

GOOD NEIGHBOURS ALWAYS FIND A WAY.



YNCU ANNUAL REPORT / 2020





STUCK AT HOME, OUR MEMBERS WERE ENCOURAGED TO MAKE MONEY THEIR NEWEST HOBBY (AMONG OTHERS).

CONTENTS

Report from the Board of Directors Chair 5

Board of Directors 6

Report from the CEO 7-8

Report from the Audit and Risk Management Committee 9-10

Shop Your Neighbourhood 11-12

Responsible Investments 13-14

Condensed Financial Statements 15-16

Report from Lending Services 17-18

Neighbourhood Giving 19-20

Employees with Heart 21-22

Scholarships & Awards 24

REPORT FROM THE BOARD OF DIRECTORS CHAIR

Resilient and Strong Despite the Pandemic

In March 2020, just before our Annual General Meeting was to take place, the world changed with the reality of a global pandemic. As a result of this, YNCU had to quickly adapt and held our first virtual AGM. Thanks to tremendous collaboration between Staff, management and the Board, on a very short timeline, our AGM went off without a hitch! Who would have thought that a year later, we would still be in the midst of ever-changing pandemic issues and regulations?

Financial Institutions were identified as an “essential service”, and as such, following government regulations, health and safety protocols were quickly implemented throughout our entire organization to protect our most valuable asset, our Members and Staff.

Thank you to all front-line workers and especially OUR very own “Member-facing” Staff for continuing to provide such excellent service throughout this challenging time.

COVID-19 created financial hardship for people who were laid off, lost jobs, or had to stay home to care for children not in school and/or virtual learning at home. YNCU is continuing to work with Members, including Commercial Members who are being affected by the Coronavirus.

In Our Neighbourhood

Despite the pandemic, community spirit was on our minds this past Christmas season when YNCU launched the **“She is your Neighbour” Holiday Campaign Fundraiser** to support women and children who are victims of domestic violence. \$16,000 was raised over the 5 weeks leading up to Christmas.

We also recognized **“Healthcare Heroes”** by engaging the community to nominate their health care hero. We received 76 nominations and provided all winners with a gift card to local businesses. The second part of the campaign included **“Appreciation Lunches for Healthcare Workers”**. A free meal was delivered to hospitals, long-term care facilities and public health workers as selected by our Staff.

We introduced **“Shop Your Neighbourhood”** to help promote local businesses and hopefully keep their doors open virtually.

There are eight communities featured on the site now and plans are in place to expand into our remaining neighbourhoods in 2021. You can visit these neighbourhood businesses online at www.shopyourneighbourhood.com.

Within YNCU

On a positive note, YNCU continues to be strong and stable with a net profit of \$4.6 million after dividends and taxes for 2020.

We opened our new location in London on March 2, 2020. This branch was moved from a downtown location, closer to where our Members reside.

We are looking to break ground on our new updated Uptown Waterloo branch in 2021. It will combine financial services and a commercial area with rental residences above. This investment will be recouped over time due to its excellent location, not to mention the ever-increasing growth the Waterloo Region is experiencing.

Your Board of Directors is thrilled to announce that on December 9, 2020 Gord Harrison was appointed as YNCU's new CEO. Over the past 36 years Gord has served YNCU in a variety of roles, the majority of his tenure as Chief Financial Officer. Gord has all the traits and skills that your Board of Directors has set as a standard for our organization. In his many decades with YNCU, Gord has shown that his life is built on strong, solid values such as integrity, compassion, honesty and purposeful work.

On January 18, 2021 Lara Stilin was named YNCU's new Chief Financial Officer, replacing Gord Harrison. Lara is a familiar face to the Staff at YNCU as she was previously the Director of Finance and we are delighted to welcome her “back home”.

We are very excited for the possibilities that this new leadership brings to our vibrant and growing organization and look forward to another prosperous year in 2021.

I remain sincerely yours,



John Haines,
Chairperson of YOUR Board of Directors

BOARD OF DIRECTORS



John Haines, Chair



Hilary Anderson



Jared Bydeley



Christine Coccimiglio



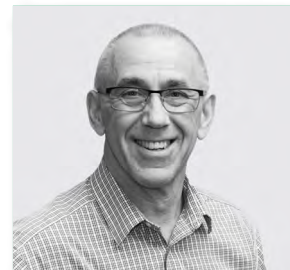
Julien Den Tandt



Craig Fee



Lloyd Hotchkiss



Peter Muise



Anthony Piscitelli



David Walker



Ken Walsh

The committees are as follows:

EXECUTIVE COMMITTEE

John Haines, Chair
Hilary Anderson
Christine Coccimiglio
Anthony Piscitelli
Ken Walsh

AUDIT COMMITTEE

Christine Coccimiglio, Chair
Jared Bydeley
Peter Muise
Anthony Piscitelli
Dave Walker
Ken Walsh

GOVERNANCE COMMITTEE

Anthony Piscitelli, Chair
Julien Den Tandt
Craig Fee
Lloyd Hotchkiss
Ken Walsh

AGM AND NOMINATING COMMITTEE

Christine Coccimiglio, Chair
Hilary Anderson
Julien Den Tandt

PENSION COMMITTEE

Lloyd Hotchkiss, Chair
Christine Coccimiglio
Craig Fee
Peter Muise
Dave Walker

IT COMMITTEE

Ken Walsh, Chair
Hilary Anderson
Jared Bydeley
Anthony Piscitelli

REPORT FROM THE CHIEF EXECUTIVE OFFICER

Given everything that came our way throughout 2020, I think it is only fitting, and of utmost importance, to make the first order of business a series of thank you messages.

First, I would like to thank the Staff who stepped up and served our Members throughout this pandemic. Ensuring the health and safety of our Staff and our Members was a priority from the very beginning. All guidelines for working safely during COVID-19 were implemented and done so as quickly as possible.

I would also like to thank our Members who showed great patience as the normal channels of service were disrupted and we all adjusted to Plexiglas, reduced hours of operation, and different ways of conducting business.

You, the Members, just as Canadians were in general, were all impacted differently.

The pandemic changed spending habits, evidenced by YNCU Members increasing deposits by over \$200 million during 2020, more than in any other previous year.

Other Members were impacted more negatively by unemployment or underemployment, and the Credit Union worked with these Members through many loan deferrals and financing arrangements. During 2020, YNCU increased total credit to Members by over \$100 million. We understand the financial difficulty some Members have experienced due to the pandemic. YNCU reserved an additional \$2.6 million in allowance for bad debts over the \$3.2 million set aside at the end of 2019.

YNCU continued to be committed in building strong communities across Ontario. In 2020 we invested almost \$110,000 in local community organizations that helped fuel local growth and make our neighbourhoods a better place to live. In addition to making charitable donations and investing in partnerships, YNCU developed "Shop Your Neighbourhood", an online marketplace featuring over 1,000 businesses. Furthermore, through Staff Dress Down Days, over \$20,000 was donated to various charitable organizations including Wellkin Child and Youth Mental

Wellness, Food4Kids, Meals On Wheels, and the Kitchener-Waterloo Food Bank. These efforts have a positive impact amongst our communities and also amongst our Staff. We genuinely want to help where we can.

Continually producing strong financial results, YNCU was able to pay all Class A Share dividends and remained in a strong capital position throughout 2020.

YNCU experienced increased pandemic related costs, yet we were able to produce a very solid net income before dividends and taxes of \$6.85 million.

As there is realistic hope for the end of this pandemic, YNCU is preparing for a bright future. Your Neighbourhood Credit Union is developing more enhanced methods of service delivery for you, the Members, with increased channels whether they be digital or in our branches.

Most importantly, thank you to our Members for being a part of, and continuing to choose, Your Neighbourhood Credit Union to be your trusted financial



2020 YEAR IN REVIEW

partner. These challenges that we overcame together, highlight the value of cooperation and cooperatives. We look forward to growing our relationship in the year ahead with the hope that we will no longer require the Plexiglas or the six feet between us. Please look after yourselves and your families, and stay safe.

Your Neighbour,

Gord Harrison
Chief Executive Officer



**\$2.39
BILLION**

Total
Assets
Under
Administration

18

Total
Branches

221

Total Staff
Members

54,748

Total
Members



AS NEW BUSINESS IDEAS EMERGED,
WE PROVIDED THE LOCAL SUPPORT
AND ADVICE TO MAKE THEM REAL.



REPORT OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee of Your Neighbourhood Credit Union (YNCU) is a Committee of six directors, appointed by the Board of Directors pursuant to Section 125 of the Credit Unions and Caisse Populaires Act, 1994 (Ontario) and Section 27 of Ontario Regulation 237/09. The Committee has oversight responsibilities relating to financial reporting and disclosure, internal audit, external audit, risk management, controls and compliance.

The Committee met six times since the last AGM and completed the following key activities:

- Served as liaison between the Board of Directors and the external auditors;
- Reviewed and recommended to the Board of Directors, the terms of engagement for the external auditors and their remuneration;
- Reviewed and approved the external auditors' scope and audit plan;
- Reviewed the audited financial statements of the Credit Union and recommended their acceptance to the Board of Directors;
- Reviewed and approved the Internal Audit Charter and 2021 Internal Audit Plan;
- Received and reviewed Internal Audit activities and reports;
- Received and reviewed quarterly reports under the Enterprise Risk Management Program;
- Reviewed reports of regulatory compliance audits, including the Credit Union's responses and progress on promised action plans;
- Reviewed reports on the Credit Union's insurance coverage;
- Discussed and reviewed with Staff any changes in the Credit Union's Accounting Policies;
- Held scheduled in camera meetings with each of the external auditors, Internal Audit, Chief Financial Officer and Compliance Officer;
- Requested management come forward with scope and plan for additional IT related audits;
- Performed an annual review of the Committee's Board approved mandate to confirm it remained appropriate to its role in the Credit Union;
- Ensured all areas in the Finance area had sufficient staffing to complete their assigned duties, and;
- Completed an annual evaluation of the Audit and Risk Committee's performance to ensure that all the Committee's responsibilities under its mandate were fulfilled.

There are no significant recommendations made by the Committee that have not been implemented by the Credit Union. As well, the Committee is pleased to report that there are no outstanding matters which are required to be disclosed pursuant to the Act or Regulations. Respectfully submitted, **Christine Coccimiglio (Chair), Jared Bydeley, Peter Muise, Anthony Piscitelli, David Walker, Ken Walsh.**

SHOP YOUR NEIGHBOURHOOD

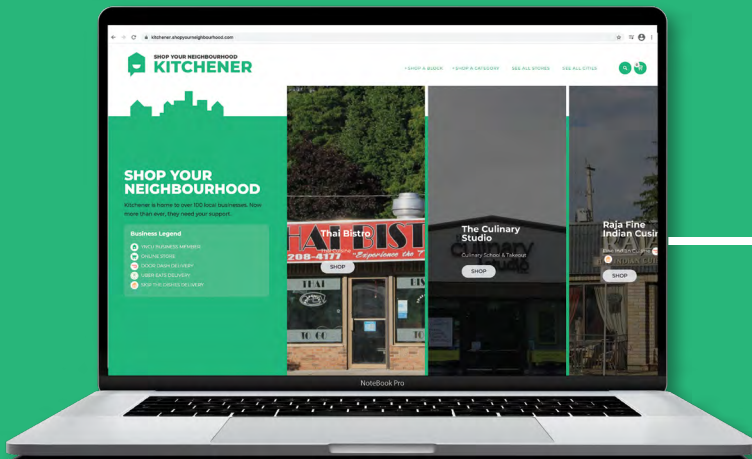
An initiative to support local business.

WE PUT OVER 1,000 LOCAL BUSINESSES ONLINE IN THE NEIGHBOURHOOD.

To drive support for local business and enable many of them to sell online, we built an online marketplace that's now 1,000 businesses strong, across many of the communities we serve.

THE SHOP YOUR NEIGHBOURHOOD HOLIDAY BOX WAS A HUGE SUCCESS.

Featuring items from over 15 local businesses across Ontario, we released a total of 100 gift boxes for sale to promote buying local during the Holidays – selling out in just over an hour!



7 COMMUNITIES

1,000 BUSINESSES

75,000 WEB VISITS

HELP US
**KEEP
LOCAL
BUSINESS**



DIGITAL SHOPPING NEIGHBOURHOODS
MAKE IT POSSIBLE FOR EVERYONE TO
SUPPORT LOCAL BUSINESS FROM HOME.



WITH EVERYTHING HAPPENING FROM HOME, WE PROVIDED REMOTE BANKING SOLUTIONS TO HELP MEMBERS DO MORE.



RESPONSIBLE INVESTMENTS

2020 was a year that brought a variety of environmental, social and economic issues to the forefront of conversation, a clear signal for us to evaluate the decisions we make on a greater scale. We recognize that our Membership is making harder decisions about how their money was invested and we felt it was an important step in our growth as a credit union to introduce products that support the values of our Members.

We introduced Responsible Investment options for our Members in the form of Market-Linked GICs, which feature a number of trailblazing companies making strides in ethical investing. Responsible investing is a rapidly growing market in Canada, offering enhanced return opportunities. These types of investments are not only financially beneficial for our Members, but also allows them to directly contribute to positive social and environmental outcomes.

Women's Impact

Our Women's Impact fund is comprised of 20 companies worldwide from a variety of economic sectors. These companies have been carefully selected for their commitment to improving corporate governance practices and maintaining a balanced level of gender diversity on their board of directors.

Green Neighbourhoods

The Green Neighbourhoods fund focuses on 20 international companies in the renewable energy field. These companies are committed to environmental sustainability and have implemented initiatives to reduce the environmental impact of their operations.



CONDENSED FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION	DECEMBER 31, 2020	DECEMBER 31, 2019
	(000's)	(000's)
Cash and Investments	216,985	138,408
Loans and Mortgages to Members	1,879,258	1,777,060
Other Assets	29,591	29,078
TOTAL ASSETS	2,125,834	1,944,546
Members' Deposits	1,560,100	1,353,733
Other Liabilities	426,722	450,305
Membership Shares	258	257
Member Equity Shares	68,226	72,950
Retained Earnings & Contributed Surplus	70,528	67,301
TOTAL LIABILITIES AND MEMBERS' EQUITY	2,125,834	1,944,546

These financial statements represent excerpts from the full set of audited financial statements of Your Neighbourhood Credit Union Limited. Complete audited financial statements are available upon request.

STATEMENT OF COMPREHENSIVE INCOME	FOR THE YEAR ENDED DECEMBER 31ST, 2020	FOR THE YEAR ENDED DECEMBER 31ST, 2019
	(000's)	(000's)
Interest Earned	73,191	71,444
Other Income	6,516	7,202
TOTAL REVENUE	79,707	78,646
Interest Paid to Members on Deposits	24,304	25,589
Other Interest Expense	8,984	8,500
FINANCIAL EXPENSES	33,288	34,089
Provision for Loan Losses	3,114	1,288
Personnel Costs	21,186	20,783
Occupancy Costs	4,753	4,820
General Business Costs	10,513	10,588
OPERATING EXPENSES	39,566	37,479
INCOME BEFORE INCOME TAXES AND MEMBERSHIP PATRONAGE DIVIDEND	6,853	7,078
Membership Patronage Dividend	300	300
Income Taxes	1,109	1,186
NET INCOME	5,444	5,592
ACTUARIAL LOSS ON DEFINED PENSION PLANS	(360)	(435)
TOTAL COMPREHENSIVE INCOME	5,084	5,157

REPORT FROM LENDING SERVICES

CATEGORY	TOTAL PERSONAL LOANS & LINES OF CREDIT
NUMBER OF LOAN APPLICATIONS RECEIVED	982
NUMBER OF LOAN APPLICATIONS GRANTED	752
NUMBER OF LOAN APPLICATIONS WITHDRAWN OR DECLINED	230
\$\$\$ GROSS VALUE OF LOANS GRANTED	\$16,105,230
NUMBER OF DELINQUENT LOANS OVER 90 DAYS	53
\$\$\$ VALUE OF DELINQUENT LOANS OVER 90 DAYS	\$552,202

The information outlined represents the **CONSOLIDATED*** number of loan applications received, granted and declined/withdrawn by applicants to **Your Neighborhood Credit Union Limited**, for the **12 MONTH PERIOD COMMENCING JAN 1, 2020 TO DEC 31, 2020**. This report also includes the number and dollar extent of loans (all lending types) 90 days or more in arrears as at DEC 31, 2020.

Value of delinquency reported is gross dollar delinquency, as per DICO by-law 6, prior to any adjustments for security held in support of those advances.

TOTAL RESIDENTIAL MORTGAGES & MERITLINES	TOTAL AGRICULTURAL	TOTAL CORPORATE COMMERCIAL LENDING	YNCU TOTAL
1,613	48	318	2,961
1,300	26	112	2,190
313	22	206	771
\$301,155,568	\$5,203,975	\$153,460,677	\$475,925,450
12	0	2	67
\$1,528,939	\$0	\$3,902,511	\$5,983,652

The lending application process adheres to the Credit Management and Operational Policies of Your Neighbourhood Credit Union Limited and is subject to the review of the Governance Committee and Audit Committee on behalf of the Board of Directors.

The report is issued in compliance with the requirements of the Credit Unions and Caisses Populaires Act, 1994 (Ontario).

Content respectfully submitted by: Marc Rivard, Chief Lending Officer.

* Source reports - compilation of YNCU Lending Services Monthly Board reporting.

NEIGHBOURHOOD GIVING

The foundation of our corporate giving strategy is making annual investments in community-based organizations that improve YNCU neighbourhoods. We believe that investing profits back into our communities fuels local growth and makes our neighbourhoods a better place for all to live.

In addition to making charitable donations and investing in community partnerships, YNCU launched two Healthcare Hero Appreciation Campaigns recognizing over **350 Healthcare providers** who went above and beyond to help keep our communities safe throughout the COVID-19 pandemic. Nominated by Members or frontline branch Staff, these Heroes received tokens of appreciation including gift cards from local merchants or a catered group lunch on behalf of YNCU.

In 2020, YNCU invested \$109,343 in the following charitable organizations, and community groups:

ARCH Hospice

Bayshore Home Health, Sault Ste. Marie

Big Brothers Big Sisters of Sault Ste. Marie

Brain Tumour Foundation of Canada

Cambridge Self-Help Food Bank

Childcan, London

Echo Bay and Area Food Bank

Food4Kids Brant-Haldimand

Food4Kids Waterloo Region

Foxridge Care Community, Brantford

Golden Years Long Term Care, Cambridge

Grand River Hospital

Guelph-Wellington Women in Crisis

Habitat for Humanity Waterloo Region

Hospice Care Program

Humanitarian Coalition, Lebanon Crisis

Kids Can Play

KidsAbility Foundation

Lansdowne Children's Centre

London and Area Food Bank

London-Elgin-Middlesex Crime Stoppers

London Health Sciences Centre, Victoria Hospital

Lung Health Foundation, Sault Ste. Marie

Merrymount Family Support and Crisis Centre

National Service Dogs

Nova Vita Domestic Violence Prevention Services, Brant

ONE CARE Home & Community Support Services

Ontario Co-operative Association -

Virtual Golf Tournament Sponsorship for UW

Ontario Junior Curling, Team Kropf

Optimist Club of Stratford Charitable Foundation

Revera Briarfield Gardens Retirement Residence, Kitchener

Ritz Lutheran Villa, Mitchell

Rotary Club of Kitchener Grand River

Rotary Waterloo

Sault Ste. Marie Soup Kitchen Community Centre

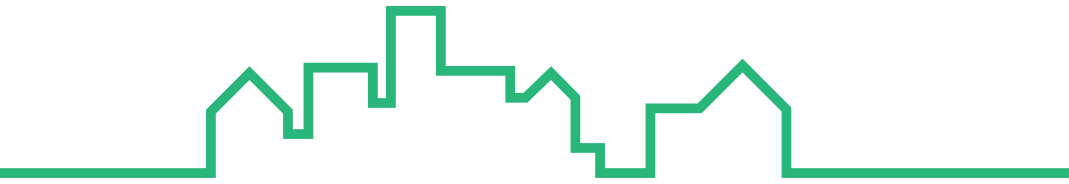
Shakespeare & Community Athletic Association

Soo Curlers Association

Soo Pee Wee Arena

St. Ambrose Catholic School, Stratford

St. Mary's General Hospital Foundation



The Animal Assistance Group, Sault Ste. Marie
The Downtown Mission of Windsor
The Food Bank of Waterloo Region
The Salvation Army Cambridge Citadel
The Salvation Army in Canada
The Sault Star Santa Fund
Thresholds Homes and Supports
Timmins and District Hospital
Timmins and District Humane Society
Unemployed Help Centre of Windsor Inc.
Windsor Essex Child/Youth Advocacy Centre
Women In Crisis (Algoma) Inc.
Women's Crisis Services of Waterloo Region
YMCA of Stratford-Perth





GOOD NEIGHBOURS



*Photo taken pre-pandemic.



*Photo taken pre-pandemic.

EMPLOYEES WITH HEART

Giving back is a shared value between Members and Staff alike. YNCU employees not only strive to put Members first, they put their neighbourhoods first with personal contributions that enrich their communities. In 2020, over **1,500 hours** of Staff personal time was invested back into local causes they're passionate about. In honour of their volunteerism, Staff designated **\$10,000** of YNCU community investment dollars back into local organizations across our service areas.

In addition to investing time, employees made personal contributions of \$2 each week to dress casual on Fridays in support of community organizations. It's a small investment that added up to make a big impact in our neighbourhoods.

In total, employees collectively raised \$20,288.04 and selected the following charitable groups to benefit:

- Autism Dog Services, Brantford**

- Brant County SPCA**

- Cambridge & District Humane Society**

- Canadian Hearing Society-Sault Ste. Marie**

- Food4Kids Brant Haldimand**

- Greenway-Chaplin Community Centre**

- Heart and Stroke Foundation of Canada**

- Meals on Wheels Paris**

- Merrymount Family Support and Crisis Centre**

- Mitchell Community Food Bank**

- Royal Conservatory of Music**

- Sault Ste. Marie Humane Society**

- The Coping Centre, Cambridge**

- The Food Bank of Waterloo Region**

- VON Oxford Sakura House**

- Wellkin Child and Youth Mental Wellness**



AS THE WALLS CLOSED IN, WE HELPED
MANY OF OUR MEMBERS ESCAPE TO
A NEW HOME OF THEIR VERY OWN.



SCHOLARSHIPS & AWARDS

We're proud to make investments in our future generation by supporting the education of post-secondary students who are making an impact in their communities. The following scholarships and awards were funded in our branch communities.

CU Succeed Youth Bursary

The CU Succeed Youth Bursary was established in 2016 by the Ontario Credit Union Foundation. The bursary is open to resident Ontario post-secondary students in need of financial assistance for academic, technological, or vocational training. The bursary is awarded based primarily on two criteria – demonstrated financial need and community involvement.

Northern Ontario School of Medicine, Community First Good Neighbour Bursary

Benefits a full-time student of the Northern Ontario School of Medicine. The recipient must be a resident of a Northern, rural, or remote community for a minimum of 10 years and demonstrate community involvement and financial need.

Sault College, Business Program, Community First Good Neighbour Award

Provided annually to a first-year business student demonstrating scholastic achievement as well as demonstrated community involvement in the Algoma District.

University of Waterloo, Faculty of Arts, Your Neighbourhood Credit Union Award

Provided annually to a full-time undergraduate student enrolled in Year Two, Three, or Four of any program in the Faculty of Arts. Selection is based on academic excellence as well as demonstrated community involvement in the Region of Waterloo.

To learn more about our scholarships and the criteria visit:

www.yncu.com/Scholarships or www.communityfirst-yncu.com/Scholarships

BRANCH LOCATIONS

YOUR NEIGHBOURHOOD CREDIT UNION

Brantford - Charlotte Street

7 Charlotte Street · Brantford
(519) 759-7550

Brantford - Fairview Drive

403 Fairview Drive · Brantford
(519) 759-1150

Cambridge

385 Hespeler Road · Cambridge
(519) 622-3377

Fairview Park Mall

2960 Kingsway Drive · CF Fairview Park Mall · Kitchener
(519) 804-1790

Guelph

190 Clair Road East · Guelph
(519) 824-2212

Kitchener - Fischer-Hallman

685 Fischer-Hallman Road · Kitchener
(519) 744-5921

Kitchener - Weber Street East

1334 Weber Street East · Kitchener
(519) 894-9700

London

1140 Southdale Road West · London
(519) 661-4563

Mitchell

105 Ontario Road · Mitchell
(519) 348-8448

Paris

75 Grand River Street North · Paris
(519) 442-2622

Stratford

1067 Ontario Street · Festival Marketplace Shopping Centre ·
Stratford
(519) 271-9083

Waterloo - Erb Street West

655 Erb Street West · Waterloo
(519) 804-9040

Waterloo - Uptown

168 King Street South · Waterloo
(519) 579-1860

Windsor

7654 Tecumseh Rd E · Windsor
(519) 258-3890

Woodstock

400 Dundas Street · Woodstock
(519) 537-8121

COMMUNITY FIRST

Bay Street

289 Bay Street · Sault Ste. Marie
(705) 942-1000

Trunk Road

535 Trunk Road · Sault Ste. Marie
(705) 942-1000

Timmins

146 Cedar Street South · Timmins
(705) 267-6481

