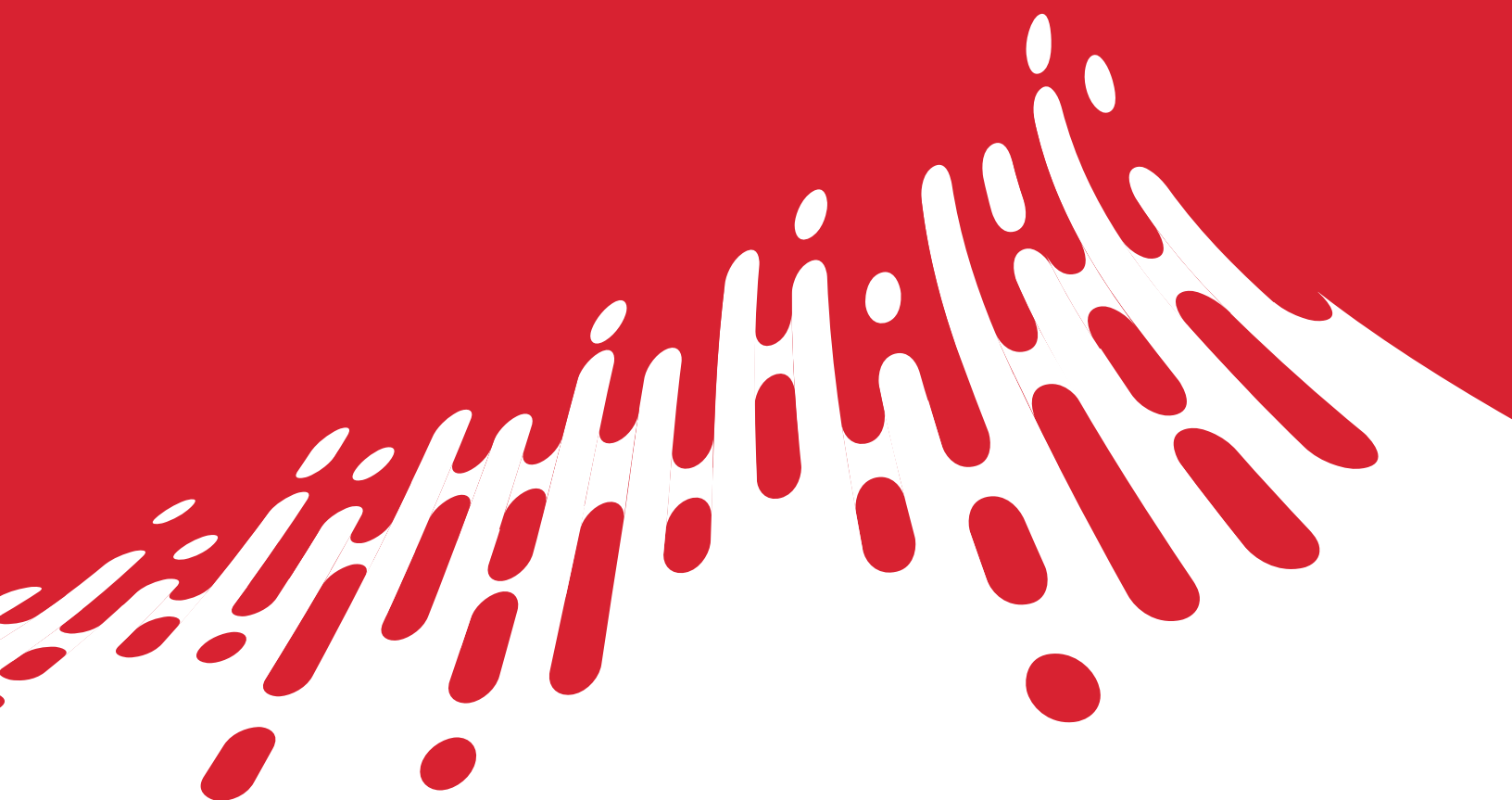


CHANGE & TRANSFORM

Annual Report 2020



mainstreet CREDIT UNION

MESSAGE FROM THE PRESIDENT & CEO & BOARD CHAIR

Change. Transform. Evolve. Pivot.

Never have these words been uttered more, or been more applicable, than in 2020.

Even though change is inevitable, no one could have grasped or predicted the level of change we would experience locally, as well as globally, in one year's time.

We were wrapping up last year's annual report as the world around us experienced a monumental shift. We began hearing about a virus called COVID-19 that was circulating globally. Locally, in Ontario, we would be starting a lockdown and staying home for two weeks to flatten the curve. We had no idea at the time the significance the virus would have on our lives, the impact it would have on businesses and the economy, and that its impact would last well beyond that two-week shutdown and continue to shape our daily lives over a year later.

At Mainstreet we are incredibly proud of our staff and their ability to change, transform, evolve and pivot as quickly and effectively as they did. Our staff showed up daily. Physically being here for our members on the front-line as essential workers, as well as supporting our personal, business, commercial and agriculture members with advice and

financial guidance in what has been a difficult time for us all. Despite there being a glass barrier, a mask, a computer screen, or phone between us, we have heard from you that you appreciated the warmth and positivity provided by our Mainstreet staff.

This year it feels like a lot of time and energy was focused on COVID-19 and keeping our staff, members and community healthy and safe. We are also very pleased with our staff and leadership team's continued focus on our growth and evolution to continue to better serve our members. Take a moment to review our 2020 highlights and accomplishments on page four.

2021 is certainly shaping up to be another year of change and transformation for us as a credit union and our local and global environments. One thing however that will remain unchanged is our commitment to investing in our members and helping you achieve and maintain financial health and life goals.



Janet Grantham

Mainstreet Credit Union
PRESIDENT & CEO



Darrin Canniff

Mainstreet Credit Union
BOARD CHAIR

Congratulations and well wishes to Mainstreet President & CEO – Janet Grantham

The theme of change in 2020 continued as Mainstreet's President and CEO, Janet Grantham, shared her desire and intent to retire in September 2021 with the board and senior leadership team.

Janet has led Mainstreet tirelessly and fearlessly for 17 years through industry and marketplace changes, technology advances, new product and service offerings, and last but certainly not least the work required to bring together 4 regional credit unions from across southwestern Ontario to create the Mainstreet Credit Union we are today.

Janet has not only focused on the success of Mainstreet, but that of the wider credit union system. She believes strongly in credit unions joining together to achieve overarching success or to rally together to lend strength to our voices around a collective cause or need, whether in the areas of government relations, technology, innovation, or more. She is well-established and recognized in the credit union system, partly due to her impressive 40+ year career, as well as her commitment and involvement in many credit union and cooperative boards, committees and working groups.

The board has struck a hiring committee to search for Mainstreet's next President & CEO to begin the transition in summer 2021.

Thank you to Janet for your commitment and dedication to Mainstreet, the board and leadership team, staff and members. Wishing you a fantastic retirement.

Mainstreet Board of Directors





“Throughout her time as CEO, she has led us through three credit union mergers to ensure the continued success for all the credit unions that were joining together. Coming together afforded us all the opportunity to innovate and meet member’s changing needs in an evolving financial landscape. The new Mainstreet was formed while ensuring member’s needs and interests were protected, each credit union’s unique history and legacy in their community was retained and honored, and there were no staff losses. Janet has grown a small 5 branch Credit Union, with under \$200 million in assets, to what is now a stronger credit union with \$1.1 billion in assets and 12 branch and administration locations employing over 130 local individuals across southwestern Ontario.”

Darrin Canniff
Mainstreet Credit Union Board Chair

“Janet demonstrates her leadership internally by leading by example and walking the talk. She works hard, is fully present, and supports employee development and internal progress. She encourages independent thinking and idea sharing in our leadership team and across the organization. She emulates our organizational values of treating everyone with respect and fairness; open and honest communication; empowering and encouraging employees to realize their potential; actively supporting and providing leadership within our communities, and last but certainly not least, supporting and embracing the co-operative movement values and principles.”

Holly Gawne
Mainstreet Credit Union, SVP People



2020 MAINSTREET HIGHLIGHTS



Exceeded \$1 billion in assets under administration



Became part of the top 50 largest Credit Unions of Canada



All of our Investment Advisor's were recognized as being in the top 10 national net sales and advisor categories in each month of 2020



Integrated member virtual meeting options into our online appointment booking system



Major upgrades to our internal customer relationship management system



Added the ability for members to electronically and remotely sign financial documents



In a year of challenges our assets grew over 14%



Assisted over 300 members, with payment deferrals due to COVID-19 challenges and 280 commercial and agricultural members with obtaining government assistance through the CEBA loan program

Independent Auditor's Report

To the Members of Mainstreet Credit Union Limited

Report on the Audit of the Summarized Financial Statements

Opinion

We have audited the accompanying summarized financial statements of Mainstreet Credit Union Limited, which comprise the summarized balance sheet as at December 31, 2020 and the summarized statement of earnings, comprehensive income and members' equity, cash flows and the notes to the summarized financial statements for the year ended December 31, 2020 and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying summary financial statements are a fair summary of the audited financial statements, on the basis described in Note 1.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by the 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 Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated March 17, 2021.

Responsibilities of Management for the Summarized Financial Statements

Management is responsible for the preparation of the summary financial statements on the basis described in Note 1.

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

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.



Baker Tilly CK, LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS
Chatham, Ontario, March 17, 2021

Summarized Statement of Earnings

For year ended December 31,	2020	2019
INTEREST REVENUE		
Interest revenue	\$ 24,644,092	\$ 24,868,716
Investment income	1,426,469	1,399,510
	26,070,561	26,268,226
INTEREST AND LOAN RELATED EXPENSES		
	10,045,431	10,011,694
FINANCIAL MARGIN		
	16,025,130	16,256,532
OTHER INCOME		
	4,714,877	4,167,822
PROVISION FOR DOUBTFUL ACCOUNTS		
	(1,799,763)	(298,806)
	18,940,244	20,125,548
EXPENSES		
Administrative	4,559,095	4,926,351
Deposit insurance	601,354	575,591
Distribution to members	518,287	661,700
Employee salaries and benefits	10,656,028	10,966,199
Occupancy	1,699,642	1,681,801
	18,034,406	18,811,642
	905,838	1,313,906
OTHER INCOME		
Rental income	171,577	190,462
Loss on disposal of assets	-	(62,783)
NET INCOME BEFORE INCOME TAXES		
	1,077,415	1,441,585
INCOME TAXES		
Current	465,314	299,495
Deferred	(345,280)	(29,834)
	120,034	269,661
NET EARNINGS		
	\$ 957,381	\$ 1,171,924

Summarized Statement of Comprehensive Income and Members' Equity

For year ended December 31,	2020	2019
Net earnings for the year	\$ 957,381	\$ 1,171,924
Other comprehensive income (loss)		
Unrealized gains and losses on cash flow hedges arising in the year	343,105	(52,607)
Income tax effect	(13,433)	13,862
Other comprehensive income (loss)	329,672	(38,745)
Comprehensive income	\$ 1,287,053	\$ 1,133,179
CONTINGENCY RESERVE		
Balance, beginning of the year	\$ 45,958,412	\$ 44,786,488
Net earnings for the year	957,381	1,171,924
Reclassification adjustment for realized gains and losses previously included in accumulated other comprehensive income	326,836	-
Balance, end of year	\$ 47,242,629	\$ 45,958,412
ACCUMULATED OTHER COMPREHENSIVE INCOME		
Balance, beginning of the year	\$ 34,738	\$ 73,483
Other comprehensive income (loss) for the year	329,672	(38,745)
Reclassification adjustment for realized gains and losses previously included in accumulated other comprehensive income	(326,836)	-
Balance, end of year	\$ 37,574	\$ 34,738

Summarized Balance Sheet

December 31,	2020	2019
Assets		
Cash resources	\$ 90,012,486	\$ 33,577,167
Investments	63,043,576	52,266,290
Derivative financial instruments	49,436	-
Investment property	1,008,983	1,056,510
Loans to members and accrued interest receivable	722,560,845	679,578,089
Capital assets	13,452,118	13,629,038
Assets under capital lease	185,939	278,570
Deferred tax asset	797,629	220,086
Other assets	1,314,321	922,282
	\$ 892,425,333	\$ 781,528,032
Liabilities		
Members' deposits and accrued interest payable	\$ 795,020,872	\$ 692,319,249
Derivative financial instruments	-	225,060
Current portion of capital lease	95,744	93,529
Other liabilities	4,900,578	3,095,385
Deferred tax liability	443,377	197,670
Membership shares	10,444,228	9,906,871
Securitization	34,149,623	29,510,667
	845,054,422	735,348,431
CAPITAL LEASE OBLIGATIONS	90,708	186,451
	845,145,130	735,534,882
MEMBERS' EQUITY		
CONTINGENCY RESERVE	47,242,629	45,958,412
ACCUMULATED OTHER COMPREHENSIVE INCOME	37,574	34,738
	47,280,203	45,993,150
	\$ 892,425,333	\$ 781,528,032

On behalf of the board:



Pat O'Malley

CHAIR, AUDIT & RISK COMMITTEE



Darrin Canniff

BOARD CHAIR

Summarized Statement of Cash Flow

December 31,

2020

2019

CASH PROVIDED BY (USED IN)

OPERATING ACTIVITIES

Net earnings	\$	957,381	\$1,171,924
Other comprehensive income (loss)		329,672	(38,745)
		1,287,053	1,133,179
Items not requiring cash:			
Unrealized (gains) losses on cash flow hedges and interest rate swaps		(274,496)	283,479
Depreciation of capital assets and investment property		1,017,818	1,013,272
Loss on disposal of capital assets		-	62,783
Deferred income taxes		(331,836)	(29,834)
		1,698,539	2,462,879
Change in non-cash working capital items:			
Decrease (increase) in other assets		(392,040)	(50,254)
Increase (decrease) other liabilities		1,805,189	(135,444)
Increase (decrease) in loan loss provision		1,785,480	301,932
		4,897,168	2,579,113

FINANCING ACTIVITIES

Increase in member loans		(44,768,236)	(40,873,467)
Increase in member deposits		103,234,003	48,018,631
Subscription to member shares		168,092	373,099
Redemption of member shares		(163,113)	(394,458)
Repayment of capital lease obligations		(93,528)	-
Proceeds of securizations liabilities		8,876,366	27,179,677
Repayment of securization liabilities		(4,237,410)	(2,330,783)
		63,016,174	31,972,699

INVESTING ACTIVITIES

Purchase of capital assets		(700,737)	(600,307)
Purchase of investments		104,134,098	20,267,048
Proceeds on maturity of investments		(114,911,384)	(26,042,904)
		(11,478,023)	(6,376,163)

INCREASE IN CASH RESOURCES

56,435,319 28,175,649

CASH RESOURCES, BEGINNING

33,577,167 5,401,518

CASH RESOURCES, ENDING

\$ 90,012,486 \$ 33,577,167

NOTES TO SUMMARIZED FINANCIAL STATEMENTS DECEMBER 31, 2020

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.

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



Sandy Ferguson
SVP Finance

Report of the Audit & Risk Committee For the Year Ended December 31, 2020

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, 2020 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