

Belgian-Alliance
Credit Union 

Annual Report **2020**

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2020: A Year Like No Other

This past year was filled with unknowns, challenges, fear and victories. As we began 2020, employees of the Belgian-Alliance Credit Union (BACU) were already hard at work in preparation for a core banking conversion which was scheduled for April 1. As regularly communicated to our members, this conversion was the main theme for the year and key identified staff had commenced working on the needed initiatives the year prior.

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic, as it had met the threshold for this highest category of public health emergency and, from this point forward, all of society was put on alert. By March 12, the province of Manitoba had uncovered its first cases of presumptive COVID-19 and the pandemic took hold at a local level.

At BACU, we had created contingencies for such events. We were well prepared and turned to our business continuity and pandemic preparedness plans. With the World Health Organization confirming that a pandemic was upon us, BACU implemented our pandemic preparedness plan.

During this pandemic, our credit union wished to accomplish two main goals:

- Protect our staff and members from contracting COVID-19 by creating sound protocols and guidelines to ensure the safety of all within our credit union.
- Ensure that our members always maintain access to their funds and BACU support as needed. We understood that with a pandemic and the great level of uncertainty placed among us, as an essential service, BACU must ensure that all systems were functioning and employees available at all times to help our members navigate this crisis.

With the above goals confirmed, your board and management team worked diligently to align our operation to these desired outcomes. While the decision was made early on not to close any BACU branch, restrictions were quickly put in place to protect all involved. Enhanced cleaning, hand sanitization stations, physical distancing protocols and limiting the number of members in branch at any one time were all swiftly enacted. Our processes were reviewed and amended to allow verbal authorizations to avoid the need of our members to leave their homes, as well



Remi Brengman
CHAIR, BOARD OF DIRECTORS



Martin Trudeau
CHIEF EXECUTIVE OFFICER

as many others that were formed over the weeks to come. To ensure continuous, uninterrupted service delivery, management deployed BACU's pandemic plan and ensured all identified staff had the ability to work remotely should the need arise. While these were challenging times, members and staff of our credit union were up to the task; we simply wish to say thank you for your patience, commitment and dedication to your credit union during such an unprecedented time.

Core Banking Conversion

With society facing severe restrictions and lockdowns in March, the difficult decision was made to postpone the core banking conversion from April 1 to a later date. While this did create an enormous amount of additional work (and some costs), it was felt that implementing such a large scale project during such uncertain times could result in increased frustrations for our members and create an enhanced level of risk. After achieving consensus with various third party providers, who were needed to make this conversion a success, and with very low COVID-19 counts in Manitoba, the decision was finally made to "go live" on July 1, 2020.

The conversion went live on July 1, and while we continue with a few housekeeping items, it is now behind us. We would like to highlight the Core Banking Conversion Team members who made this conversion a reality, through their hard work and dedication coupled with many hours of overtime, which led to a successful outcome:

David Domes, Chief Innovation Officer and Project Manager
Kristen Unrau, Banking Analyst
Sarah Carter, Loans Clerk
Marissa Wagner, Branch Manager
Iurii Zhuk, Controller
Christine Broadhurst, Administrative Assistant

We must also acknowledge all BACU staff who tackled such great change with open minds and a shared desire for a positive outcome. This new system required

tremendous effort from our staff in training and process improvements while they continued to serve our members. We understood the workload this created and you rose to the task! Our sincere thanks to you for your considerable effort.

We also wish to thank *you*, our members, for your patience and support during this conversion. Such a major initiative creates many changes, which can be challenging and frustrating; however, now that BACU is on a modern new banking platform, we have found the long term stability we required in our core banking provider. This stability will bode well for the future as we tackle new initiatives which are being mandated over the next couple of years — such as a new online banking platform, Interac[®] Instant and e-Transfer for Business, Payments Canada modernization, Open Banking and others. We believe BACU is well poised to tackle these initiatives going forward. Stay tuned for future functionality enhancements!

Financial

Given the turmoil caused by the pandemic, the year overall was considered a success. Our assets grew slightly, by \$2.3 million dollars (or 1.05%); however, members' equity grew by \$491,000 (or 3.75%). This included an amount placed into Loan Loss Provisions of \$103,928 (versus \$5,213 the year prior), based on newer accounting rules which require credit unions to set funds aside based on an expected credit loss formula using economic drivers such as Consumer Price Index, unemployment rate, interest rates, etc. For the year, actual credit that was written off was excellent at \$51,080. To date, our members have shown a great level of resiliency during this pandemic.

Although many credit unions have discontinued the practice of issuing patronage refunds, your board believes that allowing our members to share in profits is one of the cornerstones of the credit union system. As such, in an effort to reward you, our members, for your continued support, the board declared a \$40,000 patronage refund. While this amount is modest, since its creation in 2008, Belgian-Alliance Credit Union has declared patronage totaling over \$1,475,000.

The board has also approved a dividend payment of 1.70% (the 5-year fixed rate term when declared) on any outstanding shares held at BACU. This dividend was paid last December and represents another benefit of belonging to our credit union. Since inception, the credit union has paid over \$335,000 to our members in the form of dividends.

In Closing

The year 2020 will go down in the books as one few will soon forget. For your credit union, it was quite challenging and successful at the same time. We could not have accomplished so much without our dedicated staff and board of directors.

In 2019, BACU's former Chief Operations Officer David Domes took on the challenging role of Project Manager for our banking conversion, as his last milestone with the credit union before he retired. With COVID-19, as noted earlier, and the decision to delay the conversion, Mr. Domes also delayed his retirement from the end of May to mid-August, in order to see this project come to completion. His commitment to BACU never wavered and we thank him for his many years of dedicated leadership.

This year's AGM will also mark the departure of two long standing BACU directors. Jim Beaulieu will be retiring after almost 40 years on the board. Always a well-prepared and active participant, he will be missed by the board and by his fellow members of the Audit and Risk Committee, which he has chaired for many years. Our second "retiring" director is Bob Seys, a longtime member of the executive committee whose knowledge and guidance will be missed. On a positive note, we are very thankful to have four very qualified candidates running in this year's election.

On behalf of staff and the board, we wish to congratulate all of you on your retirements and wish you the best in your future endeavors.

Finally, to our members: it is an honor and privilege serving you each and every day. We thank you for your trust and continued support. We hope that BACU is your primary financial institution for all your needs and for those of friends and family.

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



Martin Trudeau
CHIEF EXECUTIVE OFFICER



Remi Brengman
CHAIR

BOARD OF DIRECTORS



Remi Brengman
CHAIR



Bob Seys
VICE-CHAIR



John Vandewater
VICE-CHAIR



Joanne Mercier
CORPORATE SECRETARY

MEETING ATTENDANCE ▼

Board Meetings

10 / 10

9 / 10

8 / 10

10 / 10

Executive Committee

6 / 6

4 / 4

2 / 2

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Audit & Risk Management Committee

1 / 1

3 / 3

1 / 1

Governance Committee

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Term Expires

2023

Retired in 2020

2022

2021

HONORARY DIRECTORS

Richard Gregoire • Alfred Huyghe • Casey Van Gorp



Bohdana Bashuk
DIRECTOR

Jim Beaulieu
DIRECTOR

Ian Dunne
DIRECTOR

Marc Lemoine
DIRECTOR

Rachelle Needham
DIRECTOR

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2 / 2

2 / 2

1 / 1

2 / 2

6 / 6

3 / 3

3 / 3

3 / 3

2 / 3

2022

Retired in 2020

2023

2022

2023

Board spending in 2020 on honoraria, per diems, conferences, and training totalled \$35,372



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

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, 2020, 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, 2020.

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 24, 2021.

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 24, 2021

MNP LLP
Chartered Professional Accountants



ACCOUNTING > CONSULTING > TAX
TRUE NORTH SQUARE
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Belgian-Alliance Credit Union Ltd.
Summary Statement of Financial Position

As at December 31, 2020

	2020	2019
Assets		
Funds on hand and on deposit	38,985,830	8,813,551
Income taxes recoverable	8,942	5,600
Investments	2,173,155	22,062,801
Members' loans receivable	179,877,878	188,259,592
Prepaid expenses and other assets	147,816	187,717
Property, equipment and intangible assets	2,641,791	2,185,026
	223,835,412	221,514,287
Liabilities		
Members' savings and deposits	208,688,146	207,742,069
Accounts payable	1,236,408	591,025
Lease liability	256,359	53,000
Deferred taxes	83,000	48,000
	210,263,913	208,434,094
Members' equity		
Member shares	1,120,400	1,118,927
Provision for issue of surplus shares	40,000	40,000
Retained surplus	12,411,099	11,921,266
	13,571,499	13,080,193
	223,835,412	221,514,287

Approved on behalf of the Board of Directors

Signed "Remi Brengman"

Signed "John Vandewater"

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, 2020

	2020	2019
Financial income		
Interest from members' loans	6,554,200	6,621,065
Investment income	546,726	711,724
	7,100,926	7,332,789
Cost of funds	4,325,333	4,422,434
Financial margin	2,775,593	2,910,355
Operating expenses		
Administration	739,255	699,905
Member security	198,106	193,425
Occupancy	425,863	418,767
Organizational	115,254	153,172
Personnel	1,575,400	1,577,464
Gross operating expenses	3,053,878	3,042,733
Other income	(1,041,926)	(815,291)
Net operating expenses	2,011,952	2,227,442
Income from operations before provision for loan losses, patronage refund and income taxes	763,641	682,913
Provision for loan losses	103,928	5,213
Income before patronage refund and income taxes	659,713	677,700
Patronage refund	40,000	40,000
Income before provision for income taxes	619,713	637,700
Provision for income taxes	115,263	111,530
Income and comprehensive income for the year	504,450	526,170

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Belgian-Alliance Credit Union Ltd.
Summary Statement of Changes in Members' Equity
For the year ended December 31, 2020

	<i>Member shares</i>	<i>Provision for issue of surplus shares</i>	<i>Retained surplus</i>	<i>Total equity</i>
Balance December 31, 2018	1,095,921	40,000	11,419,172	12,555,093
Income and comprehensive income for the year	-	-	526,170	526,170
Patronage refund	-	40,000	-	40,000
Dividend on surplus shares, net of income tax savings of \$3,566	-	-	(24,076)	(24,076)
Issuance of member shares	69,232	(40,000)	-	29,232
Redemption of member shares	(46,226)	-	-	(46,226)
Balance December 31, 2019	1,118,927	40,000	11,921,266	13,080,193
Income and comprehensive income for the year	-	-	504,450	504,450
Patronage refund	-	40,000	-	40,000
Dividend on surplus shares, net of income tax savings of \$3,608	-	-	(14,617)	(14,617)
Issuance of member shares	59,930	(40,000)	-	19,930
Redemption of member shares	(58,457)	-	-	(58,457)
Balance December 31, 2020	1,120,400	40,000	12,411,099	13,571,499

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

For the year ended December 31, 2020

	2020	2019
Operating activities		
Interest received from members' loans	6,457,319	6,593,070
Interest received from investments	560,262	684,322
Other income received	1,041,926	815,281
Income taxes paid	(79,997)	(100,662)
Interest paid on borrowed money	(4,561,149)	(3,940,816)
Operating expenses paid	(2,167,761)	(2,999,178)
	1,250,600	1,052,017
Financing activities		
Net change in members' savings and deposits	1,181,893	12,606,118
Issuance of member shares	1,705	1,590
Redemption of member shares	(58,457)	(46,226)
	1,125,141	12,561,482
Investing activities		
Net change in investments	19,876,110	(8,969,460)
Net change in members' loans receivable	8,374,667	(2,159,175)
Purchases of property, equipment and intangible assets	(401,374)	(468,533)
Lease payments	(52,865)	(52,865)
	27,796,538	(11,650,003)
Increase in funds on hand and on deposit	30,172,279	1,963,466
Funds on hand and on deposit, beginning of year	8,813,551	6,850,085
Funds on hand and on deposit, end of year	38,985,830	8,813,551

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Belgian-Alliance Credit Union Ltd. Notes to the Summary Financial Statements

For the year ended December 31, 2020

1. Basis of presentation of the summary financial statements

Management has prepared the summary financial statements from the Credit Union's December 31, 2020 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, 2020 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, 2020, 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
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101-930 Jefferson Avenue
204.927.0450

belgianalliancecu.mb.ca

Personal and Business **banking with a difference**