



# 2015

ANNUAL REPORT

## OUR VISION

Tandia is driven to lead the cooperative banking movement by delivering unparalleled products and services through a mutually rewarding relationship with our members and the communities within which we operate.



Banking as  
unique as you are.

2105



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Tandia Financial Credit Union Limited operating as Tandia™

™DirecTCU is a trademark of Canadian Credit Union Association and is used under license.

Deposits are insured by the Deposit Insurance Corporation of Ontario. Deposits in registered plans are fully insured. Other Canadian dollar deposits are insured up to \$100,000. For further information on deposit insurance, please ask for a brochure, call DICO at 1.800.268.6653 or log on to the website at [www.dico.com](http://www.dico.com).

# Board of Directors Report



**Elaine Simon**  
Board Chair

Your Board of Directors, ten in total, meet quarterly over the course of the year. These meetings usually are four to five hours in length. We operate in committees, with directors sitting on: Audit and Operational Risk; Governance, Ethics, Human Resources and Policy; and Member and

Community Relations. In addition to our scheduled meetings, several were added in order to accomplish business at hand. At various times, teleconference meetings were necessary to conduct business in a timely fashion. The Board met twice for Strategic Planning Sessions, in the spring and fall. These full-day sessions provide us time with Senior Management to reflect on where Tandia is at the present and how this position ties in with our Vision and Mission.

With integration well behind us, the Board is eager to consider how to move the unified organization forward to fulfill our initial goals for Tandia. Much work was done

at the Board level to comply with DICO's expectations regarding the internal audit function and Enterprise Risk Management (ERM). We have had education sessions on these topics to broaden our knowledge base.

Refining and updating our policies is ongoing. Each month policies are brought forward and assessed for relevance and compliance. Some changes are necessary as a result of regulatory change but often the policy does not reflect actual practice and needs to be modified.

The Board is very excited to see the positive reception our Mobile App has received. This is the technology that our members want and are ready to use – we know you want to manage finances with ease!

We are in the process of gathering member data to help us better refine our products and services for our members. Understanding our members and what they need is what will make us strong for the future.

Working together will help each one of us achieve our goals!

## BOARD OF DIRECTORS

TERM EXPIRY		TERM EXPIRY	
Jacqueline Aird	2017	John Lamberink, Vice Chair	2016
Carol Churchward	2018	Sharon O'Driscoll	2017
Nancy DiGregorio	2017	Dan Popov	2018
Ivana Fortino	2018	Elaine Simon, Chair	2016
Wayne Joudrie	2016	Michael Veerman	2016

# President and Chief Executive Officer's Report



**Richard Davies**  
President & CEO

## **Busy and Challenging Year**

2015 was a busy year that had its own unique challenges for Tandia Financial Credit Union. Reductions in rates by the Bank of Canada further reduced financial margins in an already record low interest rate environment. The looming threat of potential labour unrest

in the education sector saw many members putting off home and automobile purchases as well as home renovations. The final work to complete the merger from 2014 resulted in significant resources being dedicated to staff training and project work related to our successful banking system conversion. This focus for the first half of the year was to ensure a smooth transition with minimal impact to our members. With the approval in 2015 by the membership for the new name of Tandia Financial Credit Union Limited our brand awareness work was in full swing and active throughout the year.

In spite of the headwinds and challenges, and through the efforts of our dedicated staff and management, we are pleased that our Assets Under Administration grew by 9% or \$91 million. While our net income is not yet where we want it we still managed to improve it by 58% from 2014. We are beginning to see results from our efforts to reduce operating costs and are working hard on improving operating efficiencies. Our Wealth Services portfolio continues to experience rapid growth and we are very pleased with the confidence our members show in our wealth product offerings.

## **Member Experience**

Our primary focus at Tandia is to improve the member experience. Toward this goal, we completed renovations on our Brantford branch in early 2015 and renovations on our Acton branch got underway later in the year. This is part of an ongoing strategy to keep our locations looking inviting as well as to improve the branch channel experience for our members.

As mentioned at the last AGM we were planning to expand our technology offering to simplify and improve service for the growing number of members using our

mobile channels. Our accomplishments in this area included the introduction of our Tandia mobile app for iPhone and android devices. In addition we also launched "deposit anywhere" on the mobile app to dramatically simplify depositing cheques for our members. We continue to see significant growth in our DirectTCU™ online channel for the education sector. This online channel is proving that the education sector is very comfortable with technology and technology channels.

## **Community Involvement**

During 2015, Tandia continued to support initiatives that focused on children within the communities in which we operate. We are proud of our longstanding relationship with Food4Kids which ensures children do not go hungry over the weekend. As well, the Christmas holiday season is also a time to help out with initiatives for children less fortunate. Tandia worked in tandem with Bell Media/K-Lite FM and the Salvation Army to sponsor "Toy Mountain" in Hamilton and in Milton our efforts focused on The Darling Home for Kids which is a home that provides respite care for medically fragile children.

## **Looking Ahead**

In 2016 we plan to continue our strategy of focusing on improving the member experience. We will continue to invest in staff training to ensure our members receive exceptional service and quality advice. We want to provide the best service and products, delivered through the channel our members prefer, when our members choose. We will continue to invest in technology to further enhance the member experience and to improve the speed and ease of access for our membership.

## **Heartfelt Thank You**

Throughout the year the one constant has been the incredible support of you, our members. I thank you for your understanding as we all experience the growing pace of change in our industry. I thank you on behalf of all our staff for your support and patience as we navigate the rapid pace of change and the progressive evolution of your credit union. Our success is the result of your continued support. I would also like to express my sincere thank you to the staff and management that daily give their heart and soul to make Tandia a Credit Union we can all be proud of.

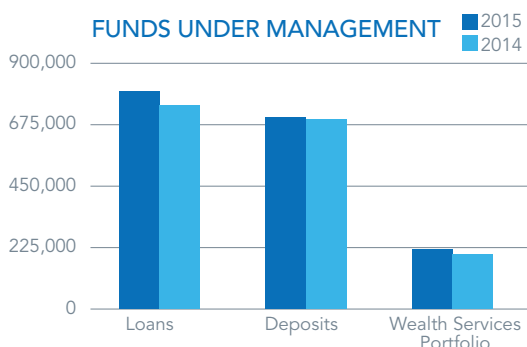
# Financial Performance Highlights



**Sandy Alward**  
SVP, Finance & Administration

The financial results for 2015 reflect solid results for Tandia after completing the major tasks of integration. We have positioned the Credit Union for growth and while the economy and competition continued to create many challenges for Tandia, we ended 2015 with modest profitability and growth.

Total Assets Under Administration surpassed \$1.1 billion, increasing 9% (or \$91 million) in the year as a result of growth in the balance sheet and the Wealth Services portfolio. Loans grew 7% and deposits grew 2% amidst intense competitive pressures in all lines of business. Wealth Services deposits grew more than 11% net of fair market value.

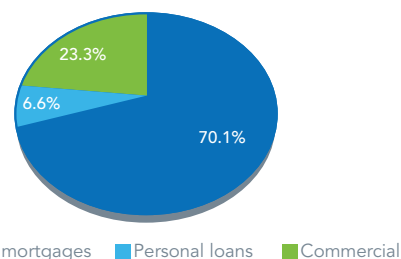


The total loan portfolio grew by 7% or \$48 million to reach \$801 million obtained through our branch network including our virtual channel, brokerage relationship and our commercial members and syndicate partners. The Credit Union experienced moderate growth in the total retail loan portfolio of \$29 million and finished the year at \$615 million, an increase of 5%. Fixed residential mortgage lending recorded the largest increase of 10% while personal lending fell by 6%. This declining trend of personal loans is a common industry trend as members choose to use their equity lines of credit as these products have lower interest rates.

Commercial loans and mortgages increased 13% as we continued to follow our prudent lending policies while

attracting new commercial members. Almost 95% of our commercial business is secured by real estate. The growth in commercial lending was slightly lower than expectations for two reasons. Firstly, we experienced a significant amount of payouts as Tandia could not compete with the pricing as it would have been an unfavourable decision for the Credit Union. Secondly, some of the payouts were related to watch list accounts that were paid out. As always, Tandia takes a very conservative approach in this line of business. We ended the year with \$187 million in commercial business which makes up 23% of the total loan portfolio (22% in 2014).

**LOAN PORTFOLIO MIX**

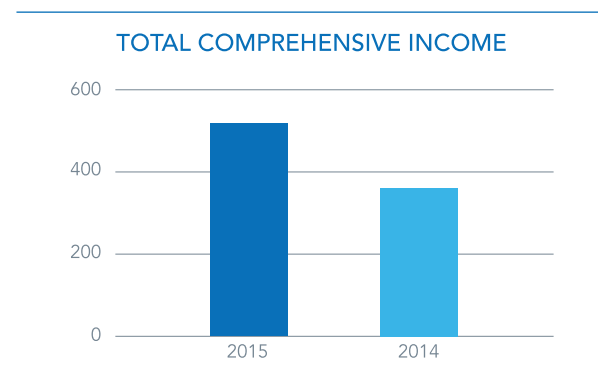


The provision for impaired loans is monitored monthly by senior management and is presented to the Board on a quarterly basis. This report is reviewed to ensure compliance with Board policy and regulatory requirements. Bad debt expense has decreased significantly from the prior year and ended at 0.002% of assets compared to 0.18% in 2014. 2015 levels are far lower than industry standards.

Tandia's members had less need for deposits and hence experienced slower growth in on-book members' deposits during 2015. Deposits grew by 2% or \$13 million to end the year at \$703 million. TFSA deposits recorded the strongest growth at 20% followed by other registered products. Members' confidence in the markets moved some deposits from on-balance sheet into Tandia's Wealth Services portfolio. The Wealth Services team had another successful year with total growth of off-balance sheet wealth deposits of 12% over 2014. Wealth Services assets ended at over \$200 million which make up 19% of the total Assets Under Administration and continued to contribute significantly to operating income during 2015 with record earnings.

Since the demand for lending was higher than deposit growth, the difference was funded by Central 1 borrowings in addition to the continued use of securitizing pools of residential mortgages. The Credit Union securitized \$89 million in mortgages and totalled \$170 million at the end of 2015. The cash received from these pool sales were used to pay down the debt with Central 1 and the excess cash was invested in a high interest savings account. This cash will ensure liquidity needs are met and will be used to fund 2016's growth goals.

The financial crisis which started in 2007 and continues to persist today has resulted in a low interest rate environment which has eroded the financial margin for all financial institutions. Nonetheless, Tandia's net comprehensive income in 2015 ended at \$516 thousand, up 41% from 2014. While this income is still lower than where it should be compared to our credit union peers, the trending up is encouraging and is expected to continue to improve.



Before 2007, most credit union's financial margin could cover the operating expenses of the credit union. However, with the current economic climate of declining spreads with low lending rates and high deposit rates, this is no longer the norm and the Credit Union has to rely on other forms of income to ensure profitability and sustainability. Due to the competitive market that we faced, the interest revenues earned from loans declined due to the Bank of Canada rate cuts. At the same time the interest paid on deposits has risen as credit unions compete to attract new deposits or for retention purposes. The financial margin at the end of 2015 was 1.81% of assets compared to 2.12% at the end of 2014.

The total costs to amalgamate the two credit unions reached just under \$2 million over the two year period. During 2015 the Credit Union paid just over \$750 thousand on converting the banking system and other integration activities. The banking system conversion costs have increased the Computer, office and other equipment expenses by 36% while Administration and Advertising and communication costs have fallen significantly from the prior year. Overall, total operating expenses of the Credit Union only increased by under 2% over 2014. In 2016, with the amalgamation completed, part of the strategic focus will be to ensure that operating expenses reduce back to normal levels and ensure an appropriate asset mix to achieve greater profitability for the Credit Union.

The Credit Union has remained in compliance with all legal requirements for Regulatory Capital. Regulatory Capital totals \$44 million and represents 4.8% of total assets and 10.5% of total risk weighted assets. The sales of the new Class B Investment Shares commenced in the last quarter of 2015 and are expected to close by March 31, 2016. These additional shares will help improve capital levels to ensure that the Credit Union can continue to grow the business in the communities that we serve as well as seeking new areas for branch expansion. Management is committed to implementing strategies to continue to strengthen Tandia's capital base. The Credit Union distributed \$525 thousand to members who hold Class B Investment Shares and Profit Shares. Liquidity ratios remained well above prudent policy at 12.2%.

The persistent low interest rate environment will continue to compress financial margin but there will be an increased focus in commercial lending to ensure that the Credit Union can increase profitability while maintaining prudent lending practices and ensure loan delinquencies remain low. Other key initiatives for 2016 include continued efforts to build brand awareness, expanded use of member segmentation tools to strengthen the member experience and further development of the Enterprise Risk Management Plan.

# Audit and Operational Risk Committee Report



**Mike Veerman**  
Audit & Operational  
Risk Committee Chair

Every credit union is required to establish an Audit Committee that is composed of members appointed by the Board from among the directors as set out in the Credit Unions and Caisses Populaires Act, 1994 and Ontario Regulation.

The 2015 Audit and Operational Risk Committee members were: Mike Veerman (Chair), Jackie Aird, Ivana Fortino and Dan Popov. Elaine Simon attends meetings as Ex-Officio.

The Audit and Operational Risk Committee's oversight role encompasses four critical responsibilities:

1. Review of financial reporting
2. Risk management and controls
3. Audit activities
4. Compliance activities

At the start of each year the Audit and Operational Risk Committee develops a plan that addresses all the areas to ensure that it achieves its mandate of responsibility. Oversight by the committee relates to monthly financial reporting, quarterly internal audit reporting to evaluate internal controls and review of the Enterprise Risk Management framework. In addition, any ongoing emerging risks or compliance issues are reviewed and reported to the Board of Directors. It is the responsibility of the Audit and Operational Risk Committee to report any updates, recommendations or reviews to the full Board of Directors in a timely fashion.

Highlights from 2015 are as follows:

- Grant Thornton LLP – Audit Plan 2015
- Review the evaluation of an external Internal Auditor appointment
- Review the goals, objectives and results by the Internal Auditor quarterly
- Receive quarterly Fraud Reports and Anti-Money Laundering Reports
- DICO – Third Party Examination
- FINTRAC Audit
- Credit Risk and Insurance Management Service review and report
- Review and approve board policies pertaining to the Audit and Operational Risk Committee
- Annual Privacy Review Report
- Confirmed that for the year ended December 31, 2015 there were no material findings outstanding

With the 2015 Audit Plan concluded, the Audit and Operational Risk Committee is satisfied with the policies, procedures and internal controls engaged by Management in conducting the business of Tandia Financial Credit Union.



# Lending Services Report

The following chart summarizes the Credit Union's growth and portfolio mix including securitized loans as of December 31, 2015 with comparative results for December 31, 2014.

The overall portfolio at \$801 million represents an increase of 6.6% year over year with prudent growth noted in the mortgage portfolio for both residential (5.7%) and commercial (13.1%) somewhat offset by decreases in personal (6.1%). The decrease in the personal lending portfolio is an industry norm reflecting increased competition, soft demand and propensity for borrowers to use home equity for borrowing needs.

## LOAN PORTFOLIO

	2015 Growth	Portfolio Mix	2014 Growth*	Portfolio Mix
Personal Loans	-6.1%	6.6%	6.7%	7.5%
Residential Mortgage Loans	5.7%	70.1%	64.1%	70.6%
Commercial Lending	13.1%	23.3%	55.7%	21.9%

\*includes the lending from the amalgamation between Teachers and Prosperity One.

## ALLOWANCE

The provision for impaired loans is monitored on a regular basis by Management, the Audit and Operational Risk Committee, external auditors and regulators. The allowance is comprised of two components; the first being the specific allowance which is calculated based on specific accounts that are in arrears or have been identified as doubtful. The second is the collective allowance which is a buffer for potential losses and would be calculated based on historical performance and Management's best estimates which are reviewed by the external auditors.

## ALLOWANCE (in thousands)

	2015	2014
Specific Allowance	\$464	\$560
Collective Allowance	\$1,018	\$1,163
<b>Total Allowance</b>	<b>\$1,482</b>	<b>\$1,723</b>
Write-offs	\$377	\$1,604
Recoveries	(\$115)	(\$85)
<b>Net Write-offs</b>	<b>\$262</b>	<b>\$1,519</b>

# Community Impact Report

There's nothing we can be more proud of than giving back generously to the community. It's an important part of what Tandia stands for and what cooperative banking means; it also reflects our corporate values of respect and integrity – and demonstrates that they are not just words on a page, but that we live them every single day.

At Tandia, we believe that we should be accountable to the members we serve. An important aspect of our corporate accountability is to live up to our members'

expectations that both our employees and our profits have a positive financial and social impact on the communities in which we live and work. By doing so, we all contribute to fundamentally changing the banking experience for the better and help deliver what we promise - banking we can all be proud of.

We are pleased to share a brief summary of our highest-impact community involvement and charitable giving initiatives from 2015.

## Community Involvement

Throughout 2015, Tandia was highly active in investing over \$35,000 in both the education community and the community at large with initiatives and activities benefitting all of the regions that we serve. Highlights include:

- Tandia was nominated as a Community Sustainability Strategy Champion for the Town of Halton Hills, a strategy that focuses on economic prosperity, social well-being, environmental health and cultural vibrancy.
- Tandia received a Community Excellence Award from the Halton Hills Chamber of Commerce for our contribution to community building, promotion of social responsibility and enrichment of cultural vibrancy and liveability of the Town of Halton Hills.

*Kathy Clark, Senior Vice President, Sales / Service & Operations (right), accepts the award from Kathleen Dills, General Manager of the Chamber.*



- Additionally, Nancy Thompson from our Acton branch was awarded with an Individual Community Excellence Award from the Chamber for her support in fundraising for the Acton Terry Fox Run.
- Tandia sponsored and attended each of the fall fairs in Acton, Georgetown and Milton.

- Tandia sponsored a Career Day for students hosted by the Halton District School Board and Halton Catholic District School Board.
- Tandia was a major sponsor of the Hamilton Wentworth District School Board's Special Olympics.
- Tandia sponsored employee workshops, retirement events and classroom/student presentations for many School Boards including the Hamilton Wentworth District School Board, Hamilton Wentworth Catholic District School Board, Halton District School Board and the Halton Catholic District School Board.
- Tandia's Toronto TCSBE Branch supported various initiatives of the Toronto Catholic District School Board's Angel Foundation for Learning.
- Tandia provided scholarships for Brock University and Nipissing University Faculties of Education
- Tandia awarded a \$1,000 Post Secondary Scholarship to Hailey MacLeod.

*Logan Horncastle, Member Solutions Manager at the James St Branch, presents Hailey with her scholarship award.*



## Charitable Giving

The 2015 focus was on connecting our former community giving programs and developing a cohesive giving strategy that would have an even more significant impact in our communities. We established a charitable cause focused primarily on children in need and we named it, 'Giving Hands'.



Throughout 2015, Tandia raised over \$27,000 and donated over \$33,000 (with surplus charitable funds) to benefit children in need in our communities. The following are some of the highlights.

### ADOPT-A-SCHOOL PROGRAM

The 'Adopt-A-School' program has been making a positive impact in high-needs schools in Brant County, the greater Hamilton area and Halton since 2009. Each year a group of schools are selected and funds are donated to them to assist with their nutrition programs, supplies, school trips, equipment and technology. Also, Tandia staff are supported and encouraged to volunteer at these schools. In 2015, a total of \$15,000 was donated to ten schools located in Brant County, the greater Hamilton area, the Halton region and Toronto.

### FOOD4KIDS

Throughout 2015 Tandia employees participated in various packing nights at the Food4Kids office, which entailed preparing all the food packages for the deliveries that week. Tandia also delivered, on a weekly basis, the food packages to seven schools in the Greater Hamilton area. Tandia is also making a donation of \$5 to Food4Kids for every Member survey that is completed, up to \$5,000 in total.

### TOY MOUNTAIN

During the Christmas season, Tandia worked alongside Bell Media/K-Lite FM and the Salvation Army to build a mountain of toys for children in our community whose families are suffering from financial hardship. In December, Tandia staff volunteered in excess of 200 hours at CF Lime Ridge promoting the event and asking for toy donations. Tandia staff also volunteered during a day-long live broadcast with K-Lite FM at CF Lime Ridge to build the "Toy Mountain." Over 5,000 new toys were collected and over \$34,000 was raised.

## CHARITABLE GOLF TOURNAMENT

Tandia organized a successful charitable golf tournament with Food4Kids as the designated beneficiary of proceeds. The tournament took place on Wednesday July 15 at Rattlesnake Point Golf Club in Milton. With the support of close to 100 golfers and many generous corporate sponsors, \$10,000 was raised. A cheque was presented to Food4Kids in August.



*From left to right, Colin Harriss and Ken deBlieck from CUMIS teamed up with Mike Knight and John Lamberink from Tandia.*



*Tandia staff presented the tournament proceeds to Lena Bassford (centre), Executive Director of Food4Kids.*

## THE DARLING HOME FOR KIDS

In 2015 we formed a new relationship with The Darling Home for Kids, a respite care facility for children who have severe health complexities. In addition to a \$5,000 donation early in 2015, we partnered later in the year to help raise funds and collect toys for a very special Christmas party for the families that benefit from the facility. We collected and donated over \$1,000 in toys. We purchased toys, wrapped them and on the Saturday of their Christmas party our employees volunteered, including Rick Ross, Manager Member Solutions at our Milton Main Street Branch, who filled in for Santa. The event was a tremendous success with over 150 in attendance.

## SPECIAL THANKS

We gratefully acknowledge the enthusiastic support of our employees who contribute both time and their own money to support our charitable giving causes. Many give their own time to volunteer in schools and community organizations and provide monetary support through participation in Friday Dress-Down Days and fundraising contests throughout the year. We also appreciate the support of our members, suppliers and corporate partners who always respond generously.



# Financial Responsibility Report

The information in this annual report and the accompanying summarized financial statements are the responsibility of Management and have been approved by the Board of Directors.

Management is responsible for preparing the financial statements and for ensuring their reliability and accuracy. These financial statements have been prepared in accordance with International Financial Reporting Standards. When required to make estimates, management did so to the best of its knowledge.

The accounting system of Tandia Financial Credit Union Limited (operating as Tandia) and related internal controls and procedures are designed to ensure the reliability of financial information and, to a reasonable degree, safeguard assets against loss or unauthorized use. These procedures include standards in hiring and training employees, an organizational structure with clearly defined lines of responsibility, written and updated policies and procedures, planning and follow-up of projects and budget controls. In addition, in the course of carrying out duties, the Internal Auditor may confer at any time with the Audit and Operational Risk Committee. Composed entirely of directors of Tandia, this Committee ensures that management has fulfilled its responsibilities with respect to financial information and the application of internal controls. During 2015, the Audit and Operational Risk Committee met six times.

Deposit Insurance Corporation of Ontario will examine the affairs of Tandia to ensure that the provisions of its constituent legislation, particularly with respect to the protection of depositors, are duly observed and that Tandia is in sound financial condition.

The independent auditors appointed via the Amalgamation Agreement, Grant Thornton LLP, have the responsibility of auditing the financial statements in accordance with Canadian generally accepted auditing standards and of expressing their opinion. Their report follows. They may, at any time, confer with the Audit and Operational Risk Committee on all matters concerning the nature and execution of their mandate, particularly with respect to the accuracy of financial information provided by Tandia and the reliability of its internal control systems.

## **Tandia Financial Credit Union Limited (operating as Tandia)**

Burlington, Ontario

February 24, 2016

**Richard Davies**  
President & CEO

**Sandy Alward**  
SVP, Finance & Administration

# Report of the Independent Auditor on the Summary Financial Statements



**Grant Thornton**

To the Members of

**Tandia Financial Credit Union Limited** (operating as Tandia):

The accompanying summary financial statements, which comprise the summary statement of financial position as at December 31, 2015, the summary statements of comprehensive income, changes in members' equity, and cash flows for the year then ended, are derived from the audited financial statements of Tandia Financial Credit Union Limited as at December 31, 2015. We expressed an unmodified audit opinion on those financial statements in our report dated February 24, 2016. Those financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of Tandia Financial Credit Union Limited.

## **MANAGEMENT'S RESPONSIBILITY FOR THE SUMMARY FINANCIAL STATEMENTS**

Management is responsible for the preparation of a summary of the audited financial statements on the basis described in Note 1.

## **AUDITORS' RESPONSIBILITY**

Our responsibility is to express an opinion on the summary 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 financial statements derived from the audited financial statements of Tandia Financial Credit Union Limited for the year ended December 31, 2015 are a fair summary of those financial statements, in accordance with Note 1.

Mississauga, Canada  
Chartered Accountants

February 24, 2016  
Licensed Public Accountants

# Summary Statement of Financial Position

December 31

2015

2014

(in thousands)

## Assets

Cash and cash equivalents	\$ 8,190	\$ 6,068
Investments	85,666	56,023
Loans to members	801,488	753,170
Property and equipment	8,937	9,236
Other assets	4,125	3,522
Derivative financial instruments	597	868
Intangible asset	365	786
Income taxes recoverable	122	13
	<u>\$ 909,490</u>	<u>\$ 829,686</u>

## Liabilities

External borrowings	\$ 10,000	\$ 10,000
Secured borrowings	153,456	82,194
Payables and accruals	154	4,481
Deferred income taxes	77	221
Deposits of members	702,340	689,078
Derivative financial instruments	1,039	1,352
Shares	1,461	1,510
	<u>868,527</u>	<u>788,836</u>

## Equity

Shares	12,618	12,496
Retained earnings	15,161	15,262
Accumulated other comprehensive income	1,185	1,093
Contributed surplus	11,999	11,999
	<u>40,963</u>	<u>40,850</u>
	<u>\$ 909,490</u>	<u>\$ 829,686</u>

On behalf of the Board

Elaine Simon,  
Chair, Board of Directors

Mike Veerman,  
Chair, Audit and Operational Risk Committee

# Summary Statement of Comprehensive Income

December 31	2015	2014
	(in thousands)	
Financial income		
Interest on member loans	\$ 26,072	\$ 27,089
Other interest revenue	1,002	1,230
	<u>27,074</u>	<u>28,319</u>
Financial expense		
Interest on member deposits	10,464	10,412
Other interest expense	152	280
	<u>10,616</u>	<u>10,692</u>
Financial margin	16,458	17,627
Other income	7,343	6,973
Provision for impaired loans	21	1,548
Operating margin	<u>23,780</u>	<u>23,052</u>
Operating expenses		
Salaries and benefits	12,322	12,234
Occupancy	1,912	1,809
Computer, office and other equipment	2,305	1,692
Advertising and communications	643	1,140
Member security	875	842
Administration	1,967	2,495
Other	3,299	2,693
	<u>23,323</u>	<u>22,905</u>
Net income before taxes	457	147
Income tax expense (recovery)	33	(121)
Net income for the year	<u>424</u>	<u>268</u>
Other comprehensive income (net of tax)		
Items that may subsequently be reclassified to profit or loss		
Change in unrealized gains on available-for-sale investments	92	99
Total other comprehensive income for the year	<u>92</u>	<u>99</u>
Total comprehensive income for the year	<u>\$ 516</u>	<u>\$ 367</u>

# Summary Statement of Changes in Members' Equity

Year Ended December 31

(in thousands)

	Shares	Retained earnings	Accumulated other comprehensive income	Contributed surplus	Total
Balance at December 31, 2013	\$ 10,333	\$ 15,470	\$ 994	\$ 1,275	\$ 28,072
Net income	-	268	-	-	268
Distributions to members	-	(476)	-	-	(476)
Acquisition of profit shares	519	-	-	-	519
Acquisition of investment shares	1,709	-	-	-	1,709
Issue of profit shares	37	-	-	-	37
Issue of investment shares	371	-	-	-	371
Redemption of profit shares	(310)	-	-	-	(310)
Redemption of investment shares	(163)	-	-	-	(163)
Change in unrealized gains on available-for-sale investments	-	-	99	-	99
Increase in contributed surplus from business combination	-	-	-	10,724	10,724
Balance at December 31, 2014	12,496	15,262	1,093	11,999	40,850
Net income	-	424	-	-	424
Distributions to members	-	(525)	-	-	(525)
Issue of profit shares	39	-	-	-	39
Issue of investment shares	393	-	-	-	393
Redemption of profit shares	(310)	-	-	-	(310)
Change in unrealized gains on available-for-sale investments	-	-	92	-	92
Balance at December 31, 2015	\$ 12,618	\$ 15,161	\$ 1,185	\$ 11,999	\$ 40,963

## 1. Basis of presentation

The summary financial statements are derived from the audited financial statements, prepared in accordance with IFRS as at December 31, 2015 and 2014 and for the years then ended.

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

Management prepared these summary financial statements using the following criteria:

- The summary financial statements include a statement for each statement included in the audited financial statements;
- Information in the summary financial statements agrees with the related information in the audited financial statements;
- Major subtotals, totals and comparative information from the audited financial statements are included; and
- The summary financial statements contain the information from the audited financial statements dealing with matters having a pervasive or otherwise significant effect on the summary financial statements.

In addition, a copy of the audited financial statements is available to any member, upon request, at any branch of the Credit Union or online at [tandia.com](http://tandia.com).



# Summary Statement of Cash Flows

Year Ended December 31	2015	2014
	(in thousands)	
Increase (decrease) in cash and cash equivalents		
<b>Operating</b>		
Net income	\$ 424	\$ 268
Provision for impaired loans	21	1,548
Depreciation and amortization	1,274	1,214
Deferred income taxes	(144)	(291)
Income taxes recoverable	(109)	(13)
Fair value of interest rate swap contracts	(42)	(80)
Distributions to members	(525)	(476)
Other non-cash items	(4,930)	113
	(4,031)	2,283
<b>Financing</b>		
Repayment of external borrowings (net)	-	(7,500)
Increase in secured borrowings	71,262	11,873
Increase in deposits of members (net)	13,488	45,895
Increase in shares (net)	73	155
	84,823	50,423
<b>Investing</b>		
Increase in loans to members (net)	(48,400)	(70,344)
(Purchase of) proceeds from investments (net)	(29,552)	2,746
Distributions received from CUCO Co-op investment	-	956
Purchase of property and equipment	(718)	(796)
Cash resources acquired upon business combination	-	5,746
	(78,670)	(61,692)
Net increase (decrease) in cash and cash equivalents	2,122	(8,986)
Cash and cash equivalents		
Beginning of year	6,068	15,054
End of year	\$ 8,190	\$ 6,068
Interest received	\$ 27,081	\$ 28,178
Interest paid	\$ 10,717	\$ 8,562
Income taxes paid	\$ 321	\$ 245
Patronage dividends paid	\$ 9	\$ 21

[illegible]

## OUR VALUES

### Respect


Mutually rewarding and enduring relationships are at the core of who we are and how we operate. Our members come first and each member is unique. Your concerns are our concerns and we strive every day to gain and maintain your trust.

### Integrity

We are committed to providing the highest level of service delivered with sensitivity and care. We also wholeheartedly embrace our role as a leading corporate citizen and endeavor to support the needs and interests of the wider community in everything we do.

### Innovation

We welcome change and operate with a spirit of openness and flexibility. We don't accept the status quo. This means never resting on our laurels and always being responsive to the needs of our members and the communities in which we operate.



Banking as  
unique as you are.

**ACTON**

350 Queen Street

**ANCASTER**

21 Stone Church Road

**BRANTFORD**

25-27 King George Road

**BURLINGTON**

1940 Appleby Line

3455 Fairview Street

**GEORGETOWN**

187 Guelph Street

**HAMILTON**

75 James Street South

990 Upper Wentworth Street

**MILTON**

611 Holly Avenue

44 Main Street East

**SCARBOROUGH HOSPITAL**

504-3030 Lawrence Avenue East

**STONEY CREEK**

975 Queenston Road

**TORONTO / TCSBE**

80 Sheppard Avenue East

