

Your Community • Your Credit Union

Annual Report

2020

The Best Place to Be



Mission Vision Values

Mission Kingston Community Credit Union's mission is to foster the financial health of members by delivering outstanding and affordable financial services using co-operative principles.

Vision To be the most trusted financial service provider and grow the well-being of our community.

Values We value: **Co-operation**: people helping people, **Integrity**: always doing what is best for our members, **Community**: commitment to strengthening our community, **Sharing**: sharing our success with our community and members, **Financial Strength**: building financial strength with co-operative and sustainable ethics, **Education**: sharing our expertise, and **Respect for All**.

Operating Objectives

Member Financial Services

- Offer superior personal service
- Meet financial needs for all life stages
- Provide products for entire wallet
- Use best delivery channels for every generation
- Leverage emerging financial technologies for our member services

Community & Member Engagement

- Build strong and co-operative relationships with members and the community
- Engage our community to bank with us
- Engage KCCU and staff in community building
- Create a financial education strategy
- Support our community charities, co-operatives and not-for-profits

Financial Strength & Long Term Viability

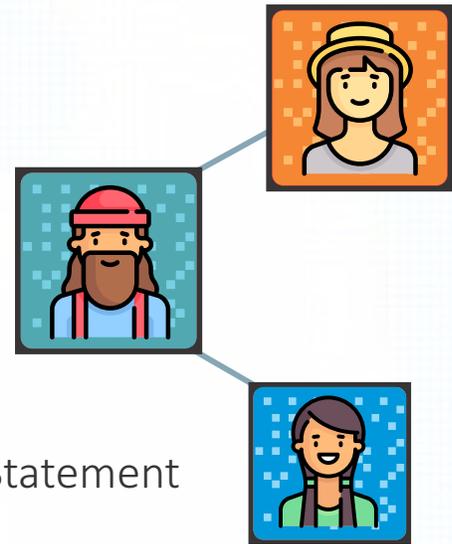
- Promote our co-operative market differentiation
- Improve operational efficiency
- Seek opportunities for growth
- Improve the diversification of products & revenue sources
- Share our profits with the members and foster the co-operative business model

Organizational Growth

- Advance effective recruitment and staff engagement
- Build tomorrow's leaders
- Communicate effectively and co-operatively
- Seek mentorship opportunities
- Seek collaborative opportunities

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Website, social media & e-mail

Refer a friend, apply for a loan, download the KCCU app for Ipad or Android, check out rates, see our newest products, and much more... It's interactive! Now, more than ever, you can get information about KCCU on-line! Visit your Credit Union's interactive website at www.kccu.ca or communicate with our staff through e-mail at kccu@kccu.ca.

Our Social Media websites are also accessible via our website. They will connect you to KCCU on Facebook, Twitter, Instagram, Wistia (like You Tube with Financial Literacy videos) and Google- a great way to keep in touch and stay current with happenings at KCCU and across the co-operative system.

KCCU encourages members to join the electronic mailing list on our website to receive less paper and help our environment. You may unsubscribe at any time. We encourage members to "like" us on facebook or follow us on Twitter to receive the latest news and information.



Board of Directors

Robert Trentadue, retired, Purolator	Chair	2022
Lisa Dirocco, The Bay	Vice-Chair	2021
Reta McCormick, retired entrepreneur	Director	2020*
Bram Fisher, retired entrepreneur	Director	2021
Paul Lorenz, retired, City of Kingston – Police Dept.	Director	2022
Norman Meyers, retired, KGH	Director	2020**
Brent Bellamy, GM, Science '44 Co-op	Director	2022
Stephen Bach, Entrepreneur/Realtor	Director	2021
Mary Lowdon, Corporate Secretary	Corporate Secretary	

* term expires
 ** retiring director



Report of the Chair of the Board of Directors



Welcome to this our 62nd Annual General Membership Meeting.

To say 2020 was a different type of year is a gross understatement. The entire world had to adjust, and your credit union was no exception. We had to install dividers between our members and staff, many staff are now working remotely, we have all had to wear masks, and we've all done a lot more mobile banking.

KCCU adapted to these changes and still had a successful year.

In May, your Credit Union donated \$25,000 to different local agencies who were providing food for our less fortunate. We continue to offer loan and mortgage deferrals to those members facing financial difficulties.

From a financial perspective, given the current environment KCCU has done very well.

Some services that were brought online in 2020 include Google Pay, debit card tap increased to \$250, The CEBA (Canada Emergency Business Account) through member direct through a partnership with Central 1 and the Export Development Corporation of Canada (EDC). We were able to offer these services while continuing to maintain our community programs such as Christmas Caring, Community Sharing and Warm Socks.

At this time, your Board is proud to recommend for your approval a 3% dividend on Member Equity Shares.

I cannot say enough about our amazing staff who made these programs and our financial position possible.

They have worked through very trying circumstances and still have provided outstanding service. Our gratitude is also extended to our wealth management team. I also want to thank my fellow Board members who also went through some changes such as moving from monthly to quarterly meetings and, from in-person to virtual meetings.

Norm Meyers will be retiring from the Board as of the end of this Annual Meeting. I want to acknowledge the contribution, guidance, and leadership Norm has shown over the past 30 plus years. Norm you truly have helped KCCU be all it can be. Thank you for all you have done for our membership.

We are very proud that your Board team working co-operatively with our senior management team have been able to meet our members needs with compassion and responsibility during the most challenging of times.

Respectfully submitted,

Robert Trentadue,
Chair
KCCU Board of Directors





Report of the Chief Executive Officer

2020 put Kingston Community Credit Union to the test in a manner nobody had imagined beforehand, as it has for all Canadian families and workplaces. We can be proud of how well our local community has managed to curb the spread of Covid-19, and I applaud the leadership and foresight of our local health professionals in protecting our health. The economic cost to our community has been steep, as has the emotional toll on all of us from the restrictions on our family life, the intermittent closing of schools and now twelve months of social distancing. Your staff here at KCCU have been exceptionally adept in keeping the credit union running and your financial transactions processed, while having to navigate rapidly changing demands both at home and in the workplace. The many positive results you see reported today are their achievements!

Back early in March 2020 it quickly became apparent that we were in a severe economic crisis, and regardless of the length of time before the pandemic would be under control, economic recovery could be a lengthy process. KCCU immediately launched our Covid-19 Member Assistance Program (CMAP), offering six months loan and mortgage payment deferrals to our members as well as short-term financing. A total of 222 members with approximate one fifth of our loan portfolio volume have at some point over the past year needed this support and accessed the deferral program for longer or shorter periods. CMAP remains available for as long as new cycles of the pandemic and business closures may affect further members. Your lending team here at KCCU have been available to meet monthly with our borrowers in need of deferrals and other support; working closely together will ensure the very best outcomes for our members in a difficult time. For our small business members, we have provided the Canada Emergency Business Accounts loans (CEBA), again with our commercial team working closely with the members throughout the year, and we have now advanced a total of \$1.76 million to 38 businesses. To support the CEBA loans we had to in short order develop an application portal within our MemberDirect® Online, and we also built new portals for members and business to register their accounts with CRA so they could receive CERB and other government pandemic support without delay. For our members using debit cards we have accelerated the roll-out of Interac's introduction of higher tap limits,

allowing single tap withdrawals up to \$250. All these developments were made with Central1 and our other credit union partners. The collaboration and co-operation between credit unions throughout the pandemic has been a huge part of our success.

Your banking is an essential service, and with the complete shutdown last Spring we had to quickly devise safe protocols and procedures for keeping the branches staffed to ensure essential services and payment processing were uninterrupted, while devising new routines for supporting our members remotely. The credit union is all about knowing and interacting with our members and supporting you with the personal touch while social distancing, has been the hardest part of our day for the past year. As staff we have also missed each other, as we have kept employees at the three branches strictly segregated and had to forego completely what is normally a busy year of community support, fundraising, sponsorship, and social events. As a part of our Health and Safety regime, we have a Covid-19 committee that maintains ongoing monitoring of health advisories and regulations, and continually updates our pandemic control procedures and training. With the start of the Pandemic there was no longer access to our office in the Kingston General Hospital complex, and that office has



now been permanently closed, while we continue to serve the hospital community with our three ATMs there. To support all our member's "forced" transition to remote banking we waived all Email Money Transfer (EMT) fees for most of the year and have permanently reduced the fee level.

As restrictions eased early in the summer and we were able to install appropriate safety barriers the branches could re-open with reduced hours and staggered scheduling of staff to minimize exposure. For all staff that can work remotely we invested in the necessary security solutions and mobile equipment and continue to stagger in-branch and remote scheduling and we are well prepared should a local health threat trigger a more extensive lock-down.

Your Board has been busy adapting to the pandemic as well. In March we had to cancel our planned Annual General Meeting, and with the appreciated required approval of the CEO of the Financial Services Regulatory Authority we were able to postpone the AGM until June to give us time to re-arrange for an all-virtual meeting.



We expect that all Board and Committee meetings will continue to be conducted remotely for another year, but we hope that next year we will be able to hold a mixed online and in-person AGM. The Board quickly recognized that 2020 would be a year of severe economic stress with unpredictable outcomes for the credit union. At its first meeting following the start of the pandemic, your Board resolved that using our capacity to support those in need in the community and among our members would take precedence over higher dividends, and immediately moved to donate \$25,000 to the frontline food and housing security agencies, including Partners in Mission Food Bank, South Frontenac Community Services, Kingston Food Sharing Project, Kingston Home Based Housing, and St. Vincent de Paul Kingston. Overall KCCU made more than \$50,000 in donations and sponsorships during 2020, and an additional \$10,000 was raised with your Board and Staff achieving another year of full participation in the annual United Way campaign.

The pandemic inevitably had a significant impact on our financial outcome. Extraordinary expenses on safety equipment, remote computing equipment and software were incurred, while the slowdown in retail spending has meant less service charge revenue. Above all the sharp cut in interest rates back in March 2020 has hit our revenues hard, especially investment income. Due to the continued economic uncertainty, the loan allowance increased by \$200,000, a prudent response, yet there has to date not been any noticeable increase in delinquency or default. Nevertheless, KCCU was able to post a solid result for the year and I applaud my colleagues for what they were able to achieve under very difficult circumstances. After the complete halt in activity the second quarter of 2020, we were able to maintain healthy growth for the remainder of the year, ending the year with the loan portfolio up by \$10.7 million (9%), providing an important offset to the fall in interest rates.

It has been widely reported how uneven the pandemic-recession has hit Canadians. The recession has disproportionately affected the casually employed, the low paid, women, and minority groups. At the same time, the elimination of travel and other discretionary spending opportunities, has meant that those in steady employment have built up their savings and at KCCU that has resulted in an unprecedented increase in member deposits of \$27.5 million (20%), a pattern seen across all Canadian financial institutions. It has been in keeping with our philosophy that our members have been able to use our new High Interest Savings Account product that we launched at the end of 2019 to ensure members knew in advance what their rate of interest was. The Board felt that it gave depositors greater interest certainty and more flexibility than the former dividend paid on Dividend Savings at a similar cost to the credit union. KCCU is also no different from other financial institutions in that most of these deposits are in demand savings accounts, and growth in long-term investments has been slower due to lower short-term rates. Nevertheless, our investment assets under management grew by 14% to \$41 million. Taken together, KCCU now looks after \$207 million in member deposits and investments.

SUPPORT Local 
SUPPORT Kingston



The net result has been a year of good growth and a solid financial performance and I am especially pleased that KCCU has been able to sustain its unbroken record of dividend payments, with a recommended 3% dividend payout on your Equity shares. Given the growth in our assets, we are cognizant of the requirement for maintaining the growth of our capital base space, and this is a small but significant return on the capital our members contribute to our success story. After dividends and taxes, a net income of \$694,000 leaves us in a strong position to face the continuing impact of the pandemic and the uncertain economic trajectory over the next couple of years, with regulatory and risk weighted capital ratios of 8.6% and 23.7% respectively.



The pandemic has caused some delays in implementation schedules for technological developments, but we have continued to maintain our focus on our long-term strategy in building out our member services and digital capabilities. The future is coming regardless of the events in 2020-2021. In 2020, we added mobile Google Pay to existing touchless payments options of Samsung Pay,

Apple Pay and Interac Flash (tap), and work on improving our online banking platform and payments modernization continues. We were able to replace two of our ATMs during the safest period in the mid-summer and now have envelope-free deposit at these machines. Throughout the year our website featured local businesses, while our KCCU Wealth Solutions* team participated in twenty segments on CKWS's Global News morning show with host Bill Welychka, offering topical financial advice and commentary for a pandemic recession. I am especially excited about our collaboration with the City of Kingston and our support for the Kingston Community Climate Action Fund, that will help fund green initiatives at our local community and charitable organizations. KCCU is matching the first \$5,000 raised by the fund (achieved and exceeded!).

We will in 2021 be introducing new products and loans with discounts for measurable positive climate action outcomes. We are participating in national credit union initiatives in developing meaningful measures of climate action impact in financial services. The spirit of collaboration and co-operation is what makes our credit union the place to be!

Respectfully submitted,

Jon Dessau, CEO

*KCCU Wealth Solutions is a program provided by Credential Financial Strategies Inc. offering financial planning, life insurance and investments to members of credit unions and their communities. Trade-mark(s) of KCCU Wealth Solutions are used under licence by Credential Financial Strategies Inc. Mutual funds, other securities, and securities-related financial planning services are offered through Credential Securities, a division of Credential Qtrade Securities Inc. Credential Financial Strategies Inc. and Credential Qtrade Securities Inc. are subsidiaries of Aviso Wealth Inc. Credential and Credential Securities are registered marks owned by Aviso Wealth Inc. and are used under licence.

Balance Sheet

Kingston Community Credit Union Limited Statement of Financial Position

as at December 31

	2020	2019
Assets		
Cash and cash equivalents (Note 3)	10,534,015	7,304,230
Investments (Note 4)	41,142,549	27,007,362
Member loans (Note 5)	130,422,817	119,890,172
Property, plant and equipment (Note 6)	2,075,178	2,258,748
Other assets (Note 7)	269,950	178,896
Deferred income tax (Note 8)	53,996	50,574
Total assets	184,498,505	156,689,982
Liabilities		
Member deposits (Note 9)	166,623,789	139,176,652
Other liabilities (Note 10)	1,008,307	922,871
Dividends and interest rebate payable	32,767	265,438
Obligations under capital lease (Note 11)	1,581,605	1,745,312
Membership shares (Note 12)	1,105,696	1,127,176
Total liabilities	170,352,164	143,237,449
Members' equity		
Members' equity	12,939,861	12,246,053
Reserves	1,206,480	1,206,480
Total equity	14,146,341	13,452,533
	184,498,505	156,689,982

Approved on behalf of the Board of Directors:

Robert J. Trenton

Director

Lisa Orsini

Director





Report of the Chief Financial Officer/ Credit Manager

Since I became a member and an employee of KCCU 32 years ago, I always had an understanding that we were not only a credit union, but one with a real community and member-centric focus. No one could have anticipated what happened in March of 2020, but I have been here through many game changing events like the high interest rates of the early nineties, Y2K, 9/11, the 2008 S&L crisis, three recessions and now a pandemic.

We have seen job losses in manufacturing, global competition changing what we do and how we work, and changes to local media newspapers and radio stations which have lost their local ownership and focus. Change is inevitable and healthy for some of us in the future. One common thread I can remember during layoffs and hard times was that KCCU never behaved like the competition. “The first loss is the least loss” is a bank credit industry phrase we have never ascribed to. The human connection has proven that KCCU has lower losses than its’ peers across the landscape of financial institutions due to specific KCCU mission statements and operating objectives which have always put the well-being of members and the community at the top of the priority list and ingrained in our philosophy and daily activities. This KCCU way of being starts from members, is reflected by your Board and is part of the way all staff from the CEO down view their duty and the meaning of what they do every day.

Reciprocal loyalty is alive and well at KCCU due to caring, empathy and co-operation has made our success a two-way street with the “Loan Layoff Assistance Program”, “Christmas Caring” and “Community Sharing”, and most recently The CMAP (Covid Member Assistance Program which permitted members with mortgages to defer payments for up to 6 months!). We help each other and have been rewarded with members loyal to KCCU that refuse to allow KCCU to not get repaid – they help us help them and they help us with appreciation.

In 2020, KCCU had another outstanding year in terms of dollar growth in the credit portfolio. Broker referrals of \$19.2M (\$7.89M approved and closed) along with regular member mortgage demand added some more new business stretching into Prince Edward County. Our approach is to treat these requests end to end in the same fashion that we underwrite all loans and

mortgages. These good folks have become new members and we welcome them into the KCCU family hopefully for years to come. The credit portfolio is now over \$130 Million and growing quickly! Our commercial loan portfolio grew by 25.4% up \$1.21M.

New products like enhanced business services, more advanced commercial lending, new mortgage products, the High Interest Savings Account (HISA- which essentially replaced the Dividend Savings account and grew \$26.2M in one year) and our enhanced wealth management offering are now all critical parts of our strategic plan and are key to our continued success and growth.

Our annual growth was led by deposits causing assets to increase by 17.9% and mortgages as members put higher rate credit into mortgages to benefit from low rates and save money. In 2020, we continued with the successful broker referral program and the pre-approved loan campaign with excellent results.

We have had very strong growth over the past several years and this has continued into 2020 despite the severe impacts of COVID-19 and unexpected rate decreases in March and April due to the economic consequences of the pandemic.

There were several rate changes in 2020 decreasing the Bank of Canada rate by 1.5%, none in 2019 after three ¼% rate increases in 2018. Credit losses before recoveries continue trending down as the percentage of mortgages vs. personal loans grows. In 2020, losses before recoveries were \$90,061. This compares to \$94,196 in 2019, \$148,733 in 2018 and \$185,261 in 2017. KCCU is growing and yet steadily reducing losses due to an emphasis on mortgages and commercial lending with real estate as collateral, some CMHC-insured, all others under 80% loan-to-value, considerably reducing our potential losses compared to partially secured or unsecured personal loans.

Recoveries were slightly above last year’s level at \$33,509 (vs. \$32,135 in 2019 and \$56,700 in 2018). Losses after recoveries were at \$56,552.06 very low compared to our peers and industry. This is in no small part due to credit unions increasing their mortgages and commercial loans as a percentage of their portfolios. Personal loans always carried higher losses historically.

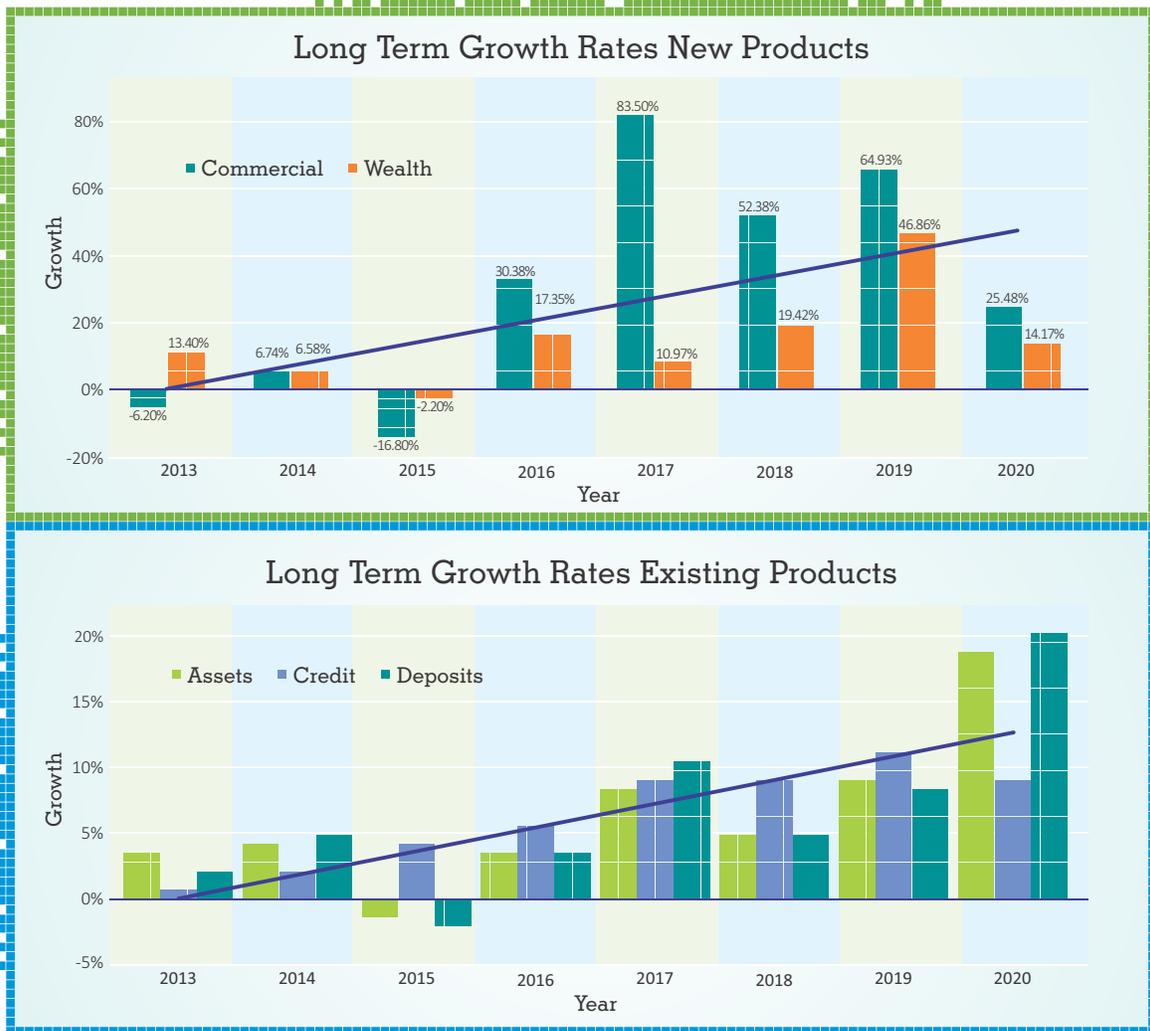
In 2020, KCCU's credit portfolio grew 8.94% (\$10.74 Million) versus 10.3% growth last year (\$11.23 Million). Personal Loans and Lines of Credit decreased by \$1.85M (13.3% vs. 2019 6.5% growth). We attribute this to the pandemic, low mortgage rates and government stimulus. Mortgages again led our growth in 2020, up \$11.39 Million (compared to \$8.5M and \$7M in each of the past two years). The breakdown for mortgages is a \$12.2Million increase in Fixed Mortgages (up 13.4%) and \$830,450 (8.1% decrease) in Variable Mortgages (Home Equity Lines).

In 2020, personal loan bad debts were 0.74% (0.49% after recoveries) compared to 0.67% (0.48% after recoveries) in 2019. In 2020, mortgage bad debts were 0.0% the same as all past years. As a percentage of the entire credit portfolio (\$130.9 Million), write-offs after recoveries this year were 0.043% compared to 0.05% and 0.13% (in 2019 and 2018). Data from the past five years shows an average of 0.10% before recoveries and 0.063% after.

At its peak, we had provided 189 members with mortgage relief under CMAP (Covid Member Assistance

Program) representing over \$16M of member credit. All members are permitted up to six months of relief under the program. At present 21 members are still using the program representing \$2.6M in lending. We also provided funding through EDC (Export Development Canada) and Central 1- 38 CEBA (Canada Emergency Business Account) Loans were granted for \$1.52M.

On December 31st, 2020 there were 21 delinquent loans over 90 days in arrears representing \$117,577 after security. This compares to 25 loans for \$108,592 last year and 21 loans for \$153,838 two years ago. Total deposits grew from \$138.8 Million to \$166.6 Million. Deposit growth was up this year by 19.8% (\$27.4 Million) compared to 8% (\$10.3 Million) in 2019. Deposit growth was unexpectedly high this year due to the higher savings rate and government stimulus due to the pandemic complimenting the popularity of off-book deposit vehicles such as mutual funds and other securities during the long sustained low interest rate environment. This has helped us secure funding for mortgages well into 2021 and possibly longer to permit future margin gains.

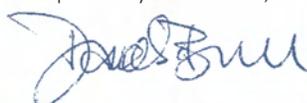


The breakdown shows Term Deposits decreased by \$942,154 (compared to an increase of \$2.46M in 2019 and decreases in each of the previous four years). Registered Deposits increased by \$1.67M (compared to an increase of \$1.9M last year and a decrease of \$837,000 the year before). Demand deposits increased by a whopping \$26.7M representing 29.3% growth (compared to increases of \$5.9M in 2019 and \$7.7 M in 2018).

The overall Wealth management portfolio increased by 14% and now stands at \$41.2 Million. The two previous years we increased by 47% and 19% respectively. The KCCU Wealth Solutions Office* now has \$24.5 Million of assets under administration (compared to \$18.6M as at the end of 2019). We are building the KCCU Wealth Solutions* office and brand with a fully integrated system for determining the optimal financial planning needs of each individual. Client meetings have been challenging during the pandemic due to the need for thorough health and safety measures.

It is times like these, that the best place to be is local and frankly, at KCCU, a credit union that walks the talk. Caring and financial responsibility are balanced with the view that we are our members advocates, not their judge. They are us, we are them- not tools to increase shareholder value, as in other business models at competitors. Our future together includes a cooperative and multi-generational offering of modern services, cashless mobile offerings, and personal service for new and existing members. 2020 was a year of consolidation and capacity building while we made member well-being the primary focus of our actions as a responsible corporate citizen and co-operative business.

Respectfully Submitted,



David S. Bull, B.A.
CFO/Credit Manager

"The best ideas are common property".
-Seneca (5 BC – 65AD)

	2020	2019
Consolidated Loans		
Personal Loans and Lines of Credit	12,185,385	14,040,163
Commercial	5,955,919	4,746,474
Fixed Mortgages	102,783,681	91,079,634
Variable Mortgages	9,953,601	10,269,804
Total Loan Applications Received	982	1,197
Total Loan Applications Declined	412	503
Deposits		
Term Deposits	20,422,274	21,364,428
Savings/Chequing	117,721,856	91,020,764
Registered Deposits (RRSP, RRIF, TFSA)	28,097,178	26,429,935
Wealth Management AUM*	41,229,992	36,165,171
Other		
Assets	184,498,505	156,528,693
Member Ownership (Equity Shares)	1,105,696	1,127,176
Members	12,415	12,461
Approved Loans		
Personal Loans	318 4,848,939	444 7,092,903
Lines of Credit	69 1,383,600	97 2,483,540
Mortgages	183 36,117,580	153 30,289,269
Total Approved Credit	570 42,350,119	694 39,865,711
Commercial (included in Mtgs and LOCs above)	8 2,325,000	9 2,337,800
Canada Emergency Business Account (CEBA)**	38 1,520,000	0 0



*AUM refers to Assets under Administration. KCCU Wealth Solutions is a program provided by Credential Financial Strategies Inc. offering financial planning, life insurance and investments to members of credit unions and their communities. Trade-mark(s) of KCCU Wealth Solutions are used under licence by Credential Financial Strategies Inc. Mutual funds, other securities, and securities-related financial planning services are offered through Credential Securities, a division of Credential Qtrade Securities Inc. Credential Financial Strategies Inc. and Credential Qtrade Securities Inc. are subsidiaries of Aviso Wealth Inc. Credential and Credential Securities are registered marks owned by Aviso Wealth Inc. and are used under licence. ** off book (administered on behalf of Export Development Canada for the government of Canada)

Report of the Audit Committee



The Audit Committee is established by the Board of Directors and is composed of members appointed by the Board from among its Directors. The Committee meets, at minimum quarterly and is an integral part of the overall framework of corporate governance and oversight.

Together with senior management, internal and external auditors, the Audit Committee provides oversight that fosters an environment where:

- Risks are assessed and adequately mitigated
- Reporting is accurate, timely and relevant
- Assets and member interests are safeguarded
- Positive ethics are upheld; and
- Compliance is assured.

The Audit Committee’s oversight responsibilities include the review of financial reporting, risk management and controls, audit activities and compliance activities. The Committee maintains open communication between internal and external auditors, management, and the board. The Committee reports directly to the Board of Directors following each meeting.

During the four times the Audit Committee met during the 2020 fiscal year the following key activities were undertaken;

- Review of the Audit Committee Charter to ensure compliance with the Act, the Regulations and any other applicable legislation
- Review of annual Audit Committee Work Plan
- Review of the annual audited financial statement and year-end results with the external auditors
- Review of all audit Examination Findings and the auditor’s Management Letter
- Review with auditors the scope and plan of internal and external audit activities
- Review and recommendations to the board regarding the effectiveness of credit union’s internal audit practice, degree of independence of internal auditor, mandate, work plan, performance of internal auditor and any problems or issues raised relating to the performance of the audit or auditor
- Review the performance of auditors, their proposed engagement letters and recommendation to the board about the engagement and remuneration of internal and external auditors
- Review of all other audit findings, responses from management and/or action plans
- Review of all regulatory filing to ensure timely submissions
- Review of the effectiveness of the Audit Committee in carrying out its duties
- Review of the credit union’s policies, procedures, and controls in place for legislative compliance
- Review of the Business Continuation Plan
- Monitoring to safeguard credit union’s assets
- Monitoring the adherence of Directors, Officers, and employees with the Credit Union’s policies and code of conduct
- Review of any material legal issues

- Review of any material complaints
- Review of any accounting issues
- Reporting any significant changes in accounting principles and practices to the board
- Review and assessment of CU staff to ensure adequacy to fulfil accounting and financial responsibilities
- Review of Director and Officer expense claims
- Annual performance review of the CEO
- Review of Director’s Training and Qualification self-assessments and identifying training gaps. Share results with Board.
- Development of an effective Director Training and Growth Plan and review of progress to plan throughout the year
- Review of IT security committee and IT steering committee activities
- Review of the Enterprise Risk Management framework which includes ongoing identification and monitoring of significant risks to the credit union and recommendations for actions when necessary.

The Audit Committee, through its oversight role, helps ensure KCCU operates in a safe and prudent manner and adheres to the Standards of Sound Business and Financial Practices. Our focus is excellence in service to members with strong oversight. The Audit Committee has observed another sound year exemplified by outstanding audit results, strong controls, solid financial performance, and effective risk management. Through improved efficiencies, strong controls, and good management KCCU has continued to create capacity in 2020. This capacity will allow us to continue to grow and to develop new products, services, and technology to better serve our members.

On behalf of my fellow Committee members, Bob Trentadue, Reta McCormick and Brent Bellamy, I can confirm that the Committee is conducting its activities in accordance with the Act and Regulations and that management has implemented all Committee recommendations. There is still one small legal matter which the Committee believes should be reported to the members and I will defer to legal counsel or the CFO to provide relevant details. There are no other matters which are required to be disclosed pursuant to the Act or the Regulations.

I would also like to take this opportunity to express my appreciation to the committee members for their diligence and attention in the significant work the committee completed throughout the past year.

Respectfully Submitted,

Lisa Dirocco
Audit Committee Chair

2020 In Our Community

Cooperation, Community, Education, and Sharing are core values of Kingston Community Credit Union. We strongly believe in building cooperative relationships with our members and our community. For over 60 years Kingston Community Credit Union has made a positive impact in our local community with charitable giving, volunteerism, and financial education. We have a proud tradition of cooperative business ethics and a commitment to continually demonstrate our mission, vision, and values.

As part of the credit union philosophy of People Helping People, KCCU is committed to building, strengthening, and enhancing the lives of those in our community.

We were proud to support the following organizations in 2020:

- Amherst Island Radio
- Corus Clothes for Kids
- Dawn House
- Extencicare Kingston
- The Food Sharing Project
- Girls Inc.
- Independent Living Centre Kingston
- International Credit Union and Co-op Week
- JG Simcoe Public School
- Joe's Musical Instrument Lending Library
- KCCU Community Sharing & Christmas Caring Program
- Kidney Foundation
- Kids for Kids Hockey Tournament
- Kingston Canadian Film Festival
- Kingston Home Based Housing
- Kingston Humane Society
- Kingston Community Climate Action Fund - City of Kingston
- Kingston School of Art
- Kingston Seniors Association
- KEYS
- Land Conservancy KFLA
- LionHearts
- Loving Spoonful
- Martha's Table
- Memorial Centre Farmers' Market
- One Roof Kingston Youth Hub
- Ontario Credit Union Charitable Foundation
- Partners in Mission Food Bank
- Ryan's Case for Smiles
- Socks Kingston
- South Frontenac Community Services
- St. Lawrence College-Office of Alumni & Development
- St. Martha Catholic School
- St. Vincent de Paul Kingston
- The United Way of KFLA
- University Hospitals Kingston Foundation





We continued to help support the community where we could. We held a sock drive early in the year and another (along with a collection of hats and mitts) late in the fall with all items collected being distributed in our community. Members and staff participated in our Community Sharing program by donating Winter Care Kit which were delivered to homeless youth. We helped with fundraising efforts for Martha's table by selling car raffle tickets, the Kingston Humane Society by selling their 2021 calendars and accepting donations for Corus Clothes for Kids and the Kingston Community Climate Action Fund at our branches. We also helped to promote these fundraisers on our social media and website.



KCCU has been an active participant in the KFL&A Workplace Employee Campaign and this year was no different. Employee contributions, along with a corporate top up brought our donation to \$10,000. KCCU was recognized by KFL&A United Way for our 41 straight years of achieving 100% staff participation! We ended our year by bringing some Christmas sparkle to the residents of Extencicare Kingston by providing them with lighted Christmas figures for their courtyard. We also made donations to St. Vincent de Paul, Dawn House and LionHearts to assist with Christmas meals.

We also support our local community charities, cooperatives and not for profits by offering a no-fee account (for qualifying members) and in 2019 we introduced a new low fee Community Account for clubs, teams, and organizations. Community Support and Involvement. Generally, you will see us out and about in the community at festivals, events, and fundraisers throughout the year, but the 2020 pandemic restricted such events and community participation; but it did not restrict our spirit! This year, more than ever our community needed help. In late March we went into our first lock-down, people were out of work, government support programs like CERB had not been developed and we recognized the need and urgency for emergency food support for many people in our community. We took immediate action to help by donating \$25,000 to local food-providing organizations: Partners in Mission Food Bank, South Frontenac Community Services, The Food Sharing Project, Kingston Home Based Housing, Dawn House, and St. Vincent de Paul Kingston.



Support Local.

As a local business we understand the importance of local support. We have actively joined the Support Local – Support Kingston initiative since the start of the first shut down and have featured numerous local businesses on our website and social media.

SUPPORT Local SUPPORT Kingston



Our Financial literacy initiatives.

We are committed to educating our members and our community. We regularly share our experience and knowledge with local schools, groups, and organizations by providing financial literacy sessions on topics such as budgeting, saving, credit, predatory lending and investing. We have a full library of fun financial learning videos on our website - just click on the "Learn" icon on our home page to check them out. They are a fun and light way to learn about financial products and provide answers to your financial life questions. We also provide information and resources on our social media channels so please connect with us there. If you know of a group or organization that would be interested in receiving financial literacy training, please contact us at kccu.ca.



Our Staff.

Our staff is terrific! They are engaged in supporting our community. Our employee Social and Fundraising Committee is instrumental in planning and executing many of our initiatives. The Committee is also responsible for our Christmas Caring and Community Sharing programs along with creating spirit and fun within our branches. This year the committee co-ordinated in branch Christmas luncheons, casual days, spirit days and other fun activities.





I am extremely grateful to the Ontario Credit Union Foundation for the support they have given me in my education.

Their contribution will assist me in purchasing my first-year law textbooks and help me start my legal career on the right track!

Dominic





Bursaries.

KCCU has actively promoted the Ontario Credit Union Foundation CU Succeed Youth Bursary. The CU Succeed Youth Bursary program is open to resident Ontario post-secondary students in need of financial assistance for academic, technological, or vocational training. We are proud to have a student from KCCU to be a recipient of a bursary in 2020. Congratulations to all 2020 recipients! The CU Youth Bursary has, over the past five years, awarded \$361,000 to 258 students.

Credit Union Difference.

Being part of a credit union means doing more with your money. It's making the choice to keep your dollars local, and putting your own health, the health of your community, and your local economy ahead of someone else's bottom line. It's about putting your interests first, aligning your money with your values, putting people above profit, and choosing co-operation over competition.

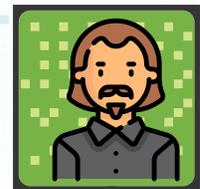
Thank you for being part of our cooperative!



In Memoriam 2020

Alkenbrack, Flora Anne
 Asselstine, June
 Barker, Larry
 Bates, Teresa
 Bedore, Peter Joseph
 Bernard, Betty
 Bruggenkate, John
 Burns, Edward
 Campbell, William Keith
 Coad, John
 Crowe, Edward
 Cunningham, Kelsey
 Cunningham, Lorna
 Dean, David
 Deir, Julie
 Down, Douglas
 Elliott, Robert
 Fenton, Joy
 Fenton, Lorraine
 Fewtrell, Thelma
 Fleming, Theresa E
 Gagne, William Sr.
 Gavaghan, Audrey
 Gingras, Andrew
 Grigg, Robert
 Gryspeerdt, Philip
 Hazell, Peter
 Henwood, Sandra
 Hodgson, Shirley
 Horwood, Marilyn
 Hosler, Ted
 Hudson, Alexander
 Kalijundic, Kemmal
 Kenny, Eleanor

Lang, Linda
 Lawson, Wayne
 Leduc, Ken
 Lewis, Brenda
 Liddell, James
 Lindo, Leonel
 Marisett, Brian
 Martin, Charleen
 McDermott, Martha
 Mcknight, George Edward
 Mills, Harold
 Morey, Austin
 Munn, Mary
 O'Brien, Clifford
 Ottenhoff, David J.
 Parker, Grace
 Pickering, Joel
 Piker, Jeffery
 Pomeroy, John
 Sands, Ernest
 Seguin, Alain
 Soo, Michael
 Spearin, James
 Stanley, John
 Steele, Robert
 Stephenson, Donald
 Thompson, Margery
 Trew, Marjory
 Trotter, Bernard
 Tubb, Donald
 Walker, Hugh Dr
 Westfall, Wayne F
 White, Guy
 Yuen, Martina



International Co-operative Alliance Statement on Co-operative Identity

Definition

A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically controlled enterprise.

Values

Co-operatives are based on the values of self-help, self-responsibility, democracy, 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.

Principles

The co-operative principles are guidelines by which co-operatives put their values into practice.

1st Principle:

Voluntary & Open Membership

Co-operatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

2nd Principle:

Democratic Member Control

Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives, members have equal voting rights (one member, one vote) and co-operatives at other levels are also organized in a democratic manner.

3rd Principle:

Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible, benefitting members in proportion to their transactions with the co-operative, and supporting other activities approved by the membership.

4th Principle:

Autonomy & Independence

Co-operatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

5th Principle:

Education, Training & Information

Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their cooperatives. They inform the general public — particularly young people and opinion leaders — about the nature and benefits of cooperation.

6th Principle:

Co-operation Among Co-operatives

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

7th Principle:

Concern for Community

Co-operatives work for the sustainable development of their communities through policies approved by their members.



We celebrate our success, as together we have built more than just a credit union.
We have built a foundation of cooperation and friendship.

