

# 2015 Annual REPORT



**CREDIT  
UNION**

LEADING EDGE

“If you create incredible value and information for others that can change their lives and you always stay focused on that service – the financial success will follow.”

~ Brendon Burchard



**Vision**

To be the financial service provider of choice for members who are empowered by ownership and community commitment.

**Mission**

Leading Edge Credit Union provides quality financial services to members and their communities through education and co-operation.

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## Management and Staff

### Corporate Office

Cory Munden  
*Chief Executive Officer*

Terry Hardy  
*Manager of Accounting Services*

Candace Matthews  
*Executive Assistant & Privacy Officer*

Randi Alexander  
*Marketing Specialist*

Roger Hardy  
*Manager of Operations*

Trudy Skinner-Keeping  
*Manager of Lending Services*

Renee Samms  
*Compliance & Administration Officer*

Elaine Ingram  
*Accounting Officer*

Jody King  
*Accounting Administrator*

### Corner Brook Branch

Donald Rideout  
*Branch Manager*

Arwilda Brake  
*Financial Services Officer*

Mindy Gillingham  
*Financial Services Officer*

Holley Simmonds  
*Financial Services Representative II*

Roxanne Jacobs  
*Financial Services Representative*

Sandra Brockway  
*Financial Services Representative*

Anne Marie Penney  
*Tax Associate/  
Financial Services Representative (Casual)*

### Doyles Branch

Tracy Keeping  
*Branch Manager*

Terryl McArthur  
*Financial Services Officer*

Selma Kilpatrick  
*Financial Services Representative*

Wanda Pope  
*Financial Services Representative*

Dale Lomond  
*Financial Services Representative (Casual)*

Bruce Samms  
*Tax Associate*

### Jeffrey's Branch

Rhoda Pumphrey  
*Branch Manager*

Melanie Hulan  
*Financial Services Officer*

Terri MacAuley  
*Financial Services Representative*

April-Dawn Alley  
*Financial Services Representative*

Amy Penney  
*Financial Services Representative (Casual)*

Morley Greening  
*Tax Associate*

### Port aux Basques Branch

Geneva Taylor  
*Branch Manager*

Lisa Purchase  
*Financial Services Officer*

Donna Bailey  
*Financial Services Officer*

Martina MacDonald  
*Financial Services Representative*

Vanessa Morris  
*Financial Services Representative*

Kelly Thorne  
*Financial Services Representative*

Elaine Vautier  
*Financial Services Representative (Casual)*

Michele MacLean  
*Tax Associate*

### St. George's Branch

Sarah Nash  
*Branch Manager*

Jocelyn Deluney  
*Financial Services Officer*

Ruby Bennett  
*Financial Services Representative*

Lydia Bennett  
*Financial Services Representative*

Aileen Lushman  
*Financial Services Representative (Casual)*

Roseanna Brake  
*Tax Associate*



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Board of Directors (con't)



Back (L-R): Barry Simms, Gary Wiseman, Janet Willis, Tony Leamon, John Healey  
 Front (L-R): William H. Coates, Gary J. O'Brien, Daniel Sheaves  
 Missing from photo: Hubert Hall

Table 1. Meeting Participation May 2015 - March 2016

Name	Board	Executive	Audit	Governance	Human Resources	Social Responsibility
Coates, W. H.	8/8	4/4	-	2/2	-	1/1
Hall, H.	0/8	-	-	0/2	0/1	-
Healey, J.	8/8	-	5/5	-	1/1	-
Leamon, T.	8/8	-	5/5	-	-	1/1
O'Brien, G. J.	8/8	4/4	-	-	-	-
Sheaves, D.	8/8	4/4	-	-	1/1	1/1
Simms, B.	8/8	-	-	2/2	-	1/1
Willis, J	7/8	-	5/5	-	1/1	-
Wiseman, G.	7/8	-	3/5	2/2	-	-

## Special Recognition



Tracy Keeping - 5 years  
Branch Manager  
Doyles Branch



Gary Wiseman - 10 years  
Board of Directors



Wanda Pope - 15 years  
Financial Services Representative  
Doyles Branch



## Seven Co-operative Principles

These seven principles are founded in the philosophy of co-operation and its central values of equality, equity and mutual self-help. They express, around the world, the principles of human development through people working together to achieve a better life for themselves and their community.

### 1. Voluntary and Open Membership

Credit unions are voluntary, co-operative organizations, offering services to people willing to accept the responsibilities and benefits of membership, without gender, social, racial, political or religious discrimination.

Like credit unions, many co-operatives operate as not-for-profit institutions with volunteer Boards of Directors. In the case of credit unions, directors are drawn from defined fields of membership.

### 2. Democratic Member Control

Co-operatives are democratic organizations; owned and controlled by their members, one member one vote, with equal opportunity for participation in setting policies and making decisions.

### 3. Member Economic Participation

Members are the owners. As such, they contribute to, and democratically control, the capital of the co-operative. This benefits members in proportion to their transactions with the co-operative rather than on the capital invested.

Credit unions typically offer better rates, fees and service than for-profit financial institutions, and their members recognize benefits in proportion to the extent of their financial transactions and general usage.

### 4. Autonomy and Independence

Co-operatives are autonomous, self-help organizations controlled by their members. If the co-operative enters into agreements with other organizations or raises capital from external sources, it is done so based on terms that ensure democratic control by the members and maintains the co-operative autonomy.

### 5. Education, Training and Information

Co-operatives provide education and training for members, elected representatives, managers and employees so they can contribute effectively to the development of the co-operative.

Credit unions place particular importance on educational opportunities for their volunteer directors, and financial education for their members and the public, especially the nation's youth. Credit unions also recognize the importance of ensuring the general public and policy makers are informed about the nature, structure and benefits of co-operatives.

### 6. Co-operation Among Co-operatives

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, provincial, regional, national, and international structures.

### 7. Concern for Community

While focusing on member needs, co-operatives work for the sustainable development of communities, including people of modest means, through policies developed and accepted by their members.

## Co-operative Values

The International Co-operative Alliance (ICA) has a set of values that help govern all decisions in co-operatives. According to the ICA, co-operatives are based on the values of **self-help, self-responsibility, democracy, equality, equity** and **solidarity**. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

## Social Responsibility

In the Credit Union world we define Social Responsibility as the principle of considering the interests and community welfare extending well beyond direct business practices. As financial co-operatives, owned and controlled by their member-customers, credit unions bring fresh approaches to social responsibilities that are as individual and exceptional as the communities themselves.

“Increasingly, credit union social responsibility is less about changing what we do and more about changing how we think.”

### *Credit Union Central of Canada's Position Statement on Credit Union Social Responsibility*

- Demonstrating co-operative and sustainable governance
- Promoting social inclusion and diversity
- Fostering economic development
- Encouraging environmental sustainability

The 7th International Co-operative Principle is “Concern for Community” and it is quite evident that Leading Edge Credit Union (LECU) cares a great deal for the communities in which we operate. Although the following pages detail activities demonstrated by Leading Edge Credit Union as an organization, many of our employees demonstrate exceptional volunteerism in their personal lives as well.

There is no question that social responsibility is one of the ways in which credit unions differentiate themselves from the competition; it is one of our core principles. To ensure that we keep abreast of what is happening throughout the credit union world in the area of social responsibility, LECU's social responsibility committee is comprised of members of the Board and our corporate staff.

As part of the social responsibility section in the AGM booklet, we wanted to showcase how each branch feels about social responsibility along with a chart of key performance indicators (KPI) and a collage of pictures. Please keep in mind as you go through the following pages that this is just a sample of LECU's “concern for community”.

### **Corporate Office:**

At a corporate level, LECU demonstrates strong social responsibility initiatives not only because it's a co-operative principle but because it's an important value that helps make up our culture. We take care to hire employees with values that align with credit unions' principles, employees who value giving and contributing to the general wellbeing of their communities. Practicing social responsibility and being good corporate citizens is genuine; it is not enforced, but supported. The fact that our credit union supports employees in assisting others is one of the factors that makes LECU a great place to work and an even better place to bank.

CATEGORY	Q1	Q2	Q3	Q4	YEAR END
Total Donations and Sponsorships	\$0.00	\$580.00	\$681.74	\$463.51	<b>\$1,725.25</b>
Community Involvement Contributions	\$0.00	\$120.00	\$0.00	\$0.00	<b>\$120.00</b>
Number of Employee Volunteer Hours - Personal	413.5	121.0	101.0	127.0	<b>762.5</b>
Number of Employee Volunteer Hours - LECU	9.0	34.0	16.0	31.0	<b>90.0</b>

## Social Responsibility (con't)

### Corner Brook:

The staff at Corner Brook Branch takes great pride in our year-round fundraising efforts which enables us to donate to a number of different organizations. Some of these are Pasadena Christmas Hampers, Forget-Me-Not campaign, and the Breast Cancer Society. We are also proud sponsors of Corner Brook Winter Carnival, Corner Brook Rotary Music Festival. We sell tickets for different organizations in branch and they greatly appreciate our efforts in helping meet their goals. The Junior Achievement program is very important to us and we usually present two or three sessions each year to various schools in our area.

CATEGORY	Q1	Q2	Q3	Q4	YEAR END
Total Donations and Sponsorships	\$1,158.00	\$600.00	\$1,140.00	\$2,679.45	<b>\$5,577.45</b>
Community Involvement Contributions	\$250.00	\$0.00	\$0.00	\$0.00	<b>\$250.00</b>
Number of Employee Volunteer Hours - Personal	12.0	12.0	12.0	12.0	<b>48.0</b>
Number of Employee Volunteer Hours - LECU	8.0	2.0	3.0	2.0	<b>15.0</b>
Number of Member Education Events	0.0	0.0	0.0	2.0	<b>2.0</b>

### Doyles:

The Doyles Branch is a proud member of the Codroy Valley family. For over a quarter of a century we have served generations of families while welcoming many new ones as well. The Doyles branch is honoured to support the members who have continued to support us throughout our illustrious inception. Being customer owned, the branch has a responsibility to be involved in our community and lend a hand in any way we can. We take pride in being there for our members as they have done for us for so long. We're proud to be a part of the Codroy Valley community!

CATEGORY	Q1	Q2	Q3	Q4	YEAR END
Total Donations and Sponsorships	\$153.25	\$829.50	\$1,035.63	\$1,953.57	<b>\$3,971.95</b>
Community Involvement Contributions	\$120.00	\$120.00	\$0.00	\$125.00	<b>\$365.00</b>
Number of Employee Volunteer Hours - Personal	54.0	41.0	16.0	24.0	<b>135.0</b>
Number of Employee Volunteer Hours - LECU	6.0	6.0	0.0	4.0	<b>16.0</b>
Number of School Savings Program Participants*	18.0	18.0	18.0	28.0	<b>28.0</b>
Number of Member Education Events	0.0	0.0	0.0	1.0	<b>1.0</b>

### Jeffrey's:

The Staff at Jeffrey's Branch of Leading Edge Credit Union are proud to be active and valued members of our communities. Throughout the year we are active with various community organizations and we feel our contribution does make a difference. We support the children in our communities through donations to the school's "Kid's Eat Smart" breakfast program, and all staff volunteer several mornings a month preparing breakfast at E.A. Butler school. We donate prizes and supplies for school initiatives and for the Youth Dart League. This past year we once again sponsored the annual "WinterFest", a four day winter event including sliding, skating, games night, sock-hop, etc. for the children, and suppers, card games, etc. for the young at heart. Several staff members volunteer yearly at the school's Candle Light supper and graduation ceremonies. We also entered a float in the community Christmas parade. As part of our commitment to our members, we hosted two information sessions. The first was a two-part session on Health and Wealth Fitness which focused on both

## Social Responsibility (con't)

physical and financial fitness. The second information session was focused on women's empowerment and investing. Three of our staff members are volunteers on various non-profit committees in the area and, at any time, you will find members of our staff at any and all events happening throughout the community.

CATEGORY	Q1	Q2	Q3	Q4	YEAR END
Total Donations and Sponsorships	\$815.00	\$897.68	\$500.00	\$741.71	<b>\$2,954.39</b>
Community Involvement Contributions	\$105.00	\$0.00	\$0.00	\$0.00	<b>\$105.00</b>
Number of Employee Volunteer Hours - Personal	47.5	26.0	27.5	57.0	<b>158.0</b>
Number of Employee Volunteer Hours - LECU	30.5	22.5	6.0	43.5	<b>102.5</b>
Number of School Savings Program Participants*	13.0	0.0	20.0	20.0	<b>20.0</b>
Number of Member Education Events	0.0	1.0	0.0	1.0	<b>2.0</b>

### Port aux Basques:

The staff of the Port aux Basques Branch take pleasure in not only serving our members at the counter, but also interacting and taking part in initiatives outside of the normal work day. In 2015, we volunteered with Race to the Sea and the Chamber Golf tournament, and we participated in the Santa Claus parade. In addition to the donation of our time, we also made countless donations of money and merchandise to various companies and organizations within our community. We feel it is the little things that make the biggest difference to our membership and cause the community's appreciation of the credit union to come full circle.

CATEGORY	Q1	Q2	Q3	Q4	YEAR END
Total Donations and Sponsorships	\$413.00	\$1,230.00	\$424.00	\$820.00	<b>\$2,887.00</b>
Community Involvement Contributions	\$0.00	\$250.00	\$0.00	\$250.00	<b>\$500.00</b>
Number of Employee Volunteer Hours - Personal	42.0	15.0	12.0	21.0	<b>90.0</b>
Number of Employee Volunteer Hours - LECU	6.0	0.0	0.0	20.0	<b>26.0</b>
Number of School Savings Program Participants*	22.0	22.0	23.0	23.0	<b>23.0</b>
Number of Member Education Events	0.0	0.0	0.0	3.0	<b>3.0</b>

### St. George's:

The St. George's Branch of the Leading Edge Credit Union believes in giving back; our focus is not only to provide affordable products and services, but also to support our Credit Union family and the local communities in the area. We provide resources to our members in various forms, such as sponsoring events, supporting and donating to charities and volunteering at events. We are honored to have our member's appreciation and we feel that our contributions have enabled us to build strong relations in all surrounding communities.

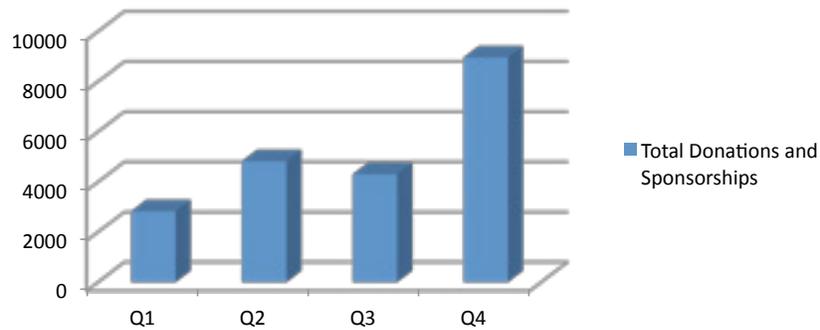
CATEGORY	Q1	Q2	Q3	Q4	YEAR END
Total Donations and Sponsorships	\$290.00	\$683.95	\$523.57	\$2,299.00	<b>\$3,796.52</b>
Community Involvement Contributions	\$0.00	\$0.00	\$0.00	\$0.00	<b>\$0.00</b>
Number of Employee Volunteer Hours - Personal	19.0	0.0	0.0	0.0	<b>19.0</b>
Number of Employee Volunteer Hours - LECU	24.0	9.5	5.5	11.5	<b>50.5</b>
Number of School Savings Program Participants*	21.0	16.0	13.0	23.0	<b>23.0</b>
Number of Member Education Events	1.0	1.0	0.0	0.0	<b>2.0</b>

\* Each branch administers the school savings program differently, which accounts for the disparities in participation amongst financial quarters and branches .

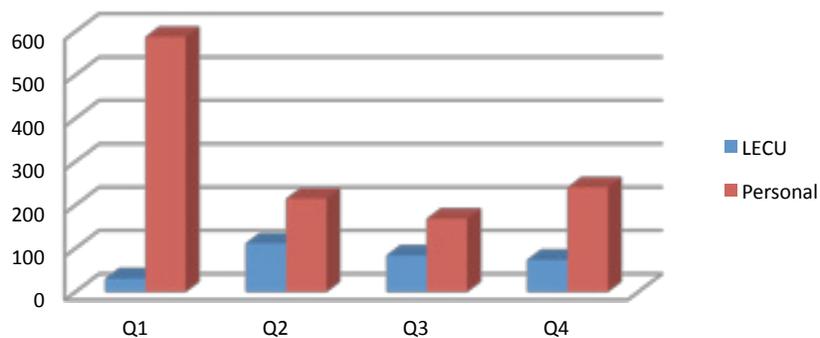
## Social Responsibility Performance Tracking

CATEGORY	2015	2014
Total Donations and Sponsorships	<b>\$20,912.56</b>	\$21,649.91
Community Involvement Contributions	<b>\$1,215.00</b>	\$1,718.90
Number of Employee Volunteer Hours - Personal	<b>1,213</b>	1,372
Number of Employee Volunteer Hours - LECU	<b>301</b>	217
Number of School Savings Program Participants	<b>94</b>	89
Number of Member Education Events	<b>10</b>	16
Small Business Credit Financing	<b>\$965,932.00</b>	\$1,014,010.00
Training Dollars Spent by CU	<b>\$37,828.74</b>	\$28,512.30
Employee Satisfaction	<b>92.00%</b>	94.00%
Number of Members with a Free Banking Package	<b>1210</b>	1206
Number of Non-profit Groups Availing of Free Banking	<b>248</b>	227

Donations and Sponsorships



Employee Volunteer Hours



## Social Responsibility Activities



Social Responsibility Activities (con't)



## Scholarships

### Leading Edge Credit Union Community Scholarships

In 2011, Leading Edge Credit Union developed seven community scholarships to be presented in the schools in the areas in which we serve. We wanted to recognize the importance of education. These scholarships are valued at \$250 and each are open to all Level 3 students who are pursuing post-secondary education. The award recipients are selected by the school's scholarship committee, generally made up of Level 3 teachers. The recipient is a student who is pursuing post-secondary education, and demonstrates the values and principles of co-operatives. The awards are presented by a LECU representative at the respective ceremonies in December, with the exception of Corner Brook, who holds their ceremony in June.

### A.F. Walker Scholarship

Leading Edge Credit Union administers a scholarship yearly on behalf of Mr. A.F. (Gus) Walker. This scholarship commemorates the unique contribution made by A.F. (Gus) Walker in the creation of Brook Street Credit Union. Gus Walker was a firm believer in the role that the cooperative movement could play in helping people become self reliant. During the more than forty years he worked at the Corner Brook Mill, he held every executive position, including President of the Paper Makers Union. For ten years he was President of the Bowater's Employee Benefit and Welfare Association which imported and sold coal to its members at a significant savings. Through careful management, the association accumulated a surplus of \$80,000.

When oil replaced coal as the preferred heat source, the coal yard went out of business and its two employees faced loss of their jobs. Gus Walker had the idea to use the surplus to start a credit union. Under his leadership, members were signed up. The staff, Walter Simms and James Dingwell, were trained in credit union management at St. Francis Xavier University in Nova Scotia and on November 21, 1963, the Brook Street Credit Union became a reality.

In July 2009, Brook Street Credit Union amalgamated with Codroy Valley Credit Union to form Leading Edge Credit Union. It was with great pleasure that the contact for this scholarship, Mr. Michael Walker,

extended the scholarship to all members of Leading Edge Credit Union's branches on the southwest coast.

The criterion set out by the Walker Family for this scholarship consists of the following:

- Students must be Leading Edge Credit Union members or children/dependents of members.
- The student must be beginning their 1st year of post-secondary studies at a recognized institution.
- Students must be registered in full time studies with a minimum duration of three years.
- Students must submit a final transcript of marks.
- Students must present proof of enrollment in a recognized post-secondary institution.
- Students must complete a brief application form including a brief description of financial needs (specifying other bursaries received for the current school year, contributions from summer employment, etc.)
- Students must provide a 200 - 500 word essay, with their application form, on one of the following topics:
  - A historical view of the Credit Union Movement in Newfoundland;
  - The difference between Credit Unions and Banks; or;
  - A description of the credit union and other co-operative organizations in your community.
- Award recipients must be willing to have their award acknowledged by Leading Edge Credit Union Limited and media.

Scholarship Winners for 2015 were as follows:

School	Recipient
Belanger Memorial	Allison Blake
EA Butler All Grade	Alanis Butt
Appalachia High	Tedra Tobin
Grandy's Rivers Collegiate	Crystal Chant
St. James' Regional High	Mallory Hardy
Pasadena Academy	Kyle Genge
A. F. Walker Scholarship	Tristan Butt

## Products and Services

### Products

#### **Lending Products**

- Mortgages
- Secured Lines of Credit
- Personal Loans
- Personal Lines of Credit
- Vehicle Loans
- Investment Loans
- Student Loans
- Student Lines of Credit

#### **Investment Products**

- Variable Registered Retirement Savings Plans (RRSP)
- Fixed Registered Retirement Savings Plans (RRSP)
- Registered Education Savings Plans (RESP)
- Guaranteed Income Certificates (GIC)
- Registered Retirement Income Funds (RRIF)
- Tax Free Savings Accounts (TFSA)

#### **Personal Banking**

- Personal Savings Accounts
- Variety of Personal Canadian Chequing Accounts
- High Interest Savings Accounts
- US Chequing Accounts

#### **Credit Products**

- MasterCard Credit Cards
- Global Payment Cards

#### **Protection Products**

- Life Insurance
- Overdraft Protection
- Credit Union Deposit Guarantee Corporation (CUDGC)

#### **Business Banking**

- Variety of Business Packages
- Community/Not-for-Profit Accounts
- Business Lines of Credit
- Business Loans

### Services

#### **Online Services**

- Email Money Transfers
- Mobile Banking
- Online Banking
- TeleService
- E-Statements
- Bill Payments
- Mobile Apps
- Deposit Anywhere™

#### **In-branch Services**

- Income Tax Preparation and Filing
- Wealth Management Services
- Safety Deposit Boxes
- Bill Payments
- Money Orders
- Foreign Exchange
- Travellers' Cheques
- Payroll Deduction
- Financial Counselling

#### **Programs**

- Dealer Financing
- Mortgage Referral Program
- New Member Welcome
- School Savings Program



## Notable Accomplishments

### 2010

- LECU was pleased to begin offering tax preparation in all six of our locations.
- A new corporate location was constructed that housed all corporate staff together.
- LECU implemented a new Human Resources policy.
- Introduced e-statements via MemberDirect online banking.
- A CEO Blog was started to provide members of LECU with financial tips and more information on products, services and initiatives.
- Increased membership to 5,561 and asset size to \$76,600,000 in the first year of operation.
- Night depository services became available in the Doyles Branch.
- Introduced mobile banking to our membership.

### 2011

- Quarterly newsletters were initiated to keep members informed on the activities of LECU.
- CEO, Cory Munden, made his first trip to Africa as part of the Canadian Co-operative Association mentorship program.
- LECU carried out a “Paperless Campaign”, encouraging members to access their statements online.
- Introduced email money transfers to our products and services list.
- Named one of the “Best Places to Work in Atlantic Canada” by *Progress Magazine*.

### 2012

- Celebrated the International Year of Co-operatives along with co-operatives around the world.
- Televisions were installed in all six locations to inform members of promotions, campaigns and news of LECU.
- E-documents were rolled out to help LECU cut back on our printing and be environmentally friendly.
- Safety deposit boxes became available in Doyles branch.
- Port aux Basques branch and Corporate Office hosted Susan Lamunu, a female credit union leader from Africa, for 10 days showing her how LECU operates.
- CEO, Cory Munden, made his second trip to Africa as part of the Canadian Co-operative Association mentorship program.

- Named one of the “Best Places to Work in Atlantic Canada” by *Progress Magazine* for the second consecutive year.

### 2013

- Named one of the “Best Places to Work in Atlantic Canada” by *Progress Magazine* for the third consecutive year.
- Port aux Basques Branch and Corporate Office hosted, Solomon Mwongyere a participant of the CCA program from Uganda
- Corner Brook and Pasadena locations were consolidated into a single branch in Corner Brook.
- Adopted an Enterprise Risk Management framework.

### 2014

- Named one of the “Best Places to Work in Atlantic Canada” by *Progress Magazine* for the fourth consecutive year.
- Launched mobile applications for Apple and Android systems.
- Revamped our personal chequing accounts to be competitive.
- Took ownership of the *Race to the Sea*.
- LECU changed our equity share from \$100 to \$5.

### 2015

- Named one of the “Best Places to Work in Atlantic Canada” by *Progress Magazine* for the fifth consecutive year.
- Won the Dr. Moses Coady Award which recognizes an organization for their leadership, contribution and commitment to social action and the well-being of their communities.
- Launched Deposit Anywhere as an addition to their mobile applications.
- Port aux Basques branch and Corporate Office hosted Lydia Sarpong Ofofu, a female credit union leader from Ghana, for 10 days showing her how LECU operates.
- LECU changed our community accounts to include unlimited debit transactions to help our community and not-for-profit accounts.
- LECU reached \$100,000,000 in assets.

## Credential Asset Management



Leading Edge Credit Union (LECU) is constantly seeking ways to add quality products, services and convenience to members' lives. In partnership with one other credit union, we are pleased to continue to offer the services of Credential Financial Strategies to our members.

Tracy Vallis is your Credential Financial Strategies Wealth Consultant and is available to assist members of LECU with their insurance and retirement planning needs. Tracy is a Certified Financial Planner and Investment Specialist with fifteen years experience. She offers a number of mutual funds products\*, investment planning and analysis, retirement planning and insurance planning to help safeguard your family.

Tracy obtained a Bachelor of Business Administration Degree from St. Francis Xavier University in 1995, completed the Canadian Securities Course in 1998 and the Professional Financial Planning Course in 2002. She holds both Mutual Funds and Insurance licensing. Tracy will work with you at no charge to create a personal financial blueprint you can follow to help achieve your monetary objectives.

LECU is thrilled to have Tracy on our team, and is pleased to continue making this much needed service available. You can reach Tracy at:

Leading Edge Credit Union  
2 Herald Ave. Millbrook Mall  
Corner Brook, NL A2H 4B5

709-634-0405  
709-640-8678

[tvallis@credential.com](mailto:tvallis@credential.com)

\*Mutual funds are offered through Credential Asset Management Inc. Credential Financial Strategies Inc. is a member company under Credential Financial Inc., offering financial planning, life insurance and investments to members of credit unions and their communities. Credential® is a registered mark of Credential Financial Inc. and is used under license.

## Agenda

Leading Edge Credit Union Limited  
Annual General Meeting  
April 27, 2016  
Glymill Inn, Corner Brook, NL  
6:30 p.m.

1. Establishment of Quorum
2. Adoption of Agenda
3. Adoption of Minutes of the 6th Annual General Meeting, April 29, 2015
4. Business Arising from Minutes
5. President's Report
6. Chief Executive Officer's Report
  - Treasurer's Report
  - Presentations
7. Audit Committee Report
8. Governance Committee Report
9. Greetings
10. New Business
11. Adjournment

## AGM 2014 – Minutes

### 1.0 *Establishment of Quorum*

At 8:13 p.m. Gary O'Brien, President and Chair of the Board, called the Annual General Meeting to order.

Gary welcomed special guests and representatives from LECU's branches. Gary invited Geneva Taylor, Manager of the Port aux Basques Branch of the Leading Edge Credit Union, to report attendance. Geneva confirmed that, of the 121 people in attendance, 74 were eligible shareholders. Therefore, pursuant to section 8.06 of our bylaws, the meeting was duly constituted.

Upon arrival, each attendee received the AGM Booklet containing a copy of the Leading Edge Credit Union's 2014 Annual Report, including the minutes of the 28 April 2014 AGM and the Agenda for this, the sixth AGM.

### 2.0 *Adoption of the Agenda*

No changes indicated.

15/04/29-01

**MOTION:** To adopt the agenda of April 29, 2015.

**MOVED BY:** Barry Simms

**SECONDED BY:** John Healey

**MOTION CARRIED**

### 3.0 *Adoption of Minutes of 5th Annual General Meeting*

Gary asked if there were any errors or omissions in the minutes. None indicated.

15/04/29-02

**MOTION:** To adopt the minutes of April 28, 2014.

**MOVED BY:** William H. Coates

**SECONDED BY:** Randi Alexander

**MOTION CARRIED**

### 4.0 *Business Arising From Minutes*

None indicated.

### 5.0 *President's Report*

Gary O'Brien presented the President's report. The report, in its entirety, was included in the AGM Booklet.

Gary highlighted that, over the past several years, the Board has remained dedicated to the goal, to reach at least 6% retained earnings. Gary noted that, although this remains an important goal, in 2014 LECU found itself in the position where continuing the pursuit of this goal, in the short-term, would place the corporation into a higher tax bracket. As a result, the Board, working with senior management, determined that the best course of action was to return dividends and patronage to members rather than add to retained earnings and pay higher taxes. Gary noted that LECU remains significantly ahead of statutory requirements for retained earnings. The Board is proud to be recommending to the members the declaration of \$280,000 in dividends and patronage rebates.

Gary informed the members that many of the current members of the Board of Directors are approaching the end of their third consecutive three-year term. He noted that a 'sunset' clause in our bylaws prevents any Board member from serving more than nine consecutive years on the Board without taking a minimum break of one-year. For this reason, and for the purpose of succession planning, the Board has identified that LECU should focus on recruitment of new Board members. He encouraged all in attendance and those who will read the report later to consider Board service and to become involved in the very important function of credit union governance. He noted that, although an election was not necessary this year, the LECU Board would like to see enough interest in Board service that it necessitates an election process in the coming years.

Gary referenced the social responsibility report in the AGM booklet. He noted that Atlantic Central recently recognized LECU for its social responsibility work. LECU received the prestigious Coady Award in April 2015, in recognition of our outstanding commitment to community.

Gary concluded his report by inviting questions from the membership. No questions noted.

## AGM 2014 – Minutes (con't)

15/04/29-03

**MOTION:** To adopt the President's Report for 2014, as per the Annual Report book circulated.

**MOVED BY:** John Healey

**SECONDED BY:** Barry Simms

**MOTION CARRIED**

### 6.0 Chief Executive Officer's Report

Cory Munden presented the CEO's Report with the aid of a PowerPoint presentation. He thanked the special guests, especially those who travelled significant distances to attend the AGM. He also acknowledged many attendees that were instrumental in his development in the credit union.

Cory noted the difference between capitalism and the co-operative model. He noted a group of like-minded individuals collaborated to form the original co-operatives, to improve lives and communities. Equality and ownership were the key attributes Cory used to illustrate what it truly means to be a member of a financial co-operative. He also referenced the seven co-operative principles that guide the operation of every co-operative, including credit unions, and detailed how Leading Edge Credit Union lives each and every co-operative principle:

- Voluntary and Open Membership
- Democratic Member Control
- Member Economic Participation
- Autonomy and Independence
- Education, Training and Information
- Co-operation among Co-operatives
- Concern for Community

Cory reported that LECU has spent the last five years building retained earnings and investing in technology and other company improvements. We are now ready to start returning dividends to our members. He stated that the more business members do with their credit union, the more benefits we can return.

Other items of note from Cory's presentation:

- In 2014, LECU staff completed 205 education courses and delivered 16 member education sessions.
- The youth participants in the "Vice-President for a Day" program were in attendance and Cory acknowledged that these secondary school students were playing an important role in

helping LECU better understand how to engage its young members for the betterment of the community and the economy.

- The Youth Savings Program continues to be an important tool for teaching financial literacy to young people, and it is just one way we can start early to combat rising debt levels.
- LECU will continue to focus on working with new and existing co-operatives to leverage the co-operative advantage for the benefit of all community members.
- Cory referenced the work the Canadian Co-operative Association's does through its mentorship program in Africa. He displayed some photos of the success accomplished in impoverished regions in Ghana and Uganda through the benefits of the co-operative model and through the mentoring efforts of Canadian Credit Union professionals. Cory himself participated in two such programs.
- Cory congratulated Lisa Purchase of LECU's Port aux Basques Branch on her newly acquired designation to sell life insurance policies. He also talked about the work Renee Samms, Compliance and Administration Officer with LECU's corporate office, does to protect credit union members from fraudulent activity.

Cory asked the members to consider the co-operative principle of "concern for community". He stated it is important to recognize that supporting community initiatives is not just about writing cheques; true concern for community is about involvement in every aspect of community capacity building. The recent winning of the Coady Award is significant, because it allows us to recognize and celebrate just how much we do as an organization to benefit every one of the communities in which we operate. He noted that this annual award goes to the credit union that best exemplifies leadership, support and involvement in its community. He thanked, in particular, the work that Randi Alexander and Candace Matthews did in tracking the data and framing the award submission.

Cory also reported on LECU's financial performance in 2014. He stated that, despite the fact that the economic environment presented many challenges, LECU continued to find success. He noted that our

## AGM 2014 – Minutes (con't)

membership is even experiencing slow growth, counter to the trend in the Atlantic sector, which is experiencing a decline in membership. Cory concluded his report and invited questions. No questions noted.

### 15/04/29-04

**MOTION:** To approve the Chief Executive Officer's Report as presented.

**MOVED BY:** William H. Coates

**SECONDED BY:** Bernice Keeping

**MOTION CARRIED**

### PRESENTATIONS:

**Staff Awards** – presented by Cory Munden and Randi Alexander:

- Branch Volunteerism Award – Port aux Basques Branch
- Training Award – Lisa Purchase
- Individual Volunteerism Award – Martina MacDonald

**Years of Service Awards** – presented by Cory Munden and Randi Alexander:

- Five years of service – Amy Penney
- Five years of service – Elaine Ingram
- Ten years of service – Renee Samms
- Fifteen years of service – Cory Munden
- Twenty years of service (Board) – William H. Coates

**Other recognitions** – presented by Cory Munden and Randi Alexander:

- Highest Genworth Mortgage Sales, Individual – Lisa Purchase
- Highest Genworth Mortgage Sales, Branch – Port aux Basques Branch
- Annual Member Protection Award – Arwilda Brake

Special presentation to Lorne Robinson recognizing his retirement from wealth management services within the credit union system.

### 7.0 Audit Committee Report

John Healey, chair of the Audit committee, presented the Audit Committee report. He stated that the report, in its entirety, is included in the AGM Booklet. John invited questions on his report. No question noted.

### 15/04/29-05

**MOTION:** To adopt the Audit Committee Report, as presented.

**MOVED BY:** John Healey

**SECONDED BY:** William H. Coates

**MOTION CARRIED**

### 8.0 Governance Committee Report

William H. Coates, Corporate Secretary and Chair of the Governance Committee, presented the Governance Committee report. He noted that the report, in its entirety, is included in the AGM Booklet. He also reiterated Gary O'Brien's request that the membership consider playing a more active role in the governance of their credit union. Harry invited questions on his report. No question noted.

### 15/04/29-06

**MOTION:** To adopt the Governance Committee Report, as presented.

**MOVED BY:** William H. Coates

**SECONDED BY:** John Healey

**MOTION CARRIED**

### 9.0 Greetings

Gary invited Clayton Handrigan, Member of the Board of the Credit Union Deposit Guarantee Corporation (CUDGC), to address the meeting.

#### Greetings: Address from Clayton Handrigan, CUDGC

Mr. Handrigan thanked LECU for the invitation to attend the AGM and brought warm greetings on behalf of the Board of Directors and staff of CUDGC, the Hon. Dan Crummell, Minister Responsible for Service NL, and Mr. Jullian McCarthy, Assistant Deputy Minister of Service NL.

Clayton noted that credit union system of Newfoundland and Labrador has over 60,000 members serviced by nine credit unions, and has over \$1.1 billion in assets. He noted that, worldwide,

## AGM 2014 – Minutes (con't)

many financial sectors are in turmoil but credit unions are succeeding. He commended LECU for maintaining healthy profits and congratulated them on their dividend declaration. He noted that LECU's assets grew by 6% and their retained earnings are at 6.4%, well above the mandated 5%. Clayton also congratulated LECU on receiving the Coady Award.

Clayton explained that the credit union system of Newfoundland and Labrador entirely funds the Credit Union Deposit Guarantee Corporation. Its mandate is to monitor compliance with the Credit Union Act, to supervise the province's credit unions and to build awareness of the importance of credit unions. He noted that credit union members have the highest level of deposit protection available, \$250,000 in deposit coverage per member, versus just \$100,000 with chartered banks.

Clayton also acknowledged that the Minister has appointed Mr. Brendan Doyle, past president of LECU, to a two-year term on the CUDGC Board of Directors. He noted Brendan's attendance and took the opportunity to congratulate Brendan on his appointment.

Clayton concluded his address by again thanking LECU for inviting CUDGC to their AGM and by wishing continued success for Leading Edge Credit Union.

Gary O'Brien thanked Clayton for his address.

### 10.0 New Business

Gary O'Brien called upon Corporate Secretary, William H. Coates, to present the dividend declaration resolution.

#### 15/04/29-07

**MOTION:** Pursuant to Section 29 of The Credit Union Act, to approve a distribution to members, in the form of a dividend and/or a patronage refund, an amount up to two hundred eighty thousand dollars (\$280,000).

**MOVED BY:** William H. Coates

**SECONDED BY:** Barry Simms

**MOTION CARRIED**

### Board Elections

William presented the results of the Board election. He noted that, in accordance of section 9.01 of the bylaws, the terms of three board members concluded at this meeting. He outlined that, since only three members submitted themselves for three Board positions, all three of the following are elected by acclimation to hold three-year positions on the Board of Directors: John Healey, Gary O'Brien and Tony Leamon. William noted that both returning Board members, John and Gary, have met the full qualifications of the Credit Union Directors Accreditation (CUDA) training program while Tony Leamon has already begun this important training. William welcomed new director Tony Leamon to the Board.

Gary announced the closure of the silent auction and drew for the door prizes.

### 11.0 Adjournment

#### 15/04/29-08

Since the stated business of the sixth Annual General Meeting is completed, the Chair declared the meeting adjourned.

Meeting adjourned at 9:25 p.m.

Duly Signed:

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Gary J. O'Brien, President

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William H. Coates, Corporate Secretary

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Director

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Director

## Message from the President



**Welcome, fellow members, to our 7th Annual General meeting.**

I'm very proud to report to you, the owners and members of Leading Edge Credit Union (LECU) on the performance of our financial co-operative. The year ending 2015 was another successful year for our co-operative. All major financial targets were met. The Board of Directors, collaboratively working with management making prudent financial decisions, were key factors in this accomplishment.

Before I share some thoughts on the success of 2015, I would be remiss if I didn't comment on our colleague, Hubert Hall, a 17 year veteran of our Board of Directors. Hubert succumbed to a short but bitter battle with cancer in July of 2015. His commitment and loyalty to LECU was a model of governance that we all strive to achieve. The on-going success of your credit union is testimony to his contribution in his role as a Director. He was a friend, a colleague, and a member that will certainly be missed by his LECU family. Thank you, Hubert, for your valuable contribution.

### **Strategic Plan 2015 and Beyond**

LECU continues to strive in a very challenging marketplace. We did not reach our goal of 6% retained earnings – as targeted in our initial five-year plan – however we made adjustments in our timeframe, as reported last year. Again, this year, we have added considerably to our retained earnings position. Additionally, fiscal year 2015 was quite successful in all key performance areas. This report will detail just a few; our CEO will go in much more detail in his report and presentation. LECU grew by more than 12% in 2015. This growth has pushed your credit union past a key milestone in asset size. At the fiscal year end, LECU exceeded \$100 million in assets, making us the third largest credit union in the province. We continue to grow our membership, despite the declining membership trend in the Atlantic Canadian system, and we are improving on wallet share of assets per member. Finally, you, the

member and owner of this credit union, through the membership surveys, are telling us that you are more than satisfied with the Board, management, and staff performance on the operation of your credit union.

In our 2015 planning process, we spent a considerable amount of time reflecting on who we are as a co-operative and how we can contribute more to the co-operative movement. We were instrumental in a number of areas that reflected well on our leadership in this area. Our CEO has been successfully engaged in the Co-operative Masters Business Administration Program (MBA) at St. Mary's University. We led the way to the successful change to have credit unions reinstated as full voting members of the Newfoundland Labrador Federation Co-operatives (NLFC). The NLFC's members passed a resolution to amend their by-laws at their AGM in September 2015.

LECU has been instrumental in 2015 with leading and participating in the developmental stages of establishing a childcare co-operative. A need was identified within the community and, through the leadership of LECU, a co-operative has been created. Work continues with government and community stakeholders to bring this project closer to completion. Additionally, we have reached out to our retail co-ops in Western NL to seize opportunities that could enhance services to members. These discussions have been on-going and we will continue to engage in discussions with our co-op family to forge partnerships that will enhance the services of all co-op members in Newfoundland and Labrador.

The Board of Directors feel strongly that this type of leadership in our communities, particularly within the co-operative community, will provide strength and vision for the credit union of the future.

### **2015 Dividend Declared**

I'm delighted to announce that it has been decided by the Board to declare dividends and patronage from profits to reward you, our owners and members. The Board has declared a total of \$178,000 to be returned to members. This is the second consecutive year that LECU has declared a dividend and patronage to its members. With your continued support and the

continued growth of our financial co-operative, I hope to see this trend continue. Congratulations to all that contributed to this remarkable accomplishment. As a Board, we are honoured to have been part of this fiduciary process on your behalf.

### **Board Governance**

As part of our responsibilities, the Board of Directors met eight (8) times last year. In addition to these all-inclusive Board meetings, your Directors met numerous times to attend to committee matters. Each Director had responsibility for at least two of the following committees: Executive, Audit, Governance, Human Resources, and Corporate Social Responsibility. Annually, the Board participates in at least one strategic planning session; our five-year plan is reviewed and updated at this session.

We are determined to remain strong and to be a well-managed credit union and we will continue to be a leader in the Atlantic system. As Chair of your Board, and through my representation on the Board of our two Atlantic companies (Atlantic Central and League Savings and Mortgage), we are well represented in forging solid leadership as the future presents us with many important options for consideration as the system transforms. LECU remains diligent as we consider all possibilities for change as demanded by our industry.

As a Board we continue to be extremely active in our professional development. We recognize that such an investment better prepares us for the fiduciary responsibilities we have assumed for our credit union. In 2015, members of the Board completed a total of 28 training courses. LECU, with six of our eight directors fully trained in the Credit Union Director Accreditation (CUDA) Program, is well above average in board development within the Atlantic Credit Union system.

### **LECU Corporate Performance**

We, the Board, on your behalf, congratulate our entire team of professional staff on their superb performance in fiscal 2015. We had a fantastic year and we were quite pleased with the ability of staff to keep pace with the demands of growing your credit

union. Although the dividend declaration for 2015 will not be as high as that of 2014, we as a Board are quite resolved with 2015's success. Additionally, all other Key Performance Indicators (KPIs) were met or exceeded. This is remarkable considering the volatility of the domestic financial market place. Again, this year's success remains as a true testament to the dedication, professionalism, and hard work of the entire team of employees. Cory, our CEO, will elaborate on the specifics of our corporate success in 2015 with his report to the owners and members.

For the fifth year in a row LECU has been recognized by Progress Magazine as one of the "Best Places to Work" in Atlantic Canada. This continues to bring pride to all of us who have a stake in LECU. We all (staff/board/members) are humbled by such recognition. It is highly reflective of who we are as an organization. Congratulations!

Let me close by saying a huge thank you to our entire LECU team. Employees and Directors can be proud of a very successful 2015 fiscal year. Members and shareholders, friends and neighbors, your patronage of LECU for your financial needs will enable us to attain on-going financial success by achieving all our goals; this ultimately leads to a sharing of that success through dividends and patronage to you, the owner-member. Working together, we can be the community financial institution of choice, meeting your every financial need. Thank you.

Co-operatively yours,

Gary J. O'Brien  
*President*  
*Leading Edge Credit Union*

## Message from the CEO



I am pleased to have the opportunity to update the membership of Leading Edge Credit Union (LECU) on the operational activities for 2015. Traditionally, consumers of banking services focus on three main components: price, service and products. In each of

these categories, LECU continues to bring strong value proposition to its membership. The financial margin continues to shrink as lending rates fall, creating a highly competitive marketplace. In the last five years, the entire average interest yield on our loan portfolio dropped by 1.45% to an average interest rate of 5.12%. Members capitalized on this low-rate lending environment by securing additional lending products; this increased our loan portfolio by \$6.7 Million.

LECU has made a number of investments in service delivery areas in 2015, including the following:

- Nearly \$38,000.00 was invested in our staff and Board through education, training and development opportunities in 2015; this was a 33% increase over 2014. This investment has translated into improved member service and staff knowledge and has been further validated by a member service satisfaction rate of 97%.
- Investments were made in the scope of products and services which LECU offers its membership. Using *Deposit Anywhere™*, members are now able to deposit cheques through their mobile app by simply capturing an image of the cheque with their smartphone. This new service was launched in April 2015 and, since then, 923 cheques have been deposited using this method with the rate of usage increasing by over 13% each quarter.
- LECU has also invested in updating our ATMs with two new units installed the Corner Brook branch; this gives our members access to the most modern technology on the market to ensure consistent, quality service.
- Online banking continues to grow with an average of 17,000 logins per month from members.

- Mobile usage of the online banking platform also continues to increase by 10% per month reflecting the growing trend of members choosing alternate ways to access services from LECU. Considering only 39% of LECU members are signed up for online banking, there is ample room for growth in this area which will further contribute to additional electronic services.
- The most significant trend in growth for LECU is mortgages. Over the past three years, the number of mortgages has increased by 57%. This supports our noted drop in interest yields on our loan portfolio.

It is important to remember that your Leading Edge Credit Union is a financial co-operative. The co-operative model provides many benefits which are often overlooked by the average member-owner. Co-operatives hold themselves accountable to seven basic co-operative principles:

1. Voluntary and Open Membership
2. Democratic Member Control
3. Member Economic Participation
4. Autonomy and Independence
5. Education, Training and Information
6. Co-operation among Co-operatives
7. Concern for Community

Your credit union was successful in living each of these seven co-operative principles throughout its operation in 2015. A strong corporate social responsibility direction focused on LECU providing a more supportive role in enhancing the communities in which it serves. The investments in such initiatives were validated when LECU won the prestigious Atlantic Canadian Coady Award for community economic capacity building. These actions support the co-operative principle 'concern for community'.

The co-operative principle of 'member economic participation' means that the earnings of the co-operative remain within the co-operative for the benefit of the members. These earnings have allowed LECU to reduce fees, lower rates, and make other strategic decisions which ultimately benefit the membership. Even after making such investments your credit union is in a financial position to return \$178,000 back to you, our members, in the form of dividends and patronage rebates.

The co-operative principle 'co-operation among co-operatives' encourages co-operatives to work together to advance the co-operative movement. The co-operative model is a successful and viable model, as demonstrated by the proven success of your credit union. Wherever and whenever possible, LECU will work with other co-operatives through collaborative opportunities. In 2015, your credit continued to support the creation of a childcare co-operative in the Port aux Basques region. This initiative could greatly enhance childcare services within that community and also further demonstrate how co-operatives can satisfy communities' social, economic and service needs.

The co-operative model provides people a chance to do something positive, to take action to improve their lives and communities. I am proud to report that Leading Edge Credit Union is a product of such a united effort. I would like to thank all employees for their commitment to the credit union and for ensuring the co-operative principles are a part of everything that we do. It is such a pleasure to work with individuals whose values align with that of our organization. I would also like to thank the Board of Directors for ensuring, through investments of time and resources, that Leading Edge Credit Union remains true to its co-operative identity. Thank you to the members of Leading Edge Credit Union for your support and participation in ensuring our communities remain strong in these tough global economic times. Your decision to choose a co-operative banking model is a significant contribution to the first steps in harnessing our ability to govern and shape our own financial and community well-being.

Co-operatively yours,

Cory Munden  
*Chief Executive Officer*  
*Leading Edge Credit Union*

# 97%

Service Satisfaction Rating

# \$178,000

Patronage Rebates

## Audit Committee Report

To the Members of Leading Edge Credit Union:



The Audit Committee was active over the past year, having met on five occasions to perform its duties on behalf of the Board of Directors. The core function of the Audit Committee is to be the liaison between the Auditor and the Board of Directors.

During the year, the Committee met with Byron Smith C.A., auditor, to review the results of the external and internal audits for 2015. All reports stemming from these audits have been reviewed by the Audit Committee and presented to the Board. I am pleased to say that both audits went well and there were no items that were of great concern reported to the Audit Committee. The 2015 audited financial statements are included in this AGM booklet and I encourage you to review them.

As part of its duties, the Audit Committee works with the management team to address any recommendations provided by the auditors. The audit results are proof that LECU's increased management oversight and improved policies and procedures are having a positive impact. We would like to commend management and staff for their efforts in this area and look forward to the continued success in this area for LECU.

The Audit Committee also oversees LECU's Enterprise Risk Management (ERM) strategy. ERM is a framework to assess the risks inherent in our business and ensuring there are appropriate controls in place to offset this inherent risk. LECU owes a duty to their members to manage the money that it holds on deposit appropriately. Management reports to the Audit Committee quarterly on the top priority risk areas and management completes a full ERM risk assessment, including a reassessment of priority items, at least annually as per the ERM Policy.

At the time of writing of this report, there were no unresolved issues between the Committee, the Credit Union Deposit Guarantee Corporation and the external auditor. Any concerns that arose during the year were addressed in a professional and satisfactory manner by management.

I would like to take this opportunity to thank the Board and staff of LECU for your continued support and co-operation in all matters related to Committee work. You continue to show professionalism in all that you do. Thank you, also, to my fellow committee members for their dedication, hard work and support.

Co-operatively yours,

Janet Willis, CPA-CGA  
*Chairperson, Audit Committee*  
*Leading Edge Credit Union*



## Governance Committee Report

To the Members of Leading Edge Credit Union:



Generally, the duty of the Governance Committee is to advise the Board of any changes necessary to the constitution, by-laws or policies of the credit union, to comment on contemplated amendments to governance documents under consideration by other

stakeholders, and to recommend to the AGM the names of persons suitable for nomination to the Board. To fulfil this mandate, the Committee during 2015 convened officially on two occasions. In addition to 'official' meetings, members of the Committee met both severally and as a 'work group' to undertake specific tasks.

On an internal basis, in accordance with the Board's determination to transition into a more strategic governance role, the Committee devoted most of its attention to the development for our credit union of a policy framework and to reviewing or creating individual policies within that framework. The intention is to indicate more clearly for the guidance of the CEO the determinations of the Board, as he leads the daily operations of our credit union. Members also gave considerable thought to the concept of limiting the number of continuous three-year terms a director could serve. Also, in support of the thrust to be more intentional in its strategic deliberations, the Board determined to use a consent agenda for its meetings. With an external focus, the Board resolved the kind of role it would play in the evolution of the Atlantic Central and the level of support it would provide for the work of the Newfoundland and Labrador Federation of Co-operatives.

The continuing evolution of societal norms, the transformation of the financial services industry — especially the ever changing regulatory backdrop — and the determination of our economic prospects demand that your Board plays a more strategic role. It will become ever more important that Members of the Board are forward-looking, open-minded and fully committed to living the co-operative principles. Together with the CEO, such a leadership team should ensure that your credit union continues to meet your needs and lives up to its name.

Co-operatively yours,

William H. Coates  
*Chairperson, Governance Committee*  
*Leading Edge Credit Union*



## Lending Committee Report

To the Members of Leading Edge Credit Union:



In 2015, the Lending Committee continued to be very active in fulfilling its roles and responsibilities. The committee delivered a number of reports to the Board of Directors outlining required disclosure items such as total delinquency, write-off's, loans with total debt

service ratio (TDSR) over 40%, and bankruptcies. The committee recommended the write-off of loans in the amount of \$193,647.00. This is an decrease from the previous year's value of \$256,970.

The Manager of Lending Services provides critical support to the Lending Committee by ensuring all financial industry trends and best practices are considered for implementation. The monitoring and supervision of the lending portfolio is managed through monthly audits. This position also assists in the management of the delinquency portfolio and collection processes.

The Lending Committee is also responsible for reviewing all credit requests for staff, board and committee members. In 2015, there was 29 approvals totalling \$1,425,625.00 in credit for these members.

The committee would like to outline the following loan report for the year ending December 31, 2015:

Type of Loan	Total Number	Total Value
Current Loans and Mortgages	802	\$84,205,901
Impaired Loans and Mortgages	63	\$904,624
<b>TOTAL</b>	<b>865</b>	<b>\$85,110,525</b>

We would like to take the opportunity to thank our staff for their cooperation and assistance in performing the mandate of the Lending Committee.

Co-operatively yours,

Cory Munden  
 Chairperson, Credit Committee  
 Leading Edge Credit Union

## Human Resources Committee Report

To the Members of Leading Edge Credit Union:



The core function of the Human Resources Committee is to make recommendations on policy, plans and compensation relating to the personnel of Leading Edge Credit Union (LECU).

In 2015, the Human Resources Committee provided guidance and advice on a number of important matters including: the administration of the Walker scholarship, the full adoption of a 'pay for performance' salary scale structure for employees of LECU, changes to the sick and parental leave policies for the benefit of the corporation's employees, as well as adjustments to the way in which vacation is granted to all employees. All of these changes will ensure that Leading Edge Credit Union continues to be an employer of choice within the communities in which it serves and beyond. The Human Resources Committee continues to work on building a comprehensive succession plan to prepare the corporation in the event of either planned or unplanned departures of key positions.

As required, a review of the Human Resources Committee Terms of Reference was completed to ensure its duties and responsibilities remains relevant to credit union operations. All recommendations brought forward to the Board by the Committee were done so professionally and with the due diligence that our members can count on.

I would like to take this opportunity to thank the Board and staff of LECU for your continued support and co-operation in all matters related to Committee work. You continue to show professionalism in all that you do. Thank you, also, to my fellow committee members for their dedication, hard work and support. The Human Resources Committee will continue to work diligently to best represent the interests of the staff and members of Leading Edge Credit Union.

Co-operatively yours,

John Healey  
*Chairperson, Human Resources Committee*  
*Leading Edge Credit Union*

## Social Responsibility Committee Report

To the Members of Leading Edge Credit Union:



Social Responsibility (SR), in essence, means community involvement. Leading Edge Credit Union (LECU), besides having a direct business responsibility, has an even greater social responsibility. The SR Committee members act with due diligence when making

recommendations to the Board of Directors of LECU regarding social involvement within the communities we serve. LECU is very proud of its commitment to be a socially responsible company; we would like to extend our deepest thanks to our communities and our members for their continued support and patronage. A tracking system for social responsibility reporting was developed in 2013 to monitor a number of Key Performance Indicators (KPIs). The results of LECU's performance in these areas can be found in the social responsibility section of this AGM booklet as well as on LECU's website.

2015 was an excellent year, both from financial and social responsibility perspectives:

- Dividends and Patronage Rebates. \$280,000 was returned to LECU members in the form of dividends for the 2014 fiscal year. This was the first opportunity in a number of years for LECU to give back excess profit to our member-owners.
- The Race to the Sea. The ongoing success of The Race to the Sea, a flagship relay running event owned and operated by LECU, is a source of great pride for our members. This event is steadily growing each year, thanks in part to the staff and volunteers that dedicate their time and talents to this unique event.
- Newfoundland and Labrador Federation of Co-operatives (NLFC). Throughout the past several years, the CEO, the Chair of the Board of Directors and the Social Responsibility Committee has formed a valuable relationship with the NLFC as well as various individual co-operatives in the province. Much of the work focused on building relationships with other co-operatives. One of the most important accomplishments to take place in 2015 with the NLFC is their bylaw change to allow credit unions

to become full members of the Federation. This is an important step towards promoting full co-operation amongst all co-operatives in our province.

- Dr. Moses Coady Award. Widely known as the Coady Award, this prestigious and highly sought-after award in the credit union's Atlantic system now rests in our Corporate Office. The Coady Award was presented to LECU on April 9, 2015 at the Atlantic Central Conference in Halifax, NS. Each year, the award honours a credit union who embodies leadership and commitment to social action and the well-being of their communities. LECU was very proud to be the recipient of this award and we would especially like to acknowledge the contributions made by each and every staff member who have shown unwavering commitment to volunteerism and the co-operative spirit.
- Growing our Future Childcare Co-operative (GOFCC). This newly created co-op was formed in Port aux Basques in November 2015 by a group of committed individuals who truly believe that it is our shared responsibility to create affordable, quality childcare opportunities. Under the leadership of LECU's CEO and several other members of staff and Board, much work has been done towards the realization of this goal. The SR Committee, on behalf of LECU, would like to thank the volunteer Board of Directors for GOFCC, the town of Channel-Port aux Basques, the Government agencies involved, and the NLFC; we are hopeful that construction on the facility will commence in the near future. Please "like" the Growing Our Future Childcare Co-operative's Facebook page to keep updated on the project.

LECU is a financial co-operative and, like all fellow co-operatives, is governed by the seven co-operative principles. These seven principles are the core values that make our credit union as successful as it is today. I would like to take this opportunity to thank my fellow committee members for their support during the past year. I would also like to thank the Board of Directors and Staff for their continued support and co-operation.

Co-operatively yours,

Barry Simms  
*Chairperson, Social Responsibility Committee*  
*Leading Edge Credit Union*

## Independent Auditor's Report

To the Members of Leading Edge Credit Union:

### Report on the Financial Statements

I have audited the accompanying financial statements of the Leading Edge Credit Union Limited, which comprise the statement of financial position as at December 31, 2015, and the statements of comprehensive income, statement of changes in members equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's

preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Leading Edge Credit Union Limited as at December 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Spaniard's Bay, NL  
March 3, 2016

Byron D. Smith Professional Corporation  
*Chartered Professional Accountant*

Balance Sheet

As of December 31,	2015	2014
<b>Assets</b>		
Cash	\$ 3,063,921	\$ 3,776,222
Cash – required liquidity	11,665,248	5,700,486
Investments	3,480,891	3,678,396
Income taxes receivable	14,578	
Loans and mortgages receivable	84,205,901	77,269,632
Other assets	230,743	184,848
Property, Plant and Equipment	<u>1,511,326</u>	<u>1,475,723</u>
	<b>\$104,172,608</b>	<b>\$ 92,085,307</b>
<b>Liabilities</b>		
Members deposits	\$ 98,455,385	\$ 86,668,883
Accounts payable and accrued liabilities	353,852	386,287
Dividends payable	178,699	279,731
Current income taxes		4,034
Future income tax	25,304	21,172
Non-members’ deposits	<u>24,688</u>	<u>24,850</u>
	<b>99,037,928</b>	<b>87,384,957</b>
<b>Members’ Equity</b>		
Retained earnings	<u>\$ 5,134,680</u>	<u>\$ 4,700,350</u>
	<b><u>\$ 104,172,608</u></b>	<b><u>\$ 92,085,307</u></b>

## Statement of Income and Retained Earnings

For the Year Ended December 31,	2015	2014
<b>Financial Revenue</b>		
Interest	\$ 4,434,986	\$ 4,457,369
Investment income	<u>131,679</u>	<u>197,706</u>
	<b>4,566,665</b>	<b>4,655,075</b>
<b>Cost of funds</b>		
Interest on members' deposits	1,212,828	1,192,890
Dividends paid to members	<u>178,699</u>	<u>280,053</u>
	<b>1,391,527</b>	<b>1,472,943</b>
Financial margin	3,175,138	3,182,132
Other income	<u>1,451,116</u>	<u>1,490,263</u>
	<b>4,626,254</b>	<b>4,672,395</b>
<b>Operating Expenses</b>		
Members' Security	198,338	435,003
General business	1,781,142	1,719,118
Personnel	<u>2,141,407</u>	<u>1,944,531</u>
	<b>4,120,887</b>	<b>4,098,652</b>
<b>Net income before income taxes</b>	<b>505,367</b>	<b>573,743</b>
<b>Income taxes</b>		
Current tax expense	66,905	89,943
Future tax recovery	<u>4,132</u>	<u>3,449</u>
<b>Net income for the year before other items</b>	<b>434,330</b>	<b>480,351</b>
<b>Other items</b>		
Loss on disposal of property plant and equipment	<u>NIL</u>	<u>NIL</u>
<b>Total Comprehensive Income</b>	<b><u>\$ 434,330</u></b>	<b><u>\$ 480,351</u></b>



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\*Ipsos 2015 Best Banking Awards are based on ongoing quarterly Customer Service Index (CSI) survey results. Sample size for the total 2015 CSI program year ended with the August 2015 survey wave was 45,391 completed surveys yielding 65,991 financial institution ratings nationally.





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