

Your Community • Your Credit Union

# Securing Our Future

# 2023 *Annual Report*



# Securing Our Future

## 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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## Stay in touch by web, social & e-mail!

As your financial partner, we want to remain connected to keep you informed about our latest products, services, happenings, and provide you information on topics that are important to you! Whether you want to view a video on boosting your credit score, calculate your mortgage refinance payments, set up an appointment to discuss your finances, or just to know when our next charity BBQ is, be sure to stay in touch. Here's how:

- Subscribe to our digital newsletter
- Connect with us on social
- Visit us online at [www.kccu.ca](http://www.kccu.ca)
- Email us at [kccu@kccu.ca](mailto:kccu@kccu.ca)
- Connect by phone
- Stop by for a visit in person, we'd love to see you!

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# Securing Our Future

## Board of Directors

Lisa Dirocco, <i>Hudson's Bay, Artist</i>	<i>Chair</i>	2024
Robert Trentadue, <i>Retired Purolator</i>	<i>Vice-Chair</i>	2025
Brent Bellamy, <i>GM, Kingston Student Housing Co-op</i>	<i>Director</i>	2025
Stephen Bach, <i>Retired Entrepreneur/Realtor</i>	<i>Director</i>	2024
Josephine Matyas, <i>Writer &amp; Author</i>	<i>Director</i>	2023*
Reta McCormick, <i>Retired Entrepreneur</i>	<i>Director</i>	2023**
Frank Huntley, <i>IT Professional</i>	<i>Director</i>	2023**
Mary Lowdon, <i>Corporate Secretary</i>		

\*Term expires /

\*\*retiring director



# Report of the Chair of the Board of Directors



Welcome everyone to this our 66th Annual General Meeting.

Kingston Community Credit Union had an outstanding year full of new developments and changes. We worked together to overcome the challenges from the residual effects of the pandemic, assisting individual and business members back on the road to financial health. Our staff helped members find ways to succeed by keeping them informed about what they needed to know to overcome the effects of inflation, and a higher interest rate business environment. Staff continue to demonstrate the best in cooperation and collaboration, listening and offering service excellence, with solutions based upon integrity and respect.

Our community commitment continues to be unwavering. Our staff has shown great respect for the diversity of our membership, and our community. They reflect the values of our members by building, strengthening, and enhancing the structures that bind our community.

Our partnership with the City of Kingston's Climate Community Climate Action Fund is one of the many ways we show community leadership. We price our products and services to encourage members to further our goal of making Kingston and the surrounding communities more sustainable by making it less expensive to buy hybrid and electric vehicles or to reduce the carbon footprint of our homes by reducing greenhouse gas emissions with renovations that will also save future energy costs.

In 2023 the Board renewed our Strategic Plan, with ongoing technological development, enhanced security, and transparency to provide greater member value and choice. We continue to evaluate the profile and financial needs of the current and future membership, engage with our community, while enhancing our wealth offerings and partnerships for a holistic member experience, improving internal processes, and preparation and planning for board and management succession.

Your Credit Union had a very successful year financially and with the purchase of our plaza at 795 Gardiners rd. in February of 2024, your Board of Directors feel strongly that the members will have a strong base for the stability of our community credit union for the next generation. We are grateful to the regulator, The Financial Services Regulatory Authority (FSRAO) for their support and for helping us realize our long-term vision for our members, staff, and Board for the foreseeable future.

At this time, your Board would like to recommend for your approval a 6% dividend on Member Equity Shares and a 5% service charge rebate on chequing accounts packages.

I would also like to acknowledge the contribution and collaboration of your Board of Directors and the entire staff. Together we have worked hard to ensure members' lives are improved resulting in a better financial position for both members and your credit union.

I would like to thank retiring Board members Reta McCormick, who served since 2011, and Frank Huntley for their insight and contributions and for helping guide us through challenging times, we thank them both for their service and wish them well in their future endeavours.

Sincerely,

Lisa Dirocco,  
Chair, KCCU Board of Directors



# Securing Our Future

## Report of the Chief Executive Officer



2023 was a happy return to normal operations following the Pandemic. I especially appreciated being able again to fully engage with members and with all our community partners. We have very much been looking forward to holding an in-person Annual General Meeting, the first since 2019. The pandemic interval certainly underscored the value and importance of the co-operative financial alternative in banking with the success we had in supporting our members through severe economic turbulence and now with the post-pandemic inflationary and cost-of-living challenges we are all facing. Co-operation is what makes the credit union different from other financial institutions. Our core mission is to foster the financial health of our members. It is putting people before profits, it makes us strive to be our members' best financial partners, it is listening to our members' needs, and it is sharing our success. Your board is recommending that we return to you, our members, 6% in dividends on your membership shares, and a 5% rebate on your 2023 monthly service charges. Putting people before profits guides our cooperative vision of growing the well-being of our community in everything we do, whether it is sourcing our suppliers locally, donating to local charities, sponsoring local organizations or providing financial literacy education.

Our first strategic focus on Community and Member Engagement is best exemplified by staff-led involvement and support of for our community charities, co-operatives, and not-for-profits. Yet again your staff made KCCU a Platinum supporter of the United Way. In 2023 KCCU contributed an unprecedented \$72,000 to community charities and organizations. We made a four-year commitment to support the Pathways to Education Kingston Endowment Fund with \$100,000. The staff Social and Fundraising Committee has developed and spearheaded our Community Sharing Program which supports and strengthens local community organizations. This is the true meaning of supporting local. Staff contributed 555 hours to community causes and in addition to the report In Our Community report below I encourage you to watch our 2023 Community Report found on our website and see the joy and enthusiasm they brought to their chosen causes. Their efforts were deservedly recognized when KCCU was awarded the Ontario Credit Union Foundation 2023 Outstanding

Corporate Achievement Award. Lastly, but not least, the staff Christmas Caring program collected presents, food, and funds for those of our members that unfortunately fell into need during the year.

Our second core strategic priority is excellence in Member Financial Services and we had another busy year in 2023, expanding our capacity and expertise in financial planning and wealth management services with a second advisors at our affiliate KCCU Wealth Solutions\* located at Unit 5, 795 Gardiners Road. KCCU Wealth Solutions\* offers advanced financial planning, retirement advice, life insurance and investments, complementing our in-branch investment and mutual fund services; we are really proud to be able to offer our members comprehensive and the most appropriate financial planning for every stage of their life-cycle.

There were many other new product developments in 2023, especially in behind-the-scenes new payment processes, including brand new platforms for email money transfers and wire transfers. Member cyber security is a key concern and we introduced 2-step authentication for your online and mobile banking and an enhanced fraud management platform that monitors email money transfers for fraud attempts.



New products include the registered First-Home Savings Accounts. We have launched a digital newsletter and I invite you to sign up for here to stay updated on news and developments at KCCU.

Our third core strategic focus on Financial Strength and Long-Term Viability has been front and centre for your board and staff, with a two-track focus on strengthening risk management including cyber security, and for accelerating product and digital innovation. We are investing in new technologies and products to ensure that KCCU will be well positioned to continue to provide state of the art banking services and meet the challenges of continual digital transformation. Our financial plan is focused on the long-term and in 2023 we delivered with an income before dividends and taxes of \$1,444,000. After taxes this enables us to add \$881,000 to our undivided earnings that will continue support our growth plans for member services and secure KCCU's long-term future. Key measures show steady growth and sustainability. Our total loan portfolio grew 6% to \$173 million. Our member deposits decreased 1% to \$190 million, thereby reducing excess liquidity, and improving our interest margin. We maintain a strong regulatory capital base at 8.9 % of assets (leverage ratio), and at 21.6% of risk-weighted assets (total supervisory capital ratio).

Supporting our members' financial aspirations requires that we are firmly focused on our capacity to secure KCCU's future.

Our Annual General Meeting of Kingston Community Credit Union is the ideal time for us to celebrate the uniqueness of our credit union and demonstrates the privilege it is for me and all my colleagues on staff working for you. KCCU is the only entirely locally owned and operated financial institution in the greater Kingston and surrounding area. Our meetings, our branches, and I, are accessible to the members to a degree unmatched by any other financial institution. Our members tell us that what they love most about KCCU is the staff. To support and sustain the success of your staff, Organizational Growth is the key fourth strategic priority. It is due to my 41 colleagues on the staff that we owe our success and strong growth in 2018. Their dedication to you, to service and to our community is exemplary. On your behalf I offer them my humble thanks!

Respectfully submitted,

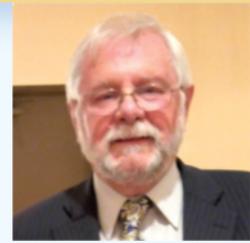
Jon Dessau, CEO



\*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 2023 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 and make recommendation to the Board about the annual audited financial statements and year-end results with the external auditors
- Review and make recommendation to the Board about all audit examination findings and letters, including the auditor's Management Letter
- Review with auditors the scope and plan of internal and external audit activities
- Review and make recommendations to the Board regarding the effectiveness of credit union's internal and external audit practice, degree of independence of the auditors, mandates, work plans, performance of auditors and any problems or issues raised relating to the performance of the audit or auditors
- Review the performance of auditors, their proposed engagement letters, and make recommendations 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 any reports about the affairs of the credit union made by the regulator, monitor the implementation of any significant recommendations and report to the Board on the progress of such implementation(s)
- Review of all regulatory filings 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
- Monitoring risk management practices to safeguard credit union's assets
- Monitoring the adherence of directors, officers, and employees with the credit union's standards of business conduct and ethical behaviour including related polices and Market Conduct Code
- Review of any material legal issues
- Review of complaints
- Review of any accounting issues and reporting any significant changes in accounting principles and practices to the Board
- Review and assessment of credit union staff to ensure adequacy to fulfil accounting and financial responsibilities
- Review of director and officer expense claims
- 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.

During 2023, the Audit Committee moved some duties not exclusively required under the Audit Committee Terms of Reference to the Governance Committee to improve governance efficiency which are described in the Governance Committee Report.

The Audit Committee, through its oversight role, helps ensure KCCU operates in a safe and prudent manner and adheres to applicable legislation including CUCPA 2020, Ontario Regulation 105/22, and FSRA Rules. Our focus is excellence in service to members with strong oversight. The Audit Committee has overseen another year of outstanding audit results, strong controls, solid financial performance, and effective risk management.

On behalf of my fellow Committee members, Reta McCormick, and Lisa Dirocco, I can confirm that the Committee is conducting its activities in accordance with the Act, Regulations, Rules, and that management has implemented all Committee recommendations.

There are no legal matters which the Committee believes should be reported to the members and I will defer to legal counsel or the CFO to confirm. 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,



Bob Trentadue  
*Audit Committee Chair*



# Securing Our Future

## Report of the Chief Financial Officer/ Credit Manager



Over the course of 2023, KCCU began the process of shifting from a post-pandemic economy to a more normal credit environment with portfolio growth of \$10.22M. Broker referrals of \$10.9M (\$8.1M approved) helped improve KCCU's margin and helped us lend out excess deposits. Since 2019 through this channel KCCU lent out over \$53M, onboarding 152 new members and adding \$1.6M to our interest margin in addition to organic member demand. This helped accelerate our capacity to better serve members. Our margin improvements helped pay for technological improvements, better mortgage and deposit rates, wealth partnerships to enhance the member experience and, staff development and training. We use profit to grow capital, add depth, skillsets and IT capacity, security, and services to ensure that KCCU remains relevant to the new generation and continues to enable members to bank safely on their favourite device, wherever they are whenever it is convenient for them to do so.

This year Credit growth again led the way up 6.1% (half of last year's level of 12.8%). On the deposit side, there was a preference shift from chequing and savings accounts to registered and non-registered terms deposits as members took advantage of higher long-term rates to help them offset inflation. With stability in the markets, members also appear to have shifted some assets back into other investments including securities, real estate, and normal things like financing their children's education, renovations, new vehicles, and consolidations to save money on expensive credit cards and other worthwhile pursuits.

Deposits being spent and not saved impacted asset growth and although your credit union became more profitable, growth usually comes from deposits which finished the year slightly below 2022 levels (down \$2.3M over 2023) as members spent money after years of pent-up savings. When credit growth far exceeds deposit growth, margin improves leading to the next year often being one of deposit gathering and higher deposit expense to generate long-term asset growth.

Prime rate increases since 2022 culminated July 12th, 2023, with the Bank of Canada rate at 5% after three ¼% increases in January, June, and July of 2023. Forecasts estimate between ½% and 1% decrease in 2024 (up to ¼% per quarter) assuming inflation falls to the 2.5% range. These higher Central Bank rates did slow down mortgage activity as intended compared to the previous three years.

In 2023, losses before recoveries were \$76,717 vs. \$57,586 in 2022. This compares to \$101,570 in 2021 and \$90,061 in 2020 and to as high as \$185,261 back in 2017. KCCU's credit portfolio has had exceptionally low losses while also seeing exceptional growth over the past decade.

Recoveries in 2023 of \$18,894 were below 2022 due to sustained years of low losses, leaving less bad debts to collect. Losses after recoveries were \$57,822 on our \$173.8M credit portfolio, low compared to our peers and industry.



In 2023, KCCU's credit portfolio grew +6.07% (\$10.22M), compared to +12.2% (\$18.2M) in 2022, +11.1% (\$14.5M in 2021) and +8.94% (\$10.74 Million in 2020). 2020-2022 were rapid growth years for home sales with low rates. With higher rates growth slowed to more normal long-term levels after three years of an overheated real estate market. Personal Loans and Lines of Credit increased by \$940,000 (+7.7%). This year's success in personal loans was led by pre-approved loans, dealer car loans, consolidation and RRSP loans. Mortgages again led our overall credit growth in 2023, up 6.4% (a \$9.5M gain). Mortgage growth was all in fixed rate mortgages (\$9.45M) with \$50K in Variable (mostly Home Equity Lines). Our commercial loan portfolio remained fairly stable as expected in a year where businesses were wrapping up their CEBA loans and repaying as opposed to taking on new debt. A majority of our commercial borrowers own rental units, and in some cases, these are classified under our residential portfolio.

KCCU is in the process of winding down its business loans under CEBA helping 39 member businesses through EDC (Export Development Canada) and Central 1 with only two loans for \$100,000 remaining of the original \$2.04 Million advanced as of January 25th, 2024, 6 as of December 31st, 2023.

In 2023, Bad debts on personal loans were 0.58% (0.44% after recoveries). This is similar to historical levels over the past decade. Mortgage bad debts were 0.0%. Historically we've only written off \$7,861 in all combined mortgage losses. As a percentage of the entire credit portfolio (\$173.9 Million), write-offs after recoveries were 0.044%. Data from the past five years shows an average of 0.057% before recoveries and 0.032% after. These results show the benefits of working on behalf of members and the long-term cooperative nature of collection at KCCU as well as the quality of our credit policies, procedures, and underwriting.

Year	Year End Portfolio Balance	Year End \$ Write off	Recovery	Net Bad \$ of Portfolio	Year End % Write off	Net Bad Debt % of Portfolio
2023	\$173,863,904	\$76,717	\$18,894	\$57,823	0.044%	0.033%
2022	\$163,641,980	\$57,586	\$52,850	\$4,736	0.035%	0.003%
2021	\$145,399,394	\$101,570	\$48,304	\$53,266	0.070%	0.037%
2020	\$130,878,585	\$90,061	\$33,509	\$56,552	0.069%	0.043%
2019	\$120,136,075	\$94,196	\$32,135	\$62,061	0.078%	0.052%
<b>Historical Loan Loss Experience</b>			<b>5 Year Average is</b>		<b>0.057%</b>	<b>0.032%</b>

On December 31st, 2023, there were 8 delinquent loans over 90 days representing \$30,146 after security. This compares to 5 for \$14,879 after security in 2022. This is a gradual favourable downward trend since 21 loans for \$153,838 in 2018 considering our accelerated growth since 2019.

Total deposits (not including accrued interest) decreased slightly by 1.2% from \$191.1M to \$189.36M. Deposit growth was restrained compared to last year as members spent their accumulated savings. In the last quarter of 2023 deposits fell by \$3.2M after showing signs of growth up to Q3. Inflation is causing members to spend more on groceries, energy, and housing costs. Most economists predict rates to go down by 1% over 2024 as a sign the central bank is achieving its goal. Deposits and lending are

cyclical. Prior to 2022, deposits grew by 13.1% (\$22.2M) in 2021, and 19.8% (\$27.4M in 2020) and those monies have been lent out to members in mortgages and other forms of credit.

The breakdown shows Demand deposits decreased by 9.4% in 2023. Members had waited for higher long-term rates and shifted from savings and chequing accounts to Term Deposits to take advantage of recent all time high rates to lock in as evidenced by a 30% increase in Term Deposits. Spending also continued to reduce monies that weren't otherwise invested in non-deposit-insured financial alternatives such as mutual funds and other securities. Registered Deposits [RRSPs, RRIFs, TFSAs and FHSAs (First Home Savings Accounts)] grew combined by 9.7% (\$2.78M) compared to 2022's increase of \$1.32M.

# Securing Our Future

The overall Wealth management portfolio decreased by 16% and now stands at \$46.8 Million as we reestablished our new brand after changing the advisor structure from one to two, after the departure of the former advisor after 6 years with some of his personal clients. The KCCU Wealth Solutions Office\* now has \$28.5M down 21.4% (\$7.8Million) from \$36.3 Million of assets under administration in 2022. This is an excellent result as the advisor brought \$16M of his clients with him. We are very proud of the progress of our KCCU Wealth Solutions office with our two advisors and rejuvenated brand and a fully integrated system for determining the optimal financial planning needs of each individual supported by our wealth partner organizations.

KCCU has endeavoured to help members through all economic cycles, inflation, pandemics, strikes, layoffs, and life's challenges by holistically helping each member with individual solutions. KCCU has improved its ability to meet members when and where they want to do their banking. Your credit union has adapted and improved its processes while expanding services members can get through other financial institutions and being best in class for pricing. KCCU is committed to remaining local, independent, compassionate, ethical, and co-operative for generations to come.

Respectfully Submitted,

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

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

## Consolidated Loans

	2023	2022
Personal Loans and Lines of Credit	13,217,933	12,278,144
Commercial	7,658,156	7,871,523
Fixed Mortgages	141,108,135	131,755,293
Variable Mortgages/HELOCs	11,879,620	11,737,020
Total Loan Applications Received	1045	1072
Total Loan Applications Declined	481	391

## Deposits

Term Deposits	29,620,229	22,711,479
Savings/Chequing	128,572,364	140,650,229
Registered Deposits (RRSP, RRIF, TFSA)	31,498,124	28,714,960
Wealth Management AUM*	46,771,931	55,693,274

## Other

Assets	211,889,378	212,284,337
Member Ownership (Equity Shares)	1,019,129	1,050,837
Members	9,670	9,642

## Approved Loans

Personal Loans and Lines of Credit	402	6,104,815	474	8,265,625
Mortgages	147	32,706,584	206	47,792,603
Total Approved Credit	549	38,811,399	681	57,180,692
Commercial (included in Mtgs and LOCs above)	1	83,019	1	100,000
Canada Emergency Business Account (CEBA)**	6	303,80	31	1,540,291

\*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 Governance Committee



The Governance 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.

The Governance Committee is constituted as an advisory committee as per article 5.05 of the By-Laws of the Credit Union. The objective of the Governance Committee is to make recommendations to the Board with respect to director education, board succession planning, governance practices and board-level policies.

The Committee is comprised of a minimum of three Directors appointed by the Board with three currently serving on it. The Committee is supported and assisted by Senior management.

The Committee researches, develops and maintains an effective Board Succession Planning Strategy, develops, and maintains Terms of Reference for the Corporate Secretary, reviews, and drafts Governance Policies, and makes further recommendations to the Board with respect to best governance practices and board-level policies.

The Governance Committee experienced additional tasks this year as the workload between the well-established Audit Committee and the more recently established Governance Committee experienced a balancing and redistribution of the workload. This transition provided the Audit Committee with a more equitable and manageable workload.

During the five times the Governance Committee met during the 2023 fiscal year the following key activities were undertaken:

- Develop Annual Director Education and Training Program and recommend to Board for approval
- Monitor Board orientation, education and development including new Director onboarding and orientation
- Monitor Board Succession Planning and make recommendations to the Board
- Review Director Qualifications –skill, experience, knowledge, attributes
- Conduct CEO Performance and Compensation Review and make recommendations to the Board for compensation

- Review content of Board and Individual Director Self-Evaluations and results
- Review of Governance Framework including:
  - FSRA Rule 001– Sound Business and Financial Practices
  - Kingston Community Credit Union Bylaws
  - Board and Committee Structure, Corporate Governance Policy, Policy Guidelines, and Market Code Conduct
  - Director’s Terms of Reference
  - Governance Committee Charter
- Review Board Honorarium, Chair Remuneration, Compensation Survey and make recommendations to the Board for compensation
- Assist with the Director Recruitment Process
- Review Governance Committee Work Plan
- Assess effectiveness of Committee in carrying out its duties
- Review Annual Appointment of Officers

On behalf of my fellow Committee members, Stephen Bach, and Josephine Matyas, 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.

I wish to also thank the Committee members for their diligence and attention to detail in the important tasks the Committee completed over the past year.

Respectfully Submitted,

Brent Bellamy  
Governance Committee Chair



# Securing Our Future

# 2023

# 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 65 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.

## Community Support and Involvement.

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



## We were proud to support the following organizations in 2023:

- Amherst Island Radio/Radio Free Stella
- Battersea Pumpkin Festival
- Boys & Girls Club Kingston – Pink Shirt Day
- Big Brothers and Big Sisters
- Bloomskills Centre
- Blue Canoe Theatrical Productions Inc.
- Breast Cancer Action Kingston
- Corus Clothes for Kids
- CU Succeed Youth Bursary - Ontario Credit Union Foundation
- Dawn House
- Epilepsy South Eastern Ontario
- Extencicare Kingston
- Frontenac Club Day Care
- Girls Inc.
- Greater Kingston Chamber of Commerce
- International Credit Union and Co-op Week
- Juvenis Art Festival
- KCCU Community Sharing & Christmas Caring Program
- KEYS
- Kids for Kids Hockey Organization
- Kingston 4Paws
- Kingston Animal Rescue
- Kingston Canadian Film Festival
- Kingston Community Climate Action Fund - City of Kingston
- Kingston Community Health Centres
- Kingston Community House
- Kingston District Sports Hall of Fame
- Kingston General Hospital
- Kingston Humane Society
- Kingston Police Association
- Kingston Professional Fire Fighters Association
- Kingston Seniors Association
- Kingston United Soccer Club
- Kingston Women's Art Festival
- Kingston Youth Shelter
- Lakeside Community Garden
- Land Conservancy for KFL&A
- Lasalle Secondary School
- Lionhearts
- Loving Spoonful
- Luke's Place
- Machine Mavericks
- Martha's Table
- Mayor's Fund for Students from Ukraine
- Memorial Centre Farmers' Market Association
- Oak Street Garden
- One Roof Youth Wellness Hub
- Ontario Co-operative Association
- Ontario Credit Union Charitable Foundation
- Pathways to Education Kingston Endowment Fund
- Partners in Mission Food Bank
- Root Radical
- Sandy Pines Wildlife Centre
- Sheba's Haven Rescue
- Socks Kingston
- St. Vincent de Paul Kingston
- Sustainable Kingston
- Take Away & Recycle
- Trellis HIV and Community Care
- United Way of KFLA
- Youth Diversion
- Youth Imagine the Future Writing and Art Festival





### KCCU Recognized with 2023 Outstanding Corporate Achievement Award.

The Outstanding Corporate Achievement Award is awarded annually by the Ontario Credit Union Foundation to a credit union in recognition of their contribution in their community. KCCU was honoured as the recipient of this award in May 2023. The award was presented virtually by Frugina Ball, Vice Chair of OCUF to members of our Social and Fundraising Committee. You may view the award presentation on our youtube channel: [https://www.youtube.com/watch?v=82cbG7\\_rnEo](https://www.youtube.com/watch?v=82cbG7_rnEo).



*"KCCU has always been a strong believer in contributing to our community to improve the lives of our members and their families. We are humbled by the caring enthusiasm of our staff and grateful for the recognition of their efforts by the OCUF"*  
 ~Jon Dessau, CEO of Kingston Community Credit Union.



### United Way KFL&A

We are proud supporters of United Way KFL&A and applaud their positive impact in our community. KCCU is a long-time participant in the United Way KFL&A Workplace Campaign and in 2023 donated \$12,873. The funds were a combination of employee contributions, corporate matching, and proceeds from a fundraising BBQ coordinated by our Social and Fundraising Committee. Special thanks to the volunteers from United Way for stepping up to help at the event! KCCU is recognized by United Way KFL&A for our continued Platinum status with forty-four straight years of achieving 100% staff participation in the Workplace Campaign! This speaks volumes about the dedication and generosity of KCCU's staff, who continue to set an excellent example for other workplaces in our area.

In 2023 we also participated in their annual backpack program, tampon Tuesday and coat drive, donating supplies and volunteers.



### No-Fee Co-operation Plus Account

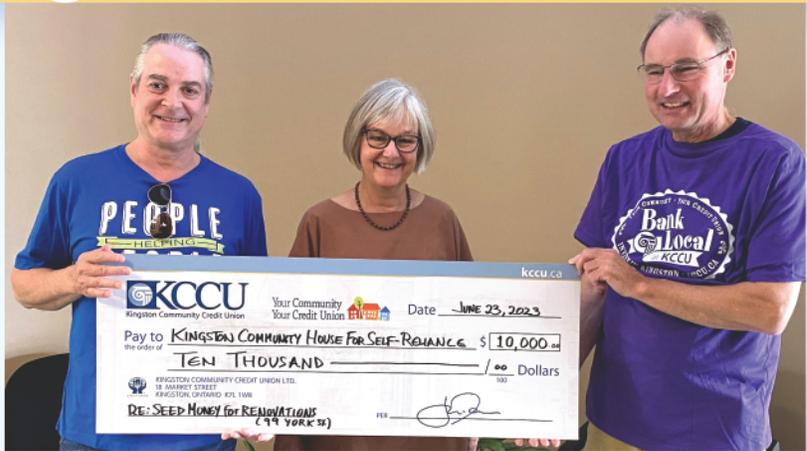
KCCU supports local community charities, cooperatives and not for profits by offering a no-fee Co-operation Plus Account (for qualifying members) and a low fee Community Account for clubs, teams, and organizations.

# Securing Our Future

## Kingston Community House for Self-Reliance.

In June 2023 KCCU answered a call for community assistance and provided a donation of \$10,000 to the Kingston House for Self-Reliance toward their renovation goal of \$60,000. The House, located at 99 York Street is a not-for-profit organization providing safe, comfortable, and inclusive meeting spaces for community groups and individuals. It has been home to hundreds of organizations, projects, and fun activities since 1983.

The house, although quite beautiful, is built on five levels and therefore quite difficult to make accessible. A plan has been developed to correct this and they continue to seek donations for the organization's biggest undertaking ever. To learn more visit: [kingstoncommunityhouse.org](http://kingstoncommunityhouse.org)



## Pathways to Education Kingston.

KCCU has committed to supporting Pathways to Education Kingston Endowment Fund with \$100,000 donation spread over 4 years. The first installment of \$25,000 was contributed in 2023.

Pathways to Education Kingston empowers high school youth in North Kingston with tools to succeed in school, work and life.



## Kingston Community Climate Action Fund.

KCCU joins the City of Kingston for a fourth year to support the Kingston Community Climate Action Fund (KCCAF) with a new project announced at a kick-off event held December 1, 2023.

The Kingston Community Climate Action Fund was developed to support local charities and not-for-profit organizations, and their initiatives to reduce greenhouse gas (GHG) and/or air emissions, increase energy conservation or efficiency, reduce, or divert organic waste, or assist with Climate Change adaptation and technology innovation reduce greenhouse gas emissions (GHGs).

Over the past four years KCCU has actively promoted the fund and its projects, assisted in fundraising, and donated \$20,000 to the fund. Please refer to our website for details on current and past projects and how you can contribute.

## Christmas Caring

Our Christmas Caring Program has been going strong for over thirty years and has assisted over 1,000 members and their families to have a joyful Christmas. The program is designed to help those members who have encountered personal economic hardship over the past year due to illness, layoff, job loss, under-employment, or limited income. In 2023 we helped six member families by providing groceries and gifts.



### 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, and investing. Our website hosts a full library of fun financial learning videos. Please check them out. All videos 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](http://kccu.ca).

### Youth Bursaries

KCCU continues to actively promote the Ontario Credit Union Foundation CU Succeed Youth Bursary. In 2023, 87 exceptional students shared a total of \$100,000 as winners of this esteemed Student Bursary Program. KCCU offers congratulations to our four bursary winners, Austin, Ephram, Karley, and Kaitlyn!

The CU Succeed Youth Bursary provides invaluable financial support to students who demonstrate community leadership and require financial assistance to pursue quality education. The CU Succeed Bursary empowers students to achieve their academic dreams and create a brighter future forward. Applications for 2024 will open on April 30.



### Our Staff

Our warm hearted, caring staff are the key to our successful engagement and support in our community! Our employee-run Social and Fundraising Committee is instrumental in planning and executing many of our initiatives such as fundraisers, drives, Christmas Caring and Community Sharing programs and creates spirit and fun within our branches. Special thanks to all the members of the Committee for all you do!

### Our Members

Our members are simply awesome! We are proud that so many of you believe in us and continue to support our initiatives. Thank you so much!



## SUPPORT Local SUPPORT Kingston

### Out and About in Our Community.

We really do get around! We welcome opportunities to engage with people. In 2023 our volunteer teams supported Loving Spoonful's Night Market, Sustainable Kingston Tree Planting, KCHC Community BBQ, Memorial Centre Farmers' Market Zucchini 500, Big Brothers & Big Sisters Teddy Bear Picnic, Kingston Humane Society Big Paws, the Youth Imagine the Future Writing and Art Festival, to name just a few. If you see us out and about, please stop by for a chat!



### Community Sharing

Our Social and Fundraising Committee raises funds and seeks donations throughout the year to help support community initiatives such as tampon Tuesday, backpack program, sock drives, and so on. With the generous staff and member donations our team assembled 30 robust Winter Care Kits distributed through St. Vicent De Paul Society of Kingston and supplied Summer Care Kits distributed through Socks Kingston. Thank you for your donations and support!

# Securing Our Future

## 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. People 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.

# Balance Sheet

Kingston Community Credit Union Limited  
Statement of Financial Position  
As at December 31, 2023

	2023	2022
<b>Assets</b>		
Cash and cash equivalents (Note 6)	13,280,388	9,878,634
Investments (Note 7)	23,095,150	36,574,745
Member loans (Note 8)	173,266,103	163,353,251
Income taxes recoverable	-	54,878
Property, plant and equipment (Note 9)	1,626,287	1,704,505
Other assets (Note 10)	493,861	538,921
Deferred income tax (Note 11)	127,589	179,403
<b>Total assets</b>	<b>211,889,378</b>	<b>212,284,337</b>
<b>Liabilities</b>		
Member deposits (Note 12)	190,554,675	192,442,318
Income taxes payable	18,441	-
Other liabilities (Note 13)	1,471,178	1,069,925
Dividends and interest rebate payable	71,012	74,087
Obligations under leases (Note 14)	1,227,797	1,353,428
Membership shares (Note 15)	1,019,129	1,050,837
<b>Total liabilities</b>	<b>194,362,232</b>	<b>195,990,595</b>
<b>Members' equity</b>		
Members' equity	17,539,453	16,658,604
Accumulated other comprehensive loss	(12,307)	(364,862)
<b>Total equity</b>	<b>17,527,146</b>	<b>16,293,742</b>
	<b>211,889,378</b>	<b>212,284,337</b>

Approved on behalf of the Board of Directors:



Director



Director





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

