

Belgian-Alliance Credit Union

Annual Report **2018**

Belgian-Alliance
Credit Union 

Annual Report **2018**

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Our Core Values

Our values guide our actions and decision making process. They are:

Members — We will provide our valued members with the highest level of respect, understanding that they are our most important asset.

Employees — We understand that without engaged and empowered employees, our goal of delivering exceptional member service is limited, and thus we believe that we must reward and compensate our team members accordingly. We will ensure that our employees receive the level of training and support they require to deliver upon our overall objectives, and ensure that they are equipped to perform their functions at the highest level possible.

Community — We will dedicate resources to “make a difference” in the communities where BACU is present.

Integrity — In managing our credit union, we will promote a high level of member confidence by keeping member interest at the forefront of our decision making process.

Operational Excellence — We will deliver on our commitment to provide excellent service as well as competitive pricing and products.

Financial Stewardship — We will govern our credit union in a manner that promotes financial viability and ensures its long term success.

Our Mission

The Belgian-Alliance Credit Union is a community-based financial institution that is open to all, with member needs at the forefront of our decision making process. We provide friendly, efficient, quality service to help our members reach their financial goals.

Our Vision

We will be a trusted leader and the preferred financial institution in the communities we serve. Our dedication to our members will support an earned reputation of delivering responsive, professional advice and of providing value through strong customer service.

Belgian-Alliance
Credit Union 

JOINT MESSAGE FROM THE CHAIR & CEO



Remi Brengman
CHAIR, BOARD OF DIRECTORS



Martin Trudeau
CHIEF EXECUTIVE OFFICER

It is a pleasure and an honour to report to you the accomplishments achieved by Belgian-Alliance Credit Union in 2018. As reported over the last several years, the financial industry is evolving rapidly and change is constant. The pace of technological change is noteworthy. Regulatory requirements continue to expand and now require the credit union to dedicate a good portion of its resources in meeting these heightened expectations, both in time and in dollars. While the Bank of Canada raised interest rates slightly last year, interest rates remain at historical lows, resulting in compressed financial margins and profitability.

These changes have made it necessary for BACU to increase its productivity and find ways to do more with less. Over the last decade, the complexity of delivering our products and the number of delivery channels have increased drastically. The credit union continues to grow without adding a large number of staff to tackle the many new initiatives. Rather, BACU has helped foster and create a strong team of dedicated financial experts, who simply go above and beyond in all they do.

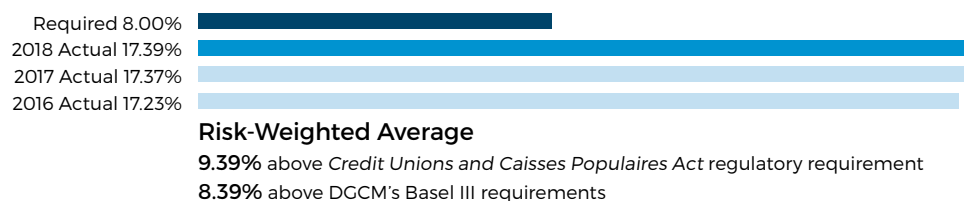
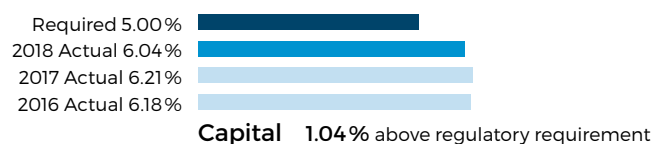
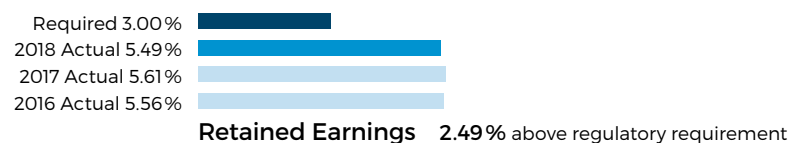
On behalf of the Board and the CEO, we would like to extend our sincere gratitude to all staff for their dedicated commitment to excellence.

Financial

On the financial front, the year was a success. Assets grew by almost \$15 million, members' equity grew by \$580,000 and the credit union's net profit increased by \$70,851 (before taxes and patronage), closing the year at \$758,330. While profit isn't the credit union's main focal point, profitability is needed to reinvest in new and existing technology and to maintain BACU's strong capital position in tandem with the asset growth.

In recognition of the credit union's success, and to reward our membership, the Board declared a patronage distribution of \$40,000 and a dividend in the amount of \$34,530 for 2018. We continue the practice of sharing our profits with our members as a measure of saying thank you.

	GROWTH IN 2018		GROWTH IN 2017	
Assets	\$14.93 million	7.74 %	\$8.10 million	4.38 %
Members' Loans	\$11.08 million	6.33 %	\$8.55 million	5.14 %
Members' Deposits	\$15.56 million	8.69 %	\$9.45 million	5.57 %
Members' Equity	\$579,420	4.84 %	\$556,545	4.87 %
Financial Margin	\$198,359	7.14 %	\$336,967	13.80 %
Gross Operating Expenses	\$107,134	3.77 %	\$67,888	2.45 %
Income before taxes and patronage	\$70,851	10.31 %	\$207,988	43.38 %



Planning and Strategy

Several years ago, BACU migrated to a “Balanced Scorecard” approach to measure and evaluate key initiatives implemented by the Board and Senior Management Team. These initiatives are centered on four key principles: MEMBERS, PEOPLE, PROCESS, and FINANCIAL. In 2018, we met or exceeded 23 of the 25 metrics we monitored (92%). These results are considered a great success.

In 2014, your credit union set a new five-year strategic direction called “Plan 2019”. This plan has served us very well; however, it is quickly coming to a close. Later this fall, the Board and Senior Management Team will commence the work of creating a new plan; one that will help guide our processes and strategies towards the future and take us forward for the years to come.

Major Initiatives Completed

This past year proved to be a year of many changes in the credit union. Certain notable projects which were completed include:

- **New Website** — A complete refresh of the look and feel of our online presence, including mobile friendly features.
- **Online Banking** — BACU converted to a new state-of-the-art online banking platform known as MemberDirect Integrated, providing enhanced security.

- **myBACU App** — Available for iOS and Android operating systems, providing instant access to your funds using a smartphone or tablet. This feature also includes Remote Deposit Capture, the latest in mobile banking convenience.
- **Collabria Credit Cards** — BACU unveiled a new suite of BACU branded Mastercard products, with excellent features and benefits.
- **Loan Origination System** — Your credit union converted to a modern new platform enabling staff to better assist members in creating required forms.
- **IT Network Improvements** — Continual efforts were made to enhance the reliability and security of the credit union's technological offering.
- **IFRS 9 Transition** — Conversion of the Loan Loss Allowance calculation to a new predictive model compliant with International Financial Reporting Standards.

Wealth Management

In 2013, BACU undertook the steps needed to recruit a specialized industry expert with the goal of offering Wealth Management services to our members. Our Wealth Management Advisor works with all BACU members and staff to ensure various investment products are provided and strategies adhered to. This highly specialized service is provided to our members at no charge as the credit union absorbs all costs related to this service. We are proud to announce that 243 individuals are taking advantage of this service, collectively holding 956 accounts. The wealth management sector provides your credit union with a further \$10 million of off-balance sheet assets and related revenue. To all members looking for a second opinion on their investment portfolio, we highly recommend contacting your branch and scheduling a no-obligation consultation. We're here to help; no minimum portfolio size is required to access this expertise. Our team will be happy to coordinate all areas of your portfolio, from Registered Education Savings Plans (RESPs) to your first Registered Retirement Savings Plan (RRSP) contribution.

The Future

BACU has defied the odds, as we are a smaller financial institution competing amongst the banks, other providers and new entrants such as "Fintechs". The Board and Management Team work diligently to plan for the future and do what is best to keep your credit union on a sustainable path. While we have achieved great success, the future is difficult to predict, and your Board of Directors and Management Team are committed to doing what's best for the long term benefit of our members.

As detailed above, your Board has plans to create a new strategic framework to help guide for the future. It is also important that the staff and the Board remain highly engaged and receive continual training in this ever changing environment. To ensure this is the case, all staff and directors have completed several courses on anti-money laundering, privacy, cyber security, IT threats, and cyber scams. These are necessary in today's complex world. In addition, the Board receives specialized

training known as the Credit Union Director Achievement Program (CUDA). To date, six of our directors have completed this program with the remaining two nearing completion.

As we plan for the future, it is evident that the credit union must maintain a dedicated board with many years of experience. Further to our Board's annual self-assessment, and a succession planning exercise completed by the Governance Committee, the Board has approved the addition of a ninth Director. Tonight we welcome this new director; a fresh set of eyes ready to take on new challenges.

BACU continues to focus on our employees and their learning development. We understand that having motivated and well trained staff will lead to the highest level of service possible.

In closing, we wish to thank you, our owners, for your continued support. We truly appreciate having you work with us to achieve our mutually beneficial goals.

Respectfully submitted, on behalf of the board of directors and management team,



Remi Brengman
CHAIR, BOARD OF DIRECTORS



Martin Trudeau
CHIEF EXECUTIVE OFFICER

BOARD OF DIRECTORS



Remi Brengman
CHAIR

Term Expires

2020

Board Meetings

11 / 12

Executive Committee

2 / 2

11 / 12



Bob Seys
VICE-CHAIR

2021

11 / 12

2 / 2

10 / 12



Joanne Mercier
CORPORATE SECRETARY

2021

12 / 12

2 / 2

11 / 12



Bohdana Bashuk
DIRECTOR

2019

9 / 12

10 / 12

HONORARY DIRECTORS

Richard Gregoire • Alfred Huyghe • Casey Van Gorp

Audit & Risk Management Committee	Governance Committee	Term Expires	
Committee Chair 5 / 5		2021	Jim Beaulieu DIRECTOR
	1 / 1		
2 / 2	1 / 1	2019	Marc Lemoine DIRECTOR
	1 / 1		
2 / 3	Committee Chair 2 / 2	2020	Rachelle Needham DIRECTOR
5 / 5	0 / 1		
4 / 5	1 / 1	2019	John Vandewater DIRECTOR



Board spending in 2018 on honoraria, per diems, conferences, and training totalled \$34,543

BACU BRANCHES & EMPLOYEES



Head Office

Martin Trudeau
Chief Executive Officer

David Domes
Chief Operating Officer

Iurii Zhuk
Controller

Kristen Unrau
Administrative Coordinator

Geoff Dilts
Commercial Account Manager

Sarah Carter
Loans Clerk

Jenalie Closas
Loans Clerk

Taiane Miglioranci
Compliance and Administrative Clerk

Portage Branch

Debbie Lechner
Branch Manager

Jeffrey Tesoro
Financial Services Officer

Kim Hildebrand
Member Service Supervisor

Paige Kibsey
Member Service Representative II

Viktoriya Zubarev
Member Service Representative

Casual Employees

Sharla Carriere
Member Service Representative

Reece Needham
Member Service Representative

Gurpreet Sidhu
Member Service Representative

Manilka Fernando
Member Service Representative



Provencher Branch

Marissa Wagner
Branch Manager

Kim Wiebe
Financial Services Officer

Warren Banks
Financial Services Officer

Kattie Capulong
Member Service Representative

James Ayo
Member Service Representative



Jefferson Branch

Erin Fitzgerald
Branch Manager

Susie Strevens
Financial Services Officer

Brenda Wagner
Member Service Representative II

Maria Demchenko
Member Service Representative



Wealth Management

Erin Fitzgerald
Wealth Management Advisor
wealth@bacumail.ca

CORPORATE GIVING



Our staff and directors had another busy year in 2018, volunteering and participating in community events throughout the year – including BACU's own **Family Shred Day** on September 22 (top left and lower right); the **Winnipeg Jets 'Whiteout'** during the playoffs in April and May (top right); and the **West End Street Sweep Off** on April 26.

Community involvement is important to our credit union

We continue to strengthen the foundation on which our credit union was built many years ago, by making positive contributions to the communities that surround our branches. Each year, staff and directors commit countless volunteer hours to various events. In 2018, Belgian-Alliance Credit Union supported these groups and events:

Angels in the Night
 Belgian Club
 CDF Canada
 Christmas Eve Feast
 D'arcy's A.R.C. Inc.
 Diabetes Canada
 Heather Curling Club

MS Society of Canada
 OHEYS Autism Programs
 Ralph Maybank School
 Robin Hood Pole Archery Club
 Saskatchewan Junior Hockey League
 Shock Trauma Air Rescue
 Service Foundation (S.T.A.R.S.)

Siloam Mission
 West End BIZ
 West End Street Sweep Off
 Winnipeg Harvest
 Winnipeg Hot Shots Basketball Club Inc.
 Winnipeg Music Festival
 Winnipeg Sikaran Arnis Academy

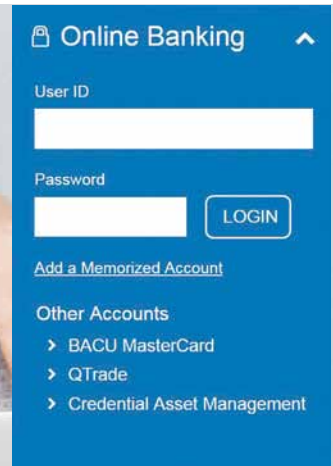


NEW FROM BACU



Download on the
App Store

GET IT ON
Google Play



Always evolving to meet member needs

In the last year, Belgian-Alliance Credit Union has introduced:

- A new suite of personal and business cards from Mastercard® – including Cash Back, No-Fee, Student, Travel Rewards, U.S. Dollar and more
- A brand new website and online banking platform, with a fresh new user-friendly look and the latest security measures, all optimized for viewing on virtually any device.
- Our own 'myBACU' mobile banking app, giving members access to their accounts from anywhere, using any iOS or Android device
- Deposit Anywhere™ lets members deposit cheques without visiting a branch or ATM, using the myBACU app and their iOS or Android smart phone or tablet
- A new BACU MemberCard® debit card featuring INTERAC Flash® contactless payment.



MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying summary financial statements of BELGIAN-ALLIANCE CREDIT UNION LTD. and all the information in this annual report are the responsibility of management and have been approved by the Audit and Risk Management Committee of BELGIAN-ALLIANCE CREDIT UNION LTD.

The financial statements have been prepared by management in accordance with International Financial Reporting Standards. Financial statements include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The BELGIAN-ALLIANCE CREDIT UNION LTD. Audit and Risk Management Committee is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The financial statements have been audited by MNP LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. MNP LLP has full and free access to the Audit and Risk Management Committee.

Martin Trudeau
CHIEF EXECUTIVE OFFICER

Report of the Independent Auditor on the Summary Financial Statements

To the Members of Belgian-Alliance Credit Union Ltd.:

Opinion

The summary financial statements, which comprise the summary statement of financial position as at December 31, 2018, and 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 Belgian-Alliance Credit Union Ltd. (the "Credit Union") for the year ended December 31, 2018.

In our opinion, the accompanying summary financial statements are a fair summary of the audited financial statements, on the basis described in Note 1 to the summary financial statements.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated March 18, 2019.

Management's Responsibility for the Summary Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are a fair summary of the audited financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standards (CAS) 810, Engagements to Report on Summary Financial Statements.

Winnipeg, Manitoba

March 18, 2019

MNP LLP
Chartered Professional Accountants

A copy of the complete financial statements including significant accounting policies and other explanatory information is available from the credit union or at www.belgianalliancecu.mb.ca.

MNP LLP

Belgian-Alliance Credit Union Ltd.
Summary Statement of Financial Position
As at December 31, 2018

	2018	2017
Assets		
Funds on hand and on deposit	6,850,085	8,241,038
Investments	13,065,939	7,983,887
Members' loans receivable	186,077,625	175,001,139
Prepaid expenses and other assets	153,311	153,043
Property, equipment and intangible assets	1,776,089	1,615,796
	207,923,049	192,994,903
Liabilities		
Members' savings and deposits	194,654,333	179,091,154
Accounts payable	678,525	1,141,922
Loan payable	-	750,000
Income taxes payable	15,098	21,154
Deferred taxes	20,000	15,000
	195,367,956	181,019,230
Members' equity		
Member shares	1,095,921	1,108,977
Provision for issue of surplus shares	40,000	35,000
Retained surplus	11,419,172	10,831,696
	12,555,093	11,975,673
	207,923,049	192,994,903

Approved on behalf of the Board of Directors

Signed "Remi Brengman"
Director

Signed "Jim Beaulieu"
Director

A copy of the complete financial statements including significant accounting policies and other explanatory information is available from the credit union or at www.belgianalliancecu.mb.ca.



Belgian-Alliance Credit Union Ltd.
Summary Statement of Comprehensive Income

For the year ended December 31, 2018

	2018	2017
Financial income		
Interest from members' loans	6,055,695	5,578,943
Investment income	392,629	279,223
	6,448,324	5,858,166
Cost of funds	3,472,136	3,080,337
Financial margin	2,976,188	2,777,829
Operating expenses		
Administration	646,025	609,095
Member security	181,722	168,555
Occupancy	365,325	374,120
Organizational	131,375	139,405
Personnel	1,622,551	1,548,689
Gross operating expenses	2,946,998	2,839,864
Other income	(812,059)	(823,363)
Net operating expenses	2,134,939	2,016,501
Income from operations before provision for loan losses, patronage refund and income taxes	841,249	761,328
Provision for loan losses	82,919	73,849
Income before patronage refund and income taxes	758,330	687,479
Patronage refund	40,000	35,000
Income before provision for income taxes	718,330	652,479
Provision for income taxes	99,950	83,079
Income and comprehensive income for the year	618,380	569,400

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Belgian-Alliance Credit Union Ltd.
Summary Statement of Changes in Members' Equity
For the year ended December 31, 2018

	<i>Member shares</i>	<i>Provision for issue of surplus shares</i>	<i>Retained surplus</i>	<i>Total equity</i>
Balance December 31, 2016	1,096,342	35,000	10,287,786	11,419,128
Income and comprehensive income for the year	-	-	569,400	569,400
Patronage refund	-	35,000	-	35,000
Dividend on surplus shares, net of income tax savings of \$2,990	-	-	(25,490)	(25,490)
Issuance of member shares	65,425	(35,000)	-	30,425
Redemption of member shares	(52,790)	-	-	(52,790)
Balance December 31, 2017	1,108,977	35,000	10,831,696	11,975,673
Income and comprehensive income for the year	-	-	618,380	618,380
Patronage refund	-	40,000	-	40,000
Dividend on surplus shares, net of income tax savings of \$3,626	-	-	(30,904)	(30,904)
Issuance of member shares	72,015	(35,000)	-	37,015
Redemption of member shares	(85,071)	-	-	(85,071)
Balance December 31, 2018	1,095,921	40,000	11,419,172	12,555,093

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Belgian-Alliance Credit Union Ltd.
Summary Statement of Cash Flows

For the year ended December 31, 2018

	2018	2017
Operating activities		
Interest received from members' loans	6,039,598	5,556,278
Interest received from investments	388,022	275,151
Other income received	812,059	823,363
Income taxes paid	(97,380)	(77,745)
Interest paid on borrowed money	(3,173,154)	(3,002,480)
Operating expenses paid	(3,323,374)	(2,949,727)
	645,771	624,840
Financing activities		
Proceeds of loan payable	-	750,000
Repayment of loan payable	(750,000)	(2,500,000)
Net change in members' savings and deposits	15,264,197	9,375,218
Issuance of member shares	2,485	1,945
Redemption of member shares	(85,071)	(52,790)
	14,431,611	7,574,373
Investing activities		
Net change in investments	(5,077,445)	(781,505)
Net change in members' loans receivable	(11,143,308)	(8,604,326)
Purchases of property, equipment and intangible assets	(249,082)	(44,805)
Proceeds from disposal of property, equipment and intangible assets	1,500	-
	(16,468,335)	(9,430,636)
Decrease in funds on hand and on deposit	(1,390,953)	(1,231,423)
Funds on hand and on deposit, beginning of year	8,241,038	9,472,461
Funds on hand and on deposit, end of year	6,850,085	8,241,038

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Belgian-Alliance Credit Union Ltd.
Notes to the Summary Financial Statements
For the year ended December 31, 2018

1. Basis of presentation of the summary financial statements

Management has prepared the summary financial statements from the Credit Union's December 31, 2018 audited financial statements which can be obtained at the Credit Union. The detailed notes included in the audited financial statements are not included in these summary financial statements.

2. Compliance with minimum capital and liquidity requirements

Belgian-Alliance Credit Union Ltd. (the "Credit Union") is in compliance with the capital and liquidity reserve requirements at December 31, 2018 established by the Regulations to The Credit Unions and Caisses Populaires Act of Manitoba.

Readers of the summary financial statements are advised that in order to appropriately interpret the Credit Union's capital and liquidity, the reader must refer to the audited financial statements and notes for the year ended December 31, 2018, which contain the information detailing the calculation.

A copy of the complete financial statements including significant accounting policies and other explanatory information is available from the credit union or at www.belgianalliancecu.mb.ca.



Our History

Belgian-Alliance Credit Union lays claim to a proud tradition of dedicated member service and trust by virtue of its presence in the Manitoba Credit Union landscape over several decades. While our Credit Union continues to evolve with respect to changes in product lines, service channels and new technologies, our roots go back to the very beginnings of the credit union movement in our province.

The following chronology outlines key historical events and highlights the founding credit unions that formed the Belgian-Alliance Credit Union of today.

1943

The Amalgamated Civil Servants of Canada (Winnipeg) Credit Union Society (A.C.S. of C.) is incorporated to serve the financial needs of Federal Government employees working at Deer Lodge Hospital, with much of the original credit union's business conducted within the hospital building itself. A.C.S. of C. later becomes **Adanac Credit Union**.

1955

The **CBC Winnipeg Employees Credit Union** is incorporated by a group of employees at the Canadian Broadcasting Corporation. Initially located within the CBC building on Portage Avenue, it later moves to the Spence Street side of the building to allow for a separate entrance for its members. In 1994, the credit union moves to Balmoral Street and is re-named **Communicators Credit Union**.

2001

Adanac, Communicators and **Progress-Vera** credit unions merge to form **Alliance Credit Union** with membership opened to all. The Progress-Vera branch is moved from 627 Selkirk Avenue to its current location at 101-930 Jefferson Avenue in the Maples.

1950

Vera Credit Union is formed to meet the financial needs of Ukrainian-Canadians living in Winnipeg's north end. 'Vera' means to have 'belief' or 'faith' (in the credit union movement and its ideals).

1958

Progress Credit Union is formed. Progress and Vera credit unions amalgamate in 1981 to create the new **Progress-Vera Credit Union**.

2018

Belgian-Alliance Credit Union celebrates 10 years.
Belgian Credit Union celebrates 80 years.

1939

A new financial cooperative, **Belgian Sacred Hearts Society**, is founded by Reverend Father Damas-Van Dyck to serve the financial needs of local parishioners. In 1949, the bond of association is expanded to include all peoples of Belgian or Dutch origin – and further broadened from time to time until, in 1970, it is opened up to all Manitobans. The name was changed to **Belgian Credit Union** in 1974, the same year the operation moved to a new building at 387 Provencher Boulevard.

2008

Belgian and **Alliance** credit unions merge to form the new **Belgian-Alliance Credit Union**, creating a stronger, unified credit union that is well poised to serve its members into the future.

Today

Belgian-Alliance Credit Union is pleased to continue in the spirit of quality member service adhered to by each of the legacy credit unions that served members so well for 80 years.

Think of us as old friends with a fresh, new approach to the business of credit union-ing.



387 Provencher Boulevard
204.982.3400

1177 Portage Avenue
204.927.0460

101-930 Jefferson Avenue
204.927.0450

belgianalliancecu.mb.ca

Banking with a difference.