

Your Community • Your Credit Union

# Annual Report 2016

*Building Our Future Together*



Kingston Community Credit Union



# 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
- 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 and 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 collaborative opportunities

"Realizing the necessity of correcting the loan shark evil, they got together for the purpose for small people's banks where a man of good character and modest circumstances could borrow at reasonable rates of interest."

— Felix Varenburg, A participant in a 1908 meeting to found credit unions in Massachusetts

# Contents

- 1 KCCU Board of Directors
- 2 Report of the Chair of the Board of Directors
- 3 Report of the Chief Executive Officer  
**Building Our Future Together**
- 5 Report of the Credit Manager & CFO
- 7 Report of the Audit Committee
- 8 International Co-operative Alliance Statement  
on the Co-operative Identity
- 9 Community Involvement and Charitable Contribution
- 10 In Memoriam 2016
- 12 Balance Sheet 2016

## 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 website at [www.kccu.ca](http://www.kccu.ca) or communicate with our staff through e-mail at [kccu@kccu.ca](mailto:kccu@kccu.ca).

Our Social Media websites are also accessible via our website. They will connect you to KCCU on facebook, twitter and You Tube and it is a great way to keep in touch and stay current with happenings at KCCU and across the co-operative system.



# Board of Directors

Norman Meyers, retired, KGH	Chair	2017
Robert Trentadue, retired, Purolator	Vice-Chair	2016*
Lisa Dirocco, The Bay	Secretary	2018
Paul Lorenz, retired, City of Kingston – Police Dept.	Director	2016*
Reta McCormick, retired entrepreneur	Director	2017
Joyce Phillip, retired, Queen's University	Director	2017
Wayne VanLuven, retired, City of Kingston	Director	2016*

\*term expires



# Report of the Chair of the Board of Directors



The past year has again been very successful for your Credit Union. The organization is strong in leadership, staff and member support and community dedication. We are a very deep and healthy part of the Kingston Community. We can all be proud to be part of it.

In the grand scheme of things with approximately \$146 million in assets under administration, we are a small credit union but we are large enough to offer the full suite of banking and financial services. Our size and our tremendous staff allow us to provide these services with thought and care to each member, one at a time.

KCCU is now the only credit union based in Kingston. We have plans to expand our footprint both in space and services over the coming months and years. Your board and senior staff have co-operatively developed a strategic plan that will inform our initiatives going forward. We will focus on Member and Community engagement; offering strong financial services; maintaining solid financial strength; and we will continue to grow the KCCU. With your approval, we will direct significant investment to this end moving forward.

We are investing in new technological and wealth management capacity, but we do so cautiously and with member demographic changes and future service needs as our highest priority. Naturally, ours is a multi-generational service ethic and all members can rest assured that they we will continue to be served with the respect and empathy they have come to expect.

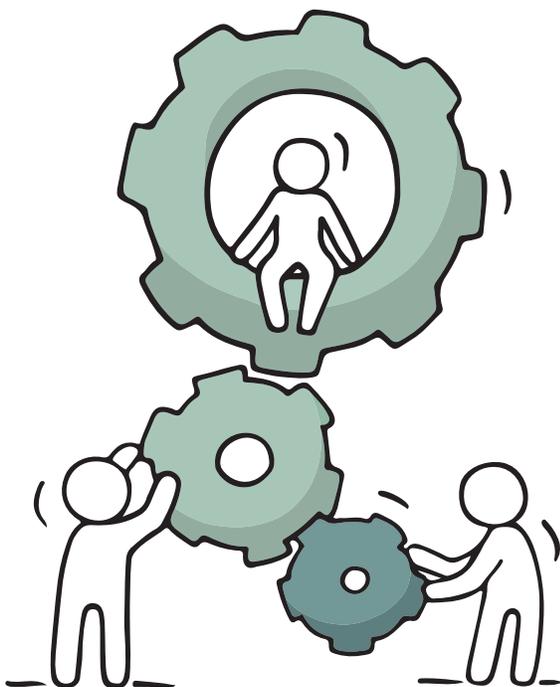
I wish to thank, Jon, our CEO for his professional and inclusive style of leadership as well as our senior management and staff for making KCCU the success that it is.

On behalf of the board I am pleased to recommend a 1.2% dividend on Dividend Savings, a 1% loan interest rebate on variable personal loans, and a 3% dividend on Member Ownership Shares.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Norman Meyers'. The signature is fluid and cursive, written over a horizontal line.

Norman Meyers,  
Chair  
KCCU Board of Directors



# Report of the Chief Executive Officer



To be able to meet with our membership and our staff at the annual general meeting of Kingston Community Credit Union, brings home to me the uniqueness of our credit union, and the privilege of working for you. KCCU is the only local community credit union owned and operated by members in the greater Kingston and surrounding area. Our meetings, your credit union staff and I, are accessible to the members to a degree unmatched by any other financial institution in the area. The annual meeting is the highpoint of my year. I welcome any opportunity to meet you; if you are not able to join us at the annual meeting please do not hesitate to write me at [jdessau@kccu.ca](mailto:jdessau@kccu.ca) or ask to see me when in the branch.

It is a great pleasure to present you with another successful year at Kingston Community Credit Union. Our income before dividends and taxes was \$764,000 and the board is recommending that we return \$228,000 to our members in dividends and rebates. We have concluded the year with a strong regulatory capital base at 11%. Our total loan portfolio grew 5.0% to \$92.8 million. Our member deposits increased 3.6% to \$111.7 million. Total assets are up 3.1% to \$126.4 million. Regulatory delinquency is at a low 0.31%.

In my past two annual reports I had to predict “more economic uncertainty”, and 2017 is no different. Where earlier the lead storylines were Euro-zone depression, the drop in oil prices, and slowing Chinese economic growth, the current concerns are led by the unprecedented unpredictability looming over international trade and world economic growth as a result of the new administration in the USA, and of Brexit. In Kingston we are less directly exposed, with our strong employment mix from the three levels of government. 2016 also saw some good economic news, with new manufacturers moving into town. However, the reality for Kingston is that growth in economic activity is slow. Employment in Kingston was in 2016 up 0.8 only. The unemployment rate fell from 6.6% to 5.8%. Together these trends underscore the lack of population growth as demonstrated in the just released census figures. Attracting more migrants and economic activity into the Kingston area will be crucial for the long term prosperity of our community.

Building our joint future is at the heart of the vision your Board articulated in our new Strategic Plan launched a year ago: To be the most trusted financial service provider and grow the well-being of our community.

Our mission statement succinctly identifies what we do – we foster the financial health of our members by delivering outstanding and affordable financial services using co-operative principles. In our planning process we started by identifying our successes and skills, and ask ourselves a series of fundamental

questions about our identity. What is the meaning of the credit union and co-operative difference? Who are our members? What are their needs? How can we sustainably and profitably fulfill those needs? It was immediately apparent that the culture behind our co-operative success is so much more than delivery of financial services, and the next step became to articulate our aspirations with our first ever Vision Statement, and the Values with which we operate. Being a co-operative is not just an inward-looking exercise. The co-operative difference is that we aspire to build our community, and promote co-operative values and collaboration in our business practices. That is our business culture.

The exciting part for me is how we translate our aspirations into meeting member needs, into providing top rate financial services, into creating a superior workplace, in short, into crafting the groundwork for sustainability and profitability the member, for the organization and for the community. How do we get to making credit unions the preferred business model and Kingston Community Credit Union the financial institution of choice in Kingston and area. Your Board identified four areas of focus for our operations: community and member engagement, member financial services, financial strength and sustainability, and organizational growth, and in 2016 your staff and management team developed and started implementing our strategy around these priorities.

Our strategic focus on Community and Member Engagement led us to identify any barriers to reaching those in the community most in need of our financial services and support. It became a priority to reduce the minimum member share requirement from the present \$150 to \$25 and your Board is this year bringing forward a special resolution for your consideration to reduce our Stated Capital in order to accomplish this.

Community and Member Engagement also meant support for our community charities, co-operatives, and not-for-profits, both in terms of continuing to provide them with free or preferential financial services, and in terms of charitable support and empowering staff engagement. Elsewhere in this annual report you will find all the organizations that were supported in 2016. I would just like to highlight to you the causes in which staff were especially engaged, which includes a number of our local women’s shelters, food and meal support programmes, the Syrian Refugee settlement effort and the humane societies.

Our relationship and support for our local hospitals continue with our five-year \$60,000 commitment to KGH. KCCU staff entered a highly successful fundraising team in the We Walk!

# Building Our Future Together

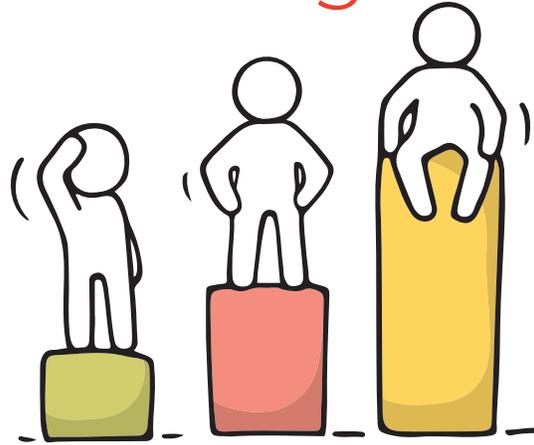
For Your Comfort and Care in support of Hotel Dieu Hospital, Kingston General Hospital and Providence Care patient care needs that are not met by the public system.

We were in 2015 the only Canadian winner of a North American contest on the basis of our proposal for financial literacy education, and have as result received and developed a package of online materials that we continued to expand upon in 2016. Staff engaged with a number of educational, employment and social service organizations and gave financial literacy training sessions during the course of 2016, and we have received much positive feedback from members and educators on the "It's a Money Thing" financial literacy videos we have posted on our website.

We are only as good as the Financial Services we provide to our member-owners. In this area of strategic focus (Member Financial Services) we are evaluating the competitiveness of our products, how comprehensive our services are, and how we need to develop the way we deliver those services. With our local community focus we will always maintain the direct and personal interaction with the member-owners, and view new online, mobile and other innovations as exciting additions that will improve your options and extend our reach. I encourage you to visit our social media feeds where we are able to quickly bring news and updates on services and community events. New products and features introduced in 2016 include Interac Online Payments, "tap" debit cards with the Interac Flash technology, and a completely refreshed website with new online applications. For 2017-18 our focus will be on filling the gaps in our range of product and services for the members.

Our third strategic area of focus is Financial Strength and Long Term Viability. We have a comprehensive enterprise risk monitoring programme in place, and I am proud to report that when the CMHC imposed new stress test requirements on insured mortgages this Fall, these were tests that we had already implemented in policy and practice. We already ensured that our borrowers would qualify using the five-year Bank of Canada mortgage rate as is now required by CMHC. It has also long been our practice to discuss with our mortgage borrowers the impact 2% higher rates would have on their financial health. The Credit Union's financial strength is predicated on the member's financial strength. We encourage and must help you apply the same risk awareness to your financial dealings, as the Credit Union must in managing your deposits and borrowings.

Behind the scene your management and Board have strengthened our corporate governance practices, and can report that we received excellent evaluations in our last cycle of internal and external regulatory and technical audits. One result of this



effort was an extensive review of our By-Laws that identified a number of procedural and legal references that could be updated to better fit with current best practices, as well as improvements to the order with which the various articles are presented. The proposed new By-Law No. 1 the Board has approved and recommends be adopted will rescind and replace the entire existing By-Laws. The details of material changes are provided in the rationale and discussion of the Special Amendment for this meeting.

The fourth area of strategic focus is Organizational Growth. This area is crucial, as it is to my 40 colleagues on the staff that we owe our success. Their dedication to the members – to you – and to service is exemplary. We can only truly help build our community if we build our organization and our co-workers, and this is an area that will loom large in year two and three of our current strategic plan. Our community and charitable involvement is listed elsewhere in this report. Many of the activities and causes supported were as a result of individual and collective initiatives of the staff. It is a great privilege to work with this group of credit union professionals. For all of us working here at Kingston Community Credit Union, it is interacting with you the members, and participating in community projects and initiatives that is the most rewarding part of the day.

Thank You.  
Respectfully Submitted,

Jon Dessau



## Report of the Credit Manager & CFO



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

KCCU had one of its best years ever in terms of credit. I am pleased to report that 2016's growth was even stronger than 2015. We understand the importance of converting our liquidity into assets that make a greater contribution to income (mortgages over liquid investments) and ultimately capital for growth. Mortgages continue to lead the way, as borrowers seek the best rates and the lowest interest costs to help them get out of debt. We saw a slower reduction of loans than the previous year, although we expect that trend to continue as many members wrapped loans into lower cost mortgages. The signal from the Fed of rising rates will likely precipitate continued strong mortgage growth into 2017 as fixed rate borrowings help hedge against the possibility of rising rates and interest costs.

CMHC cooled off demand for houses, so we expect lower valuations moving forward or slower increases in the value of real estate. KCCU has always used stress testing and the 5 year Bank of Canada rate as a qualifier to ensure members know what they will have to afford going forward and aren't taken by surprise. This also ensures us a safer mortgage portfolio knowing members can afford two percent higher credit costs when they enter into their mortgage.

Credit losses before recoveries were \$15,000 lower than last year at \$214,185. Recoveries were higher at \$85,420 (\$34,545 over last year). At \$128,765 losses after recoveries were at their lowest level since 2007 (\$178,536 last year). For comparison losses before recoveries in 2015 were \$229,411, \$332,544 in 2014 and \$272,000 in 2013.

The increase in portfolio concentration of mortgages over loans has reduced our overall portfolio loss exposure, but I believe it is also a reflection of the complete overhaul of our policies both for personal loans and commercial loans within the past two years. We use stress tests, higher qualification rates and tools recommended to ensure members can afford their homes even if the market slows down or rates rise.

These policies have helped to ensure we reflect the institution's risk appetite in pricing, security, collection and administration. KCCU has consistently used prudent

lending practices well within acceptable industry standards. We were audited last year both externally and internally by the regulator and our internal audit consultant. Results were very strong with no issues found with current policies, practices, administration and our portfolio composition. We had advised the Regulator at the time (last July) that we have increased our appetite for commercial lending and we added in certain recommendations they had to ensure the highest possible standards of prudence.

In 2016 personal loan bad debts were 1.32% (0.72% after recoveries) compared to 1.13% (0.81% after recoveries) in 2015 and 1.22% (1.05% after recoveries) in 2014. In 2016 Mortgage bad debts were 0.032% compared to 0.065% in 2015 and 0.15% in 2014. Write-offs on the commercial portfolio continue to be zero, same as the previous year. As a percentage of the entire credit portfolio (\$93 Million), write-offs after recoveries this year were 0.14% compared to 0.20% in 2015 and 0.35% in 2014. Data from the past ten years shows an average of 0.24%.

This year the Credit Union's overall credit portfolio increased by 5.0% (\$4.41 Million) compared to 2015 where we increased by 4.0% (\$3.44 Million) and 1.3% growth (\$994,000) in 2014. Personal Loans and Lines of Credit decreased by \$1.76 Million as members continue to take advantage of low mortgage rates. Mortgages led our growth in 2016, up \$5.93 Million (compared to \$6.7 Million last year). The breakdown for mortgages is a \$6.17 Million increase in Fixed Mortgages, a decrease of \$254,000 in Collateral Mortgages, an increase of \$441,000 in Home Equity Lines and a \$428,000 decrease in Variable Mortgages as people sense mortgage rates are as low as they are going to get and may in fact rise over the coming years.

KCCU places a high priority on ensuring the sufficiency of its reserves and bad debt allowance surplus to ensure continuing financial stability long into the future. As of December 31st, 2016 there were 35 delinquent loans over 90 days in arrears representing \$294,060 after security. This compares to 34 loans representing \$243,679 last year and \$353,562 in 2014. In this figure

we have included \$197,958 of members in bankruptcy and under consumer proposals under 90 days in arrears who continue to pay voluntarily, and intend to repay KCCU in full, most of whom are up-to-date with substantial security.

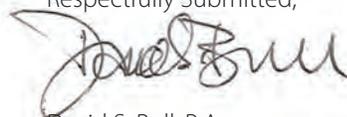
Co-operation, member advocacy and empathy have proven to enhance loyalty and recoveries. It is a significant part of the fabric of lending and borrowing at KCCU. By acting on behalf of members using co-operative principles in keeping with our mission statement, operating objectives and credit union philosophy, the long term benefits of mutual respect impact our bottom line beneficially and strengthen our purpose and resolve to help members especially when they are experiencing a downturn in circumstances.

Deposit growth was positive this year up 3.6%, by \$3.88 Million. This compares to a decrease in 2015 of \$3.0 Million (2.4%) and 4.9% growth in 2014. The breakdown shows Term Deposits contracted by \$1.66 Million over 2015 while Savings and Chequing Accounts grew by 8.9% (\$5.35 Million) compared to a decrease of \$1.36 Million in 2015 and growth of \$6.7 Million in 2014. Registered Deposits grew by a modest \$196,000 this year (compared to a decrease of \$1.4 Million in 2015). The Credential Asset Management Inc. Mutual Funds\* portfolio increased by 17.4% (\$2.75 Million) compared to last year's decrease of

3.2% (\$520,000) and 2014's growth of \$1.27 Million. We are all aware of the challenges in the marketplace and we also benefit from market upturn and the hard work from our Credential Asset management mutual fund advisors.

Co-operation and community are the cornerstones of our strategic plan. We have believed in the past that paying a dividend on personal variable loans was a good way to share profits with members. This year we will again pay a 1% loan interest rebate. In 2016 we found that members wanted the loan rebate directly in the form of lower mortgage and loan rates and that this form of direct benefit was more immediately felt and had a greater long term impact. Clearly our lower pricing was appreciated resulting in our second year of growth over three times what it was just two years ago. You may also have noticed that KCCU now pays the former league dues on your behalf. All of these strategic moves are in response to daily member feedback. Together our goal is to get more benefit to more members every day and make KCCU the best financial value for all members.

Respectfully Submitted,



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



## Consolidated Loans

	2016	2015
Personal Loans and Lines of Credit	14,397,846	16,156,388
Commercial	1,030,147	792,739
Fixed Mortgages	66,390,863	60,220,494
Variable Mortgages	11,561,696	11,802,153
Total Loan Applications Received	1,338	1,570
Total Loan Applications Declined	600	790

## Deposits

Term Deposits	20,349,498	22,012,816
Savings/Chequing	65,664,487	60,319,309
Registered Deposits (RRSP, RRIF, TFSA)	25,362,220	25,166,358
Mutual Funds (off book)*	18,598,037	15,846,213

## Other

Assets	126,403,423	122,614,872
Member Ownership (Equity Shares)	2,321,359	2,345,209
Members	12,269	12,041

## Approved Loans

Personal Loans	456	6,177,126	497	6,780,497
Lines of Credit	148	1,810,650	138	2,022,024
Mortgages	134	23,714,186	145	23,245,748
Total Approved Credit	738	31,701,962	780	32,048,269

\*Mutual funds are offered through Credential Asset Management Inc.



# Report of the Audit Committee



The Audit Committee meets quarterly to review interim financial statements, internal controls and audits. The Audit Committee's role is to review the financial information and reporting processes which management and the Board have established and their associated risks and controls. The Audit Committee maintained open communications between internal and external auditors, directors and management.

During the four times the Audit Committee met during the 2016 fiscal year the following key activities were undertaken;

- A review of the Audit Committee Charter to ensure compliance with the Act and the Regulations;
- A review of the financial statements and the year-end audit results with the external auditors;
- A review of all Audit Examination findings and the Auditors Management Letter;
- A review of monthly required anti-money laundering and terrorist financing reports;
- A review of the performance of the Auditors and their proposed engagement letter;
- Ensuring all regulatory filing is submitted on time;
- A review of the effectiveness of the internal audit practice and internal auditor;
- A review of the effectiveness of the Audit Committee in carrying out its duties;
- A review of the Credit Union's policies, procedures, and controls for legislative compliance;
- A review of the Business Continuance Plan;
- Monitoring the adherence of Directors, Officers, and employees with the Credit Union's policies and code of conduct;
- A review of any outstanding legal issues;
- A review of accounting issues;

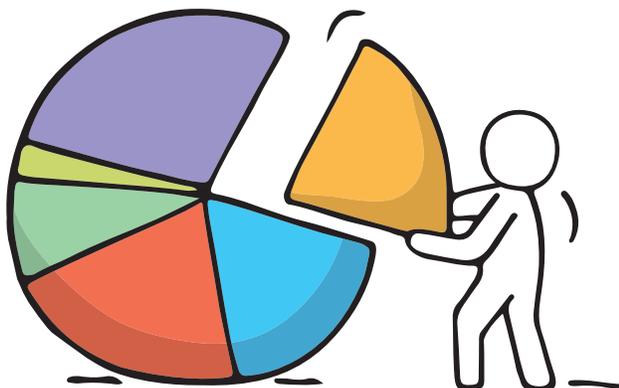
- A review of director and officer expense claims;
- Annual performance review of the CEO;
- The Committee ensured each Director completed the Director's Training and Qualification self-Assessments
- Results were confirmed, gaps and training requirements and programmes were identified;
- Results were shared with the Board of Directors;
- A review of the Internal Audit Plan and scope;
- Review of IT security committee and IT steering; Committee activities;
- A review of the Enterprise Risk management framework which includes ongoing identification and monitoring of significant risk to the Credit Union. The Audit Committee receives quarterly reports from management.

I am pleased to report that your Credit Union has surpassed its reserve, capital and liquidity requirements and that it is in a strong and sound financial position. All previous significant Audit Committee recommendations have been implemented or completed.

On behalf of my fellow Committee members, Lisa Dirocco and Norm Meyers, 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 are no other matters which are required to be disclosed pursuant to the Act or the Regulations.

Respectfully Submitted,

Robert Trentadue  
Audit Committee Chair



# 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 and 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 and Independence

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

### 5th PRINCIPLE:

## Education, Training, and Information

Cooperatives provide education and training for members, elected representative, managers and employees so they can contribute effectively to the development of their cooperative. Members also inform the general public about the nature and benefits of cooperatives.

### 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

While focusing on member needs, cooperatives work for the sustainable development of their communities through policies and programs accepted by the members.



# Community Involvement and Charitable Contributions



Afro-Caribe Community Association  
 Alzheimer's Society Kingston Frontenac  
 Boys and Girls Club Teddy Bear Picnic  
 Centreville Agricultural Society  
 CFRC Queen's Community radio  
 Community Living Kingston  
 CRNC Summer Celebration  
 Dawn House  
 Domino Theatre  
 Dress for Success  
 Farmers' Market Association  
 Fort McMurray Fire Appeal  
 HARS Kingston  
 Heart Pillows (KGH auxiliary)  
 Heart & Stroke Foundation  
 Hotel Dieu Food Blitz  
 Horizons of Friendship  
 International Credit Union & Co-op Week  
 John Graves Simcoe School  
 KCCU Christmas Caring Program  
 KCCU Coop Leadership Scholarships  
 KGH Walk for Comfort and Care

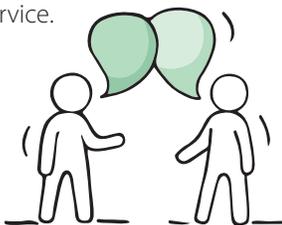
Kingston General Hospital  
 Kids for Kids Hockey Tournament  
 Kingston Canadian Film Festival  
 Kingston Community Health Centres  
 Kingston Humane Society  
 Kingston Immigration Partnership  
 Kingston Interval House  
 Kingston Women's Art Festival  
 Loving Spoonful  
 Modern Fuel Artist-run Centre  
 Music in the Gardens – City of Kingston  
 Ontario Co-operative Association  
 Ontario Credit Union Charitable Foundation  
 Partners in Mission Food bank  
 Peace Quest  
 Pitch in Kingston  
 Poppy Trust Foundation  
 Seniors Association (Kingston Region)  
 St. Vincent de Paul Society  
 The United Way of KFLA  
 University Hospitals Kingston Foundation  
 YMCA Summer Camp Program

## The Leadership Through Co-Operation Scholarship

Bayridge Secondary School  
 Ecole Secondaire Marie Rivier  
 Ecole Secondaire Milles Iles  
 Ernestown High School  
 Frontenac Secondary School  
 Holy Cross Catholic Secondary School  
 Kingston Collegiate Vocational Institute  
 LaSalle High School  
 Loyalist Collegiate Vocational Institute  
 Queen Elizabeth Collegiate Vocational Institute  
 Regiopolis-Notre Dame Catholic High School  
 Rideau District High School  
 St. Lawrence College Foundation  
 St. Peter Catholic School  
 Sydenham High School

KCCU has its roots as a small credit union for Kingston's civic employees. It was incorporated on October 28, 1957, evolving into its present form in 1974 as an open bond community credit union. Based upon the seven co-operative principles, the mission statement and operating objectives of the credit union have always been focused around financial strength, caring, respect, cooperation and community.

KCCU advocates for its members and its community. Our identity reaches out from a platform of high corporate ethics, transparency, social justice and co-operation at the heart of our identity as members and individuals. KCCU continues to believe in being a triple bottom line organization that balances financial stability, profitability and community ensuring the benefit to members is felt outwardly and sustainably. There is a proud tradition of co-operative business ethics and a commitment to continually demonstrate our mission which includes advocacy, mentoring, charitable achievement, environmental sustainability, community support, innovation, marketing, compassion and outstanding member service.



In 2016, staff continued their community volunteerism in many new and traditional charitable activities and events such as Earth Day, The St. Vincent de Paul sock drive, Peace Quest, The Hotel Dieu Food Blitz, Dress for Success, The Heart & Stroke challenge, Big Paws (Humane Society), the KGH Walk for Comfort and Care, Kingston Pride, The KCHC Scarecrow Fest, The Memorial Centre Farmer's Market, The Fort McMurray Fire Appeal, Kids for Kids hockey tournament, Music in the Park and many other activities we and our staff felt helped make Kingston and the surrounding area a better place to live in.

We continue to help members of the community through the Christmas Caring Program, made up of staff volunteers who helped benefit members experiencing hardship as well as community partner organizations. Over 14 families were assisted this year with food, necessities and gifts for the children. Staff and volunteers assist in the shopping, preparation, wrapping and distribution of the food and gifts from the heart to those who need it most as nominated by other members.



Support from staff, Board and members helps ensure that "Christmas Caring" makes a difference in our community as it has since its inception some twenty five years ago.

We are very proud of KCCU which has grown from humble beginnings in the basement of City Hall some 55 years ago

## KCCU Scholarship for future co-operative leaders

As part of the Co-operative Movement, KCCU supports promoting the co-operative business model in the education system to encourage youth, the future leaders in the credit union system.

Since 1989, KCCU has been offering this scholarship to deserving young co-operators. KCCU itself is a past winner of the prestigious provincial Nova award for Youth Involvement from the Credit Union system.

KCCU encourages and assists young persons who exhibit qualities of leadership by example with this scholarship – It is given to the student at each local high school who is the kind of person who uses co-operation as a way to bring people together to accomplish a common goal. KCCU has won awards for promoting youth involvement, education in the local community and co-operation. The winners of these scholarships are individuals who may become the co-operative business model's leaders of tomorrow.

Many awards are given for high marks, but regular students who do extraordinary things are the ones who most need our praise and encouragement. They are the ones we anticipate will be the recipients of this award. The KCCU "Leadership Through Co-operation" Scholarship is given to the student at each of the local high schools as well as St. Lawrence College, who in the eyes of his or her school selflessly promoted the good of the group, over themselves thereby setting an example of the virtues and benefits of co-operating to achieve a common goal.



with 25 employees each putting in 50 cents into a \$146 Million democratic financial service co-operative (Credit Union) with over 12,000 members, four branches with an outstanding record of community service and member advocacy.



Over the past twenty-six years some 380 of these silent heroes have received the scholarship, often getting little or no recognition but having made a significant positive influence on their peers.

Congratulations to this year's winners, in addition to receiving a \$250 scholarship, each of these student's names has been proudly displayed on the Award Plaque with the emblem of their school and KCCU and past winners at their school for years to come.

- **Tiange (Sunny) Gao**, Bayridge Secondary School
- **Zachary Charron**, Ecole Marie Rivier
- **Tarah Aucoin**, Ecole Mille-Iles
- **Katlyn Babcock**, Ernestown Secondary School
- **Ty Sands**, Frontenac Secondary School
- **Owen Ferguson**, Holy Cross Secondary School
- **Faye Dennison**, Kingston Collegiate Voc. Institute.
- **Carlee Wale**, Lasalle Secondary School
- **Leila Nhari**, Loyalist Collegiate and Voc. Institute
- **Samantha Brushey**, Queen Elizabeth Collegiate
- **Annie Kennedy**, Regiopolis Notre Dame
- **Paige Wilson**, Rideau District High School
- **Andrew Oosterman**, St. Lawrence College
- **Lyle Hendrick**, Sydenham Secondary School

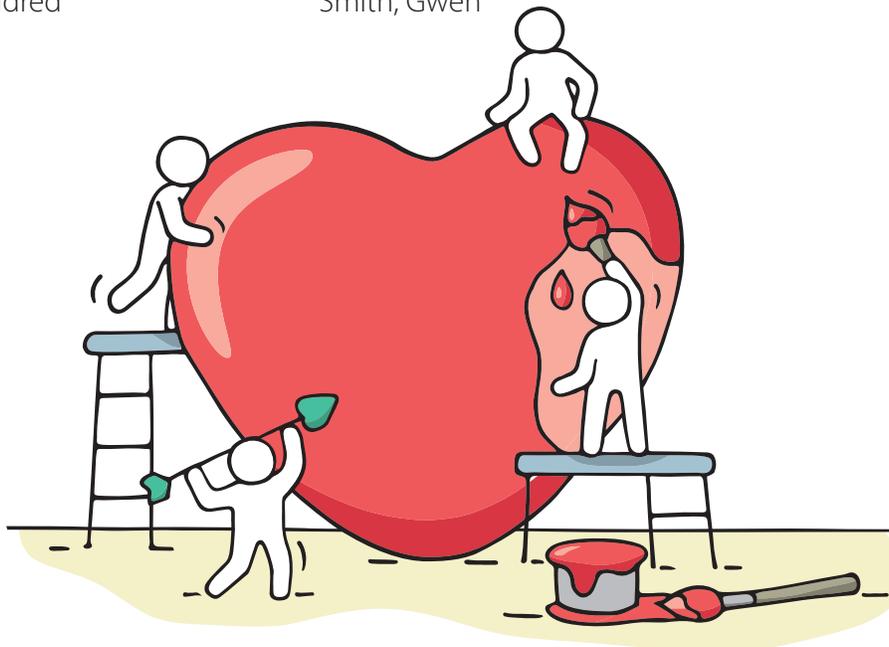


# In Memoriam

Andersen, Allan  
Andrews, Vibeke  
Belmont, Shirley  
Botting, Gordon  
Brick, Robert  
Bullock, Guy  
Cassidy, Kathleen  
Chisholm, Nancy  
Chumbley, Gaye  
Cloake, Herbert  
Closs, Phillip  
Cole, Diana  
Converse, John  
Danyluck, Ronald  
De Lugt, Joan  
Delbert, Blakeney  
Doogan, Greta  
Dushrame, Jeannette  
Eaton, Michael  
Gardiner, Anthony  
Gingrich, Michael  
Heymans Sr., Andrew  
Hildebrand, Mary  
Hogeboom, Mildred

Holland, David  
Kalijundic, Heather  
Kirkwood, Ronald  
Knight, Cecil  
Lachance, Denis  
Letourneau, Marie  
Linn, George  
Lynch, Ruth  
Machesney, Robert  
Mackey, James  
Manning, Gloria  
McCoy, Peter  
Novosad, Elsie  
Olsen, Gordon  
Owen, Elaine  
Owen, Ron  
Peters, David  
Pulver, David  
Redmond, Ruth  
Robillard, Montague  
Scott, Angela  
Slack, Kayda  
Smith, Cheryl  
Smith, Gwen

Smith, Marvin  
Stevenson, Isabelle  
Sweet, Ron  
Syms, Jonathan  
Tan, Joseph  
Thibault, Paul  
Walsh, Martin  
Weisman, Ronald  
Westendorp, Twyla  
Wilson, Robert  
Woolridge, Susie



# Balance Sheet

December 31

2016

2015

## Assets

Cash and cash equivalents (Note 2)	\$5,527,326	\$ 9,635,676
Investments (Note 3)	27,596,580	24,047,194
Member loans (Note 4)	92,759,601	88,372,638
Property, plant and equipment (Note 5)	400,412	481,332
Other assets (Note 6)	119,504	53,236
Deferred income tax (Note 7)	-	24,796
	<b>\$ 126,403,423</b>	<b>\$ 122,614,872</b>

## Liabilities and Members' Equity

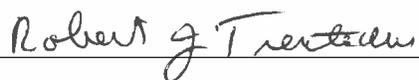
### Liabilities

Member deposits (Note 8)	\$ 111,684,949	\$ 107,856,061
Other liabilities (Note 9)	439,687	696,740
Dividends and interest rebate payable	228,492	370,464
Membership shares (Note 10)	2,321,359	2,345,209
Deferred income tax (Note 7)	16,935	-
	<b>114,691,422</b>	<b>111,268,474</b>

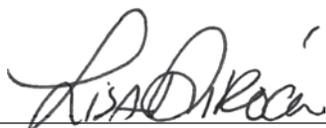
### Members' Equity

Reserves and members' equity	11,502,796	11,141,937
Accumulated other comprehensive income	209,205	204,461
	<b>11,712,001</b>	<b>11,346,398</b>
	<b>\$126,403,423</b>	<b>\$122,614,872</b>

On behalf of the Board:



Director



Director





# Building Our Future Together

We celebrate our success, as together we have built more than just a credit union.

We have built a foundation of cooperation and friendship.

