



iNOVA

Independently Owned by You

2017 ANNUAL GENERAL MEETING

Celebrating 81 Years of Service

FOR YEAR ENDED DECEMBER 31, 2016

6150 Almon Street
Halifax, Nova Scotia
B3K 1T8

(P) 902-453-1145

(F) 902-453-0370

ask@inovacreditunion.coop
www.inovacreditunion.coop



Table of Contents

	<u>PAGE</u>
Table of Contents.....	1
iNova Mission Statement, Vision Statement, Values.....	2
iNova Cooperative Principles.....	3
Board of Directors and Committee Members	4
Agenda – 2017 Annual General Meeting	5
In Memoriam.....	6
80 th Annual Meeting Minutes	7-9
Chair of the Board’s Report	10
General Manager’s Report	11-13
Report of the Credit Committee	14
Report of the Audit Committee	15
2017 Director’s Election	16
Notes	17

Levy, Casey, Carter Auditors Report and Financial Statements



MISSION STATEMENT

We are a viable member owned financial institution based on co-operative values and environmental sustainability. We exist not only to serve the community but to also give back to our community.

VISION STATEMENT

We will be a valued member of our prosperous community.

iNova's Vision of Success is embodied in the following statements:

We will...

- Create financial success for our members;
- Achieve long-term profitable growth;
- Build loyal relationships;
- Know our members better;
- Solve business challenges;
- Provide seamless solutions;
- Adapt & reinvent products & services;
- Build our capability & capacity;
- Follow sound financial practices to continue building stability, foster member confidence, and ensure the long range viability of the Credit Union;

This Vision of Success will be achieved through the co-operation and commitment of our members and staff.

OUR VALUES

We believe in working hard: Ours is a company of talented, diverse individuals who are dedicated to continuously learning and improving our performance every day. We encourage ideas and recognize that both individuals and teams contribute to the success of iNova. We believe that having fun and working hard are not mutually exclusive.

Doing the right thing: We take responsibility for our actions and commitments. We respect each other, even when we disagree. We treat every dollar as if it were our own.

Understanding what's important: Our success depends on meeting and anticipating the needs of our members, our employees, and the communities we serve. We believe strongly that open communication and the co-operative principles are key to understanding and supporting these needs.

Our value proposition for iNova lies in:

- Our knowledge of the community and its issues,
- Our commitment to and passion for member, and
- Our ability to offer products and services at a competitive price.



COOPERATIVE PRINCIPLES

1. Voluntary and Open Membership

Membership in iNova Credit Union is voluntary and open to all persons living in Halifax, and the surrounding communities who are able to use our services and willing to accept the responsibilities of membership—without gender, social, racial, political or religious discrimination.

2. Democratic Member Control

iNova Credit Union is a democratic organization controlled by its Board members, who actively participate in setting policies and making decisions. Men and women serving as elected representatives are accountable to the membership. Members have equal voting rights—one member, one vote.

3. Members' Economic Participation

Members democratically control and equally contribute to the capital of their credit union. Members may allocate surpluses for any of the following purposes: developing the credit union; setting up reserves; benefiting members in proportion to their transactions with the credit union; and supporting other activities approved by the membership.

4. Autonomy and Independence

Credit unions are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their credit union's autonomy.

5. Education, Training and Information

Credit Unions provide education and training for their members, elected representatives, management and employees. They inform the general public about the nature and benefits of cooperation.

6. Cooperation Among Credit Unions

Credit Unions serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international organizations.

7. Concern for Community

While focusing on members' needs, cooperatives work to develop their communities by encouraging economic development.



BOARD OF DIRECTORS

NAME	TERM EXPIRY AS AT AGM
Wayne Pace	2017
Irvine Carvery	2019
Mike Ansari	2018
Jayne Melrose	2018
Bonnie Kirby	2019
Shaun Carvery	2018
Abad Khan	2017
Veronica Serafini	2017
Michelle Strum	2017

AUDIT COMMITTEE	GOVERNANCE COMMITTEE	EXECUTIVE COMMITTEE	GOVERNANCE COMMITTEE	Social Responsibility & Community Outreach
Jayne Melrose	Wayne Pace	Wayne Pace	Bonnie Kirby	Abad Khan
Mike Ansari	Mike Ansari	Bonnie Kirby	Irvine Carvery	Jayne Melrose
Veronica Serafini		Irvine Carvery	Gary Blackburn	Shaun Carvery
			Art Rudge	



A G E N D A
81st iNova ANNUAL GENERAL MEETING
7:00 P.M. Tuesday, April 18, 2017
Sky Lounge
2717 Gladstone St.
Halifax, Nova Scotia

1. Call to Order.
2. Establish a quorum.
3. Moment of Silence in Memory of Members who passed away in 2016.
4. Welcome and Introduction of Head Table, Guests and Directors.
5. Adoption of Agenda.
6. Approval of 80th Annual Meeting Minutes and Business Arising.
7. Report of Officials:
 - i. Chair of the Board of Directors.
 - ii. General Manager.
 - iii. Credit Committee.
 - iv. Audit & Risk Committee.
8. Auditors' Report.
9. Appointment of External Auditors'.
10. Directors' Election (Acclamation).
11. New Business:
 - Other Items from the Floor.
12. Door Prizes Draw.
13. General Thanks.
14. Adjournment



**IN MEMORY
OF OUR MEMBERS WHO
PASSED AWAY IN 2016**



MINUTES OF THE 80th ANNUAL GENERAL MEETING

Wednesday, April 20, 2016

- 1. Call to Order** - The meeting was called to order at 7:16 p.m. by Shaun MacMillan, Chair.
- 2. Establish a Quorum** - Chad Fowler advised that quorum required 14 members (number of directors plus 5) and reported there were 28 members in attendance so a quorum was present and the meeting was duly constituted. It was also noted that 1 member did not sign the attendance sheet and 3 members arrived after the meeting was called to order (total 32).
- 3. Moment of Silence** – Shaun MacMillan asked for a moment of silence to be observed for all deceased members.
- 4. Welcome and Introduction of Head Table** – Shaun MacMillan welcomed guests Colleen Roberts from CUDIC, Lauren Doucette from CUMIS, and Darrell Evasuk from Concentra, and introduced himself and Vice Chair Wayne Pace, Board Secretary Alex MacKay, Christine MacEachen CA from the audit firm Levy Casey Carter MacLean Chartered Accountants, Mauro Ricordi General Manager, and Karla MacKeen, recording secretary. Other board members in attendance were introduced by Shaun and included Bonnie Kirby, Abad Khan, Jayme Melrose and Irvine Carvery.
- 5. Adoption of Agenda** - A request was made to move the Audit Report to the next item on the agenda.

Motion: Moved by Dave Moffatt, seconded by Phil Smith, that the distributed agenda for the 80th Annual General Meeting be adopted as amended. **Motion Carried.**

- 6. Auditor's Report** - Christine MacEachen, Chartered Accountant for Levy Casey Carter MacLean stated that there was a clean audit opinion and briefly explained some of the year's results as compared to previous year. Aimee Semel also reported on the financial results for the year. Highlights were \$2MM growth in mortgages and a \$1MM growth in deposits. There were no questions from the floor.

Motion: Moved by Abad Khan, seconded by Joe MacKenzie, that the Independent Auditor's Report dated March 17, 2016 and accompanying notes and financial statements be approved as presented.

Motion Carried.

- 8. Approval of 79th AGM Meeting Minutes** – Minutes from the 79th Annual General Meeting held April 21, 2015 which were included in the AGM Report that was distributed to the members, were reviewed.

Motion: Moved by Irvine Carvery, seconded by Cathy Scanlan, that the circulated minutes of the 79th Annual General Meeting be approved as printed. **Motion Carried.**

9. Report of Officials:

i) Chair of the Board of Directors Report - Shaun MacMillan presented his report which was included in the handout. Some highlights from last year were discussed along with challenges that all Credit Unions are facing. There was an invite for all in attendance to get involved with the various committees. On behalf of the Board, Shaun also presented a gift for Willy Robinson. The gift was accepted on behalf of Willy by Bonnie Kirby who also read a thank you note from Willy. Shaun also spoke about former Director Steve Scanlan who passed away in 2015 and how his presence will be missed by many.

Motion: Moved by Alex MacKay, seconded by Wayne Pace, that the Chair of the Board of Directors Report be approved as presented. **Motion Carried.**

ii) General Manager's Report – Mauro Ricordi presented his report and talked about what his focus had been since he joined iNova in the last 5 months of 2015 which included mitigating risk, focusing on increased membership communication by reintroducing the newsletter, branching out with social media and training staff to increase overall service delivery.

Motion: Mauro Ricordi asked for a motion to accept his report, seconded by Aimee Semel, that the General Managers Report be approved as presented. **Motion Carried.**

iii) Credit Committee Report – Bonnie Kirby, Chair of the Credit Committee presented her report and gave an overview of the committee's responsibilities and stated that the Board was satisfied with the reporting.

Motion: Bonnie Kirby asked for a motion to accept her report, seconded by Alex MacKay, that the Credit Committee Report be approved as presented. **Motion Carried.**

iv) Audit & Risk Committee Report – Jayme Melrose, Chair of the Audit Committee presented her report as provided in the handout. Jayme stated that after a full policy review, the committees' name had been changed to Audit and Risk Committee to include the overview of Enterprise Risk Management. Jayme also expressed appreciation of 20 years of service and presented a gift to Mederic Comeau who was retiring from the Committee.

Motion: Mederic Comeau moved to accept the report, seconded by Irvine Carvery, that the Audit & Risk Committee Report be approved as presented. **Motion Carried.**

10. Appointment of External Auditors – On behalf of the Audit & Risk Committee, Mederic Comeau recommended the auditing firm of Levy Casey MacLean be retained as auditors for 2016.

Motion: Mederic Comeau moved to appoint the firm of Levy Casey MacLean as auditors for 2016, seconded by Jayme Melrose. **Motion Carried.**

11. Directors' Election

Darrell Evasuk was called on to act as scrutineer for Board Elections. There were 5 open positions on the Board and 5 Candidates running. Darrell called 3 times for nominations from the floor. There were no nominations from the floor. Voting was conducted to determine who would hold the 2-2yr terms and the 3-3yr terms. As a result of the voting, Mike Ansari and Shaun Carvery will hold the 2 year terms and Bonnie Kirby, Irvine Carvery and Shaun MacMillan would hold the 3 year terms. Darrell Evasuk asked, if there were no objections, if he could have a motion to destroy the ballots.

Motion: Irvine Carvery moved to destroy the ballots, seconded by Phil Smith. **Motion Carried.**

12. New Business

- A member asked about the Branch opening hours and wondered if it could be open late one day a week to make it more accessible for people that could only attend after work. Mauro Ricordi responded saying that this was an excellent suggestion that he had not had a chance to address but would be doing a full review to ensure we were meeting member's needs to conveniently access our services.

- Guests in attendance were given an opportunity to speak about the companies they represented and give a brief explanation of the service they provided.

13. Door Prize Draw

Attending members and guests were given the opportunity to draw for one of the number of door prizes generously donated by various organizations dealing with and providing services to iNova.

14. General Thanks

Shaun MacMillan expressed sincere appreciation to the members and guests attending, the staff's contribution to making the meeting a success, and to the itemized list of companies that generously donated door prizes.

15. Adjournment

There being no other items, Shaun MacMillan asked for a motion to adjourn the meeting.

Motion: Sam Snow moved to adjourn the meeting at 8:25 p.m., seconded by Bonnie Kirby. **Motion Carried.**

Chair

Corporate Secretary



Report from the Chair of the Board

Welcome! As Chair of the Board, I thank you for your interest and attending our 81st Annual General Meeting.

Looking back on 2016 allowed me to reflect on the accomplishments for the year as well as reliving the deep sense of regret experienced with the sudden passing of former Chair, Shaun MacMillan. Shaun's contribution and enthusiasm to iNova's continued success will be truly missed.

In 2016, the focus was on stemming the flow of unusually high loan losses that plagued the credit union in the past. I am happy to report that this objective has been met as indicated in the financial results which will be reviewed further by Mauro. I'm sure you will agree this success could only have been achieved through the high work ethics and dedication from a committed staff, management, and Board.

As gratifying as the financial results of the past year are, anticipated growth in assets and membership continued to not meet our expectations. This is not unique to iNova as the system as a whole is being challenged in the same way. Strategically, our planning processes will continue to be directly focused on these critical growth areas which are required in order to remain competitive and thereby attract new members. Your Board understands that you choose to do your banking with us out of trust that you will receive sound advice and we earn that trust by putting you, our members first. We understand you are more than a customer, you are our neighbors, the local shop owner and part of our community. Our goal is to improve your financial well-being which means creating stronger and more prosperous communities which benefits us all.

To reflect on what Shaun believed in, and continues to hold true – "We need to understand what our members want and need from their credit union. That requires you to play a part. That might involve talking to our staff about a service or product, it might involve getting in touch with the Board to tell us about a cause you care about, or it might involve running for a position on the Board tonight or in the future. Remember, you are not a customer, and iNova wants more from you than your business".

On behalf of the Board of Directors, I would like to thank you our member for your continued support and dedication, the management and staff for their commitment and hard work to provide results that prides us all.

Respectfully submitted,

Wayne Pace
Board Chair

April 18, 2017



General Manager's Report

2016 was a transitional year as we repositioned our service delivery model and addressed the higher than normal risk in our loan portfolios. In that regard, I'm happy to say we have achieved our objectives which resulted in lower delinquencies, an improved loan allowance, and higher bottom line performance.

Our involvement in the Small Business Loan Program has, in many ways achieved the intended results of being a good community supporter although not without its fair share of risk. It is certainly gratifying to report that some of these businesses have spring boarded their operations to higher levels that were otherwise not possible to achieve. In some cases, these are start-ups that would have not been able to get financing from the big banks and the jobs created by supporting these businesses also support the communities they serve. So where is the negative? As we all know, not all businesses perform as expected which in turn create a negative ripple effect that comes with the resulting losses they incur. It is for this reason that the portfolio has been rebalanced and in 2017 will see additional concentration on other forms of commercial lending.

Was the year all positive, I wish I could say 'yes', however, we did not achieve our growth targets which one could attribute to the time gap created by implementing change and seeing this translate into improved results.

Here are some of the year's highlights:

- Our deposits grew by \$827 thousand mainly in business chequing and savings products as members continue to hold off on long term investments with the anticipation of rates increasing in the near future.
- Higher income before taxes by \$111 thousand due to impairment recoveries on members' loans, improved risk in the loan portfolio and lower operating costs.
- Assets grew marginally by \$300 thousand or 1.1% with the largest increase in cash and investments by \$900 thousand in part due to collecting a long outstanding receivable to improve our operating cash flow.
- Term Loan of \$750 thousand to Central was paid-off reducing our annual interest costs by \$15,000.
- Our membership profile statistics showed improved results in product utilization which is always a good indication of how well we are doing in our service delivery.

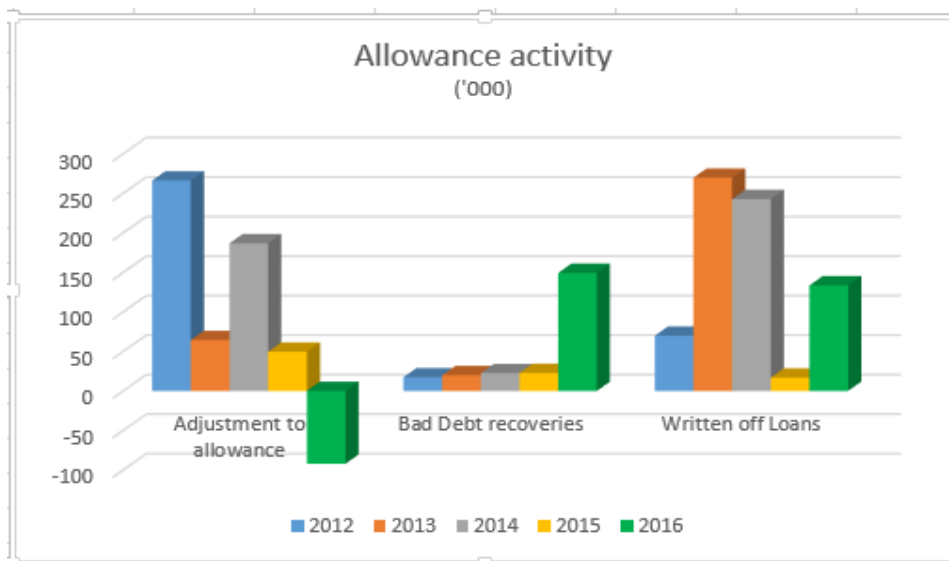
- Loans decreased by \$400 thousand as we scaled back commercial activity which also reduced our net loan allowance requirement. Consumer mortgages, however increased by \$1.4 million or 25% over 2015 results.

Looking ahead to 2017 we will continue our focus on strong member relationships that are built on trust which will lead the growth expectations in loans and memberships, along with new commercial products as well as increased concentration on community involvement in both the retail and commercial levels. We look forward to continue working with each and every member to improve their financial viability and increase prosperity of the communities they live and work in.

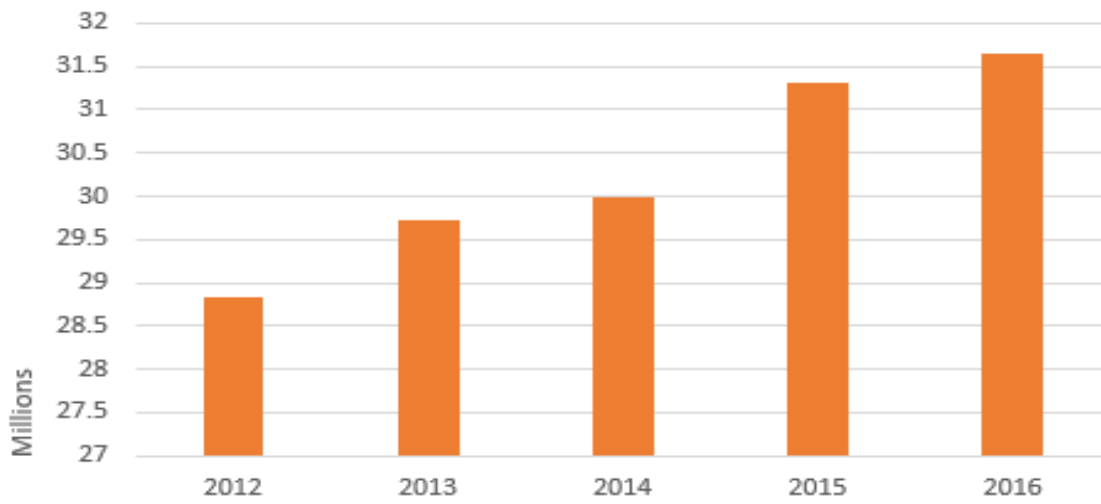
I would like to take this opportunity to thank you, our member/owner for your continued support and confidence. Being in the business of serving you through the trust relationships that are built over the years is the reason we exist. I would also like to thank our Chair, Wayne Pace and the rest of our Board of Directors for their continued support and guidance. Thank you, as well to our staff who work hard each and every day to achieve the level of success that would otherwise be unattainable.

Respectfully submitted,

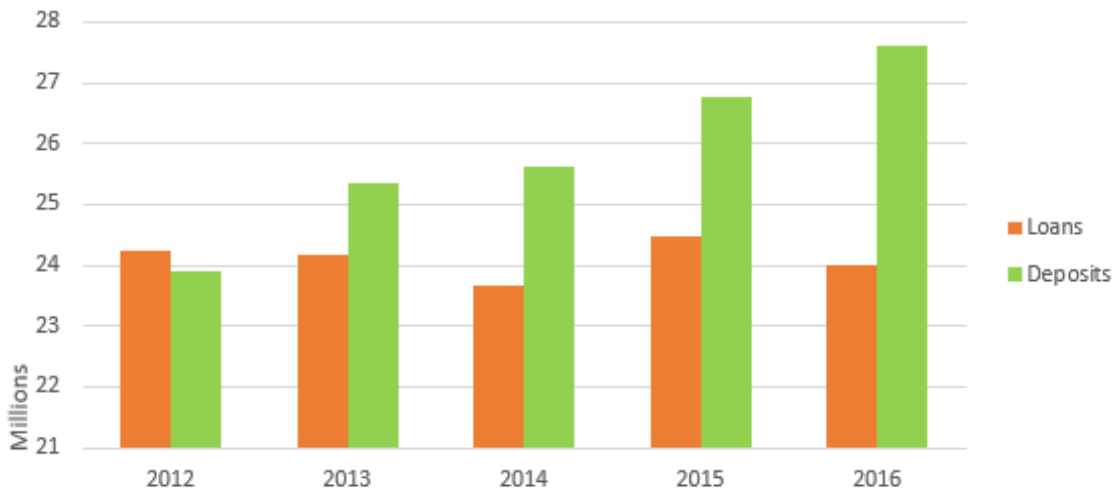
Mauro Ricordi, General Manager



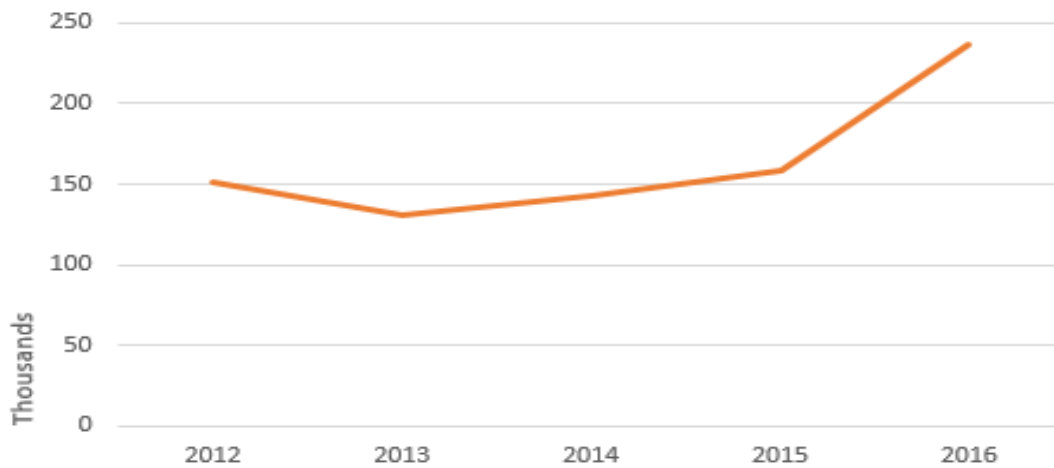
Total Assets



Total Loans & Deposits



Net Income





Credit Committee Report

For the year ended December 31, 2016

The responsibilities of Credit Unions are dictated by the Credit Union Act which are the basis of iNova Credit Union's policies. The committee meets quarterly to insure these policies specifically the loan policy is respected. The committee reviews all aspects of the loan portfolio; for example, diversification, delinquencies, reviewing appropriate allowances, loan rewrites and extensions, loans to staff and directors as well as approving write-offs.

The minutes of the meeting and the findings are presented to the Board on a quarterly basis and I am pleased to report to the membership that the Board was satisfied with the reporting and the adherence to policy.

The other members of the credit committee are Gary Blackburn, Arthur Rudge and Irvine Carvery. I would like to thank the members of the committee for their support during the year. In addition, I would like to thank Karla MacKeen, Credit Officer who prepares the reports and provides answers to our questions along with David Moffatt, Commercial Account Manager who acts as an additional resource.

Respectfully Submitted,

Bonnie Kirby
Chair, Credit Committee

April 18, 2017



Audit & Risk Committee Report

For the year ended December 31, 2016

The Committee's responsibility includes the review and active participation in Enterprise Risk Management (ERM) and meets at least quarterly; for the purpose of:

- a. Reviewing and reporting on iNova's Audited Financial Statements and all other financial reports together with the relevant ratios
- b. Reviewing all correspondence from our regulators including regular follow-up with iNova staff on any audit irregularities
- c. Following up on all auditors recommendations
- d. Acting as a direct link to the external auditors
- e. Meeting with the ERM review group
- f. Random selection and review of loan files

I am pleased to report that the Committee is confident the Credit Union's financial reporting systems and controls are adequate to meet regulatory and statutory requirements.

I would like to thank my committee members Mike Ansari, and Veronica Serafini for their wealth of knowledge and for their hard work over the past year. I would also like to express our appreciation to Aimee Semel iNova's internal accountant for her efforts as a resource to our meetings.

Respectfully submitted,

Jayne Melrose
Chair, Audit & Risk Committee

April 18, 2017



2017 Director's Election

Wayne Pace

Veronica Serafini

