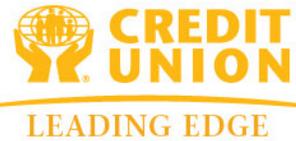


# Annual Report



2016

**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.

**TABLE OF CONTENTS**

Management and Staff..... 2  
Board of Directors and Committees ..... 3  
Special Recognition ..... 5  
Co-operative Principles and Values ..... 6  
Social Responsibility ..... 7  
Scholarships..... 13  
Products and Services..... 14  
Notable Accomplishments..... 15  
Credential Financial Strategies ..... 16  
Agenda ..... 17  
AGM 2015 - Minutes..... 18  
Message from the President ..... 22  
Message from the CEO ..... 24  
Audit Committee Report ..... 26  
Legislative Committee Report ..... 27  
Lending Committee Report ..... 28  
Social Responsibility Committee Report ..... 29  
Independent Auditor’s Report ..... 31  
Balance Sheet ..... 32  
Statement of Income ..... 33



# 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/  
Tax Associate

Sandra Brockway  
Financial Services Representative

Sylvia Hynes  
Financial Services Representative (Casual)

## **DOYLES BRANCH**

Tracy Keeping  
Branch Manager

Terryl McArthur  
Financial Services Officer

Selma Kilpatrick  
Financial Services Representative

Wanda English  
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

Kara Gale  
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 Elms  
Financial Services Representative

Kelly Thorne  
Financial Services Representative

Elaine Vautier  
Financial Services Representative (Casual)

Michele MacLean  
Tax Associate

## **ST. GEORGE'S BRANCH**

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

# Board of Directors and Committees

## BOARD OF DIRECTORS

Gary J. O'Brien	President
Daniel Sheaves	Vice-President
William H. Coates	Corporate Secretary
Lyndon Combdon	Director
John Healey	Director
Tony Leamon	Director
Jeff Patry	Director
Barry Simms	Director
Janet Willis	Director

## AUDIT COMMITTEE

Janet Willis	Chair
Lyndon Combdon	Director
Tony Leamon	Director
Barry Simms	Director

## CREDIT COMMITTEE

Cory Munden	Chair
Roger Hardy	Employee
Terry Hardy	Employee
Renee Samms	Employee
Trudy Skinner-Keeping	Employee

## LEGISLATIVE COMMITTEE

William H. Coates	Chair
John Healey	Director
Barry Simms	Director
Janet Willis	Director

## HUMAN RESOURCES COMMITTEE

Daniel Sheaves	Chair
Lyndon Combdon	Director
Gary J. O'Brien	Director
Jeff Patry	Director

## SOCIAL RESPONSIBILITY COMMITTEE

John Healey	Chair
Tony Leamon	Director
Jeff Patry	Director
Janet Willis	Director





L-R: Barry Simms, William H. Coates, Candace Matthews, Tony Leamon, Janet Willis, and Daniel Sheaves. Members of the Board and Corporate Office participating in the annual strategic planning session in September 2016.

**Table 1. Meeting Participation May 2016 - March 1, 2017**

Name	Board	Executive	Audit	Governance	Human Resources	Social Responsibility
Coates, W. H.	6/6	3/3	-	2/2	-	-
Combdon, L.	5/6	-	4/4	-	1/1	-
Healey, J.	5/6	-	-	2/2	-	3/3
Leamon, T.	4/6	-	4/4	-	-	3/3
O'Brien, G. J.	6/6	3/3	-	-	1/1	-
Patry, J.	5/6	-	-	-	1/1	3/3
Sheaves, D.	6/6	3/3	-	-	0/1	-
Simms, B.	6/6	-	4/4	2/2	-	-
Willis, J.	6/6	-	4/4	2/2	-	3/3

\*On December 5, 2016, the Human Resources Committee members agreed to recommend that the HR Committee be collapsed into the Executive Committee. This was ratified at a fully convened meeting of the Board on January 20, 2017.

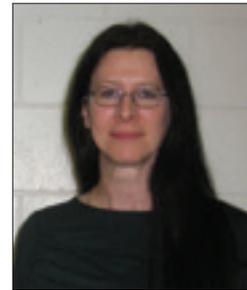
# Special Recognition



Candace Matthews - 5 years  
Executive Assistant & Privacy Officer  
Corporate Office



Selma Kilpatrick - 5 years  
Financial Services Representative  
Doyles Branch



Terri MacAuley - 10 years  
Financial Services Representative  
Jeffrey's Branch



Daniel Sheaves - 10 years  
Board of Directors



John Healey - 10 years  
Board of Directors



Barry Simms - 25 years  
Board of Directors

# Co-operative Principles and Values

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.

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 LECU 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 members of our corporate staff acting as resources to the committee.

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 (KPIs) 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 our credit union’s 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	\$318.53	\$82.75	\$73.45	\$0.00	<b>\$474.73</b>
Community Involvement Contributions	\$0.00	\$0.00	\$0.00	\$0.00	<b>\$0</b>
Number of Employee Volunteer Hours - Personal	163	161	155	114	<b>593</b>
Number of Employee Volunteer Hours - LECU	64	65.5	73	59	<b>261.5</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, the Breast Cancer Society and also 12 months 12 miracles. We were also proud to donate new uniforms for C.C. Loughlin's grade 5 and 6 girls and boys basketball teams. 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 try to help whenever we can. We are also proud participants of the Ronald MacDonald House Red Shoe Walk every year and have raised over \$1000.00 over the past few years.

CATEGORY	Q1	Q2	Q3	Q4	YEAR END
Total Donations and Sponsorships	\$1,300.00	\$1,425.00	\$100.00	\$425.00	<b>\$3,250.00</b>
Community Involvement Contributions	\$250.00	\$500.00	\$0.00	\$1,600.00	<b>\$2,350.00</b>
Number of Employee Volunteer Hours - Personal	30	12	12	12	<b>66</b>
Number of Employee Volunteer Hours - LECU	7	3	2	10	<b>22</b>
Number of Member Education Events	0	0	0	2	<b>2</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 distinguished history. 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	\$428.25	\$1,205.00	1,796.00	\$1,525.00	<b>\$4,954.25</b>
Community Involvement Contributions	\$125.00	\$750.00	\$220.00	\$520.00	<b>\$1,615.00</b>
Number of Employee Volunteer Hours - Personal	35	39	31.5	40	<b>145.5</b>
Number of Employee Volunteer Hours - LECU	12	12	0	12	<b>36</b>
Number of School Savings Accounts	28	28	N/A	32	<b>32*</b>
Number of Member Education Events	0	0	0	1	<b>1</b>

## JEFFREY'S:

The staff at Jeffrey's Branch of Leading Edge Credit Union are proud community supporters. Throughout the year we are active with various community organizations and we feel our contribution makes a big difference. We support the children in our communities through donations to the school's *Kid's Eat Smart* breakfast program, all staff volunteer weekly preparing breakfast at E.A. Butler. 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. This year we were unable to enter a float, but we did walk and give out candy to children along the route for the community Christmas Parade. As part of our commitment to our members, we hosted two information sessions. Three of our staff members are volunteers on different 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	\$792.00	\$1,285.00	\$450.00	\$569.00	<b>\$3,096.00</b>
Community Involvement Contributions	\$0.00	\$105.00	\$0.00	\$0.00	<b>\$105.00</b>
Number of Employee Volunteer Hours - Personal	61.5	67.5	0	48	<b>177</b>
Number of Employee Volunteer Hours - LECU	45	45	0	54	<b>144</b>
Number of School Savings Accounts	12	13	N/A	18	<b>18*</b>
Number of Member Education Events	0	0	1	1	<b>2</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 2016, we volunteered with Race to the Sea, the Chamber Golf tournament, and on the Board of the Charles L. LeGrow Hospital Foundation, and we participated in the Santa Claus parade. In addition to the donation of our time, we also made many 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	\$631.00	\$625.00	\$655.00	\$1,230.00	<b>\$3,141.00</b>
Community Involvement Contributions	\$0.00	\$525.00	\$720.00	\$265.00	<b>\$1,510.00</b>
Number of Employee Volunteer Hours - Personal	38	17	26	51	<b>132</b>
Number of Employee Volunteer Hours - LECU	16	16	34	18	<b>84</b>
Number of School Savings Accounts	17	18	N/A	43	<b>43*</b>
Number of Member Education Events	0	0	0	1	<b>1</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 members' appreciation and we feel that our contributions have enabled us to build strong relationships in all surrounding communities.

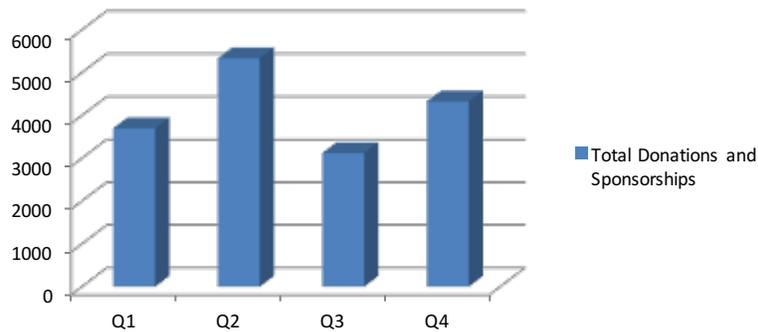
CATEGORY	Q1	Q2	Q3	Q4	YEAR END
Total Donations and Sponsorships	\$230.00	\$711.00	\$48.00	\$579.00	<b>\$1,568.00</b>
Community Involvement Contributions	\$50.00	\$0.00	\$0.00	\$270.00	<b>\$320.00</b>
Number of Employee Volunteer Hours - Personal	2	0	0	12	<b>14</b>
Number of Employee Volunteer Hours - LECU	15	5.5	0	4	<b>24.5</b>
Number of School Savings Accounts	18	15	N/A	13	<b>18*</b>
Number of Member Education Events	0	1	0	1	<b>2</b>

\*Maximum number of students enrolled in the program at any point throughout the year.

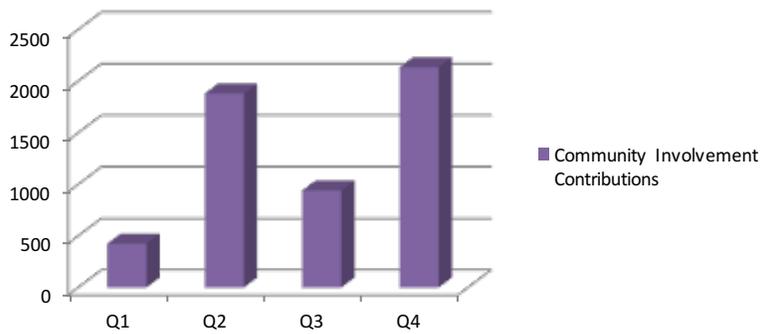
# Social Responsibility Performance Tracking

CATEGORY	2016	2015
Total Donations and Sponsorships	<b>\$16,484.00</b>	\$20,912.56
Community Involvement Contributions	<b>\$5,380.00</b>	\$1,215.00
Number of Employee Volunteer Hours - Personal	<b>1,208</b>	1,213
Number of Employee Volunteer Hours - LECU	<b>592</b>	301
Number of School Savings Program Participants	<b>106</b>	94
Number of Member Education Events	<b>8</b>	10
Small Business Credit Financing	<b>\$1,045,700.00</b>	\$965,932.00
Training Dollars Spent by CU	<b>\$36,670.00</b>	\$37,828.74
Employee Satisfaction	<b>89.00%</b>	92.00%
Number of Members with a Free Banking Package	<b>1219</b>	1210
Number of Non-profit Groups Availing of Free Banking	<b>272</b>	248
Paper saving through online statement initiative (measured at year-end)	<b>106,876 pgs</b>	104,300 pgs

## Donations and Sponsorships



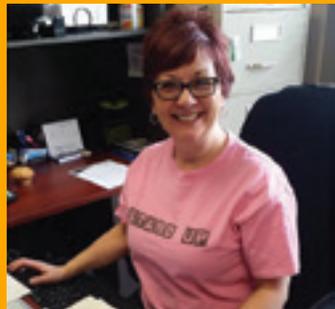
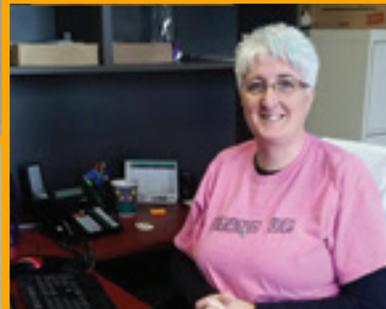
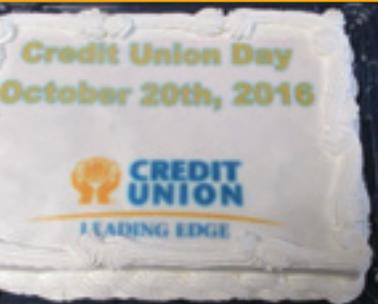
## Community Involvement Contributions



# Social Responsibility Activities



# Social Responsibility Activities (con't)



## 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 each and are open to all Level Three students who are pursuing post-secondary education. The award recipients are selected by the schools' scholarship committees, generally made up of Level Three 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 co-operative 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 is as follows:

- 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 2016 were as follows:

SCHOOL	RECIPIENT
Appalachia High	Shania Cormier
Belanger Memorial	Jenna Bartlett
Corner Brook Regional High	Bradley Templier
E.A. Butler All Grade	Jenna Morris
Grandy's Rivers Collegiate	Kelsey Walters
St. James' Regional High	Arifah Razack
Pasadena Academy	Ayden O'Neill
A. F. Walker Scholarship	Jill Ingram

## 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

## 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 Ofori, 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.

## 2016

- Declared a dividend of \$178,000 back to our membership.
- Named one of the “Best Places to Work in Atlantic Canada” by Progress Magazine for the sixth consecutive year.
- LECU welcomed Gilda Saunders as their Credential Financial Strategies Wealth Consultant.



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

Gilda Saunders is your Credential Financial Strategies Wealth Consultant and is available to assist members of LECU with their insurance and retirement planning needs. Gilda is a Certified Financial Planner with a successful history of providing comprehensive financial planning advice for retirement, estate, investments and risk management. She possesses in-depth knowledge of industry products and services to deliver sound advice based on your financial goals. In addition, she also provides planning for businesses which includes succession, wealth, estate planning, as well as group and retirement benefits.

Gilda has over 20 years in the Financial Services Industry and 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 Gilda on the Credential Financial Strategies team, and is pleased to continue making this valuable service available to our members. You can reach Gilda at:

Credential Financial Strategies Inc.  
2 Herald Ave. Millbrook Mall  
Corner Brook, NL A2H 4B5

709-634-0405  
709-640-8678

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

Leading Edge Credit Union Limited  
Annual General Meeting  
April 2, 2017  
St. Kevin's Center, St. Andrew's, Codroy Valley, NL  
2:30 p.m.

1. Establishment of Quorum
2. Adoption of Agenda
3. Adoption of Minutes of the 7th Annual General Meeting, April 27, 2016
4. Business Arising from Minutes
5. President's Report
6. Chief Executive Officer's Report
  - Presentations
7. Audit Committee Report
8. Governance Committee Report
9. Greetings
10. New Business
11. Adjournment

## 1.0 ESTABLISHMENT OF QUORUM

At 6:35 p.m. Gary J. 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 Don Rideout, Manager of the Corner Brook Branch of the Leading Edge Credit Union, to report attendance. Don confirmed that, of the 69 people in attendance, 57 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 2015 Annual Report, including the minutes of the 2014 AGM and the Agenda for this, the seventh AGM. The AGM Booklet was also posted on LECU's website for 10 days prior to the meeting.

## 2.0 ADOPTION OF THE AGENDA

No changes indicated.

16/04/27-01

**MOTION:** To adopt the agenda of April 27, 2016.

**MOVED BY:** John Healey

**SECONDED BY:** William H. Coates

**MOTION CARRIED**

## 3.0 ADOPTION OF MINUTES OF 6TH ANNUAL GENERAL MEETING

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

16/04/27-02

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

**MOVED BY:** William H. Coates

**SECONDED BY:** John Healey

**MOTION CARRIED**

## 4.0 BUSINESS ARISING FROM MINUTES

None indicated.

## 5.0 PRESIDENT'S REPORT

Gary J. O'Brien presented the President's report. The report, in its entirety, was included in the AGM Booklet. Gary noted, in particular, the following items:

- LECU reached a milestone of \$100,000,000 in assets in 2015.
- LECU will ask its members for permission to distribute nearly \$180,000 in dividends and patronage.
- LECU continues to strive to reach 6% in retained earnings; however, in lieu of building retained earnings for 2015, LECU elected to return some of its earning back to membership.
- LECU is experiencing membership growth while the Atlantic system is experiencing negative growth trends.
- LECU continues to support co-operative development and is currently involved in the creation of a child care centre in Port aux Basques. LECU will continue to seek out opportunities for co-operative development in all areas of operation.

Gary referenced the loss of friend and Board member, Hubert Hall. For more than 17 years, Hubert was a valued member and director of the former Codroy Valley Credit Union and he continued that service with Leading Edge. Hubert's spirit and sense of humour will be dearly missed. In memory of Hubert, we will be introducing an annual staff spirit award as well as a memorial scholarship for a student from the Codroy Valley.

16/04/27-03

**MOTION:** To adopt the President's Report for 2015, as per the Annual Report book circulated.

**MOVED BY:** Gary J. O'Brien

**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. Cory also thanked the staff members who helped make the AGM possible.

The following points were noted in the CEO's report:

- Credit unions offer great service; their biggest differentiator is that they are caring, open and transparent members of their communities. They reward members for success via dividends and patronage.
- Co-operative values were a key component to the credit union's history in the Corner Brook area. Credit unions still stand by the values that they were established on.
- Cory touched on the co-operative principles and the ways in which LECU lives them each and every day in the following ways:
  - Affordable share values – share requirement reduced from \$100 to \$5;
  - Democratic director elections – online and in-branch voting methods make participating in the democratic control of your credit union more accessible to all members;
  - Second consecutive year of dividend and patronage declarations;
  - Autonomy and Independence – we are part of a larger system (Atlantic, National, World), however we operate independently and make local decisions;
  - Education, Training and Information
    - LECU's staff and Board completed 480 courses in 2015, an investment of \$37,828. This speaks to the seriousness with which our staff and Board members take our duty to and gain the knowledge and skill necessary to provide superior service to our members;
  - Co-operation among Co-operatives – LECU partners with other co-operatives and assists with co-operative development;

- Concern for Community – socially responsible practices and the well-being of the community are always at the fore-front of decision-making; the booklet provides more information about LECU's social practices and initiatives;
- Member Value Proposition – the introduction of our mobile app and deposit anywhere technology ensures that we are continuing to invest in providing the best and most current technology and service to our members. Credit unions were actually the first to develop and market this technology.

Cory reported on a new initiative that LECU has developed over the past several years: a credit union youth council. He delivered a brief history of the formation of the council; he noted that it is a pilot project in the Port aux Basques region however LECU hopes to establish youth councils in all areas of operation. Cory invited the youth council to present to the meeting. Toni Leamon, Jill Ingram, Toni Bobbett, Arifah Razac, and Mia Francis presented on the creation of the council and the "Vice President for a Day" program.

Cory presented the financial report and reviewed LECU's balanced scorecard, which shows LECU exceeding in most areas, ahead of all other Atlantic and National credit unions. He noted that the Corner Brook location continues to grow loan and deposit portfolios. In fact, the Corner Brook branch has always been a strong deposit-taking location which is essential to the growth and success of LECU.

16/04/27-04

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

**Moved BY:** John Healey

**SECONDED BY:** Barry Simms

**MOTION CARRIED**

## PRESENTATIONS:

Staff Awards – presented by Cory Munden and Randi Alexander:

- Training Award
  - Trudy Skinner-Keeping
- Individual Volunteerism Award
  - Martina MacDonald

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

- Five years of service
  - Tracy Keeping
- Fifteen years of service
  - Wanda English
- Ten years of service (Board)
  - Gary Wiseman

Other recognitions – presented by Cory Munden and Randi Alexander:

- Annual Member Protection Award
  - Mindy Gillingham
- Retirement (staff)
  - Anne Marie Penney
- Retirement (Board)
  - Gary Wiseman

## 7.0 AUDIT COMMITTEE REPORT

The Chair presented the Audit Committee Report.

16/04/27-05

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

**MOVED BY:** Randi Alexander

**SECONDED BY:** Gary Wiseman

**MOTION CARRIED**

The Chair also noted the Human Resources, Lending and Corporate Social Responsibility reports, all found in the AGM booklets.

## 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 the Chair's request that the membership consider playing a more active role in the governance of their credit union. William H. invited questions on his report. No questions were noted.

16/04/27-06

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

**MOVED BY:** William H. Coates

**SECONDED BY:** Barry Simms

**MOTION CARRIED**

The Corporate Secretary reported that the three successful candidates elected to the Board were Jeff Patry, Lyndon Combdon and Barry Simms. Members were invited to acknowledge and endorse these new members.

William H. Coates provided the rationale behind the Board's request for the removal of the "sunset clause". He noted the time and training invested in a Board member that is lost when a Board member has to leave. He also noted that the clause stands in contradiction of the democratic principle.

16/04/27-07

**MOTION:** To remove from Article 9.02 of our by-laws the restriction on the number of terms a director may serve. The article would then read:

9.02 Subject to Article 11.02 of these By-Laws and the Credit Union Act, a Director is eligible for re-election.

**MOVED BY:** William H. Coates

**SECONDED BY:** Renee Samms

**MOTION CARRIED**

16/04/27-08

**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 one hundred eighty thousand dollars (\$180,000).

**MOVED BY:** William H. Coates

**SECONDED BY:** Barry Simms

**MOTION CARRIED**

He addressed the meeting regarding the remuneration of the Board of Directors. William H. noted that the scheduled phase of remuneration has expired. In light of the economic environment the directors propose no change to their remuneration for the coming year.

16/04/27-09

**MOTION:** To continue the remuneration of the Board for the 2016-2017 Board year equal to that which was approved by membership for the 2015-2016 Board year.

**MOVED BY:** William H. Coates

**SECONDED BY:** John Healey

**MOTION CARRIED**

## 9.0 GREETINGS

The Chair invited Brendan Doyle, Member of the Board of the Credit Union Deposit Guarantee Corporation (CUDGC), to address the meeting.

Greetings: Address from Brendan Doyle, CUDGC  
Brendan brought greetings on behalf of the Minister of Service NL, Hon. Eddie Joyce, and the members of the Credit Union Deposit Guarantee Corporation (CUDGC). He briefly explained the function of CUDGC and thanked LECU for their role in nominating him for a Board position with CUDGC. Brendan noted that he has always appreciated the development and training that he received as a member of LECU's board.

Brendan commended LECU for their commitment to the seven co-operative principles; he noted that LECU has always made every decision based these principles.

Brendan explained to the membership that CUDGC is tasked with ensuring credit union compliance with the Credit Union Act and Regulations. He also reminded those gathered about the unique deposit guarantee of \$250,000 per account for all credit union members. This far exceeds the \$100,000 of protection offered by chartered banks and it is just one more benefit of belonging to a credit union.

Brendan thanked LECU for the invitation to the AGM. He offered special congratulations to the Board and staff for the excellent AGM attendance and a well-organized meeting. He especially acknowledged the youth council and commended their impressive ability to articulate their message. He ended his address by wishing LECU a successful 2016.

The Chair thanked Brendan for his address.

## 10.0 NEW BUSINESS

No new business.

## 11.0 ADJOURNMENT

With the stated business of the seventh Annual General Meeting completed, the Chair requested a motion to adjourn.

16/04/27-10

**MOTION:** to adjourn the seventh annual meeting of Leading Edge Credit Union.

**MOVED BY:** William H. Coates

**MOTION CARRIED**

Duly Signed:

---

Gary J. O'Brien, President

---

William H. Coates, Corporate Secretary

---

Director

---

Director

# Message from the President



Welcome, fellow members, to our 8th 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 company. The year ending 2016 was challenging but

successful for our co-operative. All major financial targets were met and the key areas of lending and deposit growth remain strong. Membership growth was also positive which is contrary to the trends in our province, in Atlantic Canada and in the country. Your Board of Directors, collaboratively working with senior management and our credit union system partners, will continue to make prudent financial decisions and ultimately strive to ensure we remain financially strong and vibrant thus serving the financial needs of all of our members.

## Strategic Plan: 2016 and Beyond

During this year's strategic planning session, we were guided by a number of key messages. Leading Edge Credit Union will:

- be financially strong and not require intervention;
- provide its members quality products at equitable rates with an optimal service level;
- have a board and operational team that will be innovative and strategic;
- have a strong governance model to ensure long term viability of the operation;
- be a valuable community partner; and,
- be recognized by their members as an important component to the success of their community.

LECU grew by more than 202 member-owners in 2016 and we continue to grow our membership despite the declining membership growth trends within the Atlantic and Canadian systems. LECU also reports growth in member 'wallet share' or assets per member. Advances in technology continue to impact our industry and we will need to embrace these changes to remain financially strong to continue to provide you with new products and services at equitable rates.

Additionally, you, the members and owners of this credit union, have told us through the membership surveys, that you are more than satisfied with the performance of the Board, management and staff of your credit union. We are pleased to hear this and we will ensure that we maintain your trust and confidence in the future. In our 2016 planning process, your Board spent a considerable amount of time reflecting on who we are as a co-operative and how we can enhance our contributions to the co-operative movement. Our CEO has been successfully engaged in the Co-operative Masters Business Administration Program (MBA) at St. Mary's University. He has completed the academic portion of this three-year program and is now in the final stage of his studies which conclude in mid-2017. He has done incredibly well and we are proud of his success. We look forward to capitalizing on his education and experience to grow our business and to provide valuable leadership within the cooperative sector in our province and beyond.

LECU is proud to have led the way to the successful reinstatement of credit unions as full voting members of the Newfoundland Labrador Federation Co-operatives (NLFC). In September 2015, the NLFC's members passed a resolution to amend their by-laws to allow credit unions to participate as co-operative members and, in 2016, I was elected to the NLFC board where I sit on their Executive Committee as their Corporate Secretary. Additionally, I represent the NLFC on the Board of the Co-operative Development Fund for Newfoundland and Labrador.

As a Board, LECU remains committed to our co-operative values and principles. We pride ourselves on our leadership within the co-operative and credit union communities. The Board of Directors feels strongly that this type of leadership in our communities, particularly within the co-operative community, will provide strength and vision for the Credit Unions of the future.

Finally, during our 2016 strategic planning session, your Board challenged each other to contemplate a wide range of business potentials and ways in which we will engage our membership and grow towards a

successful and sustainable future. We held a series of town-hall-style meetings this past fall and we are excited for you to see the results of this effort in 2017. Your Board of Directors recognizes that, to remain relevant in today's financial industry, we will have to be innovative. LECU is a leader and we intend to live up to the leadership required to successfully implement a plan that assures us growth, stability and financial strength and that will make our membership proud of their financial cooperative in each of the communities in which we serve.

## **2016 Dividend Declared**

I'm delighted to announce that it has been decided by the Board to declare dividends from profits to reward you, our owners and members. The Board has declared a total of \$24,000 to be returned to members. This is the third consecutive year that LECU has declared a dividend to its members bringing the three-year total returns to over \$482,000; this is well above the credit union system average in Atlantic Canada. With your continued support and the continued growth of our financial co-operative, I hope to see this trend continue.

## **Board Governance**

As part of our responsibilities, the Board of Directors met six (6) times last year. In addition to these Board meetings, your Directors also met numerous times to attend to committee matters. Each Director was responsible to serve on at least two of the following committees: Executive, Audit, Legislative, Human Resources, and Social Responsibility. Annually, the Board participates in at least one strategic planning session. The credit union's business plan is reviewed and updated at this planning session and, as indicated, we have committed to continuing to 'thinking outside the box' when planning our future.

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 credit union system transforms.

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 2016, members of the Board completed a total of 24 training courses. With seven of our nine directors fully trained in the Credit Union Director Accreditation Program, LECU 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 2016. We had a great year and we were quite pleased with the ability of staff to keep pace with the demands of growing your credit union. Let me close by saying a huge thank you to our entire LECU team. LECU's employees, directors and members can be proud of another successful fiscal year. 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.

Co-operatively yours,

Gary J. O'Brien  
President

# Message from the CEO



I am pleased, once again, to have the opportunity to update the membership of Leading Edge Credit Union (LECU) on the operational activities for 2016. Members of LECU are also owners and the entire operational team and Board of Directors continuously seek out ways in

which to bring value to membership. In 2016, member engagement sessions were held at each branch location to seek input from owners on how to deliver more value. Owners outlined first and foremost that value to them represents what they tangibly receive from their credit union. They want to ensure that their credit union continues to provide them the latest products and services at affordable rates. Second, they want great service from knowledgeable and professional staff. Third, they want their organization to be sustainable; that is, they want their organization to generate enough earnings to fulfill its mandate with any additional surpluses returned to the membership. Lastly, owners advised that they feel good when their credit union is a strategic community partner that participates in the social and economic enhancement of their communities. Exceptional performance in all of these areas would be the greatest indicator of success for Leading Edge Credit Union.

LECU strives towards ensuring that the development and implementation of products and services are a strategic priority. This year, LECU worked with the provincial regulators to allow members to avail of overdraft protection in a quicker and more convenient manner. The regulators had allowed LECU to conduct a pilot which allowed for members to instantly be qualified for overdraft protection if certain criteria were met. Members were also provided upgraded debit cards equipped with the new 'tap' feature, known as *Flash*, which is now available on many merchant debit terminals. As with all debit card transactions, *Flash* transactions are protected by the credit union meaning that our members will be reimbursed for any transactions deemed to be fraudulent. In fact, industry research shows that *Flash* or tap transactions are actually safer than traditional chip and pin transactions.

A large project that was undertaken in 2016 is the *branch transformation initiative*. This initiative seeks out to identify how LECU will deliver products and services in the future to meet changing member needs. I am a part of an Atlantic committee that is reviewing model branch layouts, online and mobile access opportunities, as well as other touch points in which members seek to do business with their credit union. The goal is to ensure that LECU has the ultimate service delivery model so that members enjoy the best experience possible when doing business with their credit union. This work will be carried out in 2017 and a pilot branch will be also identified.

In 2016, Gilda Saunders joined LECU as our Wealth Management Advisor. Gilda brings many years of experience working within the wealth management sector directly with credit unions. Gilda has deployed the use of technology to conduct virtual appointments which has helped her to better serve her clients by ensuring that she provides excellent and timely service by reducing the impact of travel-related delays.

Education and employee development is another strategic area in which LECU continues to invest. In 2016, LECU's staff and Board completed 275 professional development courses, a \$36,670 investment. The direct result of this training is the service that members receive from this investment. Members have responded with a 96% member satisfaction rating in 2016 indicating that the vast majority of LECU's members are very pleased with the level of service they receive. Furthermore, for the sixth year in a row, your credit union has been recognized by Progress Magazine's *Best Places to Work* program. LECU placed 12th out of 30 qualifying businesses in Atlantic Canada which showcases that LECU employees enjoy a very positive work culture and governance model. Motivated and happy staff translates into high-quality service for you, our members.

The credit union movement, with its co-operative history, was started by people, for people. This concept is critically important because it highlights the true value of people coming together to address a common need. It is therefore important that, strategically, this organization focuses on sustainability so that generations of members will continue to enjoy all that the credit union has to offer. The financial statements that are included in this booklet highlight that, even given the current tough economic times, your credit union continues to be successful. In 2016, loan growth exceeded \$8 million and 202 net new members joined LECU. These statistics exceed the current provincial and Atlantic averages.

Your credit union is a financial co-operative which means that its customers are its owners. The co-operative model operates within defined co-operative values which are demonstrated through seven co-operative principles. The seventh co-operative principle, 'concern for community', requires co-operatives to seek out ways in which to enhance the socio-economic conditions of their communities. Owners of LECU are proud that their credit union is living this principle and numerous examples are highlighted in this AGM booklet.

An organization is only as good as its people; I would like to thank the Board of Directors and the employees of LECU for another successful year. As indicated in this report, a strong focus on ownership and community value would not be possible without the dedication and hard work of those intimately involved in the operation of your credit union. I would also like to thank the owners of LECU; without your continued commitment to your financial co-operative, people and communities would be underserved.

Co-operatively yours,

Cory Munden  
Chief Executive Officer



# Audit Committee Report



To all Owner-Members of Leading Edge Credit Union,

The Audit Committee was active over the past year, having met on four 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.

This year, the Audit Committee, as part of its duties, issued a Request for Proposal for both the Internal and External Audit duties for your Credit Union. After careful consideration we are pleased to announce that Byron Smith C.A. was awarded this work for the next three years.

All audits completed by Mr. Smith and his team as well as the audit by the Credit Union Deposit Guarantee Corporation, the province's credit union regulators, 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 2016 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. Once again, the results of these audits are proof that LECU is improving operations and ensuring your credit union continues to operate in a manner that ensures our success. 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 ensure there are appropriate controls in place to offset this risk. LECU owes a duty to their members to manage the money that it holds on deposit appropriately.

At the time of writing of this report, there were no unresolved issues between the Committee, the Credit Union Deposit Guarantee Corporation and for 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 Management and Staff of LECU. Though every interaction we have had there has been nothing but professionalism and passion for what they do. Our success is the result of their efforts.

Co-operatively yours,

Janet Willis, CPA-CGA  
Chair, Audit Committee



To all Owner-Members of Leading Edge Credit Union,

The Legislative Committee (formerly often referred to as the Governance Committee) is required by Section 8.07 of the by-laws of our credit union. The by-laws state that the primary

responsibilities of the Committee are to ensure there are sufficient nominations to fill each vacancy on the Board of Directors and to oversee the election process. During their term of office, however, members of the Committee consider many other matters of policy pertaining to the governance and operations of our credit union. They also contemplate and prepare for ultimate consideration and approval by members any changes to the by-laws of our credit union.

The chief legislative focus of the Committee and your Board of Directors during recent years has been to determine the corporate structure of our credit union. Although many may question the significance of this focus, your directors, believe this is fundamental to the manner in which our LECU evolves to a brighter future for all of us. What does this really mean?

First, it places squarely into the hands of the CEO total responsibility for the entire operation. By extension, this concept means that directors are not involved with the daily operations you experience. Secondly, directors have determined their primary responsibility is to establish, in conjunction with the CEO and in the broadest terms, what LECU is to accomplish. They have decided to do this through the development and adoption of carefully crafted policies. The Legislative Committee is the instrument through which most policies are presented to your Board of Directors for consideration and approval.

During the year under review, your credit union, in addition to making available a full suite of financial services at effective pricing, determined to continue its strong support of the credit union system in Atlantic Canada, to engage more actively in the co-operative sector in our province, to continue its care for the communities in which members live, and generally, to live the world-wide co-operative principles. The driving force behind all this effort is to ensure that Leading Edge Credit Union continues to meet – even to exceed – your expectations.

Your directors hope their diligence and work, and that of our entire staff, crystalizes your perception that LECU is more than just a bank!

Co-operatively yours,

William H. Coates  
Chair, Legislative Committee

# Lending Committee Report



To the Member-Owners of  
Leading Edge Credit Union,

In 2016, 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 \$193,947.00. This is a slight decrease from the previous year's value of \$201,413.00.

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 2016, there were 26 approvals totalling \$2,239,417 of credit for these members.

The committee would like to outline the following loan report for the year ending December 31, 2016:

Type of Loan	Total Number	Total Value
Current Loans and Mortgages	3974	<b>\$92,147,624</b>
Impaired Loans and Mortgages	68	<b>\$1,100,761</b>
<b>TOTAL</b>	<b>4042</b>	<b>\$93,248,385</b>

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

Co-operatively yours,

Trudy S. Keeping  
Manager Lending Services



To the Member-Owners of  
Leading Edge Credit Union,

Leading Edge Credit Union (LECU) is a financial co-operative that is governed by the seven co-operative principles. These seven principles make up the core elements of our organization and

they provide the lens through which we view all of our operational decisions. The Government of Canada defines Social Responsibility (SR) as “the voluntary activities undertaken by a company to operate in an economic, social and environmentally sustainable manner”. Leading Edge Credit Union (LECU), besides having a direct business responsibility, has an even greater social responsibility. The Social Responsibility Committee (SRC) members act with due diligence when making recommendations to the Board of Directors with respect to LECU’s strategic social plan. LECU is very proud of its commitment to be a socially responsible company and we would like to extend our deepest thanks to our communities and our members for their continued support and patronage.

LECU uses a tracking system to measure Key Performance Indicators (KPIs) for social responsibility reporting. The results of LECU’s performance in 2016 can be found in the social responsibility section of this AGM booklet as well as on LECU’s website. 2016 was an excellent year, both from financial and social responsibility perspectives. It was a year of many great achievements for LECU and its members including:

- **Dividends and Patronage Rebates.** Over \$24,000 will be returned to LECU members in 2017 in the form of dividends and patronage rebates for the 2016 year. This is the third consecutive year of rebates for LECU, bringing the three-year total to more than \$482,000. This money is returned directly to LECU’s members based on the number of products and services they use. It is important to highlight that the more support the credit union gets from its members, the more we can return to them through our community support initiatives and our direct rebates.

- **The Race to the Sea.** The ongoing success of this event, a flagship running event owned and operated by LECU, is a source of great pride for our members. This event has been steadily growing each year thanks in part to the staff and volunteers that dedicate their time and talents and to the communities along the race route that offer their support.
- **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 partnership with the NLFC as well as various individual co-operatives in the province. Much of the work has focused on building relationships with other co-operatives and supporting co-op sector growth in the province. LECU strongly believes in co-operative principle number six, co-operation among co-operatives. We feel that the co-operative business model has the power to transform our communities for the better.
- **Growing our Future Childcare Co-operative (GOFCC).** In true co-operative spirit, this forthcoming facility was born of a group of dedicated individuals sharing a common goal: to create an affordable and sustainable childcare centre in Port aux Basques. LECU has played an essential role in the development of this initiative and we will continue to offer financial and professional support throughout the design, construction and operational planning phases. The SRC, on behalf of LECU, would like to thank all the community stakeholders who have volunteered time and resources to contribute to the success of this venture to-date. I encourage you to visit LECU’s website and the GOFCC’s Facebook page for updates on the status of this project.

# Social Responsibility Committee Report (con't)

- **Membership Engagement Sessions.** In late 2016, LECU held a series of member engagement sessions in each of the communities in which we operate. The purpose of these sessions was to expand and improve upon co-operative principle number two, democratic member control. As our credit union has grown and become more and more successful over the years, we have noted an erosion of opportunities for us to hear directly from our members. It is for this reason that your Board and CEO visited each branch community to give you, the member-owner, an opportunity to tell us how you feel about your credit union and to suggest ways in which we might all work together to improve our communities and the lives of the people in them. The results of these sessions have contributed directly to LECU's business plan for 2017 and we look forward to sharing this information with you in the very near future.
- **Social Responsibility Fund.** In late 2016, the Social Responsibility Committee met to discuss formalizing a social responsibility fund for LECU. Your Board of Directors approved the establishment of a fund by setting aside 10% of pretax profits each year to use for the betterment of our communities, our co-operative sector and our environment. This percentage makes LECU and industry leader since the average amount of social responsibility funding is 6% in the credit union sector and just 1% in the chartered banking sector.

I encourage you to take some time to visit the social responsibility sections in this AGM booklet and on our website. LECU is proud of the role that we play in each of our communities and in the co-operative and credit union sectors. We will continue to seek out ways in which to improve our world and we look to you, our member-owners, to help us. Thank you to my fellow committee members for their support during the past year. I would also like to thank the Board of Directors, the CEO and the LECU staff for their continued support and co-operation.

Co-operatively yours,

John Healey  
Chair, Social Responsibility Committee

To the Members of:  
Leading Edge Credit Union Limited

## **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, 2016, 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, 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Spaniard's Bay, NL  
February 24, 2017

Byron D. Smith Professional Corporation  
Chartered Professional Accountant

# Balance Sheet

## Leading Edge Credit Union Limited Statement of Financial Position

As of December 31,	2016	2015
<b>Assets</b>		
Cash	\$ 3,431,845	\$ 3,063,921
Cash – required liquidity	12,156,154	11,665,248
Investments	3,056,477	3,480,891
Income taxes receivable	20,854	14,578
Loans and mortgages receivable	92,922,343	84,205,901
Other assets	131,984	230,743
Property, Plant and Equipment	<u>1,421,185</u>	<u>1,511,326</u>
	<b>\$113,140,842</b>	<b>\$ 104,172,608</b>
<b>Liabilities</b>		
Members deposits	\$107,170,075	\$ 98,455,385
Accounts payable and accrued liabilities	379,956	353,852
Dividends payable	24,299	178,699
Future income tax	24,672	25,304
Non-members' deposits	<u>27,804</u>	<u>24,688</u>
	<b>107,626,806</b>	<b>99,037,928</b>
<b>Members' Equity</b>		
Retained earnings	<u>\$ 5,514,036</u>	<u>\$ 5,134,680</u>
	<b><u>\$113,140,842</u></b>	<b><u>\$ 104,172,608</u></b>

## Leading Edge Credit Union Limited Statement of Comprehensive Income

For the Year Ended December 31,	2016	2015
<hr/>		
<b>Financial Revenue</b>		
Interest	\$ 4,568,661	\$ 4,434,986
Investment income	<u>129,021</u>	<u>131,679</u>
	<b>4,697,682</b>	<b>4,566,665</b>
<hr/>		
<b>Cost of funds</b>		
Interest on members' deposits	1,267,356	1,212,828
Dividends paid to members	<u>23,179</u>	<u>178,699</u>
	<b>1,290,535</b>	<b>1,391,527</b>
<hr/>		
Financial margin	3,407,147	3,175,138
Other income	<u>1,489,122</u>	<u>1,451,116</u>
	<b>4,896,269</b>	<b>4,626,254</b>
<hr/>		
<b>Operating Expenses</b>		
Members' Security	328,081	198,338
General business	1,865,362	1,781,142
Personnel	<u>2,265,743</u>	<u>2,141,407</u>
	<b>4,459,186</b>	<b>4,120,887</b>
<hr/>		
<b>Net income before income taxes</b>	<b>437,083</b>	<b>505,367</b>
<hr/>		
<b>Income taxes</b>		
Current tax expense	58,352	66,905
Future tax recovery	<u>(625)</u>	<u>4,132</u>
<hr/>		
<b>Total Comprehensive Income</b>	<b><u>\$ 379,356</u></b>	<b><u>\$ 434,330</u></b>



**Putting members first  
has its rewards.**

---

**Nine awards to be exact.**

Canada's credit unions have won a record nine Ipsos® Best Banking Awards\*, including First in Customer Service Excellence and First in Branch Service Excellence. We invite every Canadian business owner, family and individual to learn more about our unique approach to banking based on democratic and co-operative values.

Find a credit union near you at:  
**[atlanticcreditunions.ca](http://atlanticcreditunions.ca)**



\*Ipsos 2016 Best Banking Awards are based on ongoing quarterly Customer Service Index (CSI) survey results. Sample size for the total 2016 CSI program year ended with the August 2016 survey wave was 47,305 completed surveys yielding 67,678 financial institution ratings nationally.





**CORPORATE OFFICE**

27 Grand Bay Road  
PO Box 70  
Grand Bay East, NL A0N 1K0  
Tel: (709) 695-7065

**CORNER BROOK BRANCH**

2 Herald Avenue  
PO Box 713  
Corner Brook, NL A2H 6G7  
Tel: (709) 634-4632

**DOYLES BRANCH**

Route 406, Off TCH  
PO Box 29  
Doyles, NL A0N 1J0  
Tel: (709) 955-2402

**JEFFREY'S BRANCH**

616 Main Road  
PO Box 8  
Jeffrey's, NL A0N 1P0  
Tel: (709) 645-2512

**PORT AUX BASQUES BRANCH**

27 Grand Bay Road  
PO Box 680  
Grand Bay East, NL A0N 1K0  
Tel: (709) 695-7000

**ST. GEORGE'S BRANCH**

2-10 Steel Mountain Road  
PO Box 315  
St. George's, NL A0N 1Z0  
Tel: (709) 647-2000

**lecu.ca**