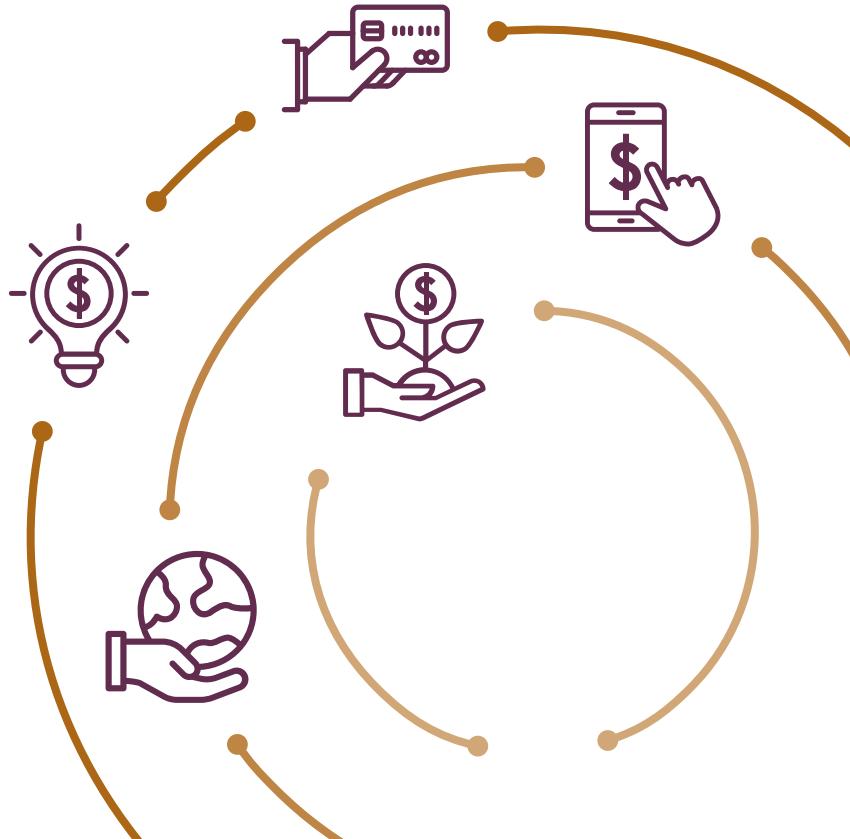




# 2018 Annual Report



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## Chair/CEO Message

An idea is sparked. Good ones grow quickly. More specifics are uncovered and the final product starts to take shape. The amount of time and effort needed to make it come to life, at times, can seem overwhelming. But you remain confident in what you're trying to achieve and in the people that are going to help along the way.

Your to-do list, eventually, gets shorter and before you know it your idea becomes a reality. For a moment, you can sit back and take it in. As the dust settles you know that life continues to change and the next evolution is just about to start up again.

This is the journey we're experiencing at Copperfin. In 2019, after two years of work, we will have made the significant foundational changes needed to achieve our vision of being trusted advisors to our Members. Advisors that have great systems in place to do their job effectively, in a workplace they're proud of, that leads to the sustained success of our co-operative.

2018 was a good year. Members are happy and find us easy to work with. Our organization is healthy, surpassing all of our Financial Performance targets, and the Copperfin Team is as engaged as they've ever been.

2019 will be a game changer as we start to truly see our Life Forward vision come to life. A series of new tools will be available to our Team to better understand and serve our Members, training plans have been put in place to ensure our financial knowledge is second to none, and we will begin to evolve our products and services to meet the changing needs of our Members.

Thank you for your continued contribution to our success as a co-operative.

**Dennis Alvestad**  
CEO

**Kevin Burns**  
Board Chair



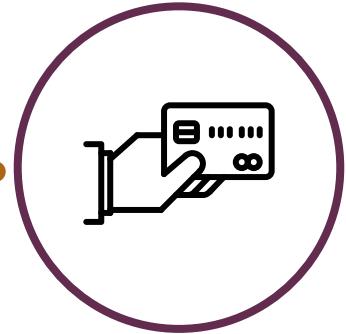
## What We Accomplished



We continued to focus on providing great advice to our Members. Our Team continues to become more knowledgeable through enhanced training, and we licensed more Advisors to help Members on their financial journeys.



After our first full year of getting Member feedback when opening a new account or loan, results have been very positive. The insight we're gaining from this feedback has helped drive further improvements to Member service.



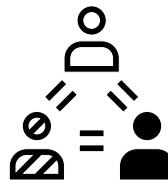
A new credit card partner, Collabria, was introduced in January 2018 to provide more choice and rewards to our Members. We also participated in a Canadian Credit Union system-wide change to our debit cards. Over 14,000 Members received new cards with better features and security.



Over the course of fourteen months we completely redesigned the branch environment in Thunder Bay by opening a new location and renovating the two others. The new layouts were designed to encourage more engaging conversations when Members visit, as more day to day transactions are being completed online or on a mobile device.



As a relatively small Credit Union we continue to do big things. Last year we received a Doxim Leadership Award that recognizes financial institutions for their digitization strategies. We continued to improve our systems and processes to ensure we're prepared to serve you better in this ever evolving world.



The Copperfin Team is stronger than ever, indicative of higher engagement scores than we've seen in years. Our Board has continued to diversify, welcoming two younger Directors, and has also moved to more frequent, dynamic strategic planning cycles.

# Community Investment

Staying true to our co-operative principles, we are always committed to working together for the best interest of our Members; whether it's volunteering with a charity or donating to a not-for-profit group. We give more back to our communities for every dollar of business than the Big Banks.

This only scratches the surface of the effort that needs to be made, together, to strengthen a community. OUR community. You make a difference when you're a Member, and it's because of YOU that contributions like this exist.



**\$119,658**

given back to our  
communities



**\$8,879**

was used to keep our  
community fed



**\$9,000**

in support of Rotary  
Splash Park



**\$6,000**

given to the Polar Bear  
Plunge in support of Roots to  
Harvest & Special Olympics



**\$34,498**

was used to keep our  
community active



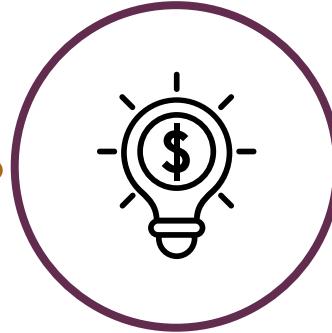
**\$7,500**

was given to Hops for Hearts  
in support of Northern  
Cardiac Fund

# What's Coming



New systems are being implemented that will ensure our Team has the time and resources to assist Members in making smart money decisions that are in their best interest. You'll notice improvements in many of the ways we work together, such as opening accounts and loans, and delivering proactive advice.



The types and complexity of products and solutions required for effective financial planning continues to grow. We've committed to becoming more knowledgeable, with learning plans in place for all Team Members. Watch for new and improved financial solutions to be available later in the year.



More Members rely on our mobile and online banking for services like transferring money, paying bills, and depositing cheques. Members can even get text notifications regarding large withdrawals, minimum account balances and maturing investments. We'll continue evolving our online and mobile solutions to meet the changing needs of our Members.



We'll focus on continued financial growth that's balanced and sustainable, and that ensures we're able to support our Members on their financial journey.

We'll continue to put you, our Members, first.

# Board of Directors

Copperfin is governed by a Board of Directors who are responsible for the leadership, oversight, strategic direction, and long-term success of the Credit Union. The Board is committed to maintaining a high standard of corporate governance practices and policies, that are transparent and fundamental to the operation of the business. The Copperfin Board always acts in good faith, with due diligence and in the best interest of its employees, Members and the communities the Credit Union serves.

The Board is comprised of twelve directors elected in a democratic one-member, one vote system. Directors are normally elected or acclaimed for a three-year term with a maximum of four consecutive terms. Each year the Governance, Ethics & Human Resource Policy Committee reviews the skills, knowledge, experience and tenure of the Board to identify any gaps. The Nominating Committee then seeks out candidates whose skill sets address the identified gaps. The objective is to ensure the Board is comprised of individuals with a diverse mix of expertise and knowledge that fits with the organizations objectives and strategic goals. The process for the election of directors is comprehensive involving the Board and the Nominating Committee.

Annually, the Board and Senior Leaders convene a planning session that establishes/confirms the strategic direction of the Credit Union, approve the budget and the annual key performance measures. During the planning session the Board revised the annual planning framework to include two planning sessions each year, with a clear purpose outlined for each session.

Investing in Director development is an important component of providing for the effective governance of Copperfin. Ongoing training and development includes specialized education courses, webinars, industry sponsored seminars and conferences. The Board development policy outlines an annual hourly requirement of formal and informal training and the attainment of the Credit Union Director Achievement designation within a specified timeframe. As of 2018 ten of the twelve directors hold the designation and over 250 hours were spent on formal training, an average of twenty-one hours per Director against an annual target of fifteen hours. The Governance Committee has made a commitment to review the development policy in 2019 with the intent to expand on the level of educational options and requirements.

The Board is committed to continuous improvement. Working with the Board, the Governance Committee, engages with an external consultant to facilitate a governance assessment. The results of the assessment are utilized to improve governance practices and policies.

## Board Committees

The Board delegates its powers and authorities from time to time, as permitted by the Credit Union and Caisses Populaires Act & Regulations, to ensure efficiency and that specific areas are handled with applicable expertise. Four standing committees, with the following primary accountabilities are as follows:

### Audit and Operational Risk Committee

- Oversight of operational risk, Enterprise Risk Management framework and policy, corporate insurance program and risk governance policies
- Oversight of financial reporting, external audit and internal audit

### Member and Community Relations Committee

- Nominating and elections including director recruitment, election process, maximize member participation and regulatory requirements
- Oversight of member complaints, policy and trends
- Community investment, policy, processes and corporate social responsibility

### Credit and Market Risk Committee

- Monitor and oversee level of market and credit risk categories, capital adequacy and governance policies – capital, market, structural, liquidity
- Restricted party credit transaction

### Governance, Ethics and Human Resources Policy Committee

- Evolve governance practices and structure
- Director orientation, development, director compensation, Board and Director performance
- Governing policy on employment principles and compensation philosophy

## Copperfin Director Annual Retainer

Copperfin's Governance, Ethics & Human Resources Committee is responsible to recommend director compensation. The annual retainer for 2018 was:

<b>Board Chair</b>	<b>\$7,785</b>
<b>Vice Chair</b>	<b>\$6,625</b>
<b>Committee Chairs</b>	<b>\$6,625</b>
<b>Director</b>	<b>\$6,000</b>

## Director Attendance

Director Committee(s)	Board and Committee Meetings Attended
<b>Kevin Burns</b> Chair	10/10
<b>Scott Kennedy</b> Vice-Chair, Governance / Credit & Market Risk	18/18
<b>Jordan Calonego*</b> Audit & Operational Risk / Credit & Market Risk	11/12
<b>Lindsey Caron*</b> Member & Community Relations	7/7
<b>Joan Drotar</b> Credit & Market Risk / Governance	18/20
<b>Richard Findlay</b> Audit & Operational Risk	19/20
<b>Paul Fregeau</b> Governance / Member & Community Relations	16/16
<b>Robert Jankovic</b> Governance / Member & Community Relations	20/20
<b>Janet McCutcheon</b> Audit & Operational Risk / Credit & Market Risk	21/22
<b>Dave Moscall</b> Audit & Operational Risk / Member & Community Relations	19/21
<b>Catherine Smallwood</b> Audit & Operational Risk / Member & Community Relations	20/20
<b>Simone Tarrant</b> Credit & Market Risk / Governance	19/19

*\*Elected April 2018 – Partial Term Reported*

# Audit and Operational Risk Committee Report

The Audit & Operational Risk Committee of the Board of Directors fulfills the responsibilities of the Audit Committee as set out in the Credit Unions and Caisses Populaires Act (Ontario)(the "Act") and conducts its affairs in accordance with the requirements of Section 125 of the Act and Section 27(2) of Ontario Regulation 237/09. The committee which consists of five directors has a mandate to cover all of the duties, which are specified to be performed by Audit Committees in the Act and accompanying Regulations.

We would like to report that we have reviewed the audited financial statements for the year ending 2018 and confirm that they fairly represent Copperfin's position and comply with International Financial Reporting Standards. We have met with the external auditors both before and after the preparation of the statements to review the scope of the audit and any findings brought forth on the completion of the audit.

We have received confirmation that there are no outstanding legal actions involving Copperfin from our lawyers.

It has been an extremely busy year for the Audit and Operational Risk Committee. The following activities were undertaken in 2018:

- Education and training on the roles and responsibilities of the Audit Committee and best practices as well as a self-evaluation on the performance of committee members, internal Auditor and external Auditor;
- Reviewed and made appropriate changes to policies and procedures to ensure internal controls were in place;
- Received and reviewed quarterly reports under the Enterprise Risk Management program;
- Reviewed new Securitization framework, reporting and policy;
- Reviewed all Audits by external stakeholders and approved Management's response to them for any identified areas of risk;
- Performed an annual test of the Disaster Recovery Plan and updated the plan based on findings;
- Undertook an RFP for external auditing services for 2018 - 2020; and
- Oversight of and review of the bi-annual examination and report completed by the Deposit Insurance Corporation of Ontario.

During the year the Audit & Operational Risk Committee held ten meetings, arranging the agenda to fulfill the annual mandate.

We report that all significant recommendations made by the Audit and Operational Risk Committee have been or are in the process of being implemented. In addition, there are no matters which the Audit Committee believes should be reported to the Members, nor are there any further matters that are required to be disclosed pursuant to the Act or the Regulations thereto.

The Audit Committee had the full cooperation of Copperfin's senior leadership team, MNP, and especially Dennis Alvestad, Wendy Fulton, Linda Holmstrom and Pasi Pinta. We thank them all for their dedication to ensure Copperfin adequately monitors and protects the assets of our members.

I also would like to take this opportunity to thank all the members of the committee who worked so diligently this past year to achieve so much.



**Janet McCutcheon**  
Chair, Audit and Operational  
Risk Committee



# Report of the Independent Auditor on the Summary Financial Statements

To the Members of Copperfin Credit Union Limited:

## Opinion

The summary financial statements, which comprise the summary statement of financial position as at December 31, 2018, and the summary statements of comprehensive income and members' equity for the year then ended, are derived from the audited financial statements of Copperfin Credit Union Limited (the "Credit Union") for the year ended December 31, 2018.

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

## Summary Financial Statements

The summary financial statements do not contain all the disclosures required by 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 7, 2019.

## Management's Responsibility for the Summary Financial Statements

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

## Auditor's Responsibility

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 Standards (CAS) 810, Engagements to Report on Summary Financial Statements.

*MNP LLP*

## Chartered Professional Accountants

Winnipeg, Manitoba  
March 7, 2019

**Copperfin Credit Union Limited**  
**Summary Statement of Financial Position**  
**December 31, 2018**

	2018	2017
<b>Assets</b>		
Cash	\$ 7,342,967	\$ 7,324,774
Liquidity deposits	32,589,933	27,719,514
Investments	2,359,054	2,482,357
Income taxes receivable	-	3,798
Other assets	272,961	328,625
Derivative financial instruments	101,888	259,633
Member loans	390,201,792	354,874,818
Deferred income taxes asset	462,000	562,872
Property, plant and equipment	6,331,847	4,875,433
Intangible assets	185,446	62,677
<b>Total Assets</b>	<b>\$ 439,847,888</b>	<b>\$ 398,494,501</b>
<b>Liabilities</b>		
Indebtedness to Central 1	\$ 4,194,771	\$ 7,501,659
Accounts payable and accrued liabilities	1,992,114	2,159,597
Income taxes payable	59,153	-
Members' deposits	351,474,284	329,988,203
Securitized mortgages under administration	47,872,097	26,750,749
Derivative financial instrument	142,592	469,149
<b>Total Liabilities</b>	<b>405,735,011</b>	<b>366,869,357</b>
<b>Members' Equity</b>		
Members' shares	4,556,477	4,843,708
Retained earnings	29,556,400	26,660,092
Accumulated other comprehensive income	-	121,344
<b>Total Members' Equity</b>	<b>34,112,877</b>	<b>31,625,144</b>
	<b>\$ 439,847,888</b>	<b>\$ 398,494,501</b>

Signed on behalf of the Board of Directors by:



**Director**



**Director**

**Copperfin Credit Union Limited**  
**Summary Statement of Comprehensive Income**  
**for the Year Ended December 31, 2018**

	2018	2017
<b>Interest revenue</b>		
Interest on member loans	\$ 16,129,214	\$ 13,878,468
Other interest revenue	607,633	428,813
Total interest revenue	<b>16,736,847</b>	14,307,281
<b>Interest and loan related expenses</b>		
Interest on member deposits	2,806,311	2,209,899
Other interest expense	895,108	435,926
Impairment on member loans	451,743	684,800
Total interest and loan related expenses	<b>4,153,162</b>	3,330,625
<b>Financial margin</b>	<b>12,583,685</b>	10,976,656
<b>Other income</b>	<b>3,544,129</b>	3,706,517
	<b>16,127,814</b>	14,683,173
<b>Non interest and operating expenses</b>		
Deposit insurance	280,646	211,881
Depreciation and amortization	647,405	503,571
Director and committee expense	102,484	118,513
Distributions to members	335,142	324,000
Employee salaries and benefits	6,754,973	6,042,624
Other operating and administrative	3,639,177	3,350,187
Lease costs	275,257	162,182
Occupancy	436,624	425,264
<b>Total non-interest expenses</b>	<b>12,471,708</b>	11,138,222
<b>Income before income taxes</b>	<b>3,656,106</b>	3,544,951
<b>Provision (recovery) for income taxes</b>		
Current income tax	682,000	622,847
Deferred income tax (recovery)	100,872	(7,038)
<b>Net provision for income tax</b>	<b>782,872</b>	615,809
<b>Net income for the year</b>	<b>\$ 2,873,234</b>	\$ 2,929,142
<b>Other comprehensive income (net of tax)</b>		
Change in unrealized gains (losses) on available-for-sale investments	-	(433,449)
<b>Total comprehensive income for the year</b>	<b>\$ 2,873,234</b>	\$ 2,495,693

A copy of the complete financial statements including significant accounting policies and other explanatory information is available from the credit union.

Copperfin Credit Union Limited

**Summary Statement of Changes in Members' Equity  
for the Year Ended December 31, 2018**

	Accumulated Other Comprehensive Income	Members' Shares	Retained Earnings	Total
<b>Balance at January 1, 2017</b>	\$ 554,793	\$ 5,100,958	\$ 23,824,170	\$ 29,479,921
Net income	-	-	2,929,142	2,929,142
Distributions to Members	-	-	(93,220)	(93,220)
Members' shares issued	-	35,300	-	35,300
Members' shares redeemed	-	(292,550)	-	(292,550)
Change in unrealized gains (losses) on available-for-sale investments	(433,449)	-	-	(433,449)
<b>Balance on December 31, 2017</b>	<b>\$ 121,344</b>	<b>\$ 4,843,708</b>	<b>\$ 26,660,092</b>	<b>\$ 31,625,144</b>
Net income	-	-	\$ 2,873,234	\$ 2,873,234
Transfer of accumulated other comprehensive income to retained earnings	(121,344)	-	121,344	-
Distributions to Members	-	-	(98,270)	(98,270)
Members' shares issued	-	29,675	-	29,675
Members' shares redeemed	-	(316,906)	-	(316,906)
<b>Balance on December 31, 2018</b>	<b>\$ -</b>	<b>\$ 4,556,477</b>	<b>\$ 29,556,400</b>	<b>\$ 34,112,877</b>

**Copperfin Credit Union Limited**  
**Notes to Summary Financial Statements**  
**December 31, 2018**

## **1. Basis of Presentation**

The summary financial statements are derived from the audited financial statements, prepared in accordance with International Financial Reporting Standards, as at December 31, 2018 and for the year then ended.

The preparation of these summary financial statements requires management to determine the information that needs to be reflected so that they are consistent in all material respects with, or represent a fair summary of, the audited financial statements.

Management prepared these summary financial statements using the following criteria:

- a) The summary financial statements include the statement of financial position, the statement of comprehensive income and the statement of changes in members' equity;
- b) Management determined that the statement of cash flows does not provide additional useful information and as such, has not included it as part of the summary financial statements;
- c) Information in the summary financial statements agrees with the related information in the audited financial statements including comparative information and all major subtotals and totals; and
- d) In all material respects, the summary financial statements contain the information necessary to avoid distorting or obscuring matters disclosed in the related audited financial statements, including significant account policies and notes thereto.

Copies of the December 31, 2018 audited financial statements are available at Copperfin Credit Union Limited.

## **2. Compliance with Minimum Capital and Liquidity Requirements**

The Credit Union is in compliance with the capital and liquidity reserve requirements as at December 31, 2018 established by the provisions of the Credit Union and Caisses Populaires Act, 1994 of Ontario.



Copperfin

CREDIT UNION

**Life Forward.**