



Annual **Report** ²⁰¹³



Focused on a strong community



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 cooperation.

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Management and Staff

Corporate Office

Cory Munden
Chief Executive Officer

Roger Hardy
Manager of Operations

Terry Hardy
Manager of Accounting Services

Trudy Skinner-Keeping
Manager of Lending Services

Candace Matthews
Executive Assistant

Randi Alexander
Marketing Specialist

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

Sandra Brockway
Financial Services Representative

Roxanne Jacobs
Financial Services Representative

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

Doyles Branch

Bruce Billard
Branch Manager

Tracy Keeping
Financial Services Officer

Selma Kilpatrick
Financial Services Representative

Wanda Pope
Financial Services Representative

Bruce Samms
Tax Associate

Jeffrey's Branch

Rhoda Pumphrey
Branch Manager

Melanie Hulan
Financial Services Officer

April-Dawn Alley
Financial Services Representative

Terri MacAuley
Financial Services Representative

Amy Quilty
Financial Services Representative (Casual)

Morley Greening
Tax Associate

Port aux Basques Branch

Geneva Taylor
Branch Manager

Donna Bailey
Financial Services Officer

Lisa Purchase
Financial Services Officer

Martina MacDonald
Financial Services Representative

Vanessa Morris
Financial Services Representative

Kelly Thorne
Financial Services Representative

Dale Lomond
Financial Services Representative (Contract)

Elaine Vautier
Financial Services Representative (Contract)

Michele MacLean
Tax Associate

St. George's Branch

Sarah Nash
Branch Manager

Jocelyn Deluney
Financial Services Officer

Lydia Bennett
Financial Services Representative

Ruby Bennett
Financial Services Representative

Aileen Lushman
Financial Services Representative (Casual)

Roseanna Brake
Tax Associate

Board of Directors and Committees

Board of Directors

Gary O'Brien	<i>President</i>
Daniel Sheaves	<i>Vice-President</i>
William H. Coates	<i>Corporate Secretary</i>
Hubert Hall	<i>Director</i>
John Healey	<i>Director</i>
Kris Parsons	<i>Director</i>
Barry Simms	<i>Director</i>
Janet Willis	<i>Director</i>
Gary Wiseman	<i>Director</i>

Executive Committee

Gary O'Brien	<i>President</i>
Daniel Sheaves	<i>Vice-President</i>
William H. Coates	<i>Corporate Secretary</i>

Audit Committee

John Healey	<i>Chair</i>
Kris Parsons	<i>Director</i>
Janet Willis	<i>Director</i>
Gary Wiseman	<i>Director</i>
Shaun Shea	<i>Member</i>

Lending Committee

Cory Munden	<i>Chair</i>
Roger Hardy	<i>Employee</i>
Terry Hardy	<i>Employee</i>
Renee Samms	<i>Employee</i>
Trudy Skinner-Keeping	<i>Employee</i>

Governance Committee

William H. Coates	<i>Chair</i>
Hubert Hall	<i>Director</i>
Barry Simms	<i>Director</i>
Gary Wiseman	<i>Director</i>

Human Resources Committee

Barry Simms	<i>Chair</i>
Hubert Hall	<i>Director</i>
John Healey	<i>Director</i>
Daniel Sheaves	<i>Director</i>

Social Responsibility Committee

John Healey	<i>Chair</i>
William H. Coates	<i>Director</i>
Gary O'Brien	<i>Director</i>



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Board of Directors (con't)



Back (L-R): H. Hall, K. Parsons, J. Willis, J. Healey, B. Simms
 Front (L-R): W. H. Coates, G. O'Brien, D. Sheaves
 Missing: G. Wiseman

Table 1. Meeting Participation May 2013 - March 31, 2014

Name	Board	Executive	Audit	Governance	Human Resources	Social Responsibility
Coates, H.	8/8	8/8		5/5		5/5
Hall, H.	7/8			4/5	2/3	
Healey, J. ¹	8/8	2/8	6/6		2/3	5/5
O'Brien, G.	8/8	8/8				5/5
Parsons, K.	7/8		4/6			
Shea, S. ²			6/6			
Sheaves, D. ³	8/8	5/8			3/3	
Simms, B.	8/8			5/5	3/3	
Willis, J ⁴	6/8		5/6			
Wiseman, G.	8/8		5/6	5/5		

¹ Member of Executive Committee until May 2013

² Audit Committee Member Only

³ Member of Executive Committee June 2013 - March 2014

⁴ Appointed to vacant director position September 2013

Special Recognition



Melanie Hulan - 5 years
Financial Services Officer
Jeffrey's



Martina MacDonald - 5 years
Financial Services Representative
Port aux Basques



Trudy Skinner-Keeping - 5 years
Manager of Lending Services
Corporate



Roxanne Jacobs - 5 years
Financial Services Representative
Corner Brook



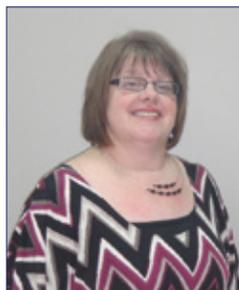
Ruby Bennett - 10 years
Financial Services Representative
St. George's



Roger Hardy - 10 years
Manager of Operations
Corporate



Lisa Purchase - 10 years
Financial Services Officer
Port aux Basques



Donna Bailey - 10 years
Financial Services Officer
Port aux Basques



Arwilda Brake - 10 years
Financial Services Officer
Corner Brook



Holley Simmonds - 10 years
Financial Services Representative II
Corner Brook



Rhoda Pumphrey - 20 years
Branch Manager
Jeffrey's

Special Recognition

Ronald “Ron” Callahan

Ron Callahan was the owner of a group of companies that operated, as they still do today, under the name Central Service Station Limited. He was a general contractor and a natural business man, always looking for new opportunities, who married Sadie White and had three children, all of whom are currently involved in the family business. At this AGM we'd like to take the time to honor Ron for his instrumental role in the construction of the St. George's Branch of the Leading Edge Credit Union located at 2-10 Steel Mountain Road.

The credit union began the process of planning for a new building in St. George's and issued tenders seeking interested contractors for this task. Central Service Station Limited submitted a competitive bid for this work based on a fair assessment of the scope of the work. Once the bidding closed, the credit union quickly realized that all submitted bids were over the amount that they budgeted for this important project. This raised a number of concerning questions for the credit union: What now? Should we change our plans? What is our next step?

Although still over-budget, Central Service Stations' tender was lower than the other bids received, and thus the credit union proceeded to contact them and inform them of this issue. When Ron discovered the dilemma faced by the credit union, he told Cory Munden, CEO, "don't throw the baby out with the bath water". To not build the new branch location was not an option in Ron's eyes. Ron discussed the situation with his wife Sadie, who had been the Manager of the former Bank of Montreal branch in St. George's. It was when the Bank of Montreal pulled out of the area that the credit union first entered St. George's back in 1999. Being in the financial industry, Sadie recognized the need and benefits of having a financial institution in the community. So, after discussing their options with his son, Dave, Ron decided that they were going to offer to construct the new building for credit union's budgeted price. At this

point, Ron was pretty sure the company was going to lose money on the deal; but he felt so strongly about the importance of the credit union in St. George's, that he committed to the work. He wanted this new building, and he was going to have it in his town, to help grow the credit union and the community itself. He saw it as a positive move and that is why he wanted to proceed, even despite the fact that some of the cost overruns would be coming out of his company's pockets.

Ron Callahan, unfortunately, did not get to see the finished product, as he passed away in January 2008 at the age of 64. The St. George's branch opened its doors in March 2008. Ron lives on in his wife, his children, his three grandchildren, and in every decision and job Central Service Station Limited is involved in. Upon Ron's passing, his son Dave stepped into his father's footsteps and finished the building. Dave said that when the building was finished, he felt a sense of pride. He was proud of his father for having the vision to begin the project, the building for its importance to the community, the company for committing to the project despite the tight budget, and of himself for finishing the project after his father's passing. He also felt a bit of relief, as he had never built a financial institution before, and its construction was a bit more complex than other buildings that the company had worked on. Dave heard his father say time and time again that he didn't consider the extra money that the company spent on the construction of the St. George's branch a loss; but instead, he considered it an investment into the town and was appreciative to be able to do so.

In closing, Ron Callahan was an entrepreneur, a true entrepreneur. He is remembered as an innovator who often thought outside the box and was willing to take the risks and chances to see things grow. In his family's eyes, he was superman. It is because we appreciated his mindset, hard work, and dedication that we'd like to recognize Ron's contribution to the credit union in St. George's and present the Callahan family with a plaque of appreciation in his honour.

Cooperative Principles

1. Voluntary Membership

Credit unions are voluntary, cooperative 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 cooperatives 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

Cooperatives 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. Members' Economic Participation

Members are the owners. As such, they contribute to, and democratically control, the capital of the cooperative. This benefits members in proportion to the transactions with the cooperative 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

Cooperatives are autonomous, self-help organizations controlled by their members. If the cooperative 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 cooperative autonomy.

5. Education, Training and Information

Cooperatives provide education and training for members, elected representatives, managers and employees so they can contribute effectively to the development of the cooperative.

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 cooperatives.

6. Cooperation Among Cooperatives

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, provincial, regional, national, and international structures.

7. Concern for Community

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

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



Solomon Mwongyere, a CCA participant, touring one of our local lighthouses during his visit.

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Cooperative Values

1. Honest

This value attributes to being trustworthy. The benefit to our members is that you can count on us to meet your financial needs and to have your best interests in mind.

2. Passionate

This value attributes to being dedicated. The benefit to our members is that we provide quality products and services.

3. Holistic

This value attributes to being balanced. The benefit to our members is that we provide sustainability.

4. Spiritual

This value attributes to being centered. The benefit to our members is that we strive to do what's right 100% of the time.

5. Evolutionary

This value attributes to being future oriented. The benefit to our members is that we are willing to try new things and we embrace innovation.

6. Simplistic

This attributes to being uncomplicated. The benefit to our members is that our products and services are easy to use.

7. Inclusive

This attributes to being cooperative. The benefit to our members is a win-win situation; we work to please both sides of the equation.



Solomon visited a local farm owned by Elaine Wells.

Social Responsibility Testimonials

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 cooperatives, 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 cooperative and sustainable governance
- Promoting social inclusion and diversity
- Fostering economic development
- Encouraging environmental sustainability

The 7th International Cooperative principle is “Concern for Community” and from the following pages it is quite evident that Leading Edge Credit Union (LECU) cares a great deal for the communities in which we operate. We are very pleased to see such involvement. Although these pages detail activities demonstrated by Leading Edge Credit Union as an organization, many of our employees demonstrate exceptional volunteerism in their personal lives as well.

There is no question that social responsibility is one of the ways credit unions differentiate themselves from the competition; it is one of our principles. To ensure that we keep abreast of what is happening throughout the credit union world in the area of social responsibility, LECU formed a social responsibility committee comprised of members of the board with several of our corporate staff members serving as resources.

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 list of activities that they partake in 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:

From a Corporate Office perspective we feel that LECU demonstrates strong social responsibility initiatives, not only because it’s a cooperative principle, but because it’s a value which makes up our culture. We take care to hire employees with values that align with credit unions’ principles, such as the act of giving and a general wellbeing for their community. Practicing social responsibility 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 this a great place to work.

Some of the activities that we participated in 2013 are as follows:

- Participated in part of an exchange/learning opportunity with Solomon, a CCA staff person participating in a learning program, from Uganda.
- Volunteered on a variety of boards and organizations in the community
- Served on committee, entered a team and volunteered in the 11th Annual Lighthouse Relay, *Race to the Sea*
- Donated to a local family in need in lieu of Christmas gift exchange (personal funds)
- Volunteered time to participate in annual radiothon, school breakfast programs, and teacher appreciation week
- Active member of local Chamber of Commerce
- Participated in a business community curling bonspiel

Corner Brook:

The staff at Corner Brook Branch takes great pride in our year round fundraising efforts, which enable us to donate to a number of different organizations. We also sell tickets for different organizations, in-branch, and they greatly appreciate our efforts in helping meet their goals. The *Junior Achievement* program is very important to us and we usually present two or three sessions each year to various schools in our area.

Social Responsibility Testimonials (con't)

Some of the activities that we participated in 2013 are as follows:

- Presented two *Junior Achievement* sessions
- Raised funds and participated in the McDonalds Red Shoe Walk
- Table at City Connections, a welcome back session for students
- Sponsored Corner Brook Winter Carnival
- Sponsored Corner Brook Rotary 51st Music Festival
- Sponsored Forget Me Not golf tournament
- Sponsored and played in RCMP Children's Wish Foundation and Corner Brook Fire Fighters' golf tournaments
- Volunteered in the hospital CFCB radio-thon
- Dressed in pink and raised \$180.00 for Breast Cancer Awareness
- Presented Scholarships and awards to Corner Brook Regional High and Pasadena Academy

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 that have continued to support us throughout our illustrious inception. Being customer owned, the branch has a responsibility to be involved in our community and lend a hand in any way we can. We take pride in being there for our members as they have done for us for so long. We're proud to be a part of the Codroy Valley community!

Some of the activities that we participated in 2013 are as follows:

- Canada Day Celebrations – donated fireworks and cake for Codroy Valley festivities
- *Codroy Seafest* – Sponsorship and donation of merchandise and prizes
- *Member Appreciation Day* – hosted and provided cake, draws, prizes and tea/coffee
- Port aux Basques and Area Chamber of Commerce golf tournament – sponsorship and participation
- Winter Carnival – donation of merchandise,

- prizes and award for "Most Sportsmanlike" Team
- Member Information Session - Debt Consolidation
- *Credit Union Day* - hosted with cake, prizes and draws
- Murray's Beach Development Initiative – participated in beach clean-up and provided BBQ and refreshments
- *Gateway Business Expo* at Bruce II - Participation
- LECU Scholarship Presentation
- Kids' Fire Hall Christmas Party – Donated fruit and vegetable trays, deserts and hot and cold beverages
- Santa Claus Parade – Entered float

Jeffrey's:

The staff at Jeffrey's Branch of Leading Edge Credit Union are proud to be sponsors in our communities. Throughout the year, we are active with various community organizations and we feel our contribution does make a difference. You will find members of our staff at any and all events happening throughout the year.

Some of the activities that we participated in 2013 are as follows:

- Volunteered on a variety of boards and organizations in the community
 - Volunteered at the local school Breakfast Program, preparing and serving breakfast twice monthly
 - Participated in the Winter Carnival and hosted a breakfast with proceeds gone to the *Kids Eat Smart* Program at E.A. Butler School
 - Member Appreciation Day with barbeque, prizes, cake, and draws
 - Hosted a breakfast as part of Summerfest, with proceeds going to *Kids Eat Smart* Program at E.A. Butler School
 - Donated meats and volunteered as servers for E.A. Butler School graduation dinner and the CandleLite Supper
 - Entered a team for the 9th year in the annual *Relay for Life*
 - Entered a float in the annual Christmas parade
-

Social Responsibility Testimonials (con't)

- Donated prizes for senior's card games
- Various presentations at the local school for parents, teachers and students
- For Farm Days, staff took photos and framed them with proceeds donated to the Volunteer Fire Department

Port aux Basques:

The staff of the Port aux Basques Branch takes pleasure in not only serving our members at the counter, but also in interacting and taking part in initiatives outside of the normal work day. In addition to the many things we donated our time, we also made countless donations of money and merchandise to various companies and organizations within our community. We feel it is the little things that make the biggest difference to our membership and cause the community's appreciation of the credit union to come full circle.

Some of the activities that we participated in 2013 are as follows:

- Participated in the annual Christmas Parade by building and entering a float
- Hosted a raffle wheel and gave out CU merchandise as prizes during Co-op Week
- Volunteered for the 11th Annual Lighthouse Relay, *Race to the Sea*
- Volunteered and donated money and merchandise for local Radio-thon, also a staff donation from our Jeans Day Money
- Participated in the local tradeshow
- Participated and donated prizes for curling bonspiel
- Participated in the School Savings Program weekly, and held contests providing prizes/gifts for the kids
- Hosted a seminar on Protecting Yourself Against Fraud with Renee Samms
- Participated in part of an exchange/learning opportunity with Solomon, a CCA staff person participating in a learning program, from Uganda. He did a presentation at the St. James Elementary Grade 5 Class.

- Donated a number of prizes and monetary gifts to various companies and organizations in our area
- Attended *Bread and Roses* Dinner on behalf of LECU
- Volunteered at St. James Elementary for various events
- Attended various *Small Business Week* events
- Volunteered on the Salvation Army Kettle
- Attended the Winter Carnival Pageant and presented roses to the participants
- Port aux Basques and Doyles Branches sponsored an event at the annual Chamber of Commerce golf tournament
- Donated our Jeans Day money to purchase a microwave for the elementary school
- Contributed towards sponsoring Christmas gifts for a family from our staff account

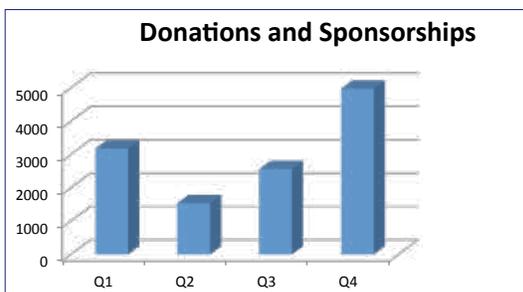
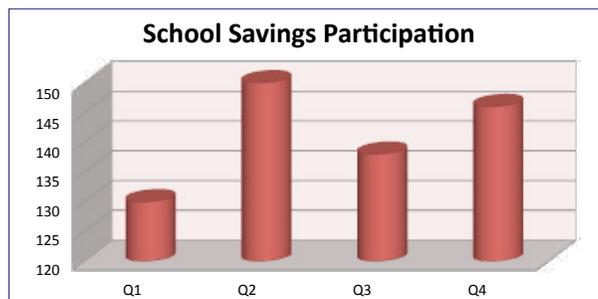
St. George's:

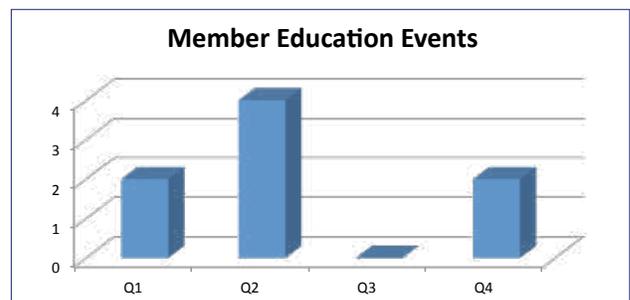
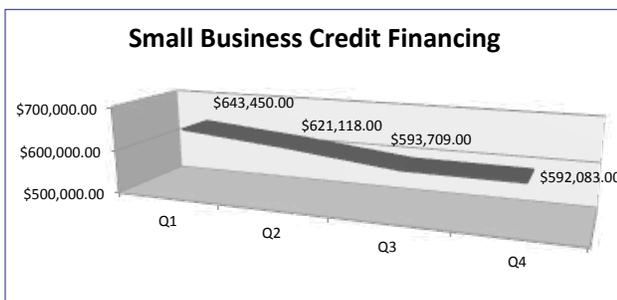
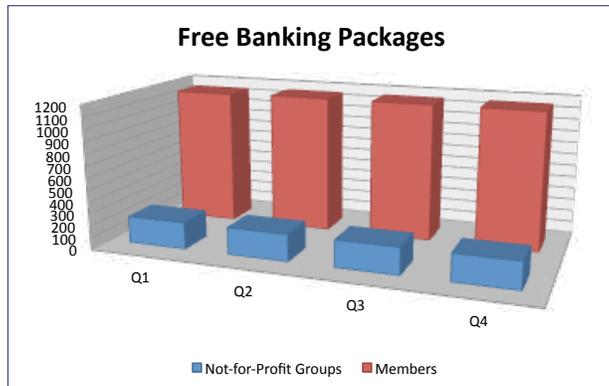
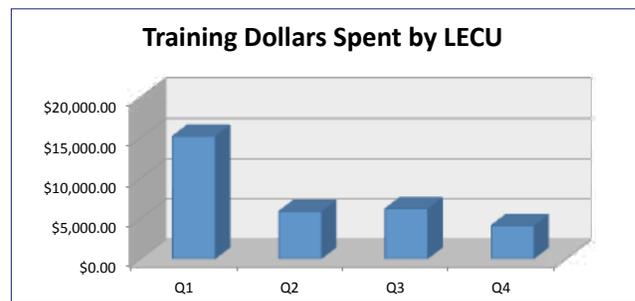
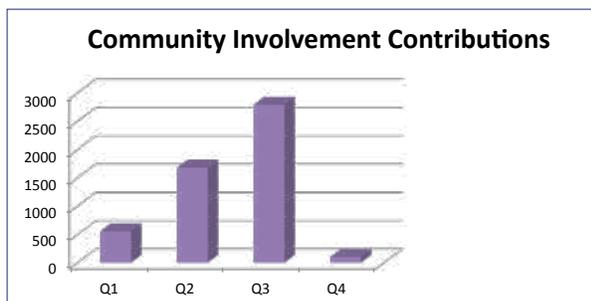
We choose to volunteer in our community because we are honored to have our members appreciate us in the community. We consider our community members and their organizations as part of our extended family. We feel our contributions have a positive impact on the entire community and this enables us to build better relationships with our members and their families.

- Hosted a free skate for the public, providing hot dogs and hot chocolate afterwards
- Delivered two presentations to the school
- Sponsored the Blueberry Festival
- Donated pop for the annual Christmas parade
- Delivered presentations to the various organizations in Flat Bay
- Held two Member Appreciation barbeques
- Donated turkeys for the three local schools
- Provided a Christmas hamper for a local family
- Provided hot chocolate and hot dogs for the Winter Carnival

Social Responsibility Performance Tracking

2013 RESULTS	
CATEGORY	TOTAL
Total Donations and Sponsorships	\$12,146.90
Community Involvement Contributions	\$5,140.00
Number of Employee Volunteer Hours - Personal	1,004
Number of Employee Volunteer Hours - LECU	350
Number of School Savings Program Participants	146
Number of Member Education Events	7
Small Business Credit Financing	\$643,450.00
Training Dollars Spent by CU	\$31,390.00
Employee Satisfaction	96.00%
Number of members with a free banking package	1159
Number of non-profit groups availing of free banking	227





Scholarships



Jenna Cole – Pasadena Academy
(Accepted by parent)



Nathan McNeil – Belanger Memorial



Rebecca Ryan – Corner Brook Regional High



Julia Keeping – A.E. Walker Scholarship



Andrea Bennett – Appalachia High School



Danielle Hynes – E.A. Butler All Grade



Mark Skinner – St. James' Regional High
(Accepted by teacher)



Michael King – Grandy's River Collegiate

Products and Services

Products

Lending Products

- Mortgages
- Secured Lines of Credit
- Personal Loans
- 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

Services

Online Services

- Email Money Transfers
- Mobile Banking
- Online Banking
- TeleService
- E-Statements
- Bill Payments

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

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

History of Leading Edge Credit Union

2009

- Codroy Valley Credit Union and Brook Street Credit Union amalgamated to become Leading Edge Credit Union (LECU), July 1st, 2009. Together they started this new entity with a combined membership of 5,155 and an asset size of \$65,000,000. New positions (Manager of Lending Services, Compliance and Administration Officer) were also adopted to better serve our members.
- Named “Business of the Year” by the Port aux Basques and Area Chamber of Commerce.
- Jeffrey’s and Port aux Basques branches reached \$10 million in assets.
- Lorne Robinson was hired to provide Wealth Management and Financial Planning.
- Introduced new business packages.

2010

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

2011

- Quarterly newsletters were initiated to keep members informed on the activities of LECU.
- CEO, Cory Munden, made his first trip to Africa as part of the Canadian Cooperative Association mentorship program.

- LECU carried out a “Paperless Campaign” with our statements, 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 Cooperatives along with cooperatives around the world.
- Televisions were installed in all six locations to inform members of promotions, campaigns and news of LECU.
- E-documents were tolled 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 an African Woman for 10 days showing her how LECU operates.
- CEO, Cory Munden, made his second trip to Africa as part of the Canadian Cooperative 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 in the fall.
- Adopted an Enterprise Risk Management framework.

Credential Asset Management



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

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

Lorne is a Chartered Life Underwriter (CLU) as well as a Certified Health Insurance Specialist (CHS) and is a member of the Million Dollar Round Table (an international, independent association of the world's leading life insurance and financial services professionals from more than 430 companies in 78 countries). Lorne 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 Lorne on our team, and is pleased to continue making this much needed service available. You can reach Lorne at:

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

709-634-0405
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lornerobinson@credential.com

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Agenda

Leading Edge Credit Union Limited
Annual General Meeting
April 28, 2014
The Royal Canadian Legion, St. George's, NL
7:00 p.m.
Agenda

1. Establishment of Quorum
2. Adoption of Agenda
3. Adoption of Minutes of the 4th Annual General Meeting, April 19, 2013
4. Business Arising from Minutes
5. President's Report
6. Chief Executive Officer's Report
 - Treasurer's Report
 - Presentations
7. Audit Committee Report
8. Governance Committee Report
9. Greetings
10. New Business
11. Adjournment

AGM 2012 – Minutes

ITEM NUMBER	DISCUSSION	ACTION BY
1.0	<p><u>Establishment of Quorum</u></p> <p>At 7:41 p.m. Gary O'Brien, President and Chair of the Board, called the Annual General Meeting to order.</p> <p>Gary welcomed special guests and representatives from LECU branches. Gary invited Rhoda Pumphrey, manager of the local Leading Edge Credit Union branch, to establish a quorum. Rhoda confirmed that of the 71 people in attendance, 56 were eligible shareholders. Therefore, pursuant to section 8.06 of our bylaws, the meeting is duly constituted.</p> <p>Upon arrival, each attendee received a copy of the Leading Edge Credit Union's 2012 Annual Report, including the minutes of the May 14th, 2012 AGM and the Agenda for this, the fourth AGM.</p>	
2.0 13/04/19-01	<p><u>Adoption of the Agenda</u> No changes indicated.</p> <p>MOTION: To adopt the agenda of April 19th, 2013. MOVED BY: John Healey SECONDED BY: Lloyd Harnum MOTION CARRIED</p>	
3.0 13/04/19-02	<p><u>Adoption of Minutes of 3rd Annual General Meeting</u> Gary asked if there were any errors or omissions in the minutes. None indicated.</p> <p>MOTION: To adopt the minutes of May 14th, 2012. MOVED BY: Harry Coates SECONDED BY: Dan Sheaves MOTION CARRIED</p>	
4.0	<p><u>Business Arising From Minutes</u> None indicated.</p>	
5.0	<p><u>President's Report</u> Gary O'Brien presented The President's report. The report in its entirety is included in the AGM booklet. Gary noted that the financial sector, both domestically and internationally, faces incredible challenges. It is critical that institutions within this sector effectively manage their operations. Gary felt that Board has been cognisant of these challenges and has consciously developed a plan to maintain a strong financial position for our credit union. Gary summarized the 2012 highlights in the following categories:</p> <ul style="list-style-type: none"> - <i>Strategic Direction of LECU</i> - <i>Social Responsibility</i> - <i>Governance</i> - <i>LECU Corporate Performance</i> - <i>Board Development</i> 	

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<p>13/04/19-03</p>	<p>Gary stated that we have come a long way since members made their deposits many years ago in the kitchens of our founding credit union shareholders. Farmers, fishers and mill workers decided to co-operate and to help themselves when big banks shied away.</p> <p>Gary acknowledged the recognition that Leading Edge Credit Union received in 2011 and 2012, when <i>Progress Magazine</i> recognized us as one of the “best places to work at in Atlantic Canada.” This recognition is a direct result of the management team’s leadership, our human resources platform, and the trust and commitment of the Board of Directors. Directors and senior management have collaborated to build an environment of which employees are proud. Our staff felt sufficiently confident to report that LECU is a superior place to work in Atlantic Canada.</p> <p>Gary expressed his gratitude for every one of our LECU team, employees and Directors, for a very successful 2012. To the members and shareholders he stated that their continued and greater reliance on LECU to meet their financial needs would enable us to attain greater results for all.</p> <p>MOTION: To adopt the President’s Report for 2012, as per the Annual Report book circulated. MOVED BY: Barry Simms SECONDED BY: John Healey MOTION CARRIED</p>	
<p>6.0</p>	<p><u>Chief Executive Officer’s Report</u></p> <p>Cory presented the CEO’s Report. He extended congratulations on the 20th anniversary of the credit union in the Heatherton to Highlands region and gave a brief history of its development. He also highlighted the important role Rhoda Pumphrey has played in developing the branch and making it the success it is today. He commended the community for standing behind this branch and making it a successful enterprise.</p> <p>Cory stated that our credit union adopted and lives by the core principles of the credit union movement. He emphasized the importance of having a financial institution in your community; it is an important economic stimulus.</p> <p>With the aid of a visual presentation, Cory summarized his CEO report from the AGM booklet. He stated that, in 2012, Leading Edge Credit Union measured success in five key categories:</p> <ul style="list-style-type: none"> - <i>Member Value:</i> LECU successfully enhanced our products and services without increases to our service fees. - <i>Human Resources:</i> LECU staff completed 214 courses in 2012 alone. In a survey of all employees, 89% of our staff had an employee satisfaction rating of “very satisfied” or “highly satisfied”. These were just two of many reasons LECU placed 13th in the annual list of “Best Places to Work in Atlantic Canada” <i>Progress Magazine</i> has developed. 	

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	<ul style="list-style-type: none"> - <i>Internal Business Processes:</i> LECU has undertaken a complete revision of policies and procedures. We are, and will continue to be, in compliance with all internal and external audits, and we have developed a series of audit benchmarks to allow for effective tracking and reporting. - <i>Social Responsibility:</i> LECU understands the importance of having a good social responsibility framework. We will continue to be community leaders by being actively involved in the communities in which we operate. Our social responsibility goals include school participation, member education, volunteering, leadership support, support of economic initiatives, and increased environmental consciousness. <p><i>Financials:</i> Cory reported on LECU’s financial performance in 2012. He noted that we are at \$83 million in assets, which is up slightly from the previous year. Our loan portfolio grew to \$68 million, also up slightly from the previous year. We have a mortgage portfolio at League Savings and Mortgage of just over \$20 million. In 2012, our deposit portfolio grew significantly, to nearly \$78.8 million, the cost of which actually impaired our bottom line. Our net income for 2012 was \$376,481.00, down significantly from 2011.</p> <p>Cory noted that Canada is experiencing a negative trend in credit union membership growth. In Atlantic Canada alone, credit union membership has decreased by over 10,000 members. We are proud to say that Leading Edge Credit Union has not experienced any decline; our membership is up slightly from 2011.</p> <p>Cory reported on the financial performance of the Jeffrey’s branch in 2012. He stated that branch assets grew from \$7.71 million to \$10.84 million in 2012. The loan portfolio also recorded a similar growth trend; it grew from \$7.46 million to \$10.39 million in 2012. The deposit portfolio grew from \$6.83 million to \$8.59 million. Cory also noted the significant membership growth the branch experienced. It now stands at 861 members, which represents about 90% of the households in the area.</p> <p>The Jeffrey’s branch is a very important contributor to the overall corporation. In 2012, this branch contributed over \$170,000 to our net income. In fact, Jeffrey’s branch has contributed \$1.7 million in net income in its 20 years of operation.</p>	
<p>13/04/19-04</p>	<p>MOTION: To approve the Chief Executive Officer’s Report as presented. MOVED BY: John Healey SECONDED BY: Randi Alexander MOTION CARRIED</p>	

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	<p>PRESENTATIONS:</p> <p>Staff Awards – presented by Cory Munden and Randi Alexander</p> <ul style="list-style-type: none"> - Branch Volunteerism Award – Jeffrey’s Branch - Training Award – Renee Samms - Individual Volunteerism Award – Martina MacDonald <p>Service Awards – presented by Cory Munden and Randi Alexander</p> <p>Board Service Awards:</p> <ul style="list-style-type: none"> - Five years of service – Cathy Lomond - Ten years of service – Gary O’Brien - Fifteen years of service – Hubert Hall <p>Staff Service Awards:</p> <ul style="list-style-type: none"> - Five years of service – Randi Alexander, Lydia Bennett, Sandra Brockway, Denise Burton, Jody King, Geneva Taylor, Sarah Nash - Ten years of service – Terry Hardy - Twenty years of service – Donald Rideout <p>Certificates of appreciation were presented to the following provisional board members for their help in setting up the credit union branch in the Heatherton to Highlands area 20 years ago:</p> <ul style="list-style-type: none"> - Chris Hulan - Eric Legge <p>Cory also acknowledged the following provisional board members who could not attend tonight’s event:</p> <ul style="list-style-type: none"> - John MacPherson - David Hulan - Madonna Harvey - Donald Gilliam - Daniel McEachren - Ken Hulan - Kevin McDonnell - The late Mr. John Hulan 	
<p>7.0</p> <p>13/04/19-05</p>	<p><u>Audit Committee Report</u></p> <p>Dan drew everyone’s attention to the Audit Committee Report on page 13 of the 2012 Annual Report. He reported that the auditors identified no unresolved issues up to the date of the AGM. Dan further noted that regulatory changes and more stringent audit processes have contributed, in part, to the creation of positions like Renee’s (Compliance and Administration Officer) and Trudy’s (Manager of Lending Services).</p> <p>MOTION: To adopt the Audit Committee Report as presented. MOVED BY: Barry Simms SECONDED BY: Renee Samms MOTION CARRIED</p>	

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<p>8.0</p>	<p><u>Governance Committee Report</u></p>	
<p>8.1</p>	<p><u>Board Elections</u></p>	
	<p>On behalf of Governance Committee Chair, Gary Wiseman, Harry Coates presented the following Governance Committee report. He noted that the Governance Committee deals with high-level governance issues.</p>	
	<p>Harry reported that the two board members elected were Hubert Hall and Barry Simms. Both of these directors have met the full qualifications of the CUDA program.</p>	
	<p>He further stated that unlike other companies, both public and private, the board of the credit union has the opportunity to set the remuneration for the board of directors.</p>	
<p>13/04/19-06</p>	<p>MOTION: To approve for directors an increase in the basic annual remuneration rate of \$600 per year for the next three years; i.e.,</p>	
	<p>2013 remuneration will be \$1200 plus \$75 per meeting attended up to a maximum of \$600; 2014 remuneration will be \$1800 plus \$75 per meeting attended up to a maximum of \$600; and 2015 remuneration will be \$2400 plus \$75 per meeting attended up to a maximum of \$600.</p>	
	<p>MOVED BY: Harry Coates SECONDED BY: Denise Lawrence MOTION CARRIED</p>	
	<p>In 2011, Harry proposed a bridging amendment to reduce the size of the Board from twelve to nine members. Since that reduction is complete, he proposed an amendment to Section 9.01 of the By-laws to confirm this number.</p>	
<p>13/04/19-07</p>	<p>MOTION: to replace the current By-law 9.01</p>	
	<p>9.01 The Board of Directors shall consist of twelve (12) members for the year 2011 and reduce by one (1) Director in each of the following years: 2012, 2013 and 2014, at the end of which time the number will remain at nine (9). Three (3) shall be elected at each Annual Meeting. Each member shall hold office for a period of three (3) years, except those elected to fill vacancies who shall serve the duration of the unexpired term.</p>	
	<p>with the following:</p>	
	<p>9.01 The Board of Directors shall consist of nine (9) members. Three (3) shall be elected at each Annual Meeting. Each member shall hold office for a period of three (3) years, except those elected to fill vacancies who shall serve the duration of the unexpired term.</p>	
	<p>MOVED BY: Harry Coates SECONDED BY: Bernice Keeping MOTION CARRIED</p>	
<p>13/04/19-08</p>	<p>MOTION: To adopt the report of the Governance Committee.</p>	
	<p>MOVED BY: Cory Munden SECONDED BY: John Day</p>	

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	MOTION CARRIED	
9.0	<p>Greetings Gary presented greetings from Alvina O'Brien, CEO of Eagle River Credit Union Ltd., and the Hon. Joan Shea, Minister of Advanced Education and Skills and Minister Responsible for the Status of Persons with Disabilities and Youth Engagement. Gary then invited Clayton Handrigan, Member of the Board of the Credit Union Deposit Guarantee Corporation (CUDGC), to address the meeting.</p> <p>Greetings: Address from Clayton Handrigan, CUDGC Mr. Handrigan thanked LECU for the invitation. He commented that he always feels LECU is special and that he enjoys attending our AGMs. Clayton brought warm greetings on behalf of the board of directors and staff of CUDGC; the Hon. Nick McGraw, Minister Responsible for Service NL, and Mr. Jullian McCarthy, Assistant Deputy Minister of Service NL.</p> <p>Clayton explained that the Credit Union Deposit Guarantee Corporation is funded entirely by the credit union system of Newfoundland and Labrador. Its mandate is to monitor compliance with the <u>Credit Union Act</u>, to supervise the province's credit unions and to build awareness of the importance of credit unions. He noted that credit union members have the highest level of deposit protection available, \$250,000 in deposit coverage per member, <i>versus</i> just \$100,000 with chartered banks.</p> <p>There are ten credit unions with nearly 60,000 members in Newfoundland and Labrador, with assets approaching the \$1 billion mark. Clayton reported that an impending merger between Humber Valley Credit Union and Eagle River Credit Union would bring the number of credit unions to nine. While this merger will decrease neither the number of branches nor the number of members, it does reflect an emerging trend among credit unions worldwide.</p> <p>Clayton stated that Leading Edge Credit Union is part of the great accomplishment of the system. LECU, working with strong leadership and well-trained staff, provides valuable service to its members. He praised the special recognition that LECU gives to its staff.</p> <p>Clayton concluded with best wishes for LECU in the upcoming year. He stated that he enjoys the small communities on the West Coast, particularly the challenges of finding them.</p> <p>Gary thanked Clayton for his address. Gary also took the opportunity to acknowledge the contribution that Brian Warren brought to the board. Brian is retiring from board service. Gary continued by welcoming Barry Simms back to the board after a one-year absence.</p>	

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10.0	<u>New Business</u> None to report.	
11.0 13/04/19-09	<u>Adjournment</u> MOTION: To adjourn the meeting. MOVED BY: John Healey MOTION CARRIED Meeting adjourned at 8:46 p.m.	

Duly Signed:

Gary J. O'Brien
President

William H. Coates
Corporate Secretary

Director

Director

Message from the President



I take great pride in reporting to you, the owners and members of our Leading Edge Credit Union (LECU), on the performance of the Board this past year. The financial sector, both domestically and internationally, continues to be challenging. As a result,

it is prudent to ensure our credit union continues its commitment of a careful and responsible fiscal management agenda. We have been cognizant of these on-going challenges and, as a result, have made difficult decisions affecting operations in 2013. In this report, I reflect on the 2013 fiscal year.

Strategic Direction of LECU

Last year I spent time in my report sharing our 5-year plan to a strong financial position for LECU. As a Board, we are determined to remain strong financially. It's our fiduciary responsibility to you, our members. As a result, we worked diligently with corporate operations this year to review our corporate structure. This included an analysis of our branches. This analysis clearly presented a difficult decision; a decision that none of your board wanted to make, but in the best interests of all members, it had to be made. The due-diligence completed and reviewed with your Board confirmed that, in the best interest of Leading Edge Credit Union and its members, we had to close our Pasadena Branch and merge its operations with our Corner Brook Branch. As a Board, we were determined to make this decision as painless as possible for our Pasadena members and the community stakeholders. We challenged operations to work with Atlantic Central and gather as much knowledge as possible to devise the best plan to implement this branch merger. We felt that it was imperative that a solid communication plan be developed to assure staff, members, and community were supported throughout this very difficult transition.

The results of our efforts meant that a solid financial plan was put in place for our three employees, and a seamless transfer of members from Pasadena to Corner Brook operations was developed and

implemented to the satisfaction of our members. We made certain that on-going financial services would continue in Pasadena through various technologies such as mobile banking, ATM's, etc. In fact, LECU intends to enhance services to communities via technologies, and Pasadena will remain on our radar for piloting new technological initiatives. Our presence in this community will remain, and enhancements to services via technological means will be considered.

This decision will position us to be prepared for the many uncertain challenges facing us in the future in the financial industry. The volatility of the market place demands that we be fiscally prudent and, as a result, we will always be challenged with difficult choices to assure the strength of LECU. We ultimately want you, the member, to have the best possible suite of products and services at the lowest possible price. Our goal, as reported to you last year, to obtain a strong retained earnings position by 2015 remains on-track. A goal, such as this, assures us financial stability.

Governance

As part of our responsibility, your Board of Directors met eight times. In addition to these full board sessions, your directors met numerous times to attend to committee business. LECU's Board has five active committees: Executive, Audit, Governance, Human Resources, and Social Responsibility. Annually, we participate in at least one strategic planning session. The work we do at the annual strategic session assures that we review our five-year plan and make appropriate adjustments as required. We are determined to be a strong, well-managed credit union, and to be a leader in the Atlantic/Canadian credit union system. This strength will support continued investment in product development, technology, and service excellence for you, our members. We believe these enhancements will encourage you to avail more fully of our products and services, and, thereby, prepare us to return future earnings to you and to the communities we serve.

Board Development

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 2013, members of your Board completed 32 training courses toward their continued professional development. This is an aggregate of 75 hours of their time. Seven of our nine Directors have met full certification requirements. We are well above average for full certification in the Atlantic/Canadian system.

LECU Corporate Performance

We, the Board, congratulate our entire team of professional staff for another outstanding year in 2013. The financial results and growth in our key performance indicators were quite satisfactory in an on-going environment of volatility. This continued success is testimony to the dedication, professionalism, and hard work of the entire team of employees. As usual, our CEO, Cory Munden, will share with you more specific information on our financial results for 2013.

In recognition of our management team's leadership, our human resources platform, and the trust and commitment of the Board of Directors, LECU was recognized by *Progress Magazine* as one of the "Best Places to Work" in Atlantic Canada for the 3rd consecutive year. Of the 27 Atlantic businesses recognized, LECU received a 4th place ranking. This was an incredible result for us, but what's quite interesting is that this recognition has seen a dramatic improvement each year with a 29th place finish in 2011 and a 13th place finish in 2012. These successes are a direct result of feedback from our employees. Our staff recognizes LECU as an employer of choice. We all, staff and Board, are delighted to have received such a prestigious award. Congratulations!

Let me close by saying thank you to every one of our LECU team, employees and directors, for a very successful 2013. Members and shareholders, friends, and neighbors, your continued and greater reliance on LECU for your financial needs will enable us to attain greater results and ultimately achieve the greater goal as outlined in our five-year plan. Let us meet the future fully confident.

Sincerely,

Gary J. O'Brien
President
Leading Edge Credit Union



L-R: R. Alexander, T. Hardy, C. Matthews, E. Ingram, C. Munden, J. King, T. Skinner-Keeping, R. Hardy, R. Samms



L-R: D. Rideout, R. Jacobs, A. Brake, S. Brockway, A. Penney, M. Gillingham



L-R: B. Billard, T. Keeping, W. Pope, S. Kilpatrick

Message from the CEO



I am pleased to have the opportunity to report the year end results of 2013 for Leading Edge Credit Union. In 2012, an aggressive budget was drafted after an extensive planning process for 2013. The economy continued to support extremely low interest rates

which cultivated a very competitive environment for financial institutions. Leading Edge Credit Union was challenged to remain competitive while ensuring its financial wellbeing; thus, many strategic initiatives were developed. Despite not meeting many of the assigned budget categories, your credit union performed very well in all strategic benchmarks. By year end 2013, LECU was successful in growing its loan portfolio by \$5.2 million and its deposit portfolio by \$3.8 million.

In 2013, it became increasingly clear that consumers of “traditional banking products” were availing of services through different mediums, causing Leading Edge Credit Union to miss out on securing new business. Auto loans were being booked at dealers versus at our credit union, credit card transactions replaced small term loans, and mortgage customers turned to mortgage brokerage services. To ensure that Leading Edge Credit Union remained relevant in these business lines, several initiatives were drafted into the business plan for 2013. The Dealer Project was launched at select dealer locations to ensure that consumers had the opportunity to avail of financing at the dealer level through their credit union. A Real Estate Agent Program was developed to establish relationships with real estate agents with the goal of promoting your credit union as a preferred mortgage option. A rate review was also completed to ensure that LECU and its partnering organizations had competitively priced products. In the second quarter of 2013, LECU successfully launched a 2.99% mortgage campaign, stimulating over \$2 million in new business.

Recognizing the erosion of consumer loyalty to financial providers, LECU adapted several strategies to showcase the credit union difference. A New Member Welcome Project was launched to ensure a professional and inviting welcome to new members joining LECU. The feedback from this program garnered a 99% positive survey response and the comments from the new members identified that they appreciated the time taken by your credit union staff to focus on their needs. The results of the investment in this strategy also meant a rise in our products-per-member ratio, to 1.98.

Leading Edge Credit Union has always placed a high level of importance on socially responsible practices. 2013 was a pivotal year in that your credit union placed more emphasis on recognizing and reporting the social contributions that we make to the communities in which we operate. You will find more details on these contributions throughout your AGM booklet. One of our initiatives, the School Savings Project, underwent a redesign to better enhance the financial literacy of our youth members and to encourage good spending, saving and sharing habits in young people. And our financial literacy efforts didn't end there. In today's digital environment, account fraud has become the predominant threat to the financial security of every financial consumer. Recognizing the need to combat this, your credit union conducted a number of seminars and information sessions within our communities to bring awareness of these threats and to advise members on how best to protect themselves.

In 2013, LECU adopted an Enterprise Risk Management framework to ensure the appropriate management of our operations. The resulting risk assessment highlighted areas in which more strategic focus was required. Internal risk-based audits were performed quarterly, measuring our security and administrative processes, resulting in significant improvements to our risk exceptions over the course of the year. Additionally, internal lending audits

were enhanced to ensure compliance with policy, procedure and governance frameworks. The results showcased a decline in audit exceptions throughout the course of 2013. The internal lending audit process will assist in reducing future loan losses by building a stronger loan portfolio. Both the lending and risk audits will assist in the mitigation of financial and reputational risk.

Your credit union continues to make investments in the development of its employees and board members. In 2013, 192 courses, webinars and training sessions were completed for a total training and development investment of \$31,390.00. The annual member satisfaction survey indicated that members had a 96% satisfaction rating for the staff at LECU. This measure certainly is a testimony that the staff are performing at exceptional levels. In 2013, we also ranked 4th in the “Best Places to Work in Atlantic Canada” as determined by *Progress Magazine*. This is an improvement from our previous year’s rating of 13th. A renewed focus on internal communications, training, and investments in benefits contributed to our improved ranking.

I would like to thank you, our members for supporting your credit union and for continuing to trust us with your financial well-being. The credit union is here for your benefit and we want to ensure that we continuously exceed your expectations. Thank you to our dedicated team of professionals who consistently provide high-quality service to our membership each and every day and are prepared to adapt to changes which improve our organization. Thank you also to our Board of Directors for providing the environment and governance framework to guide Leading Edge Credit Union towards continued success.

Sincerely,

Cory Munden
CEO
Leading Edge Credit Union



L-R: A. Alley, T. MacAuley, J. Gosse, R. Pumphrey, M. Hulan



L-R: A. Lushman, L. Bennett, R. Bennett, J. Deluney, S. Nash



L-R: D. Lomond, D. Bailey, K. Thorne, E. Vautier, L. Purchase, M. MacDonald



L-R: D. Lawrence, D. Burton, B. Lavers, D. Humber

Audit Committee Report

To the Members of Leading Edge Credit Union:



The Audit Committee of the Leading Edge Credit Union Limited was active over the past year. The Committee members met on six occasions to conduct business on behalf of the board and to meet their obligations as set out in the terms of reference for the Audit

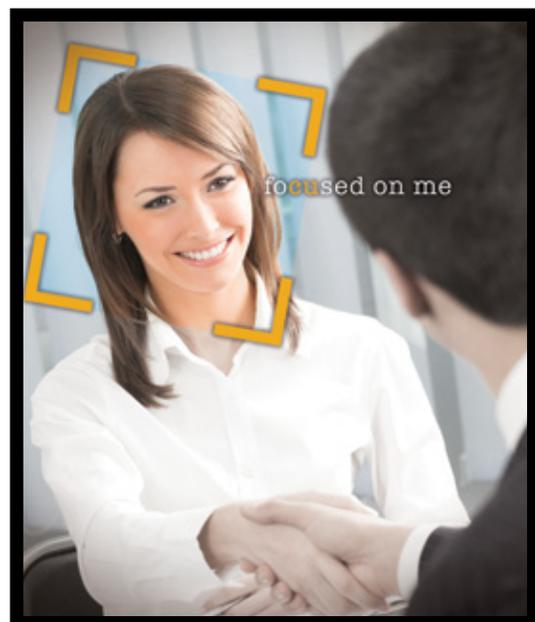
Committee. Additionally, the Committee met with Byron Smith C.A., auditor, to review the results of the external and internal audits for 2013. All reports stemming from these audits have been reviewed by the Audit Committee and presented to the Board. The 2013 audited financial statements are provided in this AGM booklet and I encourage you to review them.

Each year, the Audit Committee works with the management team to address any recommendations provided by the auditors. LECU's internal procedures have been strengthened through increased management oversight and a comprehensive set of policies and procedures designed to improve internal controls as a means to reduce risk and safeguard the assets of corporation. We would like to commend management and staff for their efforts in this area.

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 we have had from a committee perspective have been addressed and issues are being dealt with in a professional and satisfactory manner by management. The committee will continue to perform its duties and responsibilities in a timely fashion and would like to take this opportunity to thank the Board of Directors and staff for their cooperation and support.

Kindest Regards,

John Healey
Chairperson, Audit Committee
Leading Edge Credit Union



Governance Committee Report

To the Members of Leading Edge Credit Union:



During the past year, the Governance Committee, having taken advantage of the options electronic communications provide, met five times. Generally, the duty of the Committee is to advise the Board of any changes necessary to the constitution,

by-laws or policies of the credit union; to comment on contemplated amendments to governance documents under consideration by other stakeholders, and to recommend to the AGM the names of persons suitable for nomination to the Board.

Although not a specific agenda item for the Committee, directors of your credit union devoted considerable effort to contemplating the governance of the entire credit union structure of Atlantic Canada. While the Atlantic Central led this effort, your directors, with a view to long-term system-wide growth, involved themselves in an assertive but co-operative manner. Your directors will continue their engagement with this critical and fundamental project as long as it continues.

Specifically related to your credit union, the committee considered various aspects of directorship: recruitment, election, appointment and compensation. Regarding the latter, last AGM approved the proposed three-year plan, which continues until 2015. Other topics included the development of a competencies/skills matrix for the Board of Directors, aspects of electronic meetings, the terms of reference for the committee, a review of our Vision, Mission, and Values for corporate social responsibility (CSR) relevance, and a by-law review, occasioned by an amendment to the *Credit Union Act*.

Kindest Regards,

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



Lending Committee Report

To the Members of Leading Edge Credit Union:



In 2013, the Lending Committee continued to be very active in fulfilling its roles and responsibilities. The committee delivered five 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 \$239,867. This is an increase from the previous year's value of \$171,503.

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 2013, the following credit was approved for these members:

Type of Loan	Total Number Approved	Total Value of Approval
Loan	19	\$341,262
Mortgage	2	\$430,000
Line of Credit	5	\$121,000
Secured Line of Credit	3	\$604,000
	TOTAL	\$1,496,262

The committee would like to outline the following loan report for the year ending December 31, 2013:

Type of Loan	Total Number	Total Value
Current Loans and Mortgages	2822	\$71,809,903
Impaired Loans and Mortgages	86	\$824,521
TOTAL	2908	\$72,634,424

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

Thank you,

Cory Munden
Chairperson, Credit Committee
Leading Edge Credit Union

Human Resources Committee Report

To the Members of Leading Edge Credit Union:



The Human Resources Committee was active over the past year, having met on three occasions to perform its duties on behalf of the Board of Directors. The core function of the Human Resources Committee is to make recommendations on policy,

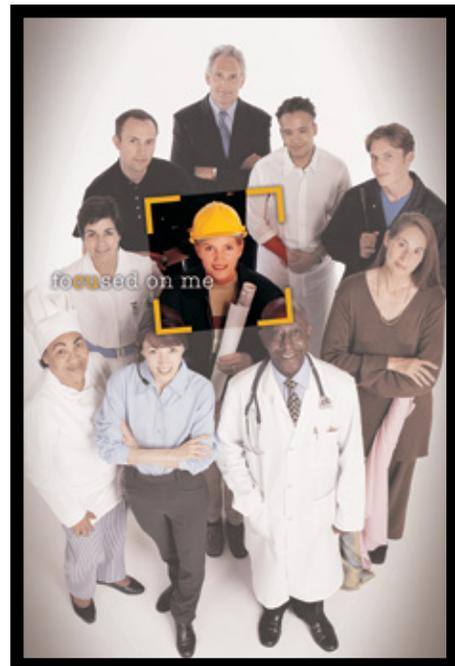
plans and compensation relating to the personnel of Leading Edge Credit Union.

In 2013, the Human Resources Committee provided guidance and advice on a number of important matters including: the administration of the Walker scholarship, the impact of the rising long-term disability costs to staff, the decision to grant staff a paid holiday on Christmas Eve, and the compensation for displaced Pasadena Branch staff. The Human Resources Committee also performed a review of its Terms of Reference to ensure its duties and responsibilities remains relevant to credit union operations. All recommendations brought forward to the Board by the Committee were done so professionally and with the due diligence that our members can count on.

I would like to thank the Board and staff of Leading Edge Credit Union for the cooperation, support, and professionalism shown in all matters related to the Committee's work. Thank you, also, to my fellow committee members for their dedication and hard work.

Best Regards,

Barry Simms
Chairperson, Human Resources Committee
Leading Edge Credit Union



Social Responsibility Committee Report

To the Members of Leading Edge Credit Union:



By definition, Social Responsibility is the principle of considering the interests and community welfare extending well beyond direct business practices. Leading Edge Credit Union's Social Responsibility Committee met on five occasions over the past year,

for the purposes of fulfilling its mandate to discuss, explore and make recommendations to the Board on Corporate Social Responsibility (CSR) within your credit union. Also in 2013, the Committee formalized a structure for Social Responsibility reporting using "Key Performance Indicators" (KPIs). These key categories were defined and targets were assigned to allow us to track our progress.

It is important to note that LECU has been practicing social responsibility in all branches for many years; however, we had never specifically sought to formalize a plan and measure our socially responsible activities. 2013 was a benchmark year for our CSR strategy, since we now have the data by which to measure our future social performance. The following is a list of the categories, or KPIs, that your credit union uses to track its social contributions:

- Total Donations and Sponsorships
- Community Involvement Contributions
- Number of Employee Volunteer Hours – Personal
- Number of Employee Volunteer Hours – LECU
- Number of School Savings Program Participants
- Number of Member Education Events
- Small Business Credit Financing
- Training Dollars Spent by Credit Union
- Employee Satisfaction
- Number of Members with Free Banking Package
- Number of Non-profit Groups Availing of Free Banking

The year end results table and the quarterly comparison charts for these KPIs can be seen in the Social Responsibility section on page 13. We report our social responsibility performance on a quarterly basis and regularly post our results on our website; we encourage you to track our progress there.

As financial co-operatives, owned and controlled by their member-customers, credit unions bring fresh approaches to social responsibility that is as individual and exceptional as the communities themselves. As we have commented in the past, "credit union social responsibility is less about changing what we do and more about changing how we think" 1. Your credit union's Social Responsibility Committee will continue to perform its duties and responsibilities in a timely fashion and would like to take this opportunity to thank the Board of Directors and staff for their cooperation and support.

Kindest Regards,

John Healey
Chairperson, Social Responsibility Committee
Leading Edge Credit Union

Independent Auditor's Report

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, 2013, 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 procedure's 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, 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Spaniard's Bay, NL
March 7, 2014

Byron Smith
Chartered Accountant

Balance Sheet

Leading Edge Credit Union Limited Statement of Financial Position

As of December 31,	2013	2012
<hr/>		
Assets	\$ 5,375,439	\$ 6,519,898
Cash	4,777,855	4,684,583
Cash – required liquidity	1,149,000	1,080,000
Investments	70,909	100,019
Income taxes receivable	72,105,461	66,801,369
Loans and mortgages receivable		
Investment in mortgages under administration	1,917,644	1,989,453
	141,392	219,870
Other assets	<u>1,579,525</u>	<u>1,797,856</u>
Property, Plant and Equipment		
	\$ 87,117,225	\$ 83,193,048
<hr/>		
Liabilities		
Members deposits	\$ 82,515,306	\$ 78,793,038
Accounts payable and accrued liabilities	328,109	369,630
Dividends payable	11,154	11,840
Future income tax	17,723	24,286
Non-members' deposits	<u>24,934</u>	<u>19,855</u>
	82,897,226	79,218,649
<hr/>		
Members' Equity		
Retained earnings	<u>\$ 4,219,999</u>	<u>\$ 3,974,399</u>
<hr/>		
	<u>\$ 87,117,225</u>	<u>\$ 83,193,048</u>

Statement of Income and Retained Earnings

Leading Edge Credit Union Limited
Statement of Comprehensive Income

For the Year Ended December 31,	2013	2012
Financial Revenue		
Interest	\$ 4,464,646	\$ 4,461,125
Investment income	<u>127,284</u>	<u>169,833</u>
	4,591,930	4,630,958
Cost of funds		
Interest on members' deposits	1,284,543	1,322,833
Dividends paid to members	<u>11,147</u>	<u>11,840</u>
	1,295,690	1,334,673
Financial margin	3,296,240	3,296,285
Other income	<u>1,345,767</u>	<u>1,359,673</u>
	4,642,007	4,655,958
Operating Expenses		
Members' Security	451,327	358,139
General business	1,835,714	1,772,013
Personnel	<u>2,023,700</u>	<u>2,052,646</u>
	4,310,741	4,182,798
Net income before income taxes	331,266	473,160
Income taxes		
Current tax expense	49,909	89,371
Future tax recovery	<u>(6,563)</u>	<u>7,308</u>
Net income for the year before other items	287,920	376,481
Other items	<u>42,320</u>	<u>Nil</u>
Total Comprehensive Income	\$ <u>245,600</u>	\$ <u>376,481</u>



#1 in Customer Service Excellence

For the **ninth** consecutive year, Canadians ranked credit unions first in overall Customer Service Excellence among all financial institutions in the 2013 Ipsos® Best Banking Awards. Credit unions also took sole honours in two other categories:

- Branch Service Excellence
- Values My Business

They also tied for first place in the following categories among all financial institutions:

- Financial Planning & Advice
- Mobile Banking Excellence
- Automated Telephone Banking Excellence
- Live Agent Telephone Banking Excellence

The Ipsos 2013 Best Banking Awards are based on quarterly Customer Service Index (CSI) survey results. Sample size for the total 2013 CSI program year ended August 2013 was 45,875 completed surveys yielding 69,268 financial institution ratings.

www.atlanticcreditunions.ca





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