



**CREDIT
UNION**

NEW WATERFORD

**90th Annual Report
and General
Financial Statement**

**Wednesday, March 27, 2024
For Year Ending December 31, 2023**

Mission Statement

(approved June 17, 2003
by Board of Directors)

As a member owned financial institution, New Waterford Credit Union is committed to providing a wide range of competitive, quality products and services with integrity and professionalism. We are dedicated to the betterment of our members, our community and our staff and volunteers.

AGENDA

1. Call to order
2. Confirmation of quorum present and proper notice given
3. One minute silence for deceased members
4. Introduction of Guests
5. Approval of Agenda
6. Approval of minutes of Last Annual Meeting – March 28, 2023
7. Business arising from minutes
8. Report from Board of Directors
9. Manager's Report
10. Auditor's Report and Financial Statements
11. Appointment of Auditors
12. Nominating Committee Report and Elections
13. New Business
14. Adjournment



**NEW WATERFORD CREDIT UNION LIMITED
BOARD OF DIRECTORS
89TH ANNUAL MEETING, MARCH 28, 2023
NEW WATERFORD FIRE HALL**

Present:

Dave Myers, Acting Manager

Randy MacDonald

Robert Tonary

Janet Wilcox, Secretary

Blaise Poirier

Bobby Gillis

The 89th annual general meeting of the New Waterford Credit Union was called to order at 7pm by Chairperson Janet Wilcox. Janet welcomed everyone to the meeting.

Janet asked General Manager Dave Myers to confirm a proper notice was given and that a quorum was present.

Section 4.05 of the New Waterford Credit Union by-laws states that notice of a meeting of the membership shall be posted in the Credit Union and a notice in a local newspaper and on the Credit Union website not less than fourteen clear days and not more than thirty clear days before the meeting.

Dave said that the notice was in the Cape Breton Post on page 3 on March 3, 2023 and was also put on the NWCU website and Facebook page on the same day. Notice was also posted in the Credit Union.

Section 4.13 of the by-laws state that a number of members equal to the number of directors plus five constitute a quorum for all meetings of members.

There are 35 members registered this evening for the meeting. Therefore the proper notice was given and a quorum is present.

Janet asked the members to stand for a minute of silence for all deceased members.

Janet introduced the guests who were present at our meeting. They were Tom Vickers who sits on the boards of Atlantic Central and League Savings and Mortgage, and Darren Chiasson, representing our auditors, MPN and Associates.

The agenda for the meeting was approved on motion by Blaise Poirier, second by Bobby Gillis.

The minutes of our last AGM, held March 29, 2022 at the Legion were approved on motion by Ian Burke, second by Rob Tonary.

There was no business arising from the minutes.

Report of the Board of Directors:

Janet again welcomed everyone to our meeting. She was pleased that we can meet without restrictions again. During the pandemic the board was kept up to date on the credit union system through many e-mails and webinars. The system is heading into a period of change over the next few years. The aging Horizon banking system is coming to the end of it's life and a new Honeybee system will take over. This is a very expensive but much needed change and we are very lucky that we can afford the change. Our General Manager Harvey LeBlanc, who suffered a stroke over a year ago, informed us that he would be retiring at the end of January, 2023. An open house was held at the credit union on January 27th to celebrate his retirement.

The board of directors appointed Dave Myers as our new General Manager effective February 1, 2023.

Dave and Janet took part in a virtual annual meeting of Atlantic Central and League Savings in April.

In October several board members and Dave Myers attended the fall strategy sessions in Halifax.

We had another very successful year financially and are pleased to be paying a 10% patronage rebate again this year.

Janet thanked the management and staff for their hard work again this year.

Janet gave a big thank you to the board of directors and committee member who volunteer their time to ensure that the credit union continues to thrive and serve our members.

A big thank you to the members for your continued trust in our credit union.

Manager's Report:

General Manager Dave Myers said in 2022 we all had to endure the rising costs that record inflation has caused as well as rapid increase to our prime rate to try and combat inflation. Even with these obstacles, our results were very pleasing. Assets grew significantly this year due to an increase in deposits. Lending grew slightly. Members were hesitant to make big purchases due to the fear of where the economy was going. Members look for guidance in these troubling times and our staff provide them with sound advice.

We were once again able to pay a patronage rebate of 10% on loan interest and savings while continuing to offer very competitive rates. New Waterford Credit Union has returned over \$3.6 million since 1992.

We continue to work with all our business partners to improve our service delivery plus introduce new products to our members. Up to date technology is very important to attract and retain new members. Cybersecurity has become a great concern for the system. We have contracted a cybersecurity company called 'Quarterback' to ensure we are up to date with our protocols to protect our members and their assets.

Our website and Facebook page keep members advised of new products and changes in our system. Our staff are continually trained on new products and services to serve the members. We continue to support our community with our bursary program (\$3,500), Greenfield Elementary breakfast program (\$3,000), and other community programs like combined Christmas giving, the Salvation Army. St. Vincent DePaul Society, and the local library.

We also supported New Waterford Minor Baseball, minor hockey, and boxing, all focused on our youth. We were very happy to support the return of the Coal Bowl Classic this year. Dave thanked the board of directors and the committee members, and the staff for their continued hard work and commitment to our credit union.

A special thanks to the members. Without you we could not do the things we do. Your continued support is essential to the growth of our credit union.

AUDITOR'S REPORT

Darren Chiasson of MNP LLP presented the auditor's report. He said that it was a pleasure to work with management and staff of our credit union. Once again you had another very good year. Assets grew from \$53.9M TO \$57.5M. Darren reviewed the financial statements for the year and offered his congratulations on the successful year. There were no questions for Darren.

Appointment of auditors:

Motion by Randy MacDonald, second by Rob Tonary to appoint MNP LLP as auditors for 2023. Motion carried

By-law Ammendment:

Chair Janet Wilcox asked members to turn to page 18 of the meeting book for a change to our by-laws. The committee is recommending that a change be made to section 5.09 to allow another year on the board for retiring members if there are no nominations. We are recommending that the words "in any case" be removed and add "unless the conditions below apply". The by-law would then read;

In the event vacancies still exist following the close of nominations and after extending the call for nominations from the general membership, a director that has served nine consecutive years, is eligible for another one year term.

Motion by Andrew Petrie, second by Blaise Poirier to approve the by-law change. Motion carried.

Nominations:

Chair of the nominations committee, Russell Roach, said that they have received one nomination to serve on the board of directors from Wayne LeBlanc. This nomination came in by fax as Wayne is in Florida but wishes to have his name put forward as a nominee. Russell then called for nominations from the floor. Brittany MacEachern was nominated by Randy MacDonald. There were no further nominations.

Wayne LeBlanc and Brittany MacEachern were declared elected by acclamation.

General Manager Dave Myers thanked the retiring directors, Randy MacDonald and Janet Wilcox for their service to the credit union.

New Business:

Janet asked if there was any new business to come before the meeting. There was none.

Adjournment:

Motion by Russell to adjourn. Meeting adjourned at 7:35pm

Russell Roach, Secretary

REPORT OF THE BOARD OF DIRECTORS

Welcome to the annual meeting of the New Waterford Credit Union covering the year 2023. This year was another very good year for our credit union.

Your board met monthly throughout the year except for July and August.

Training for board members is ongoing. New board members must take required training courses and it is hard trying to set up times for members to participate in the training sessions online. We try to do it as a group to make it easier and there is a chance to ask questions on the material being presented. Most of our newer members have done level one training and some of level two.

Our new General Manager, Dave Myers, has done an excellent job since taking over. Dave has initiated some new products to our credit union and continues to offer great service to our members. The new banking system, the "Honeybee System", is being developed within the credit union system. It is going slower than expected but should be ready for a pilot run very soon.

Again, this year we have approved a Patronage Rebate of 10%, meaning that there is more than \$201, 000 going back to our members who have paid interest on loans and mortgages and have earned interest on savings.

We continue to support our community through donations of almost \$30,000 this year.

We continue to grow financially and with the closing of the Scotiabank branch we are seeing some new members coming to our credit union. We can offer very competitive rates to these people and we hope they will come and join us.

This being my last term as chair of the board, I would like to say thank you to the board members for their cooperation during my tenure as chair and to the management and staff for their dedication to the New Waterford Credit Union.

Respectfully submitted,
Russell Roach, Chair

Managers Report

It is my pleasure to report to you on the operational results for 2023. I have left the financial results with our auditors MNP who will give a report shortly. In 2023 we all had to endure the rising costs that record inflation has caused, along with that, we had to deal with the increases to our prime rate again this year to combat inflation. Even with these two obstacles in 2023, our results are very pleasing. Our assets grew significantly again this year due to an increase in our deposit base and lending had a significant increase. Members were quite happy with the increase in deposit rates and took advantage and invested their savings in term deposits. Our members look for guidance in these troubling times and our staff provide them with sound advice.

A patronage refund of 10% rebate on loan interest and 10% bonus on deposits was rebated based on business conducted in 2023. We were able to give this rebate despite offering already competitively priced loans, mortgages, savings accounts, term deposits and RRSP's. New Waterford Credit Union has returned surplus earnings to our members in each year since 1992 representing over \$3.9 million. In 2023, New Waterford Credit Union continued to meet with all our system partners on affordable ways to improve our service delivery plus introduce new products to our members. Up to date technology is very important to attract new members and retain our youth. Cybersecurity has become a great concern for our Credit Union system. Resources such as our website www.nwcu.net and Facebook page continue to provide our members with new product feature and keeping them informed ongoing changes in our system. We need these new products to retain and attract new members. When new products and services are introduced, it is critical that our staff are trained properly in them, and the staff is always willing to participate in the training and learn new tasks.

. This coming year we will undergo a significant change in our banking platform, our existing banking system has reached the end of life and will be replaced. This replacement has come at a great cost but will bring us into the future with digital capability.

Despite economic conditions we continue to support our community with co-op principles in mind. In 2023 we supported graduates with our bursary program, (\$3500) Greenfield Breakfast Program (\$3000). Some of our other charities included Combined Xmas giving, Salvation Army, ST Vincent de Paul and our library plus other community organizations such as New Waterford baseball, basketball, hockey and Boxing focused on our youth. We were especially happy to support the Coal Bowl again this year. I want to thank the staff for their fundraising and the board for their continued support in this area.

In closing, once again I would like to thank our Board of Directors, Committee Members, and especially our staff for their continued commitment, hard work, and support. A special thank you is extended from the board, staff and management to you, our members, for your patronage. We look forward to serving you in 2024 and onward. Your continued support is essential for the success of our credit union.

Respectfully Submitted

Dave Myers

General Manager

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements and all other information contained in the Annual Report are the responsibility of management and have been approved by the Board of Directors (the "Board"). The financial statements have been prepared by management in accordance with International Financial Reporting Standards, and include amounts based on informed judgments and estimates of the expected effects of current events and transactions. Financial information presented elsewhere in this Annual Report is consistent with that in the financial statements.

In meeting its responsibility for the reliability of financial data, management relies on comprehensive internal accounting, operating and system controls. Controls include an organizational structure providing for effective segregation of responsibilities and delegation of authority and personal accountability, as well as the application of accounting and administrative policies and procedures necessary to ensure adequate internal control over transactions, assets and records. These controls are designed to provide reasonable assurance that financial records are reliable for preparing financial statements and maintaining accountability for assets, and that assets are safeguarded against unauthorized use or disposition.

The Board has appointed an Audit Committee to review with management and independent auditors the annual financial statements prior to submission to the Board for final approval. MNP LLP have been appointed by the membership as independent auditors to examine and report on the financial statements. They have full and free access to Credit Union staff and the Audit Committee of the Board.

Dave Myers
General Manager
New Waterford Credit Union Limited

Russell Roach
Chair, Board of Directors
New Waterford Credit Union Limited
March 8, 2024

Report of the Independent Auditor on the Summary Financial Statements



To the Members of New Waterford Credit Union Limited:

Opinion

The summary financial statements, which comprise the summary statement of financial position as at December 31, 2023, and the summary statements of comprehensive income, changes in equity and cash flows for the year then ended, are derived from the audited financial statements of New Waterford Credit Union Limited (the "Credit Union") for the year ended December 31, 2023.

In our opinion, the accompanying summary financial statements are a fair summary of the audited financial statements, in accordance with the basis described in the Note.

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 February 21, 2024.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of the summary financial statements in accordance with the basis described in the Note.

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.

Sydney, Nova Scotia

February 21, 2024

Chartered Professional Accountants

MNP LLP

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NEW WATERFORD CREDIT UNION LIMITED

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NEW WATERFORD CREDIT UNION LIMITED

Statement of Financial Position

As at December 31, 2023

| | <u>2023</u> | <u>2022</u> |
|---------------------------------------|-------------------|-------------------|
| Assets | | |
| Cash and cash equivalents | 3,083,256 | 3,437,164 |
| Investments and deposits | 19,478,510 | 19,898,769 |
| Loans to members | 36,913,306 | 33,932,335 |
| Property, building and equipment | 102,135 | 92,108 |
| Other assets | 416,350 | 128,171 |
| Deferred tax asset | 41,300 | 41,700 |
| Total assets | 60,034,857 | 57,530,247 |
| Liabilities | | |
| Member deposits | 51,818,703 | 50,026,456 |
| Income taxes payable | 73,451 | 5,442 |
| Trade payable and accrued liabilities | 258,269 | 234,695 |
| Accrued patronage rebate | 201,803 | 153,533 |
| Total liabilities | 52,352,226 | 50,420,126 |
| Members' equity | | |
| Retained earnings | 7,523,396 | 6,951,736 |
| Member shares | 159,235 | 158,385 |
| Total Members' equity | 7,682,631 | 7,110,121 |
| | 60,034,857 | 57,530,247 |

NEW WATERFORD CREDIT UNION LIMITED**Statement of Comprehensive Income**

For the year ended December 31, 2023

| | <u>2023</u> | <u>2022</u> |
|--------------------------------------|-----------------|-----------------|
| Income | | |
| Interest on loans | 1,735,084 | 1,438,006 |
| Patronage rebate | (173,508) | (143,801) |
| Investment income | 876,491 | 370,962 |
| | <hr/> 2,438,067 | <hr/> 1,665,167 |
| Interest expense | | |
| Interest on member deposits | 521,266 | 176,950 |
| | <hr/> 1,916,801 | <hr/> 1,488,217 |
| Financial margin | | |
| Other income | 361,387 | 398,503 |
| | <hr/> 2,278,188 | <hr/> 1,886,720 |
| Operating Expenses | | |
| Personnel | 767,858 | 701,869 |
| Member security <i>(Schedule 1)</i> | 27,397 | 23,028 |
| General business <i>(Schedule 2)</i> | 679,021 | 596,464 |
| Occupancy <i>(Schedule 3)</i> | 83,086 | 58,763 |
| Provision for loan losses | 28,405 | 38,538 |
| Depreciation | 11,558 | 16,365 |
| | <hr/> 1,597,325 | <hr/> 1,435,027 |
| Income before income taxes | 680,863 | 451,693 |
| Income taxes | | |
| Current | 108,803 | 51,534 |
| Deferred | 400 | 300 |
| | <hr/> 109,203 | <hr/> 51,834 |
| Comprehensive income | <hr/> 571,660 | <hr/> 399,859 |

NEW WATERFORD CREDIT UNION LIMITED

Statement of Changes in Equity

For the year ended December 31, 2023

| | <i>Member shares</i> | <i>Retained earnings</i> | <i>Total equity</i> |
|----------------------------------|--------------------------|------------------------------|---------------------|
| Balance December 31, 2021 | 161,070 | 6,551,877 | 6,712,947 |
| Comprehensive income | - | 399,859 | 399,859 |
| Issuance of member shares | 5,580 | - | 5,580 |
| Redemption of member shares | (8,265) | - | (8,265) |
| Balance December 31, 2022 | 158,385 | 6,951,736 | 7,110,121 |
| Comprehensive income | - | 571,660 | 571,660 |
| Issuance of member shares | 7,035 | - | 7,035 |
| Redemption of member shares | (6,185) | - | (6,185) |
| Balance December 31, 2023 | 159,235 | 7,523,396 | 7,682,631 |

NEW WATERFORD CREDIT UNION LIMITED

Statement of Cash Flows

For the year ended December 31, 2023

| | <u>2023</u> | <u>2022</u> |
|---|------------------|--------------------|
| Cash provided by (used for) the following activities | | |
| Operating activities | | |
| Comprehensive income | 571,660 | 399,859 |
| Depreciation | 11,558 | 16,365 |
| Deferred taxes | 400 | 300 |
| Changes in working capital accounts | | |
| Loans to members | (2,980,971) | (1,526,464) |
| Income taxes recoverable | - | 4,952 |
| Other assets | (288,179) | (112,079) |
| Member deposits | 1,792,247 | 3,132,957 |
| Income taxes payable | 68,009 | 5,442 |
| Trade payables and accrued liabilities | 23,574 | 18,466 |
| Accrued patronage rebate | 48,270 | (4,424) |
| | <u>(753,432)</u> | <u>1,935,374</u> |
| Financing activities | | |
| Increase (decrease) in membership shares, net | 850 | (2,685) |
| Investing activities | | |
| Increase (decrease) in investments and deposits | 420,259 | (3,383,646) |
| Purchases of property, building and equipment | (21,585) | (20,672) |
| | <u>398,674</u> | <u>(3,404,318)</u> |
| Decrease in cash and cash equivalents | (353,908) | (1,471,629) |
| Cash and cash equivalents, beginning of year | 3,437,164 | 4,908,793 |
| Cash and cash equivalents, end of year | 3,083,256 | 3,437,164 |

NEW WATERFORD CREDIT UNION LIMITED
Note to Summary Financial Statements

For the year ended December 31, 2023

Basis of preparation of the summary financial statements

Management has prepared the summary financial statements from the December 31, 2023 audited financial statements, which are prepared in conformity with International Financial Reporting Standards (IFRS). The audited financial statements can be obtained at New Waterford Credit Union Limited. The detailed notes included in the audited financial statements are not included in these summary financial statements.

The criteria developed by management for the preparation of the summary financial statements is as follows: that the information included in the summary financial statements is in agreement with the related information in the complete financial statements, and that the summary financial statements contain the information necessary to avoid distorting or obscuring matters disclosed in the related complete financial statements, including the notes thereto, in all material respects.

NEW WATERFORD CREDIT UNION LIMITED

Schedule 1 - Member Security

For the year ended December 31, 2023

| | <u>2023</u> | <u>2022</u> |
|------------------------|-------------|-------------|
| Member security | | |
| Bonding | 27,397 | 23,028 |

Schedule 2 - General Business Expenses

For the year ended December 31, 2023

| | <u>2023</u> | <u>2022</u> |
|-----------------------------------|----------------|----------------|
| General business | | |
| Data processing | 225,147 | 194,146 |
| Central assessment and dues | 109,240 | 90,458 |
| Miscellaneous | 108,481 | 92,988 |
| Advertising | 57,483 | 52,311 |
| Professional fees | 42,324 | 38,958 |
| Service fees and charges | 41,558 | 36,241 |
| Educational | 34,717 | 33,301 |
| Service contracts and maintenance | 22,376 | 27,803 |
| Office | 17,307 | 12,196 |
| Postage | 10,826 | 10,053 |
| Telephone | 9,562 | 8,009 |
| | <u>679,021</u> | <u>596,464</u> |

Schedule 3 - Occupancy Expenses

For the year ended December 31, 2023

| | <u>2023</u> | <u>2022</u> |
|----------------------------------|---------------|---------------|
| Occupancy | | |
| Repairs and maintenance | 40,118 | 17,834 |
| Utilities | 15,844 | 15,057 |
| Janitorial and cleaning supplies | 15,706 | 15,686 |
| Insurance | 5,778 | 4,546 |
| Property taxes | 5,640 | 5,640 |
| | <u>83,086</u> | <u>58,763</u> |







NEW WATERFORD

2023 Annual Patronage Rebate

Over the past 21 years the New Waterford Credit Union has awarded its members over \$3.89 million dollars through our patronage rebate program, including over \$200,000 this year.

Rebates will be deposited into member accounts beginning Friday, March 8th.

We thank you for your support throughout 2023.

