HEALTHCARE & MUNICIPAL EMPLOYEES' CREDIT UNION

FINANCIAL STATEMENTS

For the year ended December 31, 2021

Millards
Chartered Professional Accountants

HEALTHCARE & MUNICIPAL EMPLOYEES' CREDIT UNION

For the year ended December 31, 2021

INDEX

P.O. Box 367, 96 Nelson Street
Brantford, Ontario N3T 5N3
Telephone: (519) 759-3511
Facsimile: (519) 759-7961

INDEPENDENT AUDITORS' REPORT

To the Members of Healthcare & Municipal Employees' Credit Union

Opinion

We have audited the financial statements of Healthcare & Municipal Employees' Credit Union (the 'Entity'), which comprise the statement of financial position as at December 31, 2021, and the statements of comprehensive income, changes in members' equity, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information – Annual Report

Management is responsible for the annual report. The annual report comprises the report of the board of directors, report of the CEO, and other management reports, but does not include the financial statements and our auditors’ report thereon. The annual report is expected to be made available to us after the date of this auditors’ report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the annual report identified above when it becomes available and, in doing so, consider whether the annual report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

The annual report is expected to be made available to us after the date of our auditors' report. When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Millard, Rouse & Rosebrugh LLP

March 1, 2022
Brantford, Ontario

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

HEALTHCARE & MUNICIPAL EMPLOYEES' CREDIT UNION

STATEMENT OF FINANCIAL POSITION

As at December 31	2021	2020
ASSETS		
Cash and bank	7,116,264	17,600,355
Investments (Note 4)	19,374,747	26,523,921
Derivatives (Note 5)	4,494	373,298
Loans to members (Note 6)	222,117,555	197,440,440
Accounts receivable	69,112	62,567
Prepaid expenses	812,512	346,259
Property, plant and equipment (Note 8)	1,417,310	1,557,570
Intangible assets (Note 8)	2,379,377	830,571
Right of use for leased assets (Note 9)	289,349	389,184
Deferred income tax asset (Note 15)	-	27,628
	253,580,720	245,151,793
LIABILITIES		
Operating credit facility (Note 19)	4,000,000	-
Members' deposits (Note 10)	229,066,840	230,064,264
Accounts payable and accrued liabilities	1,113,753	1,257,633
Derivatives (Note 5)	4,494	189,349
Lease liabilities (Note 9)	295,404	545,195
Income taxes payable	96,698	79,424
Deferred income tax liability (Note 15)	8,109	-
Members' share capital (Note 11)	5,665,506	700,451
	240,250,804	232,836,316
MEMBERS' EQUITY		
Undivided Earnings	13,329,916	12,257,988
Accumulated Other Comprehensive Income	-	57,489
	13,329,916	12,315,477
	253,580,720	245,151,793

HEALTHCARE & MUNICIPAL EMPLOYEES' CREDIT UNION

STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31	2021	2020
Interest Revenue (Note 13)	7,237,713	7,924,511
Interest Expense (Note 14)	1,997,750	2,637,312
Interest Margin	5,239,963	5,287,199
Other income	2,017,761	1,931,369
Income Before Operating Expenses	7,257,724	7,218,568
Operating Expenses		
Employee salaries and benefits	3,155,145	3,267,891
Occupancy	270,289	273,887
Administration	769,769	570,587
Data processing	973,630	860,565
Lending	22,458	408,490
Member deposit insurance	205,252	195,243
Board and committee expenses	63,580	59,591
Depreciation	383,640	732,231
	5,843,763	6,368,485
Operating Income	1,413,961	850,083
Dividends on members' shares	(122,431)	-
Income Before Income Taxes	1,291,530	850,083
Income taxes - current (Note 15)	175,877	174,080
- deferred (Note 15)	43,725	(32,289)
Net Income	1,071,928	708,292
Other Comprehensive Income (Loss)		
Change in unrealized gains / (losses) on derivative instruments designated as cash flow hedges	(65,477)	147,054
Tax effect of change in unrealized gains on cash flow hedges	7,988	(19,001)
Other Comprehensive Income for the Year	(57,489)	128,053
Comprehensive Income for the Year	1,014,439	836,345

See accompanying notes

HEALTHCARE & MUNICIPAL EMPLOYEES' CREDIT UNION

STATEMENT OF CHANGES IN MEMBERS' EQUITY

	Accumulated Other Comprehensive Income Cash Flow Hedges	Undivided Earnings	Total
Balance at January 1, 2020	(70,564)	11,549,696	11,479,132
Net Income	-	708,292	708,292
Change in unrealized gains / (losses) on cash flow hedges	128,053	-	128,053
Balance at December 31, 2020	57,489	12,257,988	12,315,477
Net Income	-	1,071,928	1,071,928
Change in unrealized gains / (losses) on cash flow hedges	(57,489)	-	(57,489)
Balance at December 31, 2021	-	13,329,916	13,329,916

See accompanying notes

HEALTHCARE & MUNICIPAL EMPLOYEES' CREDIT UNION

STATEMENT OF CASH FLOWS

For the year ended December 31	2021	2020
Cash Flows From Operating Activities		
Net Income	1,071,928	708,292
Adjustments for:		
Interest revenue	(7,237,713)	(7,924,511)
Interest expense	1,997,750	2,637,312
Interest received on member loans	6,935,148	7,345,627
Interest received on investments	250,776	551,454
Interest paid on member deposits	(2,303,520)	(2,689,245)
Depreciation	383,640	732,231
Deferred income taxes	43,725	(32,289)
Income taxes (paid) recovered	(159,106)	(61,455)
Net change in non-cash working capital balances related to operations	(321,824)	(305,845)
	660,804	961,571
Cash Flows From Financing Activities		
Credit facility	4,000,000	-
Member deposits and share capital	(726,598)	20,005,567
Lease obligations	(249,792)	(266,361)
Class A investment shares	5,000,000	-
	8,023,610	19,739,206
Cash Flows From Investing Activities		
Purchase of property, plant and equipment and intangible assets	(1,692,352)	(790,129)
Loans and mortgages to members	(24,646,235)	(56,386)
Investments	7,170,083	(7,763,594)
	(19,168,504)	(8,610,109)
Net Decrease in Cash and Cash Equivalents	(10,484,090)	12,090,668
Opening Cash and Cash Equivalents	17,600,355	5,509,687
Closing Cash and Cash Equivalents	7,116,265	17,600,355

See accompanying notes

1. NATURE OF OPERATIONS

Reporting Entity

Healthcare & Municipal Employees' Credit Union (the credit union) is a company incorporated under the Credit Unions and Caisses Populaires Act, 1994 ("The Act") of Ontario. The credit union offers retail banking services to its members. The head office is located at 209 Limeridge Road East, Hamilton, Ontario.

These financial statements have been authorized for issue by the Board of Directors on March 1, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (the IASB).

These financial statements were prepared under the historical cost convention, as modified by the revaluation of financial assets and derivative financial instruments measured at fair value.

The credit union's functional and presentation currency is the Canadian dollar.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the credit union's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Cash and Bank

Cash and bank includes cash on hand and deposits with banks. Cash and bank accounts are classified as measured at fair value through profit or loss.

Central 1 Deposits

Deposits with Central 1 are initially measured at fair value plus transaction costs, and are subsequently measured at amortized cost.

Debt Investments

Investments with fixed or determinable payments that the credit union has the intention and ability to hold until maturity are measured at amortized cost. These assets are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method. A provision for impairment is established when there is objective evidence of impairment and the impairment is other than temporary. If the impairment is other than temporary, the investment will be written down to its fair value.

Equity Instruments

Equity instruments are classified as measured at fair value through profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Hedges

The credit union periodically enters into derivative contracts to manage financial risks associated with movements in interest rates. The credit union does not enter into derivative financial instruments for trading or speculative purposes.

When derivatives are used to manage exposures, the credit union determines, for each derivative, whether hedge accounting can be applied. Where hedge accounting can be applied, a hedge relationship is designated as a cash flow hedge of a specifically identified group of assets or liabilities. The credit union formally assesses and documents whether these derivatives are effective in offsetting changes in cash flows of hedged assets or liabilities.

These derivatives are carried at fair value and are reported as assets when they have a positive fair value and as liabilities when they have a negative fair value. Gains and losses resulting from changes in fair value of the effective portion of the derivative instrument are recorded in other comprehensive income until the hedged item is recognized in income. The ineffective portion is recognized immediately in income as other income.

Market Based Deposits

The credit union has various deposits from members whereby interest will be paid based on certain market indicators. To offset exposure to fluctuations in these indicators, the credit union has entered into derivative contracts with Central 1 whereby Central 1 will pay the interest on these deposits. In return, the credit union will pay a fixed rate of interest to Central 1 on these deposits. These derivative contracts are designated as fair value through profit or loss and are measured at fair value both initially and subsequently.

Loans to Members

All loans to members are financial assets with fixed or determinable payments that are not quoted in an active market and are classified as measured at amortized cost. Member loans are initially measured at fair value, net of loan origination fees. Loans are subsequently measured at amortized cost using the effective interest rate method, less any impairment. An allowance for doubtful loans is deducted from the total of the loans on the statement of financial position.

Property, Plant and Equipment and Depreciation

Property, plant and equipment assets are stated at cost. Depreciation is provided for in the accounts as follows:

Building	40 years straight line
Leasehold improvements	Remaining term of the lease
Furniture and fixtures	5 to 10 years straight line
Computer equipment	3 to 5 years straight line

Intangible Assets

Intangible assets consist of computer software, rights for the use of software, and costs incurred to acquire those rights. Intangible assets are initially recorded at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment (losses). Depreciation is provided using the straight-line basis over 10 years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Accounts Payable

Liabilities for trade creditors and other payables are classified as other financial liabilities and initially measured at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently are carried at amortized cost using the effective interest rate method.

Income Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are measured at the amount expected to be recovered from or paid to the taxation authorities using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable income will be available to allow the deferred tax asset to be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The amount of the deferred tax asset or liability is measured at the amount expected to be recovered from or paid to the taxation authorities. This amount is determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date and are expected to apply when the liabilities / (assets) are settled / (recovered).

Member Deposits

All member deposits are initially measured at fair value, net of any transaction costs directly attributable to the issuance of the instrument. Member deposits are subsequently measured at amortized cost, using the effective interest rate method.

Members' Shares

Members' shares issued by the credit union are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

Provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Revenue Recognition
Interest on loans and investments is recognized as earned at the end of each month and when ultimate collection is reasonably assured. Other income consists of commission income, service charges, and rent. Other income is recognized when the transaction generating the commission or service charge occurs. Rental income is earned at the end of each month of the rental contract.

Interest Expense
Interest on deposits and loans are recognized as incurred at the end of each month.

Foreign Currency Translation
Foreign currency accounts are translated into Canadian dollars as follows:

At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year-end date, unsettled monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at the year-end date and the related translation differences are recognized in net income. Exchange gains and losses arising on the retranslation of available for sale financial assets are treated as a separate component of the change in fair value and recognized in net income.

Leases
Leases are recognized, measured and presented in line with IFRS 16 'Leases'.

Leased assets are capitalized at the commencement date of the lease and comprise the initial lease liability amount plus direct cost incurred when entering the lease agreement.

The credit union depreciates the right-of-use asset on a straightline basis from the lease commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The credit union also assesses the right of use asset for impairment when such indicators exist.

Lease liabilities are measured at the present value of the fixed and variable lease payments unpaid at commencement of the lease, discounted at the credit union's incremental borrowing rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Standards, Amendments and Interpretations Not Yet Effective

Certain new standards, amendments and interpretations have been published that are mandatory for the Credit Union's accounting periods beginning on or after January 1, 2022 or later periods that the Credit Union has decided not to early adopt. The standards, amendments and interpretations that will be relevant to the Credit Union are:

(i) IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors was amended in February 2021. These amendments clarify that accounting estimates require use of measurement techniques and inputs to develop an estimate. A change in an accounting estimate due to changes in inputs or assumptions is recorded in the current period unless it results from the correction of prior period errors. This amendment is effective for periods beginning on or after January 1, 2023. The credit union does not anticipate a significant impact to the financial statements as a result of this amendment.

(ii) IAS 37 Provisions, Contingent Liabilities and Contingent Assets was amended in May 2020. The amendments specify that in assessing whether a contract is onerous under IAS 37, the cost of fulfilling a contract includes both the incremental costs and an allocation of costs that relate directly to contract activities. This amendment is effective for annual periods beginning on or after January 1, 2022. The credit union does not anticipate a significant impact to the financial statements as a result of this amendment.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The credit union makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only; or in the period of the change and future periods, if the change affects both.

The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Fair Value of Financial Instruments
The credit union determines the fair value of financial instruments that are not quoted in an active market using valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. In that regard, the derived fair value estimates cannot always be substantiated by comparison with independent markets and, in many cases, may not be capable of being realized immediately.

Loan Loss Provision
In accordance with IFRS 9, the credit union uses an expected credit loss model to determine a loss allowance for its loan and mortgage portfolio. Under this model the credit union estimates the probability of default of a loan, and the expected loss given default. The credit union recognizes the expected losses over the next 12 months for loans that have not had significant deterioration in credit quality, and recognizes lifetime expected credit losses when there has been significant increases in credit risk since initial recognition.

Valuation of lease liabilities and right of use assets
The application of IFRS 16 requires the credit union to make judgments that affect the valuation of the lease liabilities and the valuation of right of use assets. These include determining contracts in scope of IFRS 16, determining the contract term and determining the interest rate used for discounting of future cash flows.

The lease term determined by the credit union comprises non-cancellable periods of lease contracts, and periods covered by an option to terminate the lease if the credit union is reasonably certain not to exercise that option.

The present value of the lease payment is determined using the discount rate representing the rate of interest rate swap applicable for the currency of the lease contract and for similar tenor, corrected by the average credit spread of entities with rating similar to the credit unions rating, observed in the period when the lease contract commences or is modified.

4. INVESTMENTS

	2021	2020
Debt Instruments		
Central 1 Liquidity reserve deposit	-	13,678,546
Central 1 deposit note	-	11,527,860
HQLA Investments	15,843,877	-
Other debt instruments	2,855,933	-
Accrued interest	103,232	82,323
Total Central 1 Deposits	18,803,042	25,288,729
Equity Instruments		
Central 1 Credit Union - Class A	75,420	74,991
Central 1 Credit Union - Class E	494,800	494,800
Central 1 Credit Union - Class F	-	663,916
Other investments	1,485	1,485
Total Equity Instruments	571,705	1,235,192
	19,374,747	26,523,921

Board policies establish a minimum threshold for liquidity of 7% of deposits and borrowings and a maximum of 20%. Included in the credit union liquidity policies is the requirement that 6% of deposits is invested in High Quality Liquid Assets (HQLA).

The shares in Central 1 are required as a condition of membership and are redeemable upon withdrawal of membership or at the discretion of the Board of Directors of Central 1. In addition, the member credit unions are subject to additional capital calls at the discretion of the Board of Directors.

Central 1 Class A and Class F shares are subject to an annual rebalancing mechanism and are redeemable at the option of Central 1. There is no separately quoted market value for these shares, however fair value is determined to be equivalent to the par value.

Central 1 Class E shares are redeemable at $100 per share. There is no separately quoted market value for these shares. The fair value is determined to equal the redemption value.

5. DERIVATIVES

The credit union has outstanding $771,321 (2020 - $1,008,930) in index linked term deposits to its members. The index linked term deposits are three and five year deposits that pay interest at the end of the term, based on the performance of a variety of indices. The embedded derivatives associated with these deposits are presented in liabilities and have a fair value of $4,494 (2020 - $189,349).

The credit union has entered into hedge agreements with Central 1 to offset the exposure to the indices associated with this product, whereby the credit union pays a fixed rate of interest for the term of each index linked term deposit on the face value of the deposits sold. At the end of the term, the credit union receives an amount equal to the amount that will be paid to the depositors, based on the performance of the indices. As at December 31, 2021, the credit union had entered into such contracts on index linked term deposits for a total of $25,646. The agreements are secured by a general security agreement covering all assets of the credit union.

From time to time, in the ordinary course of business, the credit union enters into interest rate swaps in order to hedge against exposure to interest rate fluctuations. At December 31, 2021, the credit union was not party to any such agreements with Central 1 Credit Union ($30,000,000 in 2020).

	2021	2020
Derivative assets		
Index linked hedge receivable from Central 1	4,494	189,349
Interest rate swaps	-	183,949
	4,494	373,298
Derivative liabilities		
Interest rate swaps	-	-
Index linked derivatives payable on member deposits	4,494	189,349
	4,494	189,349

These derivatives have a fair value that varies based on the particular contract and changes in interest rates. The purpose of these derivatives is to provide a hedge against interest rate fluctuations by improving the credit union's matching of its asset and liability positions.

6. LOANS TO MEMBERS

	2021	2020
Personal loans	5,370,101	8,239,293
Residential mortgages	186,576,746	175,872,275
Bridge loans	285,100	-
Investment mortgages	13,438,802	4,487,186
Commercial and Syndicated loans	16,494,970	9,006,248
Accrued interest	284,206	253,326
	222,449,925	197,858,328
Less: allowance for impaired loans (Note 7)	332,370	417,888
Total Loans Receivable	222,117,555	197,440,440

Personal loans consist of term loans and lines of credit that are not real estate secured and, as such, have various repayment terms. Some personal loans are secured by wage assignments and personal property or investments, and others are secured by wage assignment only. Personal loans have fixed or variable interest rates and a maximum term of 5 years with an average rate of 6.61% at December 31, 2021 (7.03% in 2020).

Residential mortgages are loans and lines of credit secured by residential property and are generally repayable monthly with blended payments of principal and interest. Residential mortgages have fixed or variable interest rates with an average rate of 3.09% at December 31, 2021 (3.36% in 2020).

Syndicated loans consist of commercial loans and mortgages to individuals, partnerships and corporations and have various repayment terms. They are secured by various types of collateral including mortgages on real property, general security agreements, and personal guarantees. These loans have fixed or variable interest rates with an average rate of 4.34% at December 31, 2021 (4.79% in 2020).

Investment mortgages are loans and lines of credit secured by residential property and are generally repayable monthly with blended payments of principal and interests. Investment mortgages have fixed or variable interest rates with an average rate of of 3.08% at December 31, 2021 (3.07% - 2020).

Credit Quality of Loans

It is not practical to value all collateral as at the balance sheet date due to the variety of assets and conditions. A breakdown of the portfolio by type of security is as follows:

	2021	2020
Unsecured loans	3,418,449	4,943,762
Loans secured by cash or property	2,236,752	3,295,531
Residential mortgages	178,467,905	162,889,730
Insured residential mortgages	8,108,841	12,982,545
Investment mortgages	13,438,802	4,487,186
Loans secured by commercial property	16,494,970	9,006,248
	222,165,719	197,605,002

6. LOANS TO MEMBERS (Cont'd)

Concentration of Risk

The credit union has an exposure to groupings of individual loans which concentrate risk and create exposure to particular segments as follows:

At December 31, 2021, there are eleven members with individual borrowings exceeding 10% of member equity (2020 - six members). The following outlines the total value of borrowings that exceeded 10% of members equity.

	2021	2020
Commercial and Syndicated loans	9,688,249	2,927,488
Residential mortgages	4,695,725	1,802,772
Investment mortgages	8,957,611	4,487,186
	23,341,585	9,217,446

All member loans are with members located in Southwestern Ontario.

7. ALLOWANCE FOR IMPAIRED LOANS

The following table shows a reconciliation of the opening and closing balances of the loan allowance based on expected credit losses:

2020	Stage 3 Provision	Stage 1 and 2 Provision	Total
Balance at January 1, 2020	171,751	54,852	226,603
Recoveries of loans previously written off	10,497	-	10,497
Provision charged to net income	370,601	(22,405)	348,196
Loans written off	(167,408)	-	(167,408)
Balance at December 30, 2020	385,441	32,447	417,888

2021	Stage 3 Provision	Stage 1 and 2 Provision	Total
Balance at January 1, 2021	385,441	32,447	417,888
Recoveries of loans previously written off	14,166	-	14,166
Provision charged to net income	(4,959)	671	(4,288)
Loans written off	(95,396)	-	(95,396)
Balance at December 31, 2021	299,252	33,118	332,370

7. ALLOWANCE FOR IMPAIRED LOANS (Cont'd)

The allowance for impaired loans is broken down as follows:

	Allowance for Impaired Loans		Aggregate Impaired Loans	
	2021	**2020**	**2021**	**2020**
Personal loans	191,344	229,750	191,344	229,750
Lines of credit	107,908	75,695	107,908	75,695
Non-specified loans	33,118	32,447	-	-
Residential mortgages	-	79,996	151,598	79,996
	332,370	417,888	450,850	385,441

Key Assumptions in Determining the Allowance for Impaired Loans Collective Provision

All loans have a probability of default. The credit union uses historical loss ratios of loans with similar characteristics to estimate the probability and severity of loss on origination of new loans issued. At each reporting date, the credit union considers evidence of potential impairment such as industrial restructuring, job losses or economic circumstances. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the credit union to reduce any differences between loss estimates and actual loss experience.

For loans that have not increased in credit risk since origination, the credit union allows for 12 month expected credit losses (Stage 1 provision). For loans that have experienced significant increase in credit risk since origination, the credit union allows for lifetime expected credit losses (Stage 2 provision). Loans are considered to have significantly increased credit risk when payments are 30 days past due. Loans that are 90 days past due are specifically identified as impaired (Stage 3) and are evaluated individually for collateral and expected loss provision.

8. PROPERTY, PLANT AND EQUIPMENT

	Land	Building	Leasehold Improvements	Furniture & Fixtures	Computer Equipment	Total	Intangibles
Cost							
Balance at January 1, 2020	437,779	2,078,353	1,087,665	474,456	719,002	4,797,255	520,435
Additions	-	-	4,136	17,594	22,281	44,011	746,118
Balance at December 31, 2020	437,779	2,078,353	1,091,801	492,050	741,283	4,841,266	1,266,553
Additions	-	-	-	-	14,591	14,591	1,677,761
Balance at December 31, 2021	437,779	2,078,353	1,091,801	492,050	755,874	4,855,857	2,944,314
Accumulated Depreciation							
Balance at January 1, 2020	-	1,239,658	770,702	379,740	641,997	3,032,097	385,781
Depreciation expense	-	53,768	113,475	30,877	53,479	251,599	50,201
Balance at December 31, 2020	-	1,293,426	884,177	410,617	695,476	3,283,696	435,982
Depreciation expense	-	49,361	56,048	20,798	28,644	154,851	128,955
Balance at December 31, 2021	-	1,342,787	940,225	431,415	724,120	3,438,547	564,937
Net book value							
December 30, 2020	437,779	784,927	207,624	81,433	45,807	1,557,570	830,571
December 31, 2021	437,779	735,566	151,576	60,635	31,754	1,417,310	2,379,377

9. LEASE ASSETS AND LIABILITIES

Right of use assets for leased branch offices	**2021**	**2020**
Balance at January 1	389,184	406,957
Additions	-	412,656
Depreciation	99,835	430,429
Balance at December 31	289,349	389,184

Lease liabilities	**2021**	**2020**
Balance at January 1	545,195	398,898
Additions	-	412,656
Payments	255,584	271,356
Interest expense	(5,793)	(4,997)
Balance at December 31	295,404	545,195

Payments required under these leases are as follows:

2022 - $102,199; 2023 - $74,695; 2024 - $68,075; 2025 - $57,882

10. MEMBERS' DEPOSITS

	2021	2020
Chequing accounts	36,420,621	28,368,423
Savings accounts	81,222,882	75,744,657
Term deposits	38,385,186	43,403,414
Tax free savings accounts	28,471,791	30,788,732
Registered retirement savings plans	24,751,031	31,222,083
Registered retirement income funds	19,148,660	19,564,516
Accrued interest	666,669	972,439
	229,066,840	230,064,264

Chequing and savings accounts are due on demand.

Term deposits have fixed rates of interest for terms up to five years, or pay a return based on market indexes. Interest can be paid monthly, annually, or upon maturity. At December 31, 2021, the average interest rate on term deposits was 1.64% (2.06% in 2020).

Registered retirement savings plan accounts can be fixed or variable rate, or pay a return based on market indexes. Fixed rate deposits have similar terms and rates as the term deposits described above.

Registered retirement income fund accounts can be fixed or variable rate with terms similar to those of registered retirement savings plan accounts described above. Members may make withdrawals from RRIFs on a monthly or annual basis according to individual needs and statutory requirements.

Tax free savings accounts can be fixed or variable rate with terms and conditions similar to those of the registered retirement savings plan accounts described above.

Concentration of Risk
The credit union has an exposure to groupings of individual deposits which concentrate risk and create exposure to particular segments.

No individuals or related groups of members' deposits exceed 1% of members' deposits.

All members' deposits are primarily with members located in Southwestern Ontario.

11. MEMBERS' SHARE CAPITAL

	2021	2020
Membership shares	665,506	700,451
Class A Investment shares (5,000,000 shares)	5,000,000	-
	5,665,506	700,451

As a condition of membership, each member is required to hold a minimum of $25 in membership shares. This capital is of a permanent nature which cannot be withdrawn except upon the death or withdrawal from membership of the member. Any special dividends added to a member's permanent share capital account cannot be withdrawn except on the above conditions. As at December 31, 2021, the credit union had 12,208 members.

Class A Investment shares are non-cumulative, non-voting, non-participating shares, which bear dividends at a rate established by the Board of Directors each year. Approval of any redemption request is at the discretion of the Board. In no case shall total redemptions in any fiscal year exceed an amount equal to 10% of the total Class A Investment Shares outstanding at the end of the previous fiscal year. Consequently, holders of Class A Investment Shares may not be able to sell or redeem their securities at their discretion.

The Class A Investment Shares are redeemable at $1 per share, at the option of the credit union, subject to restrictions in the Act, after giving at least 21 day's notice of its intent to redeem, at any time after the fifth anniversary of the issue date. If the credit union redeems only a portion of the Class A Investment Shares, the credit union must redeem such Class A Investment Shares, pro rata from all holders of such shares at the time. The proceeds of any redemption of Class A Investment Shares, held inside a registered account will remain inside the registered account unless the annuitant specifically requests otherwise in writing.

12. CAPITAL MANAGEMENT

The credit union maintains policies and procedures relative to capital management so as to ensure that capital levels are sufficient to cover the risks inherent in the business. The credit union considers its capital to comprise membership shares, undivided earnings, reserves, and the general allowance against doubtful loans.

The credit unions and Caisses Populaires Act, 1994 requires that the credit union maintain regulatory capital of 4% of total assets and 8% of a risk weighted equivalent value.

The credit union has an internal policy that requires a minimum limit for regulatory capital of 5% of total assets and 10% of a risk weighted equivalent value. The risk weighted equivalent value is calculated by applying risk weight percentages as prescribed by the Act to various assets, operational and interest rate risk criteria.

12. CAPITAL MANAGEMENT (Cont'd)

Regulatory capital	2021	2020
Tier 1 Capital		
Membership shares	665,506	700,451
Non-redeemable portion of investment shares	5,000,000	-
Undivided earnings	13,329,916	12,257,988
Tier 2 Capital		
Stage 1 and 2 provision for impaired loans	33,118	32,447
	19,028,540	12,990,886
Percentage of total assets	7.5%	5.3%
Risk weighted equivalent value	122,507,350	97,651,803
Percentage of risk weighted equivalent value	15.53%	13.30%

The Act also requires that the credit union maintain prudent levels of liquidity sufficient to meet its cash flow needs. Assets held for liquidity purposes include:

	2021	2020
Cash	7,116,264	17,600,355
Payroll deposits receivable	-	29,117
Liquidity deposits with Central 1 Credit Union	-	13,678,546
High Quality Liquid Assets held with Credential	15,843,877	-
Other investments qualifying as liquidity	2,855,933	11,527,860
	25,816,074	42,835,878
% of member deposits and borrowings	11.11 %	18.70 %

13. INTEREST REVENUE

	2021	2020
Personal loans	454,153	719,744
Mortgages	6,511,875	6,637,005
Investments	271,685	567,762
	7,237,713	7,924,511

14. INTEREST EXPENSE

	2021	2020
Demand savings accounts	257,265	274,464
Term deposits	741,510	1,049,057
Tax free savings accounts	295,540	385,726
Registered retirement savings plans	396,124	542,888
Registered retirement income funds	307,311	385,177
	1,997,750	2,637,312

15. INCOME TAX

The current income tax provision was calculated as follows:	2021	2020
Income per statement before income taxes	1,291,530	850,083
Depreciation in excess of capital cost allowance	(100,056)	(15,911)
Adjust allowance for impaired loans to allowance for tax purposes	(8,552)	19,129
Other adjustments	(147,850)	164,267
Taxable income	1,035,072	1,017,568
Tax at prescribed rate of 26.50% (2020 - 26.50%)	274,294	269,656
Small business deduction	(26,170)	(66,638)
Ontario credit union tax reduction	(72,247)	(32,023)
Provision for income tax - current	175,877	174,080

15. INCOME TAX (Cont'd)

Deferred Tax Expense	2021	2020
Origination and reversal of temporary differences	43,725	(36,084)
Reduction in tax rate	-	3,795
Provision for income tax - deferred	43,725	(32,289)

The movement in deferred tax liabilities and assets are:

2021	Opening Balance	Recognized in Net Income	Recognized in OCI	Closing Balance
Property, plant and equipment	715	12,208	-	12,923
Leased assets	(31,234)	30,475	-	(759)
Allowance for impaired loans	(5,098)	1,043	-	(4,055)
Cash flow hedges	7,989	-	(7,989)	-
	(27,628)	43,726	(7,989)	8,109

2020	Opening Balance	Recognized in Net Income	Recognized in OCI	Closing Balance
Property, plant and equipment	(1,356)	2,071	-	715
Leased assets	1,087	(32,321)	-	(31,234)
Allowance for impaired loans	(3,059)	(2,039)	-	(5,098)
Cash flow hedges	(11,012)	-	19,001	7,989
	(14,340)	(32,289)	19,001	(27,628)

Expected settlement of deferred tax liabilities and assets are:

	2021	2020
Settled within 12 months	(2,839)	(162)
Settled after more than 12 months	10,948	(27,466)
	8,109	(27,628)

16. RELATED PARTY TRANSACTIONS

The credit union entered into the following transactions with key management personnel, which are defined by IAS 24, Related Party Disclosures, as those persons having authority and responsibility for planning, directing and controlling the activities of the credit union, including directors and management.

Compensation	2021	2020
Salaries and other short-term employee benefits	647,301	701,692
Total pension and other post-employment benefits	108,649	116,977
	755,950	818,669

Loans to Key Management Personnel and Directors	2021	2020
Aggregate value of new credit approved during year	183,177	520,000
Outstanding balance of loans advanced at year end	1,711,609	1,515,088
Interest received on loans advanced	45,695	44,709
Outstanding balance of lines of credit advanced at year end	246,255	328,313
Interest received on lines of credit advanced	7,357	24,705
Unused value of lines of credit	340,945	388,887

The credit union's policy for lending to key management personnel is that the loans are approved and deposits accepted on the same terms and conditions which apply to Members for each class of loan or deposit.

Deposits from Key Management Personnel and Directors	2021	2020
Aggregate value of term and savings deposits	573,683	860,520
Total interest paid on term and savings deposits	4,571	12,995

The credit union's policy for receiving deposits from key management personnel is that all transactions are approved and deposits accepted on the same terms and conditions which apply to Members for each type of deposit. There are no benefits or concessional terms and conditions applicable to key management personnel or close family members.

Included in board and committee expenses are honoraria totaling $48,000 (2020 - $45,985).

The Act requires the disclosure of remuneration paid to the five highest paid officers and/or employees whose total remuneration for the year exceeds $150,000.

	Salary	Value of Benefits
Lew Figol, CEO	187,278	29,813
Gregory Weber, CFO	190,206	29,858
Jason Moran, COO	160,902	26,882
Jodie Mattyasovszky	159,505	21,196

17. FINANCIAL INSTRUMENTS

The following table represents the carrying amount by classification.

	2021	2020
Assets at fair value through profit or loss		
Cash	7,116,264	17,600,355
Derivative assets	4,494	373,298
Equity investments	571,705	1,235,192
	7,692,463	19,208,845
Assets at amortized Cost		
Debt investments	103,232	25,288,729
Loans	222,117,555	197,440,440
Accounts receivable (other)	69,112	62,567
	222,289,899	222,791,736
Liabilities at fair value through profit or loss		
Credit facility	4,000,000	-
Derivative liabilities	4,494	189,349
	4,004,494	189,349
Liabilities at amortized cost		
Member deposits	229,066,840	230,064,264
Member shares	5,665,506	700,451
Accounts payable	1,113,753	1,257,633
	235,846,099	232,022,348

The amounts set out below represent the fair values of the credit union's financial instruments where fair value differs from carrying cost. Assets that are not considered financial instruments, such as property, plant and equipment, prepaid expenses and income taxes recoverable, are excluded.

Fair value of variable rate loans and member deposits are assumed to equal the book value as the interest rates on these loans and deposits reprice to market on a periodic basis.

Fair value of fixed rate investments, fixed rate loans, and fixed rate member deposits is determined by discounting the expected future cash flows of these investments, loans, and deposits at current market rates for products with similar terms and credit risks. Contractual cash flows are assumed to represent expected cash flows.

17. FINANCIAL INSTRUMENTS (Cont'd)

2021	Fair value	Book value	Fair value over (under) book value
Assets			
Investments	18,694,006	18,803,042	(109,036)
Loans and mortgages	222,900,274	222,117,555	782,719
Liabilities			
Member deposits	228,565,404	229,066,840	(501,436)

2020	Fair value	Book value	Fair value over (under) book value
Assets			
Investments	25,353,055	25,288,729	64,326
Loans and mortgages	199,931,791	197,440,440	2,491,351
Liabilities			
Member deposits	228,783,123	230,064,264	(1,281,141)

The following table provides an analysis of investments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1
Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities using the last bid price;

Level 2
Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3
Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial asset or financial liability is categorized is determined on the basis of the lowest level of input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of three levels.

17. FINANCIAL INSTRUMENTS (Cont'd)

December 31, 2021 Financial Instruments Measured at Fair Value	Level 1	Level 2	Level 3	Total
Cash and bank	7,116,264	-	-	7,116,264
Central 1 Credit Union - Class A	-	75,420	-	75,420
Central 1 Credit Union - Class E	-	494,800	-	494,800
Other equity instruments	-	1,485	-	1,485
Derivative assets	-	-	4,494	4,494
Derivative liabilities	-	-	4,494	4,494
Credit facility	4,000,000	-	-	4,000,000
Total fair value investments	3,116,264	571,705	-	3,687,969

December 30, 2020 Financial Instruments Measured at Fair Value	Level 1	Level 2	Level 3	Total
Cash and bank	17,600,355	-	-	17,600,355
Other debt instruments	-	-	-	-
Central 1 Credit Union - Class A	-	74,991	-	74,991
Central 1 Credit Union - Class E	-	494,800	-	494,800
Central 1 Credit Union - Class F	-	663,916	-	663,916
Other investments	-	1,485	-	1,485
Derivative assets	-	-	373,298	373,298
Derivative liabilities	-	-	189,349	189,349
Total fair value investments	17,600,355	1,235,192	183,949	19,019,496

Reconciliation of Level 3 financial instruments	2021	2020
Balance beginning of year	183,949	(101,445)
Gains (losses) included in the statement of income as investment income	(118,472)	138,340
Gains (losses) included in other comprehensive income	(65,477)	147,054
Distributions received	-	-
Balance, end of year	-	183,949

18. RISK MANAGEMENT

The Board of Directors has overall responsibility for the determination of the credit union's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure effective implementation of the objectives and policies to the credit union's finance function. The Board of Directors receives monthly reports from the credit union's Chief Financial Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

Credit Risk
The credit union is exposed to the risk of loss related to loans and mortgages receivable. The credit union invests in loans as its primary source of revenue. Credit is granted through consideration of the member's character, credit history, capacity for debt, and value of collateral available to secure the loan. The risk of credit loss is mitigated by requiring collateral security on loans above a threshold. Mortgages are secured by real property. Term loans and lines of credit are secured by other assets equivalent to the approved balance on the loan.

With respect to credit risk, the Board of Directors receives monthly reports summarizing new loans, delinquent loans and overdraft utilization. The Board of Directors also receives an analysis of bad debts and allowance for doubtful loans monthly.

A sizeable portfolio of the loan book is secured by residential property in Hamilton, Ontario. Therefore, the credit union is exposed to the risks in reduction of the loan to valuation ratio (LVR) cover should the property market be subject to a decline. The risk of (losses) from loans undertaken is primarily reduced by the nature and quality of the security taken.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Liquidity Risk
Liquidity risk consists of the risk that the credit union is unable to generate sufficient cash to meet commitments as they come due. The credit union maintains a liquidity reserve with Central 1 Credit Union as described in Note 4. The credit union is also required by statute to maintain a prescribed amount of liquid assets to mitigate liquidity risk. Liquidity requirements based on expected maturity of member deposits, and the corresponding maturity of investments in loans, is described in the chart under interest rate risk below. The credit union mitigates this risk by monitoring cash activities and expected outflows so as to meet all cash outflow obligations as they fall due.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Currency Risk
Currency risk relates to the credit union operating in different currencies and converting non Canadian earnings at different points in time at different foreign exchange levels when adverse changes in foreign currency exchange rates occur.

The credit union's foreign exchange risk is related to deposits and investments denominated in United States dollars. The credit union limits its holdings in foreign currency investments to 5.00% of the total investment portfolio in accordance with its investment policy. Total unhedged foreign currency must be less than 5.00% of total assets. Foreign currency holdings are continually monitored for effectiveness of its exchange mitigation activities and holdings are adjusted when offside of the investment policy.

18. RISK MANAGEMENT (Cont'd)

Interest Rate Risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. The credit union is exposed to this risk through traditional banking activities, such as deposit taking and lending.

The credit union is required to establish policies and procedures to limit its exposure to interest rate risk. These policies must ensure that the credit union's net earnings before income taxes are not impacted by an amount greater than 0.15% of the credit union's total assets based on interest rate fluctuations that may reasonably be expected to occur. Measurement and management of exposure of interest rate sensitivity is done through a combination of income simulation and maturity gap analysis. The credit union's interest rate risk results from the fact that the maturity or repricing dates for interest rate sensitive assets differs from that for the interest rate sensitive liabilities.

The credit union is exposed to interest rate price risk as a result of fixed rate financial instruments. The credit union is exposed to interest rate cash flow risk as a result of its variable rate financial instruments.

Fixed rate financial instruments maturity dates substantially coincide with interest adjustment dates.

The tables below identifies the maturity dates of interest rate sensitive financial instruments.

Interest sensitive assets and liabilities cannot normally be perfectly matched by amount and term to maturity. The credit union's analysis of risk due to changes in interest rates determined that an increase in interest rates of 0.50% could result in an increase to net income of $20,000 while a decrease in interest rates of 0.50% could result in an increase to net income of $94,000.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

2021	Variable	Within 3 months	4 to 12 months	Greater than 1 year	Not rate sensitive	Total
Assets						
Cash and bank	5,437,641	-	-	-	1,708,783	7,146,424
effective rate %	-	-	-	-	-	
Loans	48,702,258	9,842,071	14,337,399	149,235,827	-	222,117,555
effective rate %	4.74	3.11	3.06	2.84	-	
Investments	103,232	563,746	6,945,967	11,190,097	571,705	19,374,747
effective rate %	-	0.10	0.71	1.13	-	
Liabilities						
Member deposits	106,006,627	12,553,416	35,303,565	38,782,612	36,420,620	229,066,840
effective rate %	0.29	1.35	1.25	1.89	-	
Credit facility	4,000,000	-	-	-	-	4,000,000
effective rate	0.50	-	-	-	-	

18. RISK MANAGEMENT (Cont'd)

2020	Variable	Within 3 months	4 to 12 months	Greater than 1 year	Not rate sensitive	Total
Assets						
Cash and bank	15,523,468	-	-	-	2,076,887	17,600,355
effective rate %	-	-	-	-	-	
Loans	50,482,166	10,758,347	19,310,191	116,889,736	-	197,440,440
effective rate %	4.98	3.49	2.89	3.07	-	
Investments	9,382,323	7,906,406	8,000,000	-	1,235,192	26,523,921
effective rate %	0.26	0.73	0.85	-	-	
Liabilities						
Member deposits	100,139,588	15,812,305	47,203,585	36,974,689	29,934,097	230,064,264
effective rate %	0.66	1.80	1.76	2.20	-	

19. COMMITMENTS

The credit union has a credit facility with Central 1 Credit Union totaling $14,700,000 at a rate of 0.5% with no fixed repayment terms. Security given is a general security agreement covering all assets of the credit union.

Mortgages
Outstanding commitments for future advances on mortgages are $2,546,370 (2020 - $1,865,300).

Commercial Loans
Outstanding commitments for future advances on commercial loans are $Nil (2020 - $3,500,000).

Syndication Loans
Outstanding commitments for future advances on syndicated loans are $8,739,653 (2020 - $3,659,783).

Credit Lines
Unused lines of credit available to members are $45,641,680 (2020 - $45,730,541).

Contract Commitments
The credit union's obligations for future payments, under contracts that are not considered leases in accordance with IFRS 16 (see Note 9) over the next five years are as follows:

2022 - $71,485 2023 - $35,460 2024 - $35,460 2025 - $35,460

20. COVID-19 CORONAVIRUS PANDEMIC

During the year and subsequent to year-end, the outbreak of a novel strain of coronavirus has resulted in the global declaration of a pandemic. In response, the Government of Ontario imposed restrictions on all workplaces to protect the health and safety of all Ontarians. The credit union is following all government regulations with respect to operating and is monitoring operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. The credit union has offered payment deferrals on member loans, and has made adjustments to loan loss provision estimates (see Note 7) to allow for the potential economic impact of this event.

As of the date of these financial statements, the situation continues to evolve and the full impact to the credit union's financial position is not known.