



**2016/2017**

Report to our Members

**wfcū**  
CREDIT UNION

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# Message to our Members

Fiscal Year 2016-2017

As we reflect upon the 2nd year of our 5-year strategic plan “Success 2020: Relevant and Sustainable”, Fiscal 2016-2017 is best described as a year of implementation, execution and transition. With guidance from the Board of Directors, the executive team of WFCU Credit Union once again demonstrated their commitment to i) enhancing the member and staff experience, ii) building upon the strength of the credit union, and iii) continuing and furthering our efforts to make Windsor-Essex the best place to work and live.

WFCU Credit Union once again proved to be an innovator with the (award-winning) launch of Eva – the evolution of banking. These new everyday accounts reflected the change in what our Members expect from their accounts, with never before seen features and benefits aimed at making our members financial lives easier and more rewarding.

Strengthening the credit union through the generation of non-interest income, WFCU Real Estate Corporation promoted development and realized opportunities in Windsor-Essex as well as across Ontario.

New and innovative products supported our Members’ needs,



**Eddie Francis**  
President

**Martin J. Komsa**  
Chief Executive Officer

**Martin D. Gillis**  
Chair, WFCU Board of Directors

such as MortgagePlus, BorderFree Banking (a suite of U.S. Dollar products including an all-new U.S. Dollar Visa, U.S. Dollar Loans and WFCU Foreign Exchange Services), and Optimum Investments.

Other WFCU products such as Quick Loans, Auto+Lease and SmarterCash: A Pay Day Alternative continued to gain market share. ALTO Savings was once again heralded as Canada's Best High Interest Savings Account.

Omnia Direct celebrated a full-year since our launch in January 2016. Omnia Direct has allowed WFCU Credit Union to provide our market leading value proposition to members throughout the province through fixed rate investments and mortgages.

Fiscal 2017-2018 is set to be even more successful through the launch of additional products and services.

Member focused technology continued to be implemented in Fiscal 2016-2017, improving our ability to serve our members efficiently. Me-to-Me Transfers and Corporate Remote Deposit Capture were joined by staff experience enhancements, namely ACE (member relationship management system), Intellilender (loan origination system), iSpring (staff training system) and a new Corporate Human Resources management system.

WFCU Credit Union's strong support of our community was once again demonstrated through new and on-going financial support of programs which benefit Windsor-Essex,

including the enhancement of the Harold Hewitt Scholarship Program and the Community Donations Fund. WFCU Credit Union acquired the naming rights for the Trees by WFCU Credit Union, which underscores our commitment to the environment.

On behalf of the staff, WFCU Credit Union's Joy of Giving program made donations during the holiday season to a wide-range of deserving groups and causes. WFCU Credit Union is proud to be a pillar of the Windsor-Essex community, giving back more than \$11.5 Million since 2002.

The naming rights agreement for the WFCU Centre, home to the 2017 Memorial Cup Champion Windsor Spitfires, was extended for an additional 10 years.

Fiscal 2016-2017 was a successful year for WFCU Credit Union. Total assets increased \$249.2 million or 17.0% to \$1.717 billion at May 31, 2017 and Member Shares and Equity increased 6.7% to \$105.2 million. Managed assets increased \$713.6 million or 27.6% at May 31, 2017. Members' deposits increased \$222.1 million or 18.7% to \$1.408 billion at May 31, 2017.

Total loans to members continued to increase with growth of \$210.9 million ending the year at \$1.517 billion, an increase of 16.2%.

Commercial and agricultural loans and mortgages continued their strong growth ending the year at \$806.4 million, which is a 19.8% increase over last year. Residential mortgages finished the year at \$642.3 million, an increase of 13.1%.

Through WFCU Investment Services, WFCU's Wealth Consultants continued to provide members access to financial planning services consisting of comprehensive investment and life insurance solutions. This year, WFCU Investment Services achieved strong growth ending the year with assets of \$145.9 million held in mutual funds and segregated fund investments. This is an increase of 14.5% from May 2016.

Interest income increased \$5.5 million to \$55.5 million while interest expense increased by \$2.4 million compared to last year. This resulted in net interest income after dividends of \$29.7 million, increasing by \$3.2 million compared to last year.

Members earned \$20.6 million in interest on deposits. In addition, a dividend of 2.5% was paid on Investment Shares Series 1, 2, 3, and 4 held by members. Series 5 Investment Shares earned an annual dividend of 2.8% plus the planned year three bonus of 0.4%.

The credit union's Asset Liability Committee met regularly to ensure the credit union's growth was profitable and sustainable while working to provide our members with the most competitive rates for loans, mortgages and deposits.

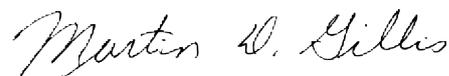
A key indicator of WFCU Credit Union's financial strength is our Regulatory Capital, which includes Member Shares and Member Equity. Our Regulatory Capital forms a solid foundation for our future sustainability and growth and ensures WFCU Credit Union offers competitively priced products and services. WFCU Credit Union follows a prudent Capital

Plan to ensure we exceed Regulatory Capital limits and it was successfully followed during fiscal 2017.

Regulatory Capital totals \$107.1 million and represents 6.2% of total assets and 10.4% of total risk weighted assets. These ratios exceed legislated Regulatory Capital levels of 4.0% of total assets and 8.0% of total risk weighted assets.

The conclusion of Fiscal 2016-2017 is a time of great excitement, as our planned executive transition guided by the Board of Directors is now complete. Effective June 1st, 2017, Eddie Francis assumed the role of President & CEO and Martin J. Komsa transitioned to the role of Executive Advisor, Strategic Planning.

With unmatched, proven and experienced leadership at our helm, the future of WFCU Credit Union, and by extension our membership, is stronger than ever. With the support of our over 36,900 members, we look forward to being there for our Members and the communities we serve.



Martin D. Gillis,  
Chair, WFCU Board of Directors



Martin J. Komsa,  
Chief Executive Officer



Eddie Francis,  
President

Our Milestones  
in 2016/2017

**30** CONSECUTIVE  
**YEARS**

DIVIDENDS HAVE BEEN PAID ON  
MEMBERSHIP SHARES

**36,940**

MEMBERS 

MANAGED  
ASSETS **\$3.3**  
**BILLION**

**6<sup>TH</sup>**   
**LARGEST**  
CU IN ONTARIO

**\$1.4MILLION** DIVIDENDS PAID TO  
MEMBERS LAST YEAR

TOTAL  
LOANS

**\$1.5**

BILLION



COMMERCIAL SERVICE TOTALS

**\$1.1 BILLION**

MEMBERS  
EARNED

**\$21M**

IN INTEREST ON  
DEPOSITS LAST YEAR

TOTAL  
DEPOSITS

**\$1.4**

BILLION

RESIDENTIAL MORTGAGES

**\$642** 

**MILLION**



**2016/2017**

Summary Financials

# Five Year Financial History

May 31 Year End Balances (000's)	2017	2016	2015	2014	2013
<b>Balance Sheet</b>					
Personal Loans	\$ 67,866	\$ 64,765	\$ 55,531	\$ 53,107	\$ 55,201
Mortgage Loans	642,346	567,858	495,539	442,000	404,987
Commercial Loans	806,391	673,074	551,427	487,462	411,545
<b>Total Loans*</b>	<b>\$ 1,516,603</b>	<b>\$ 1,305,697</b>	<b>\$ 1,102,497</b>	<b>\$ 982,569</b>	<b>\$ 871,733</b>
Variable Rate Deposits	\$ 634,671	\$ 520,272	\$ 459,933	\$ 357,744	\$ 338,375
Fixed Rate Deposits	773,220	665,529	577,721	525,610	545,939
<b>Total Deposits**</b>	<b>\$ 1,407,891</b>	<b>\$ 1,185,801</b>	<b>\$ 1,037,654</b>	<b>\$ 883,354</b>	<b>\$ 884,314</b>
Assets	\$ 1,716,511	\$ 1,467,269	\$ 1,274,839	\$ 1,104,166	\$ 1,036,114
Annual % Increase	17.0%	15.1%	15.5%	6.6%	14.1%
Managed Assets	\$ 3,298,470	\$ 2,584,899	\$ 2,122,325	\$ 1,681,361	\$ 1,499,434
Annual % Increase	27.6%	21.8%	26.2%	12.1%	17.6%
<b>Statement Of Income</b>					
Net Interest Income	\$ 31,133	\$ 27,958	\$ 26,479	\$ 24,600	\$ 22,801
Other Non-Interest Income	6,965	6,237	5,260	4,535	4,501
<b>Net Interest &amp; Other Income</b>	<b>\$ 38,098</b>	<b>\$ 34,195</b>	<b>\$ 31,739</b>	<b>\$ 29,135</b>	<b>\$ 27,302</b>
Non-Interest Expenses	\$ 31,187	\$ 32,189	\$ 25,974	\$ 24,043	\$ 21,871
Income Before Distribution To Members	\$ 6,911	\$ 2,006	\$ 5,765	\$ 5,092	\$ 5,431
Regulatory Capital	\$ 107,064	\$ 100,460	\$ 98,871	\$ 93,199	\$ 73,343

## Management Report

Management is responsible for the preparation, presentation and consistency of the accompanying consolidated financial statements and other information contained in this Annual Report.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and have been audited by KPMG LLP Chartered Professional Accountants.

Management maintains the necessary system of internal controls to provide reasonable assurance that transactions are authorized, assets safeguarded and proper records maintained. This system of internal controls provides reasonable assurance that

financial records are reliable and are a proper basis for preparation of the financial statements.

The Audit Committee and the Board of Directors, in carrying out their responsibility, have reviewed and approved the consolidated financial statements.



Martin J. Komsa, Chief Executive Officer



Eddie Francis, President

## Report of the Independent Auditors on the Summary Consolidated Financial Statements

### To the Members of Windsor Family Credit Union:

The accompanying summary consolidated financial statements of Windsor Family Credit Union which comprise the summary consolidated statement of financial position as at May 31, 2017 and the summary consolidated statements of income, comprehensive income and changes in members' equity, for the year then ended are derived from the complete audited consolidated financial statements, of Windsor Family Credit Union as at and for the year ended May 31, 2017.

We expressed an unmodified audit opinion on those complete consolidated financial statements in our auditors' report dated July 13, 2017.

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards applied in the preparation of the complete audited consolidated financial statements of Windsor Family Credit Union. Reading the summary consolidated financial statements, therefore, is not a substitute for reading the complete audited consolidated financial statements of Windsor Family Credit Union.

### Management's Responsibility for the Summary Consolidated Financial Statements

Management is responsible for the preparation of the summary consolidated financial statements in accordance with the basis described in Note 1.

### Auditors' Responsibility

Our responsibility is to express an opinion on the summary consolidated financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard (CAS) 810, "Engagements to Report on Summary Financial Statements."

### Opinion

In our opinion, the summary consolidated financial statements derived from the complete audited financial statements of Windsor Family Credit Union as at May 31, 2017 and for the year then ended are a fair summary of those complete consolidated financial statements in accordance with the basis described in Note 1.



Chartered Professional Accountants,  
Licensed Public Accountants  
July 13, 2017  
Windsor, Canada

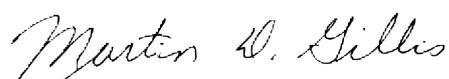
# Summary Consolidated Statement of Financial Position

(in thousands of dollars)	2017	2016
<b>Assets</b>		
Cash and short-term deposits	\$ 61,505	\$ 44,158
Investments	117,630	98,320
Loans to members	1,516,567	1,302,072
Property and equipment	18,263	19,498
Intangible assets	404	398
Other assets	1,533	2,407
Deferred income taxes	609	416
	<b>\$ 1,716,511</b>	<b>\$ 1,467,269</b>

## Liabilities and Members' Equity

Members' deposits	\$ 1,412,809	\$ 1,190,709
Borrowings	189,948	171,529
Other liabilities	8,517	6,398
Member shares	50,350	49,082
	<b>\$ 1,661,624</b>	<b>\$ 1,417,718</b>
Members' equity:		
Retained earnings	\$ 54,990	\$ 49,485
Contributed surplus	668	668
Accumulated other comprehensive loss	(771)	(602)
	<b>54,887</b>	<b>49,551</b>
	<b>\$ 1,716,511</b>	<b>\$ 1,467,269</b>

On behalf of the Board:



Martin D. Gillis, Chair



Rick Martinello, 1st Vice Chair

# Summary Consolidated Statement of Income

(in thousands of dollars)	2017	2016
Interest income:		
Interest on loans	\$ 54,080	\$ 48,873
Investment income	1,468	1,088
	<u>55,548</u>	<u>49,961</u>
Interest expense:		
Interest on members' deposits	20,572	19,215
Interest on borrowings	3,843	2,788
Dividends	1,406	1,389
	<u>25,821</u>	<u>23,392</u>
Net interest income after dividends	29,727	26,569
Other non-interest income	6,965	6,237
Provision for losses on loans	1,489	6,329
	<u>35,203</u>	<u>26,477</u>
Non-interest expenses:		
Employee salaries and benefits	15,273	14,043
Administrative	7,695	6,641
Occupancy	2,919	2,824
Data processing	1,585	1,513
Member deposit insurance	636	515
Governance	341	257
	<u>28,449</u>	<u>25,793</u>
Net income before the undernoted	6,754	684
Unrealized gain on investments	15	32
Income before income taxes	6,769	716
Provision (recovery) for income taxes:		
Current	1,420	194
Deferred	(156)	(95)
	<u>1,264</u>	<u>99</u>
Net income for the year	<u>\$ 5,505</u>	<u>\$ 617</u>

## Summary Consolidated Statements of Comprehensive Income & Changes in Members' Equity

### Summary Consolidated Statement of Changes in Members' Equity

(in thousands of dollars)	2017	2016
Net income	\$ 5,505	\$ 617
Other comprehensive income, net of tax:		
Defined benefit plan - actuarial losses, net of tax	(169)	-
Comprehensive income	\$ 5,336	\$ 617

### Summary Consolidated Statement of Changes in Members' Equity

(in thousands of dollars)	2017	2016
Retained earnings:		
Balance, beginning of year	\$ 49,485	\$ 48,868
Net income	5,505	617
Balance, end of year	54,990	49,485
Contributed surplus:		
Balance, beginning and end of year	668	668
Accumulated other comprehensive loss, net of tax:		
Balance, beginning of year	(602)	(602)
Other comprehensive income	(169)	-
Balance, end of year	(771)	(602)
Members' equity, end of year	\$ 54,887	\$ 49,551

## [ Note 1 ]

The summary consolidated financial statements are derived from the audited consolidated financial statements, prepared in accordance with IFRS as at May 31, 2017 and May 31, 2016 and for the years then ended.

The preparation of these summary consolidated financial statements requires management to determine the information that needs to be reflected in them so that they are consistent in all material respects with, or represent a fair summary of the audited consolidated financial statements.

Management prepared these summary consolidated financial statements using the following criteria:

(a) The summary consolidated financial statements include a statement for each statement included in the audited statements;

(b) Information in the summary consolidated financial statements agrees with the related information in the audited consolidated financial statements;

(c) Major subtotals, totals and comparative information from the audited consolidated financial statements are included; and

(d) The summary consolidated financial statements contain the information from the audited consolidated financial statements dealing with matters having a pervasive or otherwise significant effect on the summarized consolidated financial statements.

The audited consolidated financial statements of WFCU are available upon request by contacting the credit union.

# Report of the **Audit Committee**

Windsor Family Credit Union Limited's Audit Committee is a committee of the Board of Directors pursuant to Section 125 of the Credit Unions and Caisses Populaires Act, 1994 (Ontario) and Section 27 of Ontario Regulation 237/09. The Committee, which consists of five directors, has a mandate to cover all of the duties, which are specified to be performed by audit committees in the Regulations of the Act. The report of the audit committee required under subsection 125 (9) of the Act must contain the following information for the year to which the report relates:

1. The number of meetings held by the committee during the year.
2. A summary of the significant activities undertaken by the committee during the year and a description of the actual and expected results.
3. Confirmation that the committee is conducting its affairs in accordance with the Act and the regulations
4. Information on any failure of the credit union to implement or complete the implementation of any significant recommendation previously made by the audit committee.
5. Details of any other matter that is required to be disclosed pursuant to the Act or the regulations.
6. The audit committee may, in its annual report, report on such other matters as the committee considers appropriate.

The Audit Committee is pleased to report to the Members of WFCU Credit Union that it has fulfilled its annual mandate. During the year the Committee held quarterly meetings and completed the following significant activities:

- Served as the principal communication link between the external auditors and the Board of Directors and, in particular, reviewed the terms of engagement and scope of the audit and reviewed WFCU's annual financial statements prior to Board approval for issuance to the Members.

- Obtained a reasonable understanding of the important elements of internal controls that are important to safeguarding the assets of WFCU, ensuring the accuracy of financial reports and ensuring compliance with policies and procedures.
- Reviewed the internal audit mandate, work plan and reports.
- Reviewed management's identification of the significant risks of the Credit Union in accordance with the Enterprise Risk Management policy and ensured processes were in place to measure, monitor, manage and mitigate significant risk exposures including appropriate policies, procedures and controls.

There are no significant recommendations made by the Audit Committee that have not been either implemented or are in the process of being implemented. In addition, there are no matters which the Audit Committee believes should be reported to the Members, other than as described above, nor are there any further matters that are required to be disclosed pursuant to the Act or the Regulations thereto.

Based on its findings, the Audit Committee issues reports and makes recommendations to the Board of Directors or senior management, as appropriate, with respect to the matters outlined above and follows up to ensure that the recommendations are considered and implemented. During the year, the Committee received full co-operation and support from management to enable it to play an effective role in maintaining the quality of financial reporting to the Members and enhancing the overall control structure of the Credit Union.



Robert Nesbitt  
Chair, Audit Committee





We're not a bank. We're better.

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