

*Belgian-Alliance*  
*Credit Union* 

Annual Report **2019**

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## JOINT MESSAGE FROM THE CHAIR & CEO



Remi Brengman  
CHAIR, BOARD OF DIRECTORS



Martin Trudeau  
CHIEF EXECUTIVE OFFICER

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. Citizens, businesses and governments around the world immediately began to put preventative measures in place to limit the spread of this virus. As with most Canadian businesses, the impact on Belgian-Alliance Credit Union (BACU) has been significant — however, we were well prepared. BACU's Pandemic Plan was initiated and, working within the measures of the plan, we continued to manage this new reality. As a result of the pandemic, using a temporary provision allowed by the regulator, the Board of Directors chose to postpone the Annual General Meeting (AGM), as we could not meet in good conscience and risk the health of our members and staff. A decision was made to hold the AGM by means of a teleconference call at a later date.

We also made the difficult decision to delay the rollout of our banking system conversion from the originally planned April 1 date. With the uncertainty of everyday challenges being felt by all members and staff, the Board thought it best to maintain the status quo as much as possible. The new target date for the conversion became July 1, 2020.

As mentioned above, a key priority for BACU in 2019/2020 was to replace our current banking system with a new updated one which will carry our credit union well into the future. This new system will allow BACU to expand product offerings and provide a highly secure and reliable infrastructure. As an added benefit, BACU will now offer e-statements through Online Banking. Every effort was made to minimize service impacts to our members, and we thank you for your support and patience during the transition period.

Last fall, the BACU Board of Directors and Senior Management Team met to create a new strategic planning framework, a plan that will guide us over the next several years. This new plan, called *Strategy 2025*, will focus on six core initiatives: Enhance Member Experience, Increase Share of Wallet, Growth and Profitability,

Expand Awareness of BACU, Optimize Branch Network and Develop an Advice-Based Culture. As a Board, we believe these key initiatives will place BACU in a strong position to tackle future growth, challenges and opportunities, and we are excited to see this plan come to fruition.

Financially, 2019 was a successful year for the credit union. Our asset base grew by 6.5% to close the year slightly above \$221,000,000. As budgeted, our deposit growth outpaced our loans growth, as BACU desired to increase its liquidity level. Profitability met our budget and was deemed satisfactory, with income before patronage and taxes at \$677,700 for the year. While slightly lower than 2018, this was due mainly to the increased deposits noted above and the corresponding reduction in Financial Margin. While profitability is not our main driver of success, it is needed to allow the credit union the opportunity to grow while maintaining our capital levels. Profitability enables us to reinvest in new technology and within the credit union itself.

The Board consists of nine highly dedicated individuals who, in all decision making, consider what is best for the success of our credit union. As part of their oversight responsibilities and sound governance practices, ongoing education is a priority. The Board receives annual training in areas such as Anti-Money Laundering, Privacy, Cyber Security and various other topics. Of the nine members, seven have completed their Credit Union Director Achievement program with the two remaining directors well on their way. We would like to acknowledge and thank the Board for the many hours they spend in ensuring the success of BACU. We would also like to highlight the need to recruit new directors willing to join the credit union board and work with your current board at ensuring our long-term success.

To our management team and staff, a sincere thank you for all you do, the manner in which you tackle change, and how you strive to provide a high level of service to all members. The credit union accomplished a great deal in 2019 and this could only have been done with highly dedicated staff.

Finally, to our members: without you, the credit union could not exist; we are here for you. We thank you for your continued support and hope you find it fitting to refer BACU to your own friends and family. From services such as wealth management, loans and mortgages, to everyday banking, we are committed to our members and here for YOU.

Respectfully submitted,



Remi Brengman  
CHAIR, BOARD OF DIRECTORS



Martin Trudeau  
CHIEF EXECUTIVE OFFICER

## BOARD OF DIRECTORS



**Remi Brengman**  
CHAIR



**Bob Seys**  
VICE-CHAIR



**Joanne Mercier**  
CORPORATE SECRETARY



**Bohdana Bashuk**  
DIRECTOR

MEETING ATTENDANCE ▼

Board Meetings

13 / 13

10 / 13

12 / 13

12 / 13

Executive Committee

3 / 3

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Audit & Risk Management Committee

2 / 2

Governance Committee

3 / 3

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Term Expires

2020

2021

2021

2022

HONORARY DIRECTORS

Richard Gregoire • Alfred Huyghe • Casey Van Gorp



**Jim Beaulieu**  
DIRECTOR

**Ian Dunne**  
DIRECTOR

**Marc Lemoine**  
DIRECTOR

**Rachelle Needham**  
DIRECTOR

**John Vandewater**  
DIRECTOR

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4 / 4

2 / 2

2 / 4

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3 / 3

2021

2020

2022

2020

2022

*Board spending in 2019 on honoraria, per diems, conferences, and training totalled \$42,614*





## 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.

A handwritten signature in blue ink, appearing to read "Martin Trudeau", is positioned above the printed name.

Martin Trudeau  
CHIEF EXECUTIVE OFFICER

## Report of the Independent Auditor on the Summary Financial Statements

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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, 2019, 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, 2019.

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 25, 2020.

### 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 25, 2020

*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](http://www.belgianalliancecu.mb.ca).

**MNP** LLP

**Belgian-Alliance Credit Union Ltd.**  
**Summary Statement of Financial Position**  
*As at December 31, 2019*

	2019	2018
<b>Assets</b>		
Funds on hand and on deposit	8,813,551	6,850,085
Income taxes recoverable	5,600	-
Investments	22,062,801	13,065,939
Members' loans receivable	188,259,592	186,077,625
Prepaid expenses and other assets	187,717	153,311
Property, equipment and intangible assets	2,185,026	1,776,089
	<b>221,514,287</b>	<b>207,923,049</b>
<b>Liabilities</b>		
Members' savings and deposits	207,742,069	194,654,333
Accounts payable	644,025	678,525
Income taxes payable	-	15,098
Deferred taxes	48,000	20,000
	<b>208,434,094</b>	<b>195,367,956</b>
<b>Members' equity</b>		
Member shares	1,118,927	1,095,921
Provision for issue of surplus shares	40,000	40,000
Retained surplus	11,921,266	11,419,172
	<b>13,080,193</b>	<b>12,555,093</b>
	<b>221,514,287</b>	<b>207,923,049</b>

Approved on behalf of the Board of Directors

Signed "Remi Brengman"  
**Director**

Signed "Jim Beaulieu"  
**Director**

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

*For the year ended December 31, 2019*

	2019	2018
<b>Financial income</b>		
Interest from members' loans	6,621,065	6,055,695
Investment income	711,724	392,629
	<b>7,332,789</b>	<b>6,448,324</b>
<b>Cost of funds</b>	<b>4,422,434</b>	<b>3,472,136</b>
<b>Financial margin</b>	<b>2,910,355</b>	<b>2,976,188</b>
<b>Operating expenses</b>		
Administration	699,905	646,025
Member security	193,425	181,722
Occupancy	418,767	365,325
Organizational	153,172	131,375
Personnel	1,577,464	1,622,551
<b>Gross operating expenses</b>	<b>3,042,733</b>	<b>2,946,998</b>
<b>Other income</b>	<b>(815,291)</b>	<b>(812,059)</b>
<b>Net operating expenses</b>	<b>2,227,442</b>	<b>2,134,939</b>
<b>Income from operations before provision for loan losses, patronage refund and income taxes</b>	<b>682,913</b>	<b>841,249</b>
Provision for loan losses	5,213	82,919
<b>Income before patronage refund and income taxes</b>	<b>677,700</b>	<b>758,330</b>
Patronage refund	40,000	40,000
<b>Income before provision for income taxes</b>	<b>637,700</b>	<b>718,330</b>
<b>Provision for income taxes</b>	<b>111,530</b>	<b>99,950</b>
<b>Income and comprehensive income for the year</b>	<b>526,170</b>	<b>618,380</b>

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**Belgian-Alliance Credit Union Ltd.**  
**Summary Statement of Changes in Members' Equity**

*For the year ended December 31, 2019*

	<i>Member shares</i>	<i>Provision for issue of surplus shares</i>	<i>Retained surplus</i>	<i>Total equity</i>
<b>Balance December 31, 2017</b>	<b>1,108,977</b>	<b>35,000</b>	<b>10,831,696</b>	<b>11,975,673</b>
Income and comprehensive income for the year	-	-	<b>618,380</b>	<b>618,380</b>
Patronage refund	-	<b>40,000</b>	-	<b>40,000</b>
Dividend on surplus shares, net of income tax savings of \$3,626	-	-	<b>(30,904)</b>	<b>(30,904)</b>
Issuance of member shares	<b>72,015</b>	<b>(35,000)</b>	-	<b>37,015</b>
Redemption of member shares	<b>(85,071)</b>	-	-	<b>(85,071)</b>
<b>Balance December 31, 2018</b>	<b>1,095,921</b>	<b>40,000</b>	<b>11,419,172</b>	<b>12,555,093</b>
Income and comprehensive income for the year	-	-	<b>526,170</b>	<b>526,170</b>
Patronage refund	-	<b>40,000</b>	-	<b>40,000</b>
Dividend on surplus shares, net of income tax savings of \$3,566	-	-	<b>(24,076)</b>	<b>(24,076)</b>
Issuance of member shares	<b>69,232</b>	<b>(40,000)</b>	-	<b>29,232</b>
Redemption of member shares	<b>(46,226)</b>	-	-	<b>(46,226)</b>
<b>Balance December 31, 2019</b>	<b>1,118,927</b>	<b>40,000</b>	<b>11,921,266</b>	<b>13,080,193</b>

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

*For the year ended December 31, 2019*

	2019	2018
<b>Operating activities</b>		
Interest received from members' loans	6,593,070	6,039,598
Interest received from investments	684,322	388,022
Other income received	815,281	812,059
Income taxes paid	(100,662)	(97,380)
Interest paid on borrowed money	(3,940,816)	(3,173,154)
Operating expenses paid	(3,003,004)	(3,323,374)
	<b>1,048,191</b>	<b>645,771</b>
<b>Financing activities</b>		
Repayment of loan payable	-	(750,000)
Net change in members' savings and deposits	12,606,118	15,264,197
Payment of lease liability	(49,039)	-
Issuance of member shares	1,590	2,485
Redemption of member shares	(46,226)	(85,071)
	<b>12,512,443</b>	<b>14,431,611</b>
<b>Investing activities</b>		
Net change in investments	(8,969,460)	(5,077,445)
Net change in members' loans receivable	(2,159,175)	(11,143,308)
Purchases of property, equipment and intangible assets	(468,533)	(249,082)
Proceeds from disposal of property, equipment and intangible assets	-	1,500
	<b>(11,597,168)</b>	<b>(16,468,335)</b>
<b>Increase (decrease) in funds on hand and on deposit</b>	<b>1,963,466</b>	<b>(1,390,953)</b>
<b>Funds on hand and on deposit, beginning of year</b>	<b>6,850,085</b>	<b>8,241,038</b>
<b>Funds on hand and on deposit, end of year</b>	<b>8,813,551</b>	<b>6,850,085</b>

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**Belgian-Alliance Credit Union Ltd.**  
**Notes to the Summary Financial Statements**  
*For the year ended December 31, 2019*

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**1. Basis of presentation of the summary financial statements**

Management has prepared the summary financial statements from the Credit Union's December 31, 2019 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, 2019 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, 2019, which contain the information detailing the calculation.

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## 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.