

2020
Annual REPORT



Opening doors to opportunities in every way.

Vision, Mission and Table of Contents

Vision

At Leading Edge Credit Union we strive to assist all our members to meet their financial goals by providing advice and services with a focus on our members' best interests.

Mission

To be the financial institution of choice by providing quality financial products and offering exceptional member value through knowledgeable and professional staff while adhering to the co-operative principles and values.

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Management and Staff

Corporate Office

- Cory Munden
Chief Executive Officer
- Terry Hardy
Manager of Accounting Services
- Charlotte Taylor
Executive Assistant, Compliance & Administration Officer
- Randi Alexander
Marketing Specialist
- Roger Hardy
Manager of Operations
- Trudy Skinner-Keeping
Manager of Lending Services
- Elaine Ingram
Accounting Officer
- Jody King
Accounting Administrator
- Luke Simms
Information Technologist
- Candace Matthews
Member Relations & Communications Specialist, Privacy Officer

Corner Brook Branch

- Don 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

- Patricia Cousins
Financial Services Representative
- Brittany St. Croix
Financial Services Representative (Casual)
- Dale Lomond
Financial Services Representative (Casual)
- Bruce Samms
Tax Associate

Jeffrey's Branch

- Rhoda Pumphrey
Branch Manager, Tax Associate
- Melanie Hulan-Legge
Financial Services Officer
- Terri MacAuley
Financial Services Representative
- April-Dawn Smith
Financial Services Representative
- Kara Gale
Financial Services Representative (Casual)

Port aux Basques Branch

- Geneva Taylor
Branch Manager
- Martina MacDonald
Financial Services Officer
- Lisa Purchase
Financial Services Officer
- Danielle Clarke
Financial Services Representative
- Kelly Thorne
Financial Services Representative
- Elaine Vautier
Financial Services Representative
- Michele MacLean
Tax Associate

St. George's Branch

- Leonard Hann
Branch Manager
- Erin Fillatre
Financial Services Representative
- Janet Jesso
Financial Services Representative
- Teresa Alexander
Financial Services Representative (Casual)
- Samantha Ploughman
Tax Associate

Board of Directors and Committees

Board of Directors

Daniel Sheaves, *President*
 Tony Leamon, *Vice President*
 Edwina Bateman, *Corporate Secretary*
 Bruce Burton, *Director*
 Brian Button, *Director*
 Gary J. O'Brien, *Director*
 Jeffrey Patry, *Director*
 Barry Simms, *Director*
 Janet Willis, *Director*

Audit Committee

Janet Willis, *Chair*
 Bruce Burton, *Director*
 Brian Button, *Director*
 Gary J. O'Brien, *Director*
 Barry Simms, *Director*

Credit Committee

Cory Munden, *Chair*
 Roger Hardy, *Employee*
 Terry Hardy, *Employee*
 Trudy Skinner-Keeping, *Employee*

Legislative Committee

Edwina Bateman, *Chair*
 Brian Button, *Director*
 Jeffrey Patry, *Director*
 Barry Simms, *Director*

Social Responsibility Committee

Jeffrey Patry, *Chair*
 Bruce Burton, *Director*
 Tony Leamon, *Director*
 Gary J. O'Brien, *Director*
 Janet Willis, *Director*

Meeting Participation April 1, 2020 to March 1, 2021

NAME	BOARD	EXECUTIVE	AUDIT	LEGISLATIVE	COMMUNITY IMPACT
Bateman, E.	6/6	2/2	-	5/5	-
Burton, B.	6/6	-	4/4	-	3/4
Button, B.	5/5	-	4/4	4/5	-
Leamon, T.	6/6	2/2	0/1	-	4/4
O'Brien, G. J.	5/6	-	4/4	-	3/3
Patry, J.	6/6	-	1/1	5/5	4/4
Sheaves, D.	6/6	2/2	-	-	1/1
Simms, B.	6/6	-	5/5	5/5	-
Willis, J.	6/6	-	5/5	-	4/4

Note: Due to the COVID-19 pandemic causing a delay in our last AGM and the ratification of the election results, there were some affects to the Board/Committee structure/attendance.

- Brian Button was not on Board for the April Board meeting. He was only a director for 5 meetings.
- After the election, the Committees underwent changes that would normally have happened earlier. Some members were not on these committees for the usual full term.

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 and 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.

Special Recognition

*"Success is the result of perfection,
hard work, learning from failure,
loyalty, and persistence."*

~ Colin Powell

5 years

Jeffrey Patry
Director, Board

10 years

Tracy Keeping
Branch Manager, Doyles

Social Responsibility



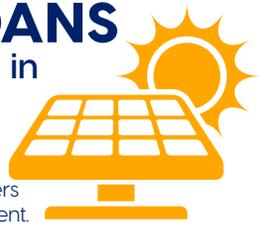
\$25,000

Forfeited revenue from the free account packages offered to **300 community organizations.**

GREEN LOANS

Nearly **\$14,000** in interest savings

to make environmentally friendly home upgrades more affordable for members and better for the environment.



Growing our Future

An interest free mortgage providing **\$15,000** in support of our co-operative community daycare.



COVID-19 Response



Connected with **700** of our most vulnerable members in the early days of the pandemic to help them access their accounts in the safest way possible.



Reached **1,500** members with Canada Emergency Response Benefit (CERB) tax advice.

LOYAL 2 LOCAL



Empowered staff with **\$50** in spending to support local businesses.

60 local small businesses accessed **\$3M** in loans through the CEBA program.



1,289

Employees volunteer hours made through personal and work-supported time.



\$10,000

Donations and sponsorships to **104** local **community organizations.**

95% Overall member satisfaction level.



8 in 10 members indicate they've chosen to bank with a credit union because we're different than a bank.



EMPLOYEE ENGAGEMENT

100% employees agree the credit union provides them with a sense of meaning and purpose **87%** recommend us as a great place to work.

\$23,955

COMMUNITY IMPACT FUND
Funds raised by members and staff for community organizations.

Social Responsibility

The GOFCC initiative was a significant undertaking for LECU. With the help of the volunteer committee, LECU led the development and execution of a multi-year plan involving the coordination of many funding partners and community stakeholders. In 2020, LECU worked with the GOFCC to measure the impact of having the childcare centre in the community. This page provides a snapshot of community impact however the true impact of the GOFCC goes well beyond that which is measurable. The

families that avail of the services of the Growing Our Future Childcare Co-operative have a safe, nurturing, inclusive, education-based centre to call their own. LECU is proud of the role we played in the success of this important project. Click [here](#) to learn more about what this centre means to the community of Port aux Basques.



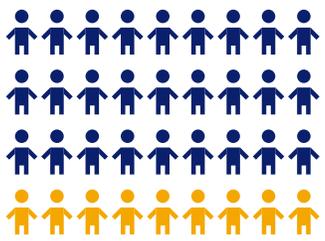

10 FULL-TIME POSITIONS

CAPACITY FOR 34 SPACES IN THE BUILDING

OUT OF THE 37 CHILDREN ENROLLED:

27 ARE FULL-TIME

10 SHARE SPACES




CURRENTLY, THE CENTRE IS AT CAPACITY WITH A WAITING LIST OF MORE THAN

15 FAMILIES



37 CHILDREN ENROLLED



INFANT ROOM: 6
TODDLER/PRESCHOOL ROOM #1: 15
TODDLER/PRESCHOOL ROOM #2: 16

Since opening in April 2018, there have been **97 children** attend the centre.

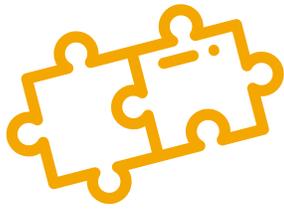


WE CURRENTLY HAVE 11 FAMILIES

availing of the provincial subsidy program for low-wage earners. Since opening, 20 families have availed of services at the centre through the childcare subsidy program.

These 20 families would be unable to participate in the job market were it not for this access to subsidizable childcare services.

We have had **four single-parent families** using the program to allow the parent to pursue post-secondary education.



WE CURRENTLY HAVE 5 CHILDREN WITH DIAGNOSED SPECIAL NEEDS

ALL OF THESE CHILDREN HAVE ISSP PLANS AND OUR STAFF ATTEND REGULAR MEETINGS.



OUT OF THESE **FIVE CHILDREN, FOUR OF THEM**

share two inclusion workers. The outcomes for these children are exponentially better when it comes to their eventual integration into the school system.

Since opening, 21 children under the age of two have accessed childcare at our centre, an age group which is typically not supported in home-based childcare programs due to the ratio requirements for Early Childhood Educator to child. Of these children, 14 still access the service. Since opening, we have only had one child under the age of one enter the program.

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 2020 were as follows:

SCHOOL	RECIPIENT
Bayview Academy	Charlize Linthorne
Belanger Memorial	Gabrielle Keeping
Corner Brook Regional High	Alexandra Payne
E.A. Butler All Grade	Ashtin King and Dawn Quilty
Grandy's Rivers Collegiate	Sara Keeping
St. James' Regional High	Abigail Bessey
Pasadena Academy	Ayana Wiseman
A. F. Walker	Mackenzie Skinner

CU Financial Management



At Leading Edge Credit Union (LECU), we strive to assist all our members to meet their financial goals by providing advice and services with a focus on the members' best interests. Jack is excited to bring the services of CU Financial Management to our members.

With nearly eleven years of experience in the financial industry, Jack is available to assist members of LECU with their investment planning needs by providing comprehensive advice for retirement, estate planning, investments, insurance, and risk management. He possesses in-depth knowledge of industry products and services to deliver sound advice based on your financial goals. Jack also has expertise in advising business clients with succession, wealth, and estate planning, as well as group and retirement benefits. Jack will work with you at **no charge** to create a personal or business financial blueprint you can follow to help achieve your monetary objectives.

Jack holds a Bachelor of Commerce Degree from St. Mary's University and is both **insurance** and **IIROC licensed**. He has completed many industry courses through the Canadian Securities Institute and holds the industry leading **Chartered Investment Manager (CIM)** and is a holder of the Responsible Investment Specialist (RIS) designation through RIA Canada.

You can reach Jack at:

Wealth Advisor
Credential Securities/CU Financial Management
2 Herald Ave., Millbrook Mall
Corner Brook, NL A2H 4B5

709-634-0405
jack.lesse@cufm.ca

CU Financial Management Ltd is wholly owned by Bayview Credit Union Ltd, Community Credit Union of Cumberland Colchester Ltd, East Coast Credit Union Ltd, Valley Credit Union Ltd, Consolidated Credit Union Ltd, Tignish Credit Union Ltd, Évangéline-Central Credit Union Ltd, Malpeque Bay Credit Union Ltd, Provincial Credit Union Ltd, Souris Credit Union Ltd, EasternEdge Credit Union Ltd, Leading Edge Credit Union Ltd, Community Credit Union Ltd, Public Service Credit Union Ltd, Reddy Kilowatt Credit Union Ltd, and Eagle River Credit Union Ltd.

Mutual funds, other securities, and security related financial planning services are offered through Credential Securities, a division of Credential Qtrade Securities Inc. Credential Securities is a registered mark owned by Aviso Wealth Inc.

Agenda

**Leading Edge Credit Union Limited
Annual General Meeting
May 11, 2021
Online
6:30 p.m.**

1. Establishment of Quorum
2. Adoption of Agenda
3. Adoption of Minutes of the 11th Annual General Meeting, June 24, 2020
4. Business Arising from Minutes
5. President's Report
6. Chief Executive Officer's Report
7. Audit Committee Report
8. Legislative Committee Report
9. New Business
10. Adjournment

AGM 2019 - Minutes

1.0 Establishment of Quorum

At 6:30 p.m., Gary J. O'Brien, President and Chair of the Board, called the Annual General Meeting to order.

Gary welcomed all attendees to the first virtual AGM of Leading Edge Credit Union, and invited Charlotte Taylor, Executive Assistant, to report attendance. Charlotte confirmed that of the 38 people in attendance, 71% (or 27 people) were eligible shareholders. Pursuant to section 8.06 of our bylaws, the meeting is duly constituted.

Before the meeting, each attendee had the opportunity to review the minutes of the March 27, 2019 AGM and the Agenda for this, the 11th AGM.

2.0 Adoption of the Agenda

No omissions or errors were noted.

20/O6/24-O1

MOTION: To adopt the agenda of March 27, 2019.

MOVED BY: Roger Hardy

SECONDED BY: Randi Alexander

MOTION CARRIED

3.0 Adoption of Minutes of the 9th Annual General Meeting

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

19/O3/27-O2

MOTION: To adopt the minutes of the April 15, 2018 Annual General Meeting.

MOVED BY: Barry Simms

SECONDED BY: Jeff Patry

MOTION CARRIED

4.0 Business Arising from Minutes

NIL

5.0 President's Report

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

- Fiscal 2019 was challenging; although below budget expectations, we achieved a small yet sustainable profit by year-end.
- This was achieved through strong leadership, teamwork, and determination in the face of challenges.
- Some of the challenges contributing to our profitability position were the higher than normal bankruptcies, and also costs to acquire funds to increase our liquidity pool.
- We continue to proudly invest in our staff, our communities, and emerging products.
- We continue to seek economies of scale, and advocate for amalgamation and collaboration opportunities, all to improve the quality and efficiency of our service to members.
- The Board has met all its governance responsibilities.
- We continue to lead the industry in terms of CUDA certification, with 7 of 9 Board members fully CUDA certified.
- The Board continues to be committed and determined to effectively and efficiently govern LECU.

Additionally, on behalf of the Board and membership, Gary thanked the staff of LECU for their hard work and dedication in rising to face the challenges since March considering the COVID-19 pandemic.

Award Acknowledgement

Years of Service Awards

- Five years of service – Terryl McArthur, Tony Leamon
- Ten years of service – Amy Quilty, Elaine Ingram
- Fifteen years of service – Renee Samms
- Twenty years of service – Cory Munden
- Twenty-five years of service – William H. Coates

AGM 2019 - Minutes

Staff Awards

- Annual Member Protection Award – Mindy Gillingham
- Individual Training Award – Janice Jesso
- Hubert Hall Memorial Staff Award – Kelly Thorne
- Individual Community Impact Award – Rhoda Pumphrey
- Branch Community Impact Award – Doyles

20/O6/24-03

MOTION: To adopt the President's Report for 2019, as presented.

MOVED BY: Dan Sheaves

SECONDED BY: Barry Simms

MOTION CARRIED

6.0 Chief Executive Officer's Report

Cory Munden presented the CEO's Report. The complete report was included in the AGM Booklet. Cory highlighted the following points:

- The co-op sector has a vital and strong history in Northern communities in particular; 80% of co-ops formed over 75 years ago are still in existence. In comparison, only 33% of the private sector businesses last longer than 5 years.
- Our credit union started out in a similar way, with farmers and fisherman coming together to share resources. At first an unstructured system, it eventually became structured through the credit union movement.
- The credit union model is still relevant today; many of our issues, such as climate change, income inequality, and unbalanced government power are driven by poor values. Profit is the priority with no consideration for negative impacts.
- More than ever, we need co-operatives with a focus on creating a better society, not just profitability.
- We operate under 7 Co-operative Principles that guide us in ensuring we promote equality, equity, and concern for others; we use banking to create a better community.

- Our Vision and Mission statements guide our operations.
- Three pillars of our Vision include:
 - Quality Products & Exceptional Services
 - Knowledgeable and Professional Staff
 - Co-operative Principles and Values
- We also adhere to four strategic pillars:
 - Financial Perspective
 - Member Perspective
 - Internal Perspective
 - Learning and Growth
- We have established Key Performance Indicators (KPIs) to ensure we live our vision and mission effectively. These KPIs are further categorized into both business and co-operative perspectives.
- Our current net promoter score is 78 (compared to Scotiabank, at -3)
- Our recent employee engagement survey yielded excellent results, with an 80% engagement score.
- There has been steady growth in the categories of assets, loans, and deposits since 2015.
- Net income has dropped this year, but a big part of this gap went back to members who benefited from the highly competitive deposit rates.

20/O6/24-04

MOTION: To approve the CEO's Report for 2019 as presented.

MOVED BY: Dan Sheaves

SECONDED BY: Randi Alexander

MOTION CARRIED

7.0 Audit Committee Report

The complete Audit Committee Report was included in the AGM Booklet. On behalf of Janet Willis, Chair of the Audit Committee, Cory presented the report in summary, noting the following items:

- The Committee met on three occasions over the past year.
- LECU had two audits completed by Mr. Byron Smith (an internal audit as well as an audit of the financial statements). No items of great concern were reported to the Committee.

AGM 2019 - Minutes

- At the time of writing the report, there were no unresolved issues between the Committee, CUDGC, and the external auditor.
- All concerns throughout the year were addressed in a professional and satisfactory manner.
- LECU continues to maintain, follow, review, and enhance strong policies and procedures.
- LECU has a robust ERM strategy in place to assess risks inherent in the business and to ensure appropriate controls are in place to offset such risks.
- A shared service provider is currently enhancing this strategy, allowing us to leverage experts in the field.

20/O6/24-O5

MOTION: To adopt the Audit Committee Report for 2019, as presented.

MOVED BY: Janet Willis

SECONDED BY: Jeff Patry

MOTION CARRIED

8.O Legislative Committee

Remuneration:

On behalf of the Legislative Committee, Gary addressed the meeting regarding the remuneration of the Board of Directors. Gary noted that the scheduled phase of remuneration has expired. No one has brought forward any issues with current rates. Considering this, the directors propose no change to their remuneration for the coming year.

20/O6/24-O6

MOTION: To continue the remuneration of the Board for the 2019-2020 Board year equal to that which was approved by membership for the 2018-2019 Board year.

MOVED BY: Harry Coates

SECONDED BY: Edwina Bateman

MOTION CARRIED

9.O New Business

Election Results: Gary discussed the 2020 Election results. Out of 7190 eligible shareholders, there were 344 returned ballots. The successful candidates were Brian Button, Daniel Sheaves, and Janet Willis. The Chair congratulated successful candidates and thanked all for running.

Dividend and Patronage Refund: On behalf of the Legislative Committee, Gary made the official announcement that there is a recommended distribution of \$11,452 in the form of a dividend and/or patronage refund. This decision, however, requires the approval from members present.

MOTION: Pursuant to Section 29 of The Credit Union Act, that members approve a distribution to members, in the form of a dividend and/or a patronage refund, an amount up to \$11,452.

MOVED BY: Tony Leamon

SECONDED BY: Randi Alexander

MOTION CARRIED

10.O Adjournment

With the stated business of the 11th Annual General Meeting completed, the Chair adjourned the meeting at 7:18 p.m.



Message from the President

To all Member-Owners of Leading Edge Credit Union:

I am delighted to present this report on our 2020 fiscal year performance. By any measure, 2020 was an extraordinary year and I hope that you and your families are staying healthy and safe. The COVID-19 pandemic has had an adverse impact on economies, households, businesses, and financial institutions around the world. Despite the challenges, however, your credit union continues to be on sound footing, both operationally and financially.

Although the environment resulting from COVID-19 proved to be quite difficult, your credit union was able to exceed budgeted profits during fiscal 2020. This was achieved through strong leadership and teamwork, and an immediate, measured response to the operational impacts resulting from the pandemic. Operational costs, such as travel and meeting expenses, were mitigated due to public health restrictions and our cost of capital was also lower, which resulted in improved financial margins. I commend both management and staff for their efforts to proactively manage the financial and member service challenges presented in 2020.

We have a great team at the Board table. Your elected Board members are very committed to the effective and efficient governance of LECU. In 2020, your Board met all its governance responsibilities, and we continue to lead the industry in our efforts to ensure every Board member becomes fully certified under the nationally recognized Credit Union Directors Accreditation (CUDA) program. It is my expectation that all our existing board members will reach full CUDA certification in 2021.

The rapid pace of change and increasingly complex regulatory environment in which we operate continues to present challenges to financial co-operatives such as LECU. We are proud to invest in our staff, our communities, and emerging products while seeking out opportunities to increase economies of scale to move us towards our constant goal of increasing member value. Scale is everything in the financial services industry, and we continue to advocate for amalgamation and collaboration opportunities to improve the quality and efficiency of our service to members. We, your Board, remain optimistic for the future.

We applaud the efforts of our CEO and his operational team for their dedicated performance in 2020 while navigating these challenging times. Thank you to the Board and staff of Leading Edge Credit Union for all your efforts and achievements in this past year. Finally, on behalf of the Board of Directors of LECU, thank you to our members for your continued support of your credit union.

Co-operatively yours,

Daniel Sheaves
President



Message from the CEO

To all Member-Owners of Leading Edge Credit Union:

I am pleased to bring forth this report on the success of Leading Edge Credit Union in 2020. When we launched our business plan for 2020, we certainly did not anticipate that we would face a global pandemic which would impact not only the lives of our members and staff, but also our operational initiatives and results.

In March 2020, we had to pivot from our planned course of business and quickly develop and implement a comprehensive pandemic response plan. Like many organizations, Leading Edge Credit Union was navigating uncharted territory, but it was critically important that we maintain focus on keeping our members and staff safe while continuing to provide the essential financial services that our members have come to know and trust. In May 2020, we polled our staff for feedback on the COVID-19 response and were pleased to find that 88% of our staff indicated a high level of satisfaction with our handling of the pandemic response as an employer. The survey also gave us valuable feedback that enabled us to put the health and emotional wellness of our staff at the forefront of our decisions as we continued through the pandemic. It's also important to note that our pandemic response was very well received by our members, with 87.7% indicating that they were highly satisfied, based on our 2020 Member Satisfaction Survey.

I am pleased to report that LECU was successful in maintaining a full staff complement in 2020 despite the change in service hours and drop in business. For the first few months of the pandemic, staff members were also given a reduced workday, without a reduction in pay, to assist them with managing their work-life balance during the height of the pandemic. As time has progressed, the knowledge of and responses to the pandemic have improved, and today we are in a much better position to address any further threat of this dreaded virus. We have implemented permanent glass safety barriers for our staff, invested in digital signature software to support the shift to virtual and telephone services, and invested in the tools for a secure, remote workforce.

In our business plan for 2020, we developed three strategic goals on which to focus our efforts. The first strategic goal was to ensure we provided our members with access to affordable, high-quality products and services. One emerging product that we tested with great success in 2020 was an online account opening and lending offering. In 2021, members will be able to open an account or complete a loan application using their computer, tablet or even their smart phone. Mobile wallet was also introduced in late 2020, which allows members to use their smartphones to pay at point-of-sale machines instead of their debit card. As of December 2020, 180 members had signed up for this service.

98%

Members feel satisfied with the selection of products and services.

96%

Members feel that staff have a good understanding of products and services offering.

The second strategic goal was to ensure that LECU's staff members have every opportunity to develop excellence in their knowledge of all products and services while demonstrating professionalism in their delivery of service to members. A major project

Message from the CEO

completed in 2020 was the launch of our member service standards program. Through this program, staff were introduced to a comprehensive set of service standards to ensure our members receive the same level of great service in each of our branch locations. Training and development has always been a key focus for Leading Edge Credit Union. In 2020, the staff completed over 337 courses at \$30,724 in training investments.

The third strategic goal was to continue demonstrating our efforts to live the co-operative model and better tell our community impact story. The biggest undertaking for 2020 was the development of a community impact action plan. This plan identified many key tactics to be completed however many of them were deferred due to the pandemic. In the latter part of 2020, our credit union hosted a virtual public meeting to gauge the level of interest in a co-op housing development in the Codroy Valley area. This potential initiative was originally identified by community members during a member engagement session as a solution to a perceived housing shortfall. Fortunately, there is considerable interest in exploring this further and our next steps include further mobilizing individuals to take on leadership roles to turn this concept into a reality. It is our hope that this initiative will enjoy success to the level experience by our previous co-operative development, the Growing our Future Co-operative Childcare Centre in Port aux Basques. To learn more about LECU's community impact initiatives in 2020, explore the infographic on page 8.

As the popular saying goes, "what gets measured, gets done." To measure our success in achieving our 2020 goals, LECU once again used a balanced scorecard approach, which places equal importance on our financial, co-operative and community impact performance. It is important that our members understand that the success of a credit union should be measured on more than just a set of financial statements. Success is a combination of factors that includes profitability, value provided to members and their communities, and our contribution to the sustainability of a co-operative future.

To measure our success, key performance metrics were determined and monitored throughout the year. Financially, the pandemic produced a surge in member deposits, which surpassed our projected budget by \$12 million. This surplus of member savings indicates that members are being conservative with their spending. This also resulted in lower-than-normal lending activity. Loan growth for the year was only \$1.59 million compared to a budget of \$4 million. Low loan growth and high savings growth ultimately impacted our bottom line resulting in lower than anticipated loan interest revenue and fee income.

Despite lower than projected revenue, your credit union contributed over \$10,000 in community contributions and forfeited service charges and fees in the amount of \$59,706, primarily benefiting non-profit community organizations. Furthermore, I am pleased to report that our credit union continues to attract new members. In 2020, we had a net member growth of 75 members, and our asset valuation has surpassed over \$147 million. I want to thank our membership for the continued support and feedback in our member surveys, which guides us in setting our strategic direction.

The COVID-19 pandemic impacted our credit union in multiple areas last year. I want to thank our team of professional people that came into work each and every day, despite many uncertainties, to provide our members with excellent banking services. We cannot express enough our gratitude for the many positive remarks which were provided through our Member Satisfaction Survey, and the many personal words of thanks provided to our staff during this unprecedented time. Our staff provide the finest demonstration of our co-operative difference and are the reason why our members continue to report a high satisfaction rating with our credit union. Thank you again for your contributions to success in such a challenging year as we all look forward to new opportunities in 2021.

Co-operatively yours,

Cory Munden
Chief Executive Officer

Audit Committee Report

To all Member-Owners of Leading Edge Credit Union:

What a year it has been. As I write this, we are one year into the global pandemic, still experiencing restrictions, and very concerned with our health and the health care system. Everyone is fatigued and ready to get back to our new normal. I cannot promise that a year from now we will not still living with COVID-19, but hopefully we will have found our new normal and a more social life will resume.

Even with all the challenges COVID-19 presented this year, your Credit Union is still performing well and meeting all requirements. 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.

LECU had two audits completed by Mr. Smith this year. The first Audit was an internal audit, that focused on processes and procedures, ensuring LECU does what it says it will. The second audit was the Audit of the Financial Statements, ensuring the Financial Statements accurately represent the position of LECU and appropriate accounting standards have been followed. 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 Committee.

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.

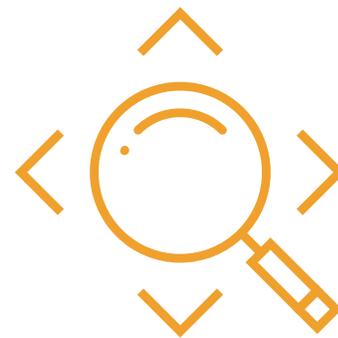
LECU has strong processes and procedures which are followed and updated as required. These processes and procedures are a major part of our why our Audits go so well. We also have a robust Enterprise Risk Management (ERM) strategy. Using a shared

service provider to enhance our ERM strategy allows us to leverage experts in the field and reduce the risk associated with keeping up to date in this area. The ERM framework is a way to assess the risks inherent in our business and ensure there are appropriate controls in place to offset this risk. LECU has a duty to their members to manage risk and care for our assets.

I would like to take this opportunity to thank the management, staff, and members of LECU. This year has been hard, and through it all we are still growing together. Through the hard work and dedication of the management and staff, our members continue to receive great financial services. With the loyalty and patience shown by our members LECU managed though one of the most unusual years in our history.

Co-operatively yours,

Janet Willis, CPA-CGA
Chairperson, Audit Committee



Lending Committee Report

To all Member-Owners of Leading Edge Credit Union:

In 2020, 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-offs, loans with total debt service ratio (TDSR) over 40%, and bankruptcies. The committee recommended the write-off of loans in the amount of \$231,867

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 2020, there were 30 approvals totalling \$1,860,817 of credit for these members.

The committee would like to outline the following loan report for the year ending December 31, 2020:

TYPE OF LOAN	TOTAL NUMBER	TOTAL VALUE
Current Loans and Mortgages	2827	\$110,793,502
Impaired Loans and Mortgages	86	\$2,940,914
TOTAL	2913	\$113,734,416

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 Skinner-Keeping
Manager Lending Services
Leading Edge Credit Union



Community Impact Committee (CIC) Report

To all Member-Owners of Leading Edge Credit Union:

As a member and owner of Leading Edge Credit Union (LECU), please be assured that LECU works hard to make a social impact at all levels of the organization. As outlined in our CIC vision statement, we build our commitment to social responsibility directly into our daily operations using a balanced scorecard. This scorecard is a tool to measure our financial performance, as well as our community impact and cooperative performance.

While the pandemic did present challenges, your board remained active and committed to the success of your credit union. The CIC committee met five times during 2020 to work on the goals outlined by your credit union's vision. These goals have been articulated in the work plan that has been supported by board-approved targets, which include:

- The Board and Corporate Office continue to build a grant and awards program that will benefit our communities and strive to assist leaders and volunteers in making them better places for everyone. This program is due to be launched in 2021.
- LECU continues to work towards launching a Community Enhancement Fund (CEF) plan for all branches and their communities. The CEF is a 50/50-style fundraiser that has been implemented in several branches and will expand through all locations, therefore supporting more communities served by the organization.
- The CIC committee completed the Credit Union Social Purpose Self-Assessment and gained valuable insight on how our organization is currently positioned in its community impact and social responsibility. This will lead us in determining an appropriate path to ensure we continue to sustainably grow and adhere to the principles of social purpose and responsibility- a key piece that makes being part of the Credit Union different.
- As a way of fostering dynamic and ongoing governance, the board continues to participate in co-operative education to ensure we live by the principles of the movement.

- With the challenges of the pandemic, the Board and CIC committee are continuing to assess the effectiveness of member engagement and communications between the elected board and population they serve.

LECU continues to push ourselves to engage with our communities as much as before the pandemic by utilizing a greater social media footprint while still being available to the members via traditional means. In addition, we have continued in our commitment to deliver on our social responsibility promises. You have a choice in where you bank, so we want to set ourselves apart by knowing our members and their communities are at the foundation of everything we do as we strive to be a more socially responsible financial institution. By choosing LECU, you make a positive impact in your community.

Finally, I would like to take this opportunity to thank the management and staff of LECU. At all levels of the organization, LECU's staff demonstrate innovation, dedication, and perseverance to provide unparalleled customer service and outstanding community support.

Co-operatively yours,

Jeffrey Patry, M.Ed.
Chairperson, CIC Committee

Our Vision

Leading Edge Credit Union is a leader in enhancing the long-term sustainability of the communities we serve. Our CIC practices are integrated throughout our business operations to deliver social, economic, and environmental benefits to our members, communities, and other stakeholders.

Legislative Committee Report

To all Member-Owners of Leading Edge Credit Union:

The Legislative Committee is charged with responsibility for creating and maintaining a healthy governance culture. This ensures members are assured of appropriate representation and governance structures, policies and procedures that reflect LECU's current best practices.

The 2020 membership of the Legislative Committee includes Edwina Bateman (Chair), Barry Simms, Jeff Patry, and Brian Button. The Committee meets on average once a month on its activities to the Board. Activities reviewed are based on its mandate and annual work plan. At each meeting, the Chief Executive Officer and Executive Assistant are present.

The following sets forth highlights of actions taken by the Committee in 2020. The past year the Committee has been conducting a review of its internal governance regime. The Committee undertook the following initiatives:

- Developed and approved the Committee's annual work plan. This included six action plans designed to guide and motivate the process of ensuring desired performance standards.
- Conducted a review of the Board Policy and Procedure Manual to ensure the information remained appropriate and recommended changes to the Board for approval.
- The review recommended to the Board for approval an amendment to the Board's interlock policy and procedures. The process entailed clarification of the two-factor framework the Committee should consider in making a recommendation for its effectiveness.
- A review of the Bylaws, approved November 2016, was completed. Operating without knowledge is a potential liability, thus a thorough understanding was accomplished, resulting in amendments to be recommended.

- The Committee will develop, review and evaluate periodically the Board's processes for orientation and continuing education of Directors. This will include a combination of written materials for onboarding, a comprehensive manual, self-assessments and exit interviews.
 - Recruitment involves identifying current and projected vacancies on the Board, assessing the composition of the current Board, and identifying gaps in competencies or demographics, and finding and recruiting potential Board members.
 - Orienting its new Board members is one of the most important tasks a Board does. New Board members not only need to know the code and conduct of the Board itself, but they also must understand the association, its programs, finances, and future plans.
 - Self-assessments and education are part of the processes to ensure effective performance.

Furthermore, the Committee will be reviewing the anticipated new Credit Union Act upon its release.

The Committee's work throughout 2020 ensured fulfillment of its mandate, and we look forward to continuing this meaningful work in 2021.

Co-operatively yours,

Edwina Bateman
Chairperson, Legislative Committee



Independent Auditor's Report

To all Member-Owners of Leading Edge Credit Union:

Opinion

I have audited the financial statements of the Leading Edge Credit Union Limited, which comprise the statement of financial position as at December 31, 2020, and the statement of comprehensive income, statement of changes in members' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Leading Edge Credit Union Limited as at December 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Entity in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent Auditor's Report

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the

audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Byron Smith
Chartered Professional Accountant
Spaniard's Bay, NL
February 26, 2021





Balance Sheet

As of December 31,	2020	2019
Assets		
Cash	\$ 17,003,613	\$ 3,751,333
Cash – required liquidity	12,262,353	9,270,224
Investments	2,679,936	2,601,017
Income taxes receivable		15,059
Future income taxes receivable	18,452	21,340
Loans and mortgages receivable	112,948,836	111,061,321
Right-of-use asset, leased property	481,255	557,994
Other assets	180,061	173,988
Property, Plant and Equipment	<u>2,040,254</u>	<u>2,194,783</u>
	\$ 147,614,760	\$ 129,647,059
Liabilities		
Members deposits	\$ 140,173,804	\$ 122,560,234
Current Income Tax	3,014	
Accounts payable and accrued liabilities	371,168	373,748
Dividends payable	6,047	11,452
Lease liabilities	481,255	557,994
Non-members' deposits	<u>38,909</u>	<u>36,405</u>
	141,074,197	123,539,833
Members' Equity		
Retained earnings	<u>\$ 6,540,563</u>	<u>\$ 6,107,226</u>
	\$ 147,614,760	\$ 129,647,059

Statement of Income and Retained Earnings

For the Year Ended December 31,	2020	2019
Financial Revenue		
Interest	\$ 5,178,260	\$ 5,240,824
Investment income	<u>256,881</u>	<u>221,486</u>
	5,435,141	5,462,310
Cost of funds		
Interest on members' deposits	1,790,613	1,847,303
Dividends paid to members	<u>9,612</u>	<u>11,256</u>
	1,800,225	1,858,559
Financial margin	3,634,916	3,603,751
Other income	<u>1,424,380</u>	<u>1,402,781</u>
	5,059,296	5,006,532
Operating Expenses		
Members' Security	404,325	484,870
General business	2,095,976	2,115,771
Personnel	<u>2,259,279</u>	<u>2,285,769</u>
	4,759,580	4,884,410
Net income before income taxes	299,716	122,122
Income taxes		
Current tax expense	(33,639)	(15,600)
Future tax recovery	<u>(2,888)</u>	<u>3,765</u>
Net income before other items	263,189	110,287
Other Items		
Gain on transfer of intangible to CUFM	170,148	NIL
Total Comprehensive Income	\$ <u>433,337</u>	\$ <u>110,287</u>

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