



CREDIT UNION
mainstreet

2022 Annual Report

Our Message

Board of Directors Chair and President & CEO

Invested in you

As we look back at 2022, and move into 2023, we continue to focus on being invested in you, our members and our communities. This has become increasingly important as we navigate uncertain times in the global markets and face inflation head on. Throughout 2022, we made several changes that enhance our focus on giving the very best advice, services, and support to our members to help them and the communities we serve to thrive.

Mainstreet saw excellent growth in 2022 as members trusted us with starting and expanding their businesses, buying their first homes, and investing for their futures.

Invested in our members

During a time where inflation is impacting many of our members, we are proud to report that service charges decreased year-over-year from \$3.5 to \$3.1 million.

As a member-owned cooperative we share our profits with our members. We set an annual target to distribute at least 20% of our operating income to you in profit-sharing. In 2023, that translated to \$1,058,521 of profits going right back to members in dividends.

In addition to our normal patronage dividend and investment share interest, in 2021 we started to pay interest on member shares, and in 2022 on existing patronage shares. The interest amounts on member shares and patronage are paid into members' patronage share accounts, which will compound over time. The interest rate set on investment, member, and patronage shares is maintained at a premium rate that is equal to our average 5-year GIC rate +1%, which for 2023 was 4.89%.

Invested in our communities

Caring for our communities is another important cooperative principle for Mainstreet. We have set a mandate to donate 5% of operating income right back into the communities where we live, work, and play.

In 2022 we are proud to have shared a total of \$193,150. We worked with organizations such as United Way, regional health foundations, and individual non-profits, to help maximize the services and programs that provide support for the complex needs within our communities. We were able to invest in our families and youth by once again providing a student scholarship, a program we aim to grow.

Alongside these larger initiatives, we were happy to volunteer our time and resources to various local organizations and sponsor and participate in events across our communities.

Invested in the future

Being a member-owned cooperative, our most important measure is member satisfaction. This past year we achieved a best-in-class 94% Member Satisfaction and 84% Net Promoter Score ratings. We are pleased to know that our members are benefiting from our value propositions; providing quality advice and personalized solutions, being responsive through engaged teams, being purpose driven and connected to community, and providing member centric omni-channel solutions.

Being truly member-centric within a flexible omni-channel service delivery model is an opportunity we will remain focused on over the coming years. We want members to be able to do what they want, when they want, and through their channel of choice. We believe in providing help and support in a flexible way that caters to individual needs.

We have made significant strides in technology recently, including the upgrade of our online banking platform. In the near future we will be adding new conveniences to our online offerings like the ability to see Mainstreet credit card balances and a self-serve account opening and loan application system for members who want to do more online. For those who prefer other channels, we will continue to make improvements to our branch, contact centre, and chat channels.

Cybersecurity is an ongoing issue for financial institutions globally. We continue to add new security features and invest in our cybersecurity systems and policies to stay one step ahead. We encourage you to take your security seriously. Do not reuse passwords, be vigilant against malicious software, and be aware of the latest scams. If you're ever not sure, please reach out and we are always happy to help. Our system allows you to set-up alerts within online banking. You can set it to alert you if certain higher risk actions are taken, like adding a bill payment or new e-transfer recipient.

Invested in our team

We would like to thank the executive leadership team and all the incredible staff at Mainstreet for their amazing hard work this year. It has been an excellent year and they've played a pivotal role in making this year a success. Our employees really are what differentiates us at Mainstreet, and we take employee engagement very seriously. In 2023 we achieved best-in-class employee engagement scores. We believe that engaged, empowered employees are key to delivering an amazing member experience. We will continue to invest in our teams who are so important to everything that Mainstreet does.

Finally, we want to extend our gratitude to our board of directors who serve and represent our members throughout the year, and to our members who trust us with their finances and financial goals daily. We look forward to continuing to serve you.



Chris Inniss
President & CEO



Tomo Matesic
Board Chair

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 8, 2023



Chris Inniss
President & CEO



Sandy Ferguson
Chief Financial Officer

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, 2022, 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, 2022.

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 8, 2023.

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.

London, Ontario
March 8, 2023

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

Mainstreet Credit Union Limited

Summarized Statement on Financial Position

As at December 31, 2022

	2022	2021
Assets		
Cash and cash equivalents	\$ 51,818,774	\$ 64,862,648
Investments	75,051,665	102,059,774
Derivative financial instruments	2,982,774	408,446
Investment property	959,014	983,389
Loans to members and accrued interest receivable	869,648,417	797,756,129
Capital assets	11,797,535	12,207,474
Right-of-use assets	79,269	85,589
Deferred tax asset	283,720	187,307
Other assets	1,690,802	1,272,487
Total assets	1,011,311,970	979,823,243
Liabilities		
Members' deposits and accrued interest payable	892,336,542	872,517,072
Derivative financial instruments	2,948,468	408,446
Other liabilities	4,674,267	3,899,532
Membership shares	2,077,889	1,989,011
Securitization	48,793,451	42,721,799
Lease obligations	81,846	90,559
Total liabilities	950,912,463	921,626,419
Members' equity		
Membership shares	9,550,692	8,819,082
Contingency reserve	52,871,698	49,619,967
Accumulated other comprehensive income (loss)	(2,022,883)	(242,225)
Total members' equity	60,399,507	58,196,824
Total liabilities and members' equity	\$ 1,011,311,970	\$ 979,823,243

Approved on behalf of the Board

Director



Director



Summarized Statement of Earnings and Comprehensive Income

As at December 31, 2022

	2022	2021
Interest revenue		
Interest revenue	\$ 28,603,398	\$ 24,723,070
Investment income	2,284,677	933,461
	30,888,075	25,656,531
Interest expenses	10,040,680	7,706,162
Financial margin	20,847,395	17,950,369
Other operating income	5,409,157	5,387,256
Recovery of (provision for) doubtful accounts	(584,776)	566,324
Total operating profit	25,671,776	23,903,949
Expenses		
Administrative	6,238,545	5,204,040
Deposit insurance	737,494	679,168
Distributions to members	143,665	119,670
Employee salaries and benefits	11,981,208	11,120,835
Occupancy	1,714,106	1,691,132
Total expenses	20,815,018	18,814,845
Income from operations	4,856,758	5,089,104
Other income (expense)	41,693	(847,628)
Net income before income taxes	4,898,451	4,241,476
Income taxes		
Current	1,000,479	1,001,044
Deferred	(96,413)	166,945
	904,066	1,167,989
Net income for the year	3,994,385	3,073,487
Other comprehensive income loss		
Unrealized losses gains on cash flow hedges arising in the year	-	(37,574)
Unrealized losses gains on marketable securities	(2,176,844)	(296,118)
Income tax effect	396,186	53,893
Total other comprehensive income (loss)	(1,780,658)	(279,799)
Total comprehensive income for the year	\$ 2,213,727	\$ 2,793,688

Summarized Statement of Changes in Members' Equity

As at December 31, 2022

	<i>Membership shares</i>	<i>Contingency reserve</i>	<i>Accumulated other comprehensive income (loss)</i>	<i>Total members' equity</i>
Balance January 1, 2021	\$ 8,471,204	\$ 47,242,629	\$ 37,574	\$ 55,751,407
Net income for the year	-	3,073,487	-	3,073,487
Other comprehensive income	-	-	(279,799)	(279,799)
Dividends on members' shares (net of income tax recovery of \$154,888)	-	(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
Net income for the year	-	3,994,385	-	3,994,385
Other comprehensive loss	-	-	(1,780,658)	(1,780,658)
Dividends on members' shares (net of income tax recovery of \$165,235)	-	(742,654)	-	(742,654)
Net increase in membership shares	731,610	-	-	731,610
Balance December 31, 2022	\$ 9,550,692	\$ 52,871,698	\$ (2,022,883)	\$ 60,399,507

Mainstreet Credit Union Limited
Summarized Statement of Cash Flows
As at December 31, 2022

	2022	2021
Operating activities		
Total comprehensive income for the year	\$ 2,213,727	\$ 2,793,688
Items not requiring cash:		
Unrealized (gains) losses on cash flow hedges and interest rate swaps	34,306	49,436
Unrealized losses on marketable securities	2,142,538	284,256
Depreciation of capital assets and investment property	742,288	965,731
Impairment loss on capital assets	-	1,000,479
Gain on disposal of fixed assets	95,019	(1,572)
Lease accretion expense	3,847	3,568
Deferred income taxes	(96,413)	166,945
	5,135,312	5,262,531
Change in non-cash working capital items		
Increase in member loans	(72,442,206)	(74,615,150)
Other assets	(418,315)	41,834
Increase in member deposits	19,819,470	77,496,200
Other liabilities	774,735	(1,001,046)
Loan loss provision	549,916	(580,134)
Cash from operating activities	(46,581,088)	6,604,235
Financing activities		
Repayment of lease obligations	(99,461)	(99,461)
Proceeds of securitization liabilities	16,731,229	18,680,090
Repayment of securitization liabilities	(10,659,577)	(10,107,914)
Cash from financing activities	5,972,191	8,472,715
Investing activities		
Subscription to membership shares	2,145,693	1,317,161
Redemption of membership shares	(1,325,207)	(953,296)
Dividends on membership shares	(742,654)	(696,149)
Purchase of capital assets	(378,381)	(594,050)
Purchase of investments	(30,381,732)	(101,117,715)
Proceeds on maturity of investments	58,247,303	61,817,261
Cash used in investing activities	27,565,022	(40,226,788)

Mainstreet Credit Union Limited
Summarized Statement of Cash Flows (Cont'd)
As at December 31, 2022

	2022	2021
Increase in cash and cash equivalents	(13,043,874)	(25,149,838)
Cash and cash equivalents, beginning of year	64,862,648	90,012,486
Cash and cash equivalents, end of year	\$ 51,818,774	\$ 64,862,648

Mainstreet Credit Union Limited

Notes to the Summarized Financial Statements

For the year ended December 31, 2022

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, 2022

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, 2022 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

Diversity, Equity, and Inclusion

Mainstreet Credit Union is committed to fostering a safe, inclusive, and caring environment for all employees and members. We are proud to celebrate the difference between and within every employee, and member, and have a zero-tolerance policy for discrimination, racism, and harassment.

As of 2022, Mainstreet has established a diversity, equity, and inclusion committee. During their short tenure they have launched a voluntary census and feedback survey for all staff to take part in, training, and participating in, and organizing, special DEI awareness activities and events.

Gender Equity

The Credit Union sector has a proud and celebrated past with being the first financial institution to lend to women in their own names in the 1960's (when this was not permitted across the industry). A recent 2021 Credit Union National Association study found that 51% of Credit Union CEOs are women, compared to only 3% at banks.

Our current executive leadership team is 50% female-led and women occupy management and diverse roles across the organization, such as: digital, data analytics, agricultural and commercial account managers, and more. Areas of opportunity for the organization would be improving the proportion of visible-minority staff and working to recruit a more diverse board of directors (current make-up is 8 men and 1 woman, with no visible minority representation).

	All Staff	Management	Executive Team	Board	
2020	Female	79.86%	76.19%	50.00%	22.22%
	Male	20.14%	23.81%	50.00%	77.78%
	Gender not Identified	0.00%	0.00%	0.00%	0.00%
2021	Female	74.29%	65.22%	50.00%	11.11%
	Male	25.71%	34.78%	50.00%	88.89%
	Gender not Identified	0.00%	0.00%	0.00%	0.00%
2022	Female	71.79%	58.33%	50.00%	11.11%
	Male	28.21%	41.67%	50.00%	88.89%
	Gender not Identified	0.00%	0.00%	0.00%	0.00%