

An aerial photograph of a dense, lush green forest with many tall trees, filling the entire background of the page.

GROWTH

2021 | ANNUAL REPORT

mainstreet CREDIT UNION

BEANZZZ

Cafe & Eatery

“It’s important to me to bank local and somewhere that truly cares about me, my family, and my business. Joining Mainstreet has been a really positive experience.”

Beanzz Cafe & Eatery



Our Message

Board of Directors Chair and President & CEO

As we reflect back on all that was 2021 the theme of **growth** was apparent throughout.

In 2021 we experienced the continued challenge and growth as individuals and companies as we all continued to navigate a worldwide pandemic which shifted our lives in incredible ways. We were rooted in place physically more than perhaps ever before as our homes became our hub and served as our offices, gyms, and school for our kids for virtual learning. Streamed concerts and events were our social outlets and hangouts with friends and extended family were often over zoom or outdoors 6 feet apart. Businesses had to pivot, often quickly, to changing COVID measures throughout the year, many rushing to offer new technology, online tools, or contactless options that didn't exist before.

A silver lining is, we can take all the great things we've learned along the way and incorporate them into our post-covid lives.

We've heard from people who are using this time, as the world begins to re-awaken and cautiously re-open, to re-evaluate what has changed over the last two years and what changes they will hang on to. It might be that they shifted to working at home, exercising in their basement vs the gym, a newfound love of online investing, ordering their groceries or clothes from the comfort of their couch, spending more time on a hobby or with friends and family, cooking more meals at home or having a favourite restaurant meal delivered to their door with a delivery app.

The point being is that the pandemic, and certainly 2021, solidified people's desire for convenience. There is a real concept of DIY and digital adoption brought on by this pandemic and the consumer being in the driver's

seat, which is the new normal. People are choosing to value new routines and behaviour shifts long-term that save time and money. We also know how you see, spend, and save your money has shifted. The pandemic has meant different things to each of us financially. For some, lack of purchases, concerts, eating out, vacations, or the stock market record high's, has meant they have acquired more funds, compared to some businesses and individuals where the pandemic has meant decreased earnings, closing a business, or worrying about rising inflation and its impact on your savings, cost of groceries, fuel and more, especially for vulnerable populations and seniors on a fixed income.

So as much as "convenience is king", we believe in pairing the conveniences of technology with human-to-human financial advice, expertise and understanding. Tackle your daily banking and bill payments online, visit an ATM to withdraw cash, but if you are looking for help on creating and sticking to a budget, buying your first or next home, planning for your retirement or other important financial conversations, we know having a trusted, local financial expert you can connect with directly that knows you and your goals is extremely valuable to you being your most financially-healthy self.

We are also thrilled this year to have expanded the ways you can conveniently connect with us. In December we introduced our new Member Experience Centre (MEC) where members can call, text, online chat, or e-mail with a Mainstreet financial expert for a variety of financial advice and product and service needs. We are also pleased to offer a website chatbot we've named 'Mya' that can assist members with common financial questions at any hour. We continued our commitment to ensuring you our members can connect with Mainstreet, and your advisor, in the way that best meets your needs and preferences, whether that is in-person, at a branch, virtually/online, or by phone. With the pandemic this past year, many members took advantage of our new virtual meeting option with their personal advisor, wealth & investment expert, or commercial and agricultural advisor.

In 2021 we achieved excellent financial growth and are pleased to share that we ended the year with over \$1.2 billion in assets under administration. Full financial details for the year are outlined on pages 14 - 18.

Being a credit union, and a co-operative, we are proud to have invested back into our members over \$970,000 in profit sharing and in 2021 contributed over \$82,000 to our communities and important causes from United Way, to our local hospitals, to special events, sponsorship, and donations.

We are proud to have returned over a million dollars to our members and communities.

We also achieved some phenomenal milestones as an organization overall in 2021, which we've highlighted on pages 11.

Thank you to our members for your continued trust and choosing Mainstreet as your financial provider.



Chris Inniss
President & CEO



Tomo Matesic
Board Chair



Welcome to our new CEO

In September 2021 Mainstreet welcomed our new President and CEO, Chris Inniss. Chris brings to Mainstreet a strong and diversified background in financial services with banks and credit unions alike. Starting in a financial advisory role, then moving to leading retail and commercial teams, he was most recently President and CEO of Pathwise Credit Union in Oshawa, ON. Chris holds a BA and MBA from Western University and has completed a variety of credit union focused courses as well.

Chris is excited for the opportunity to work with Mainstreet's talented team to grow and innovate in what is an ever-changing and evolving financial services environment; continue to be a financial services



leader in Southwestern Ontario; as well as transform Mainstreet to a more digital organization while maintaining what sets us apart and differentiates us: caring for our members' financial well-being and our commitment to communities and local businesses.

Chris, his wife Bayley, their daughter (and another baby on the way!), and 3 rescue dogs have settled in North London and are excited to become involved and give back to the local community.



THANK YOU JANET!

We would like to take this opportunity to congratulate Janet Grantham on her retirement and thank her for her hard work and dedication to Mainstreet serving as Mainstreet's President and CEO for 17 years.

MEMBER STORY

JENNY'S FLORAL STUDIO

Walking into Jenny's Floral Studio you are instantly surrounded by the sight of beautiful orchids, daisies, roses and other fresh flowers and arrangements; potted plants; and an array of seasonal and day-to-day home décor items. Whether it is flowers for a special occasion, or a gift to show someone you care, it's easy to see why Jenny's has been in business serving Sarnia-Lambton and beyond for over 40 years.

Jenny's Floral Studio has ranked in the top 100 FTD flower shops in Canada and the US and is Sarnia's only FTD Master Florist, a designation based in part on having the highest customer satisfaction rating possible.

As a family-owned and operated company, Jenny's Floral Studio, located on Colborne Rd in Sarnia, delivers their flower and plant products to not only Sarnia - Lambton, but also the world through their website: sarniaflowers.com. The website, which has been in place since 1996, works in part, by having a network of high-quality FTD florists, who Jenny's carefully selects to fulfill non-local orders world-wide.

"Many years ago Dave and I were looking to move to a new downtown Sarnia location. We were disappointed by the way we were treated by our bank we had been with for years. We went to Mainstreet and they instantly helped us with the relocation financing and came through for us again a few years later when we grew and expanded our business further. None of this growth would have been possible without Mainstreet. I recommend Mainstreet all of the time because of their incredible services and support they provide to small business owners."



"I recommend Mainstreet because of their incredible services and support they provide to small business owners."

- Colleen





MEMBER STORY

MAPLE CITY HOMES

Maple City Homes has been growing neighbourhoods in Chatham-Kent since 2016.

As a local company the owners, builders and staff of Maple City Homes are from, and live in the area themselves. They are committed to more than just building and selling homes. Ensuring a home is quality-built and creating communities where families can thrive and have an excellent life is important to them. The company builds on a smaller-scale (around 140 houses per year) so they can put their time and focus in to each one. They are also able to offer many house options and floor plans to accommodate different needs and stages of life from young families to one-floor living for those in their later years of life.

"When we were looking to start our business a lot of the financial institutions in our area weren't familiar with large-scale residential construction. When we spoke to Mainstreet the staff believed in us and were supportive of our business plan. They really took the time to build a relationship with us and understand

our vision. Working with a credit union as our financial provider was important to our company. We want the place where we bank to be locally-owned, as well as contribute to the betterment of our community. We refer a lot of people and potential homeowners to Mainstreet for this reason."

"At Mainstreet the staff believed in us and were supportive of our business plan. They really took the time to build a relationship and understand our vision. "

- Maple City Homes

MEMBER STORY

SCHAEFER'S

Schaefer's has been a family name in Goderich since its humble beginnings on Black Friday in 1929 when current owner, Anne Ferguson's great-grandfather started the business as a dry goods general store just as the stock market came crashing down.

Now nearing almost 100 years in operation, the store has changed names, locations, and what's sold at the store over 4 generations of Schaefer owners, however one thing that has remained the same is that it has always held a special place in Goderich's beautiful downtown historical square.

Today, Schaefer's Ladies Wear and Lingerie offers a wide selection of quality women's wear, intimates, and swim wear. "With more and more retail shopping shifting online I am proud we can offer a personalized shopping experience. With free personal styling and consulting appointments we take the time required to work closely with customers in-person to select fashion, swim wear and intimates that will make them happy and confident, whether for a special occasion, everyday at home or around town, or a swim wear for the nearby beach" shares Anne.

"I truly love my job. Everyday I have the opportunity to build trust and friendships with my customers and staff. I am proud to own a business in our incredible community of Goderich, which has such a positive small-town feel. Here businesses support one another and you get to know and care for your neighbours. I received this same kind of support from Mainstreet Credit Union when I bought the business in 2016. I was already doing my personal banking at Mainstreet and was thrilled they were now offering business banking as I found Mainstreet's pricing and client service so much better compared to the rest. My Mainstreet advisor takes the time to really get to know me and what I am looking for when it comes to my business and my finances. She is always looking for a way to help me in the best way possible."



"My Mainstreet advisor takes the time to really get to know me and what I am looking for when it comes to my business and my finances."

- Anne Ferguson





MEMBER STORY

WINE MAKING STRATHROY

If you're interested in making your own high-quality wine from start-to-finish, close to home, and at an affordable price, join over 300+ customers from Strathroy and the surrounding area doing just that at Wine Making Strathroy.

The store offers make your own wine kits from all over the world-Chile, New Zealand, Australia, Italy and more. The most popular wine kit for white wine is Pinot Grigio and for red the Cab Sauvignon.

Wine enthusiasts can buy the wine kits to make at home or make it on-site at the store. "Purchasing this quality of wine elsewhere would run around \$20 or more per bottle, here our wines average somewhere between \$4-\$6 per bottle. The savings can really add up, especially with people being home and drinking more wine since the pandemic began" shares owner Jason Kaspersma, who has owned this local business himself since 2018, with the local-business operating for over 20 years.

"It's been incredible owning the business; I have the ability to grow the business while balancing my home life. I can put in the long hours if needed and still be involved and there for my family. The family can spend

time with me at the store or I can shuttle them to activities or friends around town.

I have been a Mainstreet member since I was 14 and opened my first account at the Mt Brydges branch where my mom worked. When I was looking to purchase the business, a VP, as well as my Mainstreet advisor spent a lot of time with me to look at the businesses financial statements and provide advice and insight. They have continued to support me through the years and are always available to talk. I love that when I walk in to any Mainstreet branch the staff are friendly, knowledgeable, and happy to help. There is a real personal feel. "

"They continue to support me through the years and are always available to talk. I love that when I walk in to any Mainstreet branch the staff are friendly, knowledgeable, and happy to help."

- Jason Kaspersma



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2



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3



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In 2021, the ever-changing pandemic restrictions brought in new and exciting ways of engaging and giving back to our communities.

- 1** Staff dress down donations and corporate donation together totaled \$16,000 donated to our four United Way regional chapters
- 2** We hosted and sponsored outdoor movie nights in both Brigiden and Corunna
- 3** We performed Random Acts of Mainstreet in our regions by surprising and delighting members of our local communities through free ice cream and popsicle treats, pumpkin donation to a day care, \$5 off lunches at local Mainstreet-member restaurants in Corunna and Goderich, and much more!
- 4** Donated reusable water bottles to students in Chatham and headphones to a kindergarten class in Sarnia
- 5** We porch-dropped mini seedling and herb kits to homes in our communities
- 6** Supported Bluewater Health Foundation event "Pints for Prostate" & donated \$17,000 to our local hospital foundations
- 7** Our Chatham staff volunteered to hand out meal kits at the Chatham Harvest Moon Festival



2021 our year of GROWTH



\$1M+

Over \$1 million in 2021 profit sharing **returned to our members** and community causes



There was a **10.33% ↑** in loans (**exceeding our goal** of 4.93%), ending the year at **\$799** million

Launched our **Member Experience Centre** (MEC) and our chatbot 'Mya'



Local Mainstreet **member business stories** were featured on billboards across our communities



In-branch e-signing technology introduced through new Topaz devices in all our branch locations

\$4.4M

A **record year** for net income before taxes and distributions to members



Deposit growth ↑ 9.96% exceeding budget by **6.46%**



Record year for mutual funds **surpassing \$200M** for the first time, ending the year at **\$235M, ↑ 22%**

\$1.2B

Exceeded 1.2B in assets under administration



Commercial & agricultural lending ↑ 14.12%, \$29.3M



Management's Responsibility for Financial Reporting

To the Members of Mainstreet Credit Union Limited:

The accompanying summarized financial statements of Mainstreet Credit Union Limited (the "Credit Union") are the responsibility of management and have been approved by the Board of Directors.

Management is responsible for the preparation and presentation of the accompanying summarized financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting policies and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the summarized financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of summarized financial statements.

The Board of Directors is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the summarized financial statements. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Audit Committee is also responsible for recommending the appointment of the Credit Union's external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the members to audit the summarized financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Audit Committee and management to discuss their audit findings.

March 9, 2022



Chris Inniss
CEO



Sandy Ferguson
Senior Vice President of Finance



Independent Auditor's Report

on the Summarized Financial Statements

To the Members of Mainstreet Credit Union Limited:

Opinion

The summarized financial statements, which comprise the summarized statement of financial position as at December 31, 2021, and the summarized statements of earnings and comprehensive income, changes in members' equity, and cash flows for the year then ended, and related notes, are derived from the audited financial statements of Mainstreet Credit Union Limited (the "Credit Union") for the year ended December 31, 2021.

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

Summarized Financial Statements

The summarized financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summarized 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 statement in our report dated March 9, 2022.

Management's Responsibility for the Summarized Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summarized financial statements are a fair summary of the audited financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standards (CAS) 810, Engagements to Report on Summary Financial Statements.

MNP LLP

London, Ontario
March 9, 2022

Chartered Professional Accountants
Licensed Public Accountants

Summarized Statement on Financial Position

As at December 31, 2021

	2021	2020
Assets		
Cash and cash equivalents	\$ 64,862,648	\$ 90,012,486
Investments	102,059,774	63,043,576
Derivative financial instruments	408,446	103,031
Investment property	983,389	1,008,983
Loans to members and accrued interest receivable	797,756,129	722,560,845
Capital assets	12,207,474	13,452,118
Right-of-use assets	85,589	185,939
Deferred tax asset	187,307	354,252
Other assets	1,272,487	1,314,321
Total assets	979,823,243	892,035,551
Liabilities		
Members' deposits and accrued interest payable	872,517,072	795,020,872
Derivative financial instruments	408,446	53,595
Other liabilities	3,899,532	4,900,577
Membership shares	1,989,011	1,973,025
Securitization	42,721,799	34,149,623
Lease obligations	90,559	186,452
Total liabilities	921,626,419	836,284,144
Members' Equity		
Membership shares	8,819,082	8,471,204
Contingency reserve	49,619,967	47,242,629
Accumulated other comprehensive income (loss)	(242,225)	37,574
Total members' equity	58,196,824	55,751,407
Total liabilities and members' equity	\$ 979,823,243	\$ 892,035,551

Approved on behalf of the Board



Director



Director

Summarized Statement of Earnings & Comprehensive Income

For the year ended December 31, 2021

	2021	2020
Interest revenue		
Interest revenue	\$ 24,723,070	\$ 24,644,092
Investment income	933,461	1,426,469
	25,656,531	26,070,561
Interest expenses	7,706,162	10,045,431
Financial margin	17,950,369	16,025,130
Other operating income	5,387,256	4,714,877
Recovery of (provision for) doubtful accounts	566,324	(1,799,763)
Total operating profit	23,903,949	18,940,244
Expenses		
Administrative	5,204,040	4,559,095
Deposit insurance	679,168	601,354
Distributions to members	119,670	518,287
Employee salaries and benefits	11,120,835	10,656,028
Occupancy	1,691,132	1,699,642
Total expenses	18,814,845	18,034,406
Income from operations	5,089,104	905,838
Other income (expense)	(847,628)	171,577
Net income before income taxes	4,241,476	1,077,415
Income taxes		
Current	1,001,044	465,314
Deferred	166,945	(345,280)
	1,167,989	120,034
Net income for the year	3,073,487	957,381
Other comprehensive income (loss)		
Unrealized (losses) gains on cash flow hedges arising in the year	(37,574)	343,105
Unrealized (losses) gains on marketable securities	(296,118)	-
Income tax effect	53,893	(13,433)
Total other comprehensive income (loss)	(279,799)	329,672
Total comprehensive income for the year	\$ 2,793,688	\$ 1,287,053

Summarized Statement of Changes in Members' Equity

For the year ended December 31, 2021

	Membership shares	Contingency reserve	Accumulated other comprehensive income (loss)	Total members' equity
Balance January 1, 2020	\$ 7,992,063	\$ 45,958,412	\$ 34,738	\$ 53,985,213
Net income for the year	-	957,381	-	957,381
Other comprehensive income	-	-	329,672	329,672
Reclassification adjustment for gains and losses	-	326,836	(326,836)	-
Net increase in membership shares	479,141	-	-	479,141
Balance December 31, 2020	8,471,204	47,242,629	37,574	55,751,407
Net income for the year	-	3,073,487	-	3,073,487
Other comprehensive loss	-	-	(279,799)	(279,799)
Dividends on members' shares (net of income tax recovery of \$154,888)	-	(696,149)	-	(696,149)
Net increase in membership shares	347,878	-	-	347,878
Balance December 31, 2021	\$ 8,819,082	\$ 49,619,967	\$ (242,225)	\$ 58,196,824

Summarized Statement of Cash Flows

For the year ended December 31, 2021

	2021	2020
Operating activities		
Total comprehensive income for the year	\$ 2,793,688	\$ 1,287,053
Items not requiring cash:		
Unrealized (gains) losses on cash flow hedges and interest rate swaps	49,436	(274,496)
Unrealized losses on marketable securities	284,256	-
Depreciation of capital assets and investment property	965,731	1,017,818
Impairment loss on capital assets	1,000,479	-
Gain on disposal of fixed assets	(1,572)	-
Lease accretion expense	3,568	5,933
Deferred income taxes	166,945	(331,836)
	5,262,531	1,704,472
Change in non-cash working capital items		
Increase in member loans	(74,615,150)	(44,768,236)
Other assets	41,834	(392,040)
Increase in member deposits	77,496,200	103,234,003
Other liabilities	(1,001,046)	1,805,189
Loan loss provision	(580,134)	1,785,480
Cash from operating activities	6,604,235	63,368,868
Financing activities		
Repayment of lease obligations	(99,461)	(99,461)
Proceeds of securitization liabilities	18,680,090	8,876,366
Repayment of securitization liabilities	(10,107,914)	(4,237,410)
Cash from financing activities	8,472,715	4,539,495
Investing activities		
Subscription to membership shares	1,317,161	168,092
Redemption of membership shares	(953,296)	(163,113)
Dividends on membership shares	(696,149)	-
Purchase of capital assets	(594,050)	(700,737)
Purchase of investments	(101,117,715)	(114,911,384)
Proceeds on maturity of investments	61,817,261	104,134,098
Cash used in investing activities	(40,226,788)	(11,473,044)
Increase in cash and cash equivalents	(25,149,838)	56,435,319
Cash and cash equivalents, beginning of year	90,012,486	33,577,167
Cash and cash equivalents, end of year	\$ 64,862,648	\$ 90,012,486

Notes to the Summarized Financial Statements

For the year ended December 31, 2021

1. Basis of presentation

Management is responsible for the preparation of the summarized financial statements. The summarized financial statements presented include the summarized statement of financial position, the summarized statements of earnings and comprehensive income, changes in members' equity, and cash flows. They do not include the significant accounting policies, or notes to the financial statements and accompanying schedules. The summarized statements of financial position, earnings and comprehensive income, changes in members' equity, and cash flows are presented in the same detail as the audited financial statements except the note referencing has been removed.

Report of the Audit & Risk Committee

For the year ended December 31, 2021

Mainstreet Credit Union has maintained an Audit & Risk Committee pursuant to Section 125 of the Credit Union and Caisses Populaires Act, 2020. 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, 2021 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