



# 2022 Annual Report

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Life Forward



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# Chair/CEO Message

2022, had its own unique set of challenges – from inflation to lingering pandemic factors effecting our lives – but it was also the year we returned to “normal” with travelling and family/friend gatherings. As the year ended, more people began to return to the workplace and the economic activity began to pick up. One thing that has remained consistent however is Copperfin's dedication to deepening our understanding of our Members, providing trusted, relevant advice, and enhancing our convenient solutions.

At the onset of the pandemic we worked closely with our Members to help them find ways to make informed money decisions and give them peace of mind by listening, understanding, and empathizing. During 2022, we saw many of our Members reprioritize and refocus their long-term financial goals but they were faced with more uncertain times as interest rates rose to help address inflation. As always, we were right there, with unique solutions and advice to ensure they continue to move their financial lives forward.

Strengthening our community continues to be a top priority at Copperfin. We shifted to focus more on what you, our Members, said you'd like us to support – social wellness, environmental and supporting local/Member businesses.

We'd be remiss to not thank our Team Members, who have truly embraced our Life Forward values. They have adapted to our vision to transform the way we do business to meet our changing Member needs. We continued to invest in our people and technology to build more value for you.

On behalf of Copperfin, we'd like to thank you, our Members for the trust and commitment you place in us to continue moving your life forward. As we look ahead to 2023, we have plans to continue to build a better digital experience and refine our processes for a more convenient, seamless interactions.

**Again, thank you for being a part of Copperfin.**



**Dennis Alvestad**  
CEO



**Dave Moscall**  
Board Chair

# What We Accomplished



## New Online and Mobile Banking

We were excited to share our new online banking, mobile app, and small business app experience with Members in December with three new features. Members can now book appointments directly within each platform and obtain direct deposit forms for greater convenience. Enhanced security feature, two-step verification, was added for an extra layer of protection to your accounts.

The new platforms have a more intuitive layout and a modern, clean look, allowing for new features to be added quicker providing you with more flexibility to move your financial life forward.



## Member Experience Reviews

With a goal of being more proactive with advice to ensure our Members are making smart money decisions, we are committed to reviewing and improving our processes. In 2022, personal and commercial mortgage renewals were re-evaluated for efficiency and effectiveness.





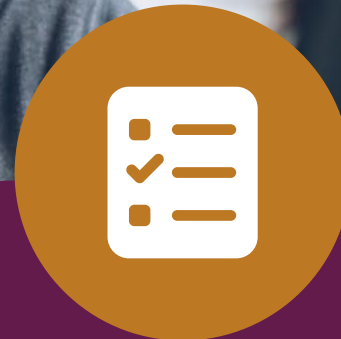
## Member Support Centre

Our focus continues to be providing you better access to us by phone and email by enhancing our Member Support Centre. We added additional Team Members to ensure you can connect with us easier, and you can now perform more digital transactions via telephone making it more convenient.



## Engaged Team

As we continue to build and foster a high performing, inclusive, and dynamic team at Copperfin, surveys throughout the year indicated confidence with our response to change, strong team relationships, and commitment to the overall success of Copperfin.



## Member Survey Results

A majority of our Members are satisfied with their experiences and generally trust us to help move their financial lives forward. Overall, convenience was very strong with both online banking and mobile app having very satisfied experiences.

# Advancing Our Communities

When our communities prosper, we all benefit.

Through volunteering, donations, and partnerships, we're committed to making our communities better for everyone. You, our Members, help decide our priority pillars, which include:

- ✓ Social Wellness
- ✓ Local Businesses/Members
- ✓ Environmental Sustainability



## PARO Centre

📍 Thunder Bay

Sponsored International Women's day to help support financial empowerment.



## Elizabeth Fry Society

📍 Thunder Bay

Helped purchase discharge bags for women transitioning back into the community.



## Our Kids Count

📍 Thunder Bay

Offset cost to purchase a van for essential program needs.



## Northwest Business Centre

📍 Kenora

Sponsored Small Business Week appreciation reception.



## LakeSmart

📍 Kenora

Donation to provide programs that enhance environmental sustainability.



## Miracle Marathon

📍 Kenora

Purchased toys and gifts from local businesses for families in need.



# Coming Up



## Digital Enhancements

With the digital transformation continuing to grow, it's more important than ever to adapt and bring our Members the digital experience they want and need. In 2023, we plan to explore enhancements to the Member experience through offering more convenient digital solutions.



## Continued Member Experience Improvements

As we become more knowledgeable, you'll continue to receive better and more frequent advice on things that matter to you. Reviewing processes like our new Member onboarding to find ways to streamline and evolve the experience and convenience for new Members. Our focus will continue to be on moving your life forward with more seamless interactions.



## Product Enhancement

Understanding our Members' needs means evolving our product offerings to remain relevant, this year we will be implementing two new key products – CEBA Loan Refinancing Program and First Home Savings Account.

CEBA Loan Refinancing Program will provide a financing alternative that will allow our Members to finance their outstanding CEBA loans with us.

First Home Savings Account (FHSA) will help make saving for your first home a little easier with a product that combines the features of a Registered Retirement Savings Plan (RRSP) and a Tax-Free Savings Account (TFSA) all in one.



# Board of Directors

## Copperfin’s Board of Directors:



Is committed to the highest standard of corporate governance.



Represents the interest of all Copperfin Credit Union Stakeholders.



Plays a vital role in Copperfin’s success by providing strategic direction.

## Board Composition and Election

The Board is comprised of 10 directors (reduced to 9 in 2023, as per bylaw amendments), elected in a democratic system. Directors are normally elected or acclaimed for a three-year term with a maximum of four consecutive terms.

The Governance Committee annually undertakes a gap analysis of the board to identify skills, knowledge, and experience gaps. The Nominating Committee develops a pool of potential candidates with the intention of bringing in qualified candidates to address gaps within our Board.

A comprehensive evaluation of each candidate is completed, the Board endorses qualified candidates, and the election opens for member voting.

## Strategic Planning

The Board of Directors typically convene a spring and fall planning session to review and approve the strategic direction of the Credit Union. Subsequent to the fall planning session the Board approves the resulting annual financial plan and corporate scorecard.

Our fall session in 2022 looked a bit different. The Board used this session to review and discuss reports provided by the Joint Partnership Committee.

The purpose of the Joint Partnership Committee is to oversee a comprehensive process, to explore a merger between Copperfin Credit Union and Northern Credit Union, and to make recommendations to the Board of Directors of each credit union.

## Diversity, Equity, and Inclusion

The Board of Directors recognizes the benefits of board diversity and aims to maintain a board comprised of talented and dedicated directors with a diverse mixture of experience, skills, and backgrounds reflective of Copperfin's membership and communities. The Board has implemented a diversity policy which is reviewed and updated biennially.

## Board Development

The Governance Committee evaluates director training opportunities to ensure programs offer a broad spectrum of insights into corporate governance best practices.

- ✓ All directors are required to complete the CuSource Credit Union Director Achievement program. In addition, advanced education opportunities are available through the Institute of Corporate Directors and Directors College. As of December 31, 2022, six directors have completed the CuSource program, one of which has also attained a designation through the Directors College, and another has attained a designation through the Institute of Corporate Directors.
- ✓ The Board has an approved budget that supports individual director training, sessions for the full board and director conference attendance.
- ✓ In 2022 over 300 hours were spent on training, an average of 30 hours per director.

As part of director development, the Governance Committee offers an orientation program designed to quickly familiarize new directors with the business and strategy.

## Board Evaluations

The Board is committed to continuous improvement.

- ✓ The board engages an external consultant to facilitate a governance assessment and peer assessments.
- ✓ The results of the assessments are utilized to improve board governance practices and policies, and to provide constructive feedback for individual directors, taking them from good to great.

## Board Committees

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

### Audit Committee

- ✓ Oversight of operational risk, enterprise risk management framework and policy, securitization framework and policy, risk governance policies, financial reporting, and external and internal audit.
- ✓ Monitor and oversee level of market and credit risk categories, liquidity, structural risk, capital adequacy, and related governance policies.

## Member and Community Relations Committee

- ✓ Nomination and elections including director recruitment, election process, maximize member participation and regulatory requirements.
- ✓ Oversight of community investment, member complaints, policy, and trends.

## Governance, Ethics, and Human Resources Policy Committee

- ✓ Evolve governance practices, structure, and policies.
- ✓ Director orientation, development, director compensation, board, and director performance.
- ✓ Governance policies on employment principles and compensation philosophy.
- ✓ Restricted party transactions and related policy.

## Director Annual Retainer

Copperfin's Governance, Ethics, and Human Resources Committee is responsible to recommend director compensation. The annual retainer for 2022 was:

Board Chair	\$10,007.00
Vice Chair	\$7,693.00
Committee Chairs	\$7,693.00
Director	\$6,462.00



## Director Attendance

Director Committee(s)	Board & Committee Meeting Attendance
<b>Beach, Erin, Director</b> Audit Committee	88%
<b>Brookes, Tina, Committee Chair</b> Member & Community Relations Committee	93%
<b>Carfagnini, Tony, Director</b> Governance, Ethics, & HR Policy Committee Member & Community Relations Committee	89%
<b>Fregeau, Paul, Director</b> Member & Community Relations Committee	84%
<b>German, Colt, Director</b> Audit Committee	88%
<b>Jankovic, Robert, Vice Chair</b> Governance, Ethics, & HR Policy Chair	100%
<b>Moscall, Dave, Board Chair</b>	92%
<b>Penfold, Brandon, Director</b> Governance, Ethics, & HR Policy Committee	86%
<b>Squissato, Kevin, Committee Chair</b> Audit Committee	100%
<b>Thorne, Chris, Director*</b> Audit Committee	100%

\*Elected in April 2022 – Partial Term Reported

# Audit Committee Report

The Audit Committee of the Board of Directors fulfills the responsibilities of the Audit Committee as set out in the Credit Unions and Caisses Populaires Act 2020 (Ontario) (the "Act") and conducts its affairs in accordance with the requirements of Section 104 of the Act and Committee Terms of Reference. The committee which consists of four directors, has a mandate to cover all 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 2022 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 a challenging and busy year for the Audit Committee. The following activities were undertaken in 2022:

- ✓ 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.
- ✓ Education and training on securitization provided by a securitization expert acting as a resource for the Audit Committee.
- ✓ Received and reviewed quarterly and annual reports.
- ✓ Reviewed and updated the Disaster Recovery Plan.
- ✓ Reviewed all Audits by external stakeholders and approved Management's response to them for any identified areas of risk.

During the year, the Audit Committee held seven meetings, arranging the agenda to fulfill the annual mandate.

We report that all significant recommendations made by the Audit 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 co-operation of Copperfin's senior leadership team, MNP, BDO, and especially Dennis Alvestad, Matt Hitchens, and Allison Kasper. We thank them and all members of Senior Leadership 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.



**Kevin Squissato**  
Chair, Audit 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, 2022, and the summary statements of comprehensive income and changes in 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, 2022.

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 9, 2023.

## 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 9, 2023

**Copperfin Credit Union Limited**  
**Summary Statement of Financial Position**  
**December 31, 2022**

	2022	2021
<b>Assets</b>		
Cash	\$ 47,598,727	\$ 28,758,033
Investments – Deposits	45,088,972	82,902,233
Investments - Other	1,013,200	1,015,060
Income taxes receivable	-	280,995
Other assets	901,699	1,038,892
Derivative financial instruments	28,766	82,888
Member loans	460,616,764	437,890,663
Deferred income tax asset	713,000	506,000
Property, plant and equipment	5,736,909	6,087,466
Intangible assets	145,589	249,729
<b>Total Assets</b>	<b>\$ 561,843,626</b>	<b>\$ 558,811,959</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 1,774,431	\$ 1,595,407
Income taxes payable	700,242	-
Members' deposits	500,457,846	483,432,808
Securitized mortgages under administration	16,156,191	32,977,456
Lease liability	468,582	603,506
Derivative financial instruments	125,019	58,244
<b>Total Liabilities</b>	<b>519,682,311</b>	<b>518,667,421</b>
<b>Members' Equity</b>		
Members' shares	1,507,244	2,981,556
Retained earnings	41,179,861	37,162,982
Accumulated other comprehensive income	(525,790)	-
<b>Total Members' Equity</b>	<b>42,161,315</b>	<b>40,144,538</b>
	<b>\$ 561,843,626</b>	<b>\$ 558,811,959</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, 2022**

	2022	2021
<b>Interest revenue</b>		
Interest on member loans	\$ 18,573,486	\$ 16,387,584
Other interest revenue	1,401,808	504,625
<b>Total interest revenue</b>	<b>19,975,294</b>	<b>16,892,209</b>
<b>Interest and loan related expenses</b>		
Interest on members' deposits	3,126,439	1,902,675
Other interest expense	819,858	1,173,876
Impairment on member loans	221,575	173,040
<b>Total interest and loan related expenses</b>	<b>4,167,872</b>	<b>3,249,591</b>
<b>Financial margin</b>	<b>15,807,422</b>	<b>13,642,618</b>
<b>Other income</b>	<b>3,641,819</b>	<b>3,296,673</b>
	<b>19,449,241</b>	<b>16,939,291</b>
<b>Non-interest and operating expenses</b>		
Deposit insurance	364,253	356,897
Depreciation and amortization	851,682	912,794
Director and committee expense	163,940	66,876
Distributions to members	300,000	200,000
Employee salaries and benefits	7,552,164	7,633,271
Other operating and administrative	4,299,584	3,988,606
Lease costs	86,184	92,748
Occupancy	539,115	483,167
<b>Total non-interest expenses</b>	<b>14,156,922</b>	<b>13,734,359</b>
<b>Income before income taxes</b>	<b>5,292,319</b>	<b>3,204,932</b>
<b>Provision (recovery) for income taxes</b>		
Current income tax	1,435,341	544,134
Deferred income tax (recovery)	(207,000)	112,000
<b>Net provision for income taxes</b>	<b>1,228,341</b>	<b>656,134</b>
<b>Net income before other comprehensive income</b>	<b>4,063,978</b>	<b>2,548,798</b>
<b>Other comprehensive income (net of tax)</b>		
Change in unrealized losses on available-for-sale investments	(525,790)	-
<b>Total comprehensive income</b>	<b>\$3,538,188</b>	<b>\$2,548,798</b>

## Copperfin Credit Union Limited

### Summary Statement of Changes in Members' Equity for the Year-Ended December 31, 2022

	Accumulated Other Comprehensive Income	Members' Shares	Retained Earnings	Total
<b>Balance at January 1, 2021</b>	-	\$ 4,021,108	\$ 34,640,104	\$ 38,661,212
Net income	-	-	2,548,798	2,548,798
Distributions to Members	-	-	(25,920)	(25,920)
Members' shares issued	-	20,325	-	20,325
Members' shares redeemed	-	(1,059,877)	-	(1,059,877)
<b>Balance on December 31, 2021</b>	-	\$ 2,981,556	\$ 37,162,982	\$ 40,144,538
Net income	-	-	\$ 4,063,978	\$ 4,063,978
Distribution to Members	-	-	(47,099)	(47,099)
Members' shares issued	-	17,725	-	17,725
Members' shares redeemed	-	(1,492,037)	-	(1,492,037)
Change in unrealized losses on available-for-sale investments	(525,790)	-	-	(525,790)
<b>Balance on December 31, 2022</b>	<b>\$ (525,790)</b>	<b>\$ 1,507,244</b>	<b>\$ 41,179,861</b>	<b>\$ 42,161,315</b>

## Copperfin Credit Union Limited

# Notes to Summary Financial Statements for the Year-Ended December 31, 2022

## 1. Basis of Preparation

The summary financial statements are derived from the audited financial statements, prepared in accordance with International Financial Reporting Standards, as at December 31, 2022 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, 2022 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, 2022 established by the provisions of the Credit Union and Caisses Populaires Act, 1994 of Ontario.



**Life Forward**