



THAMESVILLE WARDSVILLE DUTTON

Your community credit union.
You belong with us.

60TH ANNUAL REPORT

FOR YEAR ENDED OCTOBER 31, 2014

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Wardsville Branch

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Toll Free Fax: 1.866.810.8316

Dutton Branch

207 Currie Road
Dutton, Ontario
N0L 1J0
Tel: 519.762.6650
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A G E N D A
60TH TCU ANNUAL MEETING

7:00 P.M. WEDNESDAY, JANUARY 14, 2015
THAMESVILLE UNITED CHURCH
107 ELIZABETH STREET
THAMESVILLE, ONTARIO

1. Call to Order, Opening Reflections in Memory of Owners who passed in 2014.
2. Introductions and Announcements, recognition of Hogg Family.
3. Report on Registration and Establishment of quorum.
4. Adoption of Meeting Agenda.
5. Minutes of the 59th Annual General Meeting and Business Arising.
6. Report of the Board of Directors.
7. Report of the CEO.
8. Board Elections (Acclamation).
9. Audit Committee Report.
10. Report of External Auditors and submission of Financial Statements.
11. Appointment of External Auditors.
12. Special Resolution to confirm Board Policy for Directors remuneration.
13. New Business (if any)
14. Open Question Period
15. Door Prizes Draw.
16. Expression of Thanks.
17. Adjournment

TCU MISSION STATEMENT

To be the primary provider of personalized quality financial services while maintaining a stable and strong business environment that adheres to credit union principles so that TCU will be the financial institution of choice for the communities we serve.

TCU VISION OF SUCCESS

TCU's Vision of Success is embodied in the following statements:

We will.....

- Create financial success for our members;
- Achieve long-term profitable growth;
- Build loyal relationships;
- Know our members better;
- Solve business challenges;
- Provide seamless solutions;
- Adapt & reinvent products & services;
- Build our capability & capacity;
- Follow sound financial practices to continue building stability, foster member confidence, and ensure the long range viability of the Credit Union;

This Vision of Success will be achieved through the co-operation and commitment of our members and staff.

TCU VALUES

Working hard

Ours is a company of talented, diverse individuals who are dedicated to continuously learning and improving our performance every day. We encourage ideas and recognize that both individuals and teams contribute to the success of TCU. We believe that having fun and working hard are not mutually exclusive.

Doing the right thing

We take responsibility for our actions and commitments. We respect each other, even when we disagree. We treat every dollar as if it were our own.

Understanding what's important

Our success depends on meeting and anticipating the needs of our members, our employees, and the communities we serve. We believe strongly that open communication and the co-operative principles are key to understanding and supporting these needs.

Our value proposition

Our value proposition for TCU lies in:

- Our knowledge of the community and its issues,
- Our commitment to and passion for member, and
- Our ability to offer products and services at a competitive price.

TCU COOPERATIVE PRINCIPLES

1. Voluntary and Open Membership

Membership in Thamesville Community Credit Union Limited is voluntary and open to all persons living in Thamesville, Wardsville, Dutton, and the surrounding communities who are able to use our services and willing to accept the responsibilities of membership—without gender, social, racial, political or religious discrimination.

2. Democratic Member Control

Thamesville Community Credit Union Limited is a democratic organization controlled by its Board members, who actively participate in setting policies and making decisions. Men and women serving as elected representatives are accountable to the membership. Members have equal voting rights—one member, one vote.

3. Members' Economic Participation

Members democratically control and equally contribute to the capital of their credit union. Members may allocate surpluses for any of the following purposes: developing the credit union; setting up reserves; benefiting members in proportion to their transactions with the credit union; and supporting other activities approved by the membership.

4. Autonomy and Independence

Credit unions are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their credit union's autonomy.

5. Education, Training and Information

Credit Unions provide education and training for their members, elected representatives, management and employees. They inform the general public about the nature and benefits of cooperation.

6. Cooperation Among Credit Unions

Credit Unions serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international organizations.

7. Concern for Community

While focusing on members' needs, cooperatives work to develop their communities by encouraging economic development.

STAFF

Corporate Office

CEO:	Alfred Birtch
Controller:	Florence Chipp-Smith
Operations Manager:	Linda Hogg

Thamesville Branch

Branch Manager:	Dawn Lucier
Assistant Branch Manager:	Ralph Reinhardus
Financial Services Representative:	Tracey White
Member Services Representative:	Kerry Curtis
Member Services Representative:	Nicole Myers
Part-time MSR:	Sandra VanderVeen

Wardsville Branch

Senior Member Services Officer:	Susanne Walker
Senior Account Manager, Commercial & Agricultural Lending:	Monica Bos
Account Manager Trainee, Commercial & Agricultural Lending:	Kelsey Cunningham
Financial Services Representative:	Rebecca Wolfe
On-call MSR:	Josephine Easton

Dutton Branch

Senior Member Services Officer:	Cindy Schieck
Member Services Representative:	Carrie Patterson
Part-time MSR:	Margaret Long

2014 BOARD OF DIRECTORS

NAME	YEAR ELECTED	TERM EXPIRY AS AT AGM
Emery Huszka	2014	2017
Terry Marsh	2012	2015
George Molson	2013	2016
Stephen Pinsonneault	2012	2015
David Sherman	2014	2017
Graham Warwick	2013	2016
Janet Wranich	Board Appointed Sept. 17, 2014	2015

2014 AUDIT COMMITTEE

Chairman: George Molson
Members: Emery Huszka
Terry Marsh
Stephen Pinsonneault
David Sherman
Graham Warwick
Janet Wranich



**MINUTES of the 59th ANNUAL GENERAL MEETING
held on WEDNESDAY, JANUARY 15, 2014
at THAMESVILLE UNITED CHURCH
107 Elizabeth Street, Thamesville, Ontario**

1. Call to Order and Opening Announcements

The meeting was called to order at 7:00 p.m. by Chairman Stephen Pinsonneault. He provided the opening reflections concluding with a moment of silence.

Stephen Pinsonneault introduced the Board of Directors and Executive Leadership Team; welcomed all those in attendance and introduced the external auditor James Lane of MNP LLP and the following special guests:

- **Deposit Insurance Corporation of Ontario**
 - Alana McLeary, Regional Director
- **Libro Credit Union**
 - Stephen Bolton, President & CEO
 - Rick Joyal, Chair – Board of Directors
 - Brian Thorne – VP, Member Services
- **Mainstreet Credit Union**
 - Janet Grantham, President & CEO
 - Shawn Bustin, Executive VP Sales & Member Services
- **Southwest Regional Credit Union**
 - Tony Gioiosa, CEO
- **Your Neighbourhood Credit Union**
 - Lew Figol, VP, Member Services
- **Collins Barrow Chartered Accountants**
 - William Loucks, Managing Partner Chatham-Kent

2. Report on Registration and Establishment of Quorum

It was reported that the following numbers were registered at 7:03 p.m.:

TCU Owners	27
Guests	9

Stephen Pinsonneault declared a quorum (minimum requirement 20 owners).

3. Adoption of Agenda

AGM: 2014-01-15.01
LEWIS SHERMAN / JOSIE EASTON

THAT The Agenda for the Meeting be adopted as printed.

CARRIED.

4. Minutes of Previous Annual General Meeting

Stephen Pinsonneault presented the minutes of the 58th Annual General Meeting

AGM: 2014-01-015.02
BECKY WOLFE / TRACEY WHITE

THAT the minutes of the 58th Annual General Meeting of Thamesville Community Credit Union Limited, held on Wednesday, January 9, 2013 at Thamesville United Church, be adopted as printed.

CARRIED.

5. Business Arising from the Minutes

None.

6. Report of the Board of Directors and CEO

Stephen Pinsonneault presented the Report of the Board of Directors and CEO which focused on the following areas:

- Despite economic challenges TCU achieved asset growth of 9.4% to \$36M.
- \$163K interest and dividends to members
- Deposits higher by 9.7% or \$2.9M to \$35M.
- Modest increase of 7.4% to \$25M for loans.
- Additional focus placed on Director Training and Enterprise Risk Management to identify and manage all material risks that may negatively impact the Credit Union's performance, reputation and viability.
- Thank you to Owners, Directors' and Staff.

CEO Mauro Ricordi highlighted Financial Data in the Report.

AGM: 2014-01-15.03
TRACEY WHITE / LINDA HOGG

THAT the Report of the Board of Directors and CEO be adopted as presented.

CARRIED.

7. Credit Report

Alfred Birtch, Senior Director, Operations presented the Credit Report and reviewed:

- Consumer / Commercial / Agricultural Loans Portfolio.
- Net year over year growth in the loan portfolio of \$2.2M or 9.5% versus 8.3% growth in 2012.
- Recent Regulator audits have commented very favorably on new controls and procedures that have been implemented during the 4th quarter.
- Lending focus in 2014 is to follow through on controls implemented in 4th quarter 2013 and expand our reach into the Commercial and Agricultural markets.

AGM: 2014-01-15.04
RALPH REINHARDUS / CINDY SCHIECK

THAT the Credit Report be adopted as presented.

CARRIED.

8. Report of the Audit Committee

Robbie McNaughton, on behalf of the Audit Committee presented the report and reviewed the following:

- purpose and duties of the Audit Committee as per the Act.
- Implementation of ERM (Enterprise Risk Management).
- Internal Audit for 2014 was placed on tender and Collins Barrow, Chatham has been appointed.
- Meeting was held with DICO (Deposit Insurance Corporation of Ontario) auditors' who conducted an examination in October 2013. DICO's subsequent report contained various recommendations on Commercial and Agricultural credit that have been implemented.

AGM: 2014-01-15.05

TRACEY WHITE / RALPH REINHARDUS

THAT the Audit Committee Report be adopted as presented.

CARRIED.

9. Report of the External Auditor

James Lane, on behalf of the external auditors, MNP LLP, reviewed the following:

- the Financial Statements as printed in the TCU Annual Report package.
- the statement of management's responsibility for financial reporting.
- the external auditor's report.

Following review Mr. Lane opened the floor for questions however none were presented.

AGM: 2014-01-15.06

LINDA HOGG / RALPH REINHARDUS

THAT the External Auditor Report for fiscal 2013; and the financial statements for the fiscal year ending October 31, 2013 be adopted as printed.

CARRIED.

10. Appointment of External Auditors

AGM: 2014-01-15.07

JUDY GREEN / EMERY HUSZKA

THAT the firm of MNP LLP be appointed as External Auditors for Thamesville Community Credit Union Limited for the fiscal year ending 31st October 2014.

CARRIED.

11. Directors Elected by Acclamation

Mr. Paul Hogg reported terms of office expired for Thomas Chalmers and David Sherman. The nomination process was carried out in accordance with Board approved policy, procedures and by-laws.

Two qualified nominations (Emery Huszka and David Sherman) were received and elections are not required. Therefore I declare the 2 individuals as nominated acclaimed as TCU Directors to each serve a three year term effective this annual meeting.

Stephen Pinsonneault read the bios of Emery Huszka and David Sherman and expressed thanks to retiring Director Thomas Chalmers for his years of service to the Credit Union.

12. Special Resolution to confirm Policy for Director Remuneration

Stephen Pinsonneault reported the Board passed a resolution on December 11, 2013 recommending an increase to Directors remuneration subject to owners agreement and requested a motion to accept the resolution as printed on Page 23 of the Annual Report.

AGM: 2014-01-15.08

TRACEY WHITE / RALPH REINHARDUS

THAT owners approve remuneration for Board of Directors of Thamesville Community Credit Union Limited for meeting attendance as follows:

Chair* \$150 / meeting

Directors \$125 / meeting

*Remuneration for Board & Audit Chair – not Acting Chairs

FURTHER THAT Directors and Committee Member be paid \$125 / day for attending Training sessions over 4 hours, including travel time (webinars excepted).

CARRIED.

13. New Business

There was no new business brought before the meeting.

14. Open Question Period

Julia Griffore questioned the logic of discontinuing passbooks.

Mauro Ricordi replied that financial institutions are moving away from passbooks. With the introduction of online banking, bank statements can be viewed online. The credit union will provide a statement printout to seniors who may not use a computer, rather than a passbook.

We will try to keep this service as long as possible however passbook printers and passbooks are costly and printers will not be replaced when they become inoperable. Members have been given at least 2 years advance notice on passbooks being discontinued.

Julia Griffore also questioned why at some stores there are issues with debit cards.

Mauro Ricordi explained the new chip technology is to try and reduce fraud. However, the magnetic stripe is needed as chip technology has not yet been implemented in the United States.

We have been investigating issues; it is more vendor systems not working rather than credit union card issues.

Stephen Bolton noted his respect for TCU as a smaller credit union and congratulated Mauro Ricordi and staff on the success of

the credit union.

Thomas Chalmers expressed his opinion that Thamesville Credit Union is a viable operation and will continue as a small credit union making a big impact in the communities it serves.

15. Door Prize Draws / Expression of Thanks

Mauro Ricordi conducted draws for door prize packages and thanked door prize donators.

He also thanked the ladies of Thamesville United Church Women Unit 1 for preparation and presentation of food.

16. Adjournment

There being no other business, Stephen Pinsonneault thanked everyone for attending the meeting and called for a motion to adjourn the meeting.

AGM: 2014-01-15-09

LEWIS SHERMAN / EMERY HUSZKA

THAT the 59th TCU Annual General Meeting adjourns. Time: 7:50 p.m.

CARRIED.



REPORT OF THE BOARD OF DIRECTORS

2014 was a year of significant transformation for your credit union. Structural changes were made within the management team as well as a focus on re-invigorating our efforts to meet / exceed the expectations of our various stakeholders:

- Our member owners
- The provincial regulatory bodies whose mandate is to ensure a financially healthy and sustainable credit union system
- Being proactive members of the communities we serve
- And in providing progressive and respectful work environment for our staff.

On the membership front that meant demonstrating our commitment to exceeding our historical growth experience satisfying the borrowing needs of our consumer, agricultural and commercial members.

From a regulator and corporate governance perspective, that meant achieving top-tier results in executing our mandate of safeguarding member assets and managing the business within the established regulations and best practices.

And from a staff perspective, we didn't just want to be known as a "nice place to work"...our goal was to transform ourselves to becoming "An Employer of Choice" standing by 2017.

I'm sure you will all agree that these were lofty goals we set for ourselves. Shortly you will hear from the Chairman of the Audit Committee and from our CEO on the progress we achieved in 2014.

It has been my pleasure to serve as TCCU's President and Chairman of the Board in 2014 and I am looking forward to the challenges ahead in 2015. My personal thanks to the membership, my fellow board members and the staff for such excellent results in 2014.

David Sherman

President and Chairman of the Board



REPORT OF THE CEO

This is my inaugural report to the membership as CEO of Thamesville Community Credit Union. I could not be more proud of being given the opportunity to represent the membership and the staff of this cooperative. I would like to focus my remarks on two key fronts: Our results for 2014 and what lies ahead in 2015 and beyond.

➤ **The year in review:**

Financial:

2014 was a year that saw record results as our total loans grew by 21% (\$5 million rounded) and deposits by 5% (\$1.6 million rounded). Gross revenue increased by 4% (\$65,000 rounded) and total expenses increased by 10% (\$133,000 rounded). Total expenses included a 1-time non-recurring reorganization cost of just over \$100,000. Excluding these 1-time costs, normal recurring expense growth would have been contained to 2.5%. Profit came in at \$179,652, again impacted by the non-recurring expenses. However, dividend distribution was increased from a planned 1.00% to 1.25% in recognition of the years exceptional results. Retained earnings increased by 4.8% to \$3,109,831. Regulations require a minimum capital ratio of 4%. TCCU finished the year at 9.1%. All in all your credit union is on a very solid financial footing.

Our team:

At the core of our success is our team of friendly, committed professionals. During 2014 we engaged the services of an external firm to evaluate the work culture within the credit union. I am pleased to report that your credit union ranks as An Employer of Choice in the eyes of our staff. As owners of TCCU you can be justifiably proud of what they have accomplished; and our financial success has resulted in additional career opportunities within the credit union. I am pleased to advise we have added a new position to the team, that being a new lending position to service the financial needs of the Commercial & Agricultural market.

Governance: I will not repeat the information covered in the report from the Chair of the Audit Committee, other than to say our governance structures are strong, effective and meeting all regulatory requirements. Please refer to the Audit Chairs report for additional information.

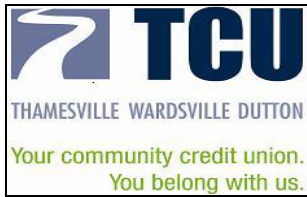
➤ **Future challenges and opportunities:**

We are financially solid, have a great team, and a solid core membership. But those factors in themselves do not guarantee our future success. To do that we must be proactive. We must seek out new ways to grow our membership base, our financial stability and our ability to withstand economic downturn cycles which always occur. And it's no secret that consolidation (mergers) within the credit union system are continuing at a rapid pace. Our paramount goal must be to remain relevant-as-an-institution to our members. That means being in a position to meet their expanding needs and expectations for enhanced technology, expanded product offerings and ability to meet ever growing needs for higher-limit credit services. Remember, consolidation happens not only in the Financial Services sector but is also happening in agriculture and in commercial business world as well. We are already seeing member needs for larger credit services that exceed our current regulatory limits which are set based on Credit Union size. We must find new ways to grow or risk becoming irrelevant to current and potential new members whose needs exceed our current regulatory limitations. Your board and management team are proactively working on these issues.

I thank you for your continuing membership and support of TCCU where Community Matters.

Cordially,

Al Birtch
CEO



REPORT OF AUDIT COMMITTEE

COMMITTEE:

Chairman: George Molson
Members: David Sherman
Stephen Pinsonneault
Graham Warwick
Terry Marsh
Emery Huszka
Janice Wranich

Thamesville Community Credit Union maintains an Audit Committee pursuant to Section 125 of the Credit Union and Caisses Populaires Act, 1994. The Committee, which exists of 7 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 Committee.

The Internal Audit assignment for 2014 was contracted with Collins Barrow, Chatham and the terms of reference of this contract were expanded in comparison to prior years to provide for a more vigorous review of all aspects of the credit union, from Board effectiveness down through and including all day-to-day operating procedures.

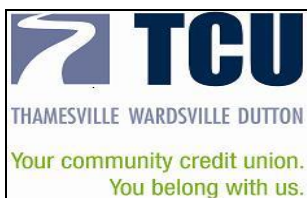
In addition we modified ERM (Enterprise Risk Management) procedure and significantly upgraded it to meet / exceed the current best practices for the oversight of the key risks facing a financial institution. Our monitoring, reporting and mitigation of identified risks proactively protects the credit union and creates value for our members.

The Deposit Insurance Corporation of Ontario ('DICO') auditors' conducted a full-scope examination on September 3rd & 4th, 2014. DICO's subsequent report assessed 18 of the 19 business functional areas that were reviewed as "Adequate" (the highest possible rating) and 1 area, Board reports, as "Needs Improvement". 0 areas were rated as "Inadequate". The Audit Committee is confident the Credit Union financial reporting systems and controls are adequate to meet its needs and are being complied with.

I wish to express my appreciation to my fellow committee members, Corporate Secretary Florence Chipp-Smith, CEO Al Birtch, Credit Union Staff, Internal and External Auditors and the Board of Directors for their efforts during the past year. The results speak for themselves.

Respectfully submitted on behalf of TCU Audit Committee.

George Molson
Chairman



2015 DIRECTORS ELECTED BY ACCLAMATION

FOR 3 YEAR TERMS COMMENCING JANUARY 15, 2015

TERRY MARSH

STEPHEN PINSONNEAULT



SPECIAL RESOLUTION TO CONFIRM POLICY FOR DIRECTOR REMUNERATION

Existing Remuneration Policy for Directors / Committee Members:

a. Attendance at each Board or Committee Meeting:

Chair*	\$150 / meeting
Directors	\$125 / meeting

**Remuneration for Board & Audit Chair – not Acting Chairs*

b. Board / Committee Training

For attendance at training sessions over 4 hours, webinars excepted.

Directors / Committee Members be paid \$125 / day

TCU Board passed a resolution on November 19, 2014 recommending remuneration for Directors be increased subject to members agreement to the resolution.

RECOMMENDED RESOLUTION

Remuneration Policy for Directors / Committee Members:

BE IT RESOLVED TCU Members hereby confirm the Board of Directors remuneration as adopted by Board Resolution BD: 2014-11-19.05 to be effective the first Board Meeting of January 2015 as follows:

a. Attendance at each Board or Committee Meeting:

Board Chair or alternate	\$250 / meeting
Audit Committee Chair	\$225 / meeting
Directors	\$150 / meeting

b. Attendance at Training Sessions, webinars excepted:

Directors / Committee Members \$150 / day



EXPRESSION OF THANKS TO THE FOLLOWING:

**Thamesville United Church Women Unit 1
for preparation of food.**

DOOR PRIZE DONATORS

ANONYMOUS DONORS

CENTRAL 1

CONCENTRA FINANCIAL

CRAZY EIGHT BARN

**DAN LAWRIE INSURANCE BROKERS LTD.
(Sharon Wilson)**

INFONANCIAL

MC BUSINESS SOLUTIONS

PROFORMA / R J PRINT

**THAMESVILLE HOME HARDWARE
(Bert & Judy Vanderheide)**

**THE CUMIS GROUP LIMITED
(Paul Hogg)**

