

Annual Report

JANUARY 31, 2020





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Our **Mission**

Adding social, economic and cultural value to the communities that we serve.

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Message from the **Chair**

Sam J. Ciccolini, C.M., O. ONT., O.V., COSSM.IT



We are now well into 2020, a year that holds special significance for us, as it marks an impressive milestone: the 20th year of operations for IC Savings and of being of service to our members and to the community.

Reaching this anniversary will undoubtedly give many of us occasion to reflect on the impressive story of our credit union. One of my favourite memories is when, in the late 1990s, I was invited by my friend, the late Vito Bianchini, to meet with Fausto Gaudio. Fausto was not unknown to me; I had met him years earlier and often called on him, as the manager of a local branch of a national trust company, to support Woodbridge Minor Hockey.

There have been many protagonists behind the success of IC Savings. Today, just as it was back then, it is the people – members, directors, staff, industry and community partners – who can take credit and great pride in all that we have accomplished together, for all the value created by our intentional efforts.

In particular, I thank my fellow board members, including The Hon. Frank Iacobucci and Luis Arruda, both outstanding individuals who, with their appointments during the 2019-2020 fiscal year, have added depth to our board. The board of directors is tasked with providing stewardship and oversight to the credit union's executive team. I value everyone's efforts to meet this objective.

As always, I thank Fausto Gaudio, president and chief executive officer, for his vision, as well as his accomplished leadership team and enthusiastic employees for their commitment to create value for the benefit of our members and the communities where IC Savings operates.

Last, but certainly not least, a debt of gratitude to our loyal members for their continued support. Know that each of us will continue to work hard on your behalf. This purpose is our North Star; it's what guides each of us at IC Savings.

Best always,

A handwritten signature in black ink, appearing to be 'S. Ciccolini', with a long horizontal line extending to the right.

President's Message



Fausto Gaudio
PRESIDENT AND CEO

This fiscal year was an exceptional one for IC Savings and its members, one marked by strong performance and significant investments in technology and a new banking platform.

I am pleased to share these key measures, which underscore our performance:

- Total assets under administration surpassed the \$800 million mark, reaching \$814.9 million.
- Return on assets was 0.80% and members' equity increased by \$6.8 million, to \$91.1 million.
- At 0.18%, the impaired loan ratio, or member loans in arrears, is one of the lowest in the credit union sector.
- Our efficiency ratio, an expression of operating expenses to total income, was 61.5%, significantly stronger than the system average of 83.8%.
- Our leverage and risk-weighted asset ratios are about three times what is required by the Financial Services Regulatory Authority, giving the credit union ample room for growth.

Our promise to members is simple: we will work hard to give you a better banking experience. In this regard, our credit union upgraded our banking system, and introduced new services, such as MemberDirect® Small Business Services and *Interac*® enhanced user features.

These investments, however, did not come without cost. The implementation of this sophisticated technology, coupled with the growing complexity of our enterprise, has had an effect on administrative expenses, and to a lesser extent, on the associated cost of human resources.

Finally, I would like to thank board chair, Sam Ciccolini, and the entire board for their guidance and support, the executive team and each employee for their unwavering commitment to our mission.

A handwritten signature in black ink, appearing to be 'F. Gaudio'. The signature is stylized with a large, sweeping initial 'F' and a series of loops and curves for the rest of the name.



Milestones

Our members are at the centre of everything we do and creating value for their benefit is what drives us each and every day. It's the way we've done business since we opened our doors almost 20 years ago, and it remains our guiding purpose.

In early May, we successfully implemented DNA[®] from Fiserv as our new banking system. A highly complex project, it required significant investment and human resources. With it as our foundation, we also introduced secure enhancements for our members' benefit, including MemberDirect[®] Small Business Services.

Milestones



Built on the same platform as our personal online banking, MemberDirect® Small Business Services eases the process of banking for our business members, whether they are banking online or on-the-go with their mobile phone. Business owners can not only manage their everyday transactions – such as bill payments, transfers, including *Interac* e-Transfer®, and deposits, including those made with Deposit Anywhere™, our remote cheque deposit service – but also use a suite of features to streamline payments and administration. With a single sign-on, our members can access personal and business accounts, view their balances and complete transactions between accounts. Invoices can also be moved forward more quickly for payment by setting up employees as delegates who can view and / or initiate a transaction for approval by the business owner.

Designed to meet the unique needs of micro-businesses and small to medium-sized businesses, it's also a powerful solution for incorporated and unincorporated businesses such as sole proprietors, partnerships and associations.

With the introduction of *Interac* e-Transfer® Autodeposit and Request Money in mid-2019, our members can move money more easily, anywhere in Canada. Designed to meet member's changing needs, these two enhanced features of the *Interac* e-Transfer service make banking more efficient and convenient. Without the need to answer a security question or go into an email account to complete the transfer, Autodeposit is a simple way to achieve greater security, while the Request Money feature, when used by our business members to invoice for a service or product, means less time spent on payment processing and strengthening cash flow.

Milestones: Hillcrest Village

In November 2019, we proudly opened another retail location in midtown Toronto, in the charming Hillcrest Village neighbourhood. Located at 814 St. Clair Avenue West, at Atlas, this branch is our eighth.

Long considered one of Toronto's quieter residential neighbourhoods, with long-time residents of largely Italian and Irish backgrounds, the area dates back to the 1850s, when prominent politician and lawyer William Hume Blake built his estate. Today, an estimated 2,000 homes, most built in the 1930s, sit on the tree-lined streets that were once his 10-hectare lot.

The area is experiencing an influx of young professionals, singles and families, as well as those looking to downsize. All are attracted by the vibrant mix of new lifestyle condominiums, restaurants, independent retailers and arts- and community-based organizations, such as Artscape Wychwood Barns, as well as abundant green space, the pedestrian-friendly St. Clair Avenue corridor and convenient access to public transit.



Photo credit: Giulio Muratori



Photo credit: Alessandro Papa

A view of a bustling St. Clair Avenue West from the 1970s.
(Source: Toronto Public Library)



Milestones: **Little Italy**



Steps from where our credit union first announced its charter almost 20 years ago, we are putting down permanent roots in the heart of the historic Little Italy neighbourhood.

In mid-2019, we purchased 640 College Street, a 4,000-square-foot, three-level building located on the northeast corner of this east-west thoroughfare and Grace Street. While we have had a presence on College Street since 2009, this will become our permanent address, beginning summer 2020.

Originally constructed in the late 19th century, the distinctive red-brick building was previously home to

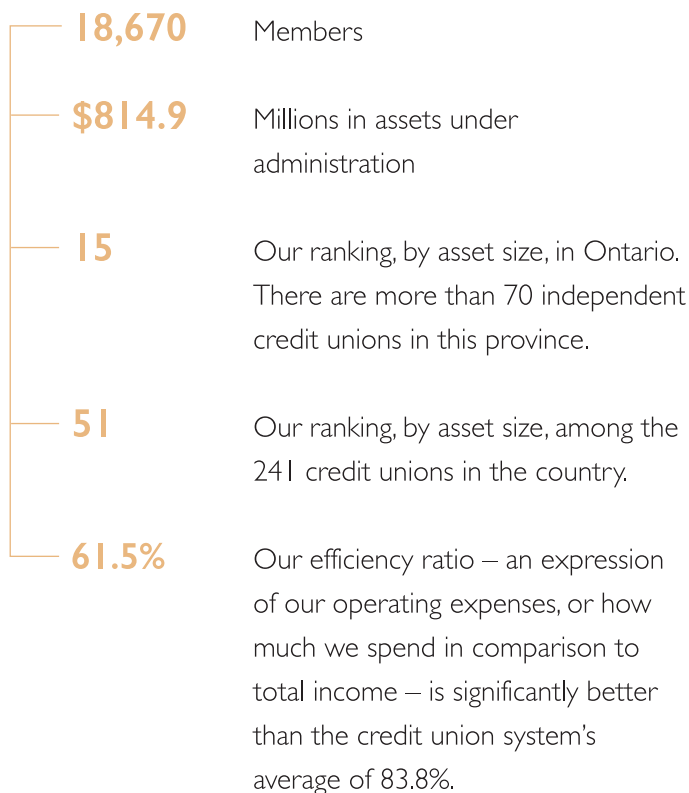
the popular family-owned Marinella restaurant. Plans also include the construction of a lovely *piazza*, a space that is the characteristic feature of many Italian towns and cities, as a place for locals to meet and enjoy a slice of everyday life.

The neighbourhood has been home to newly arrived Italian immigrants since the 1920s, and had become a community hub by the time impresario Johnny Lombardi launched CHIN Radio, Canada's first multi-cultural station, in 1966. Since then, it has remained a vibrant neighbourhood with a signature mix of independent retail shops - many still family-owned - restaurants, bakeries, bars, gelato shops and more.



Organizational **Overview**

IC Savings is a full-service financial cooperative with eight branches in Toronto and Vaughan and a lending services centre that serves clients in the Greater Toronto Area and throughout central and southern Ontario. It offers a variety of retail and business banking, borrowing and investment products and services to members.



Key strategic priorities

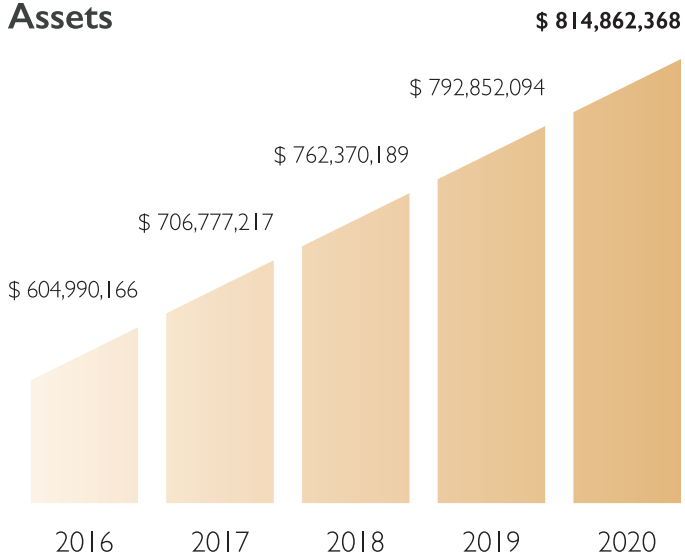
We set an aggressive schedule of priorities, which included:

- Completing the implementation of our new banking, loans administration and general ledger systems.
- Enhancing the member banking experience by introducing enhanced functions and services.
- Improving member access with the addition of another retail location in Hillcrest Village in midtown Toronto.
- Continuing to invest in cybersecurity for the benefit of our members.

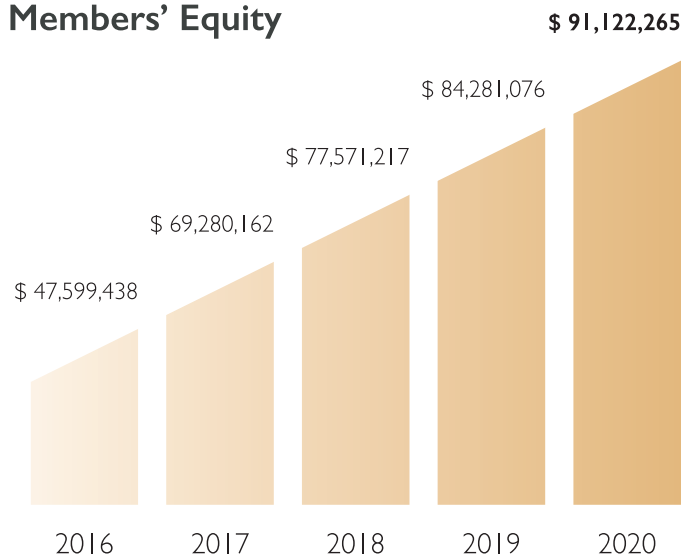
Financial Highlights

Growth FOR THE YEAR ENDED JANUARY 31, 2020

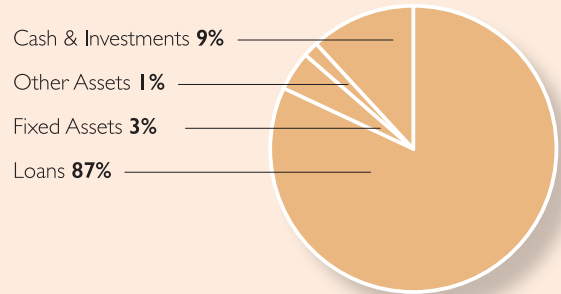
Assets



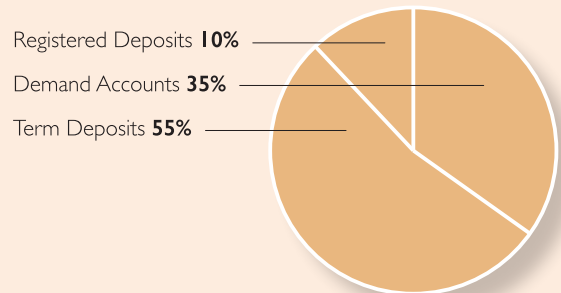
Members' Equity



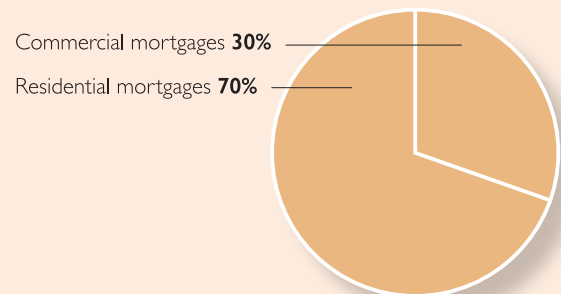
Composition of Assets



Composition of Deposits



Composition of Loans




Financial Statements

Statement of Financial Position AS AT JANUARY 31, 2020

In \$	2020	2019
Assets		
Cash	17,492,879	33,478,005
Investments	51,999,793	49,310,908
Member loans	710,430,366	677,634,882
Other assets	8,933,703	6,482,659
Property and equipment	26,005,627	25,945,640
	814,862,368	792,852,094
Liabilities		
Demand loans	-	5,000,000
Member deposits	713,195,845	693,947,703
Other liabilities	10,430,193	9,541,517
Membership shares	114,065	81,798
	723,740,103	708,571,018
Members' Equity		
Retained earnings	49,929,869	45,759,460
Class B investment shares	41,192,396	38,521,616
	91,122,265	84,281,076
	814,862,368	792,852,094

APPROVED BY THE BOARD



Frank A. Petti, CPA, CA
Chair, Audit Committee



Sam J. Ciccolini, C.M., O.ONT., O.V., COSSM.IT
Chair of the Board

Financial Statements

Statement of Income and Comprehensive Income FOR THE YEAR ENDED JANUARY 31, 2020

In \$	2020	2019
Interest income		
Member loans	32,101,334	29,204,734
Investments	1,212,869	1,062,201
	33,314,203	30,266,935
Interest expense		
Member deposits	14,384,060	11,506,044
Demand loans	89,787	92,321
	14,473,847	11,598,365
Net interest income	18,840,356	18,668,570
Provision for impaired loans	-	-
Net interest income after provision for impaired loans	18,840,356	18,668,570
Other income	1,483,183	1,371,805
Net interest and other income	20,323,539	20,040,375
Operating expenses		
Personnel	6,650,360	6,328,666
Administrative expenses	3,152,117	2,685,123
Occupancy expenses	2,174,456	2,192,653
Deposit insurance premium	527,925	503,214
	12,504,858	11,709,656
Income before income taxes	7,818,681	8,330,719
Income taxes		
Current	976,614	1,493,258
Deferred	474,000	74,800
	1,450,614	1,568,058
Net income and comprehensive income	6,368,067	6,762,661

These financial statements represent excerpts from the full set of audited statements of the Italian Canadian Savings & Credit Union Limited. Complete audited financial statements are available upon request.

Audit Committee **Report**

The Credit Union's Audit Committee is a committee of the Board of Directors and operates pursuant to section 125 of the Credit Unions and Caisses Populaires Act, 1994. The committee, which consists of four directors, has a mandate to cover all of the duties specified to be performed by the audit committee in the Regulations of the Act. The Audit Committee meets at least quarterly and arranges its agenda so that, on an annual basis, the following duties will be performed and appropriate action taken as a result thereof:

- Serve as the principal communication link between the external auditors and the Board of Directors and, in particular, review the terms of engagement and scope of the audit and review IC Savings' annual financial statements prior to recommending Board approval.
- Obtain a reasonable understanding of the elements of internal controls that are important to safeguard the assets of the Credit Union, ensure the accuracy of financial reports and ensure compliance with policies and procedures.
- Serve as the Board's liaison with the internal auditor and review the internal audit mandate, work plan and reports.
- Review the policies, procedures and controls which relate to legislative compliance, with a particular focus on requirements for liquidity, capital adequacy and interest rate risk management.

Based on its findings, the Audit Committee issues reports and makes recommendations to the Board of Directors or senior management, as appropriate, with respect to the matters outlined above and follows up to ensure that the recommendations are considered and appropriate action is taken.

The committee receives full co-operation and support from management to enable it to effectively fulfill its role in maintaining the quality of financial reporting to the Members, and an effective overall control structure.

There are no significant recommendations made by the Audit Committee that have not either been implemented or are in the process of being implemented. In addition, there are no matters which the Audit Committee believes should be reported to the Members, nor are there any further matters which are required to be disclosed pursuant to the Act or the Regulations thereto.



Frank A. Petti, CPA, CA
Chair, Audit Committee

Board of Directors

Our Board reflects a diverse range of industry and professional backgrounds. We are fortunate to draw upon the experience and talents of this committed group who provide leadership and guidance at the highest level of governance.

Sam J. Ciccolini, C.M., O. ONT., O.V., COSSM.IT.

Chair of the Board

Co-Founder and Secretary Treasurer, Masters Insurance Limited

John DaRe, LL.B.

Vice-Chair

Principal, John DaRe Barrister and Solicitor

Frank Petti, CPA, CA

Director and Chair, Audit Committee

Partner, Phoenix Consulting

J. Luis Arruda, FCIP, FRM

Director

President and Principal Broker, The Regional Insurance Services Inc.

Marisa Zanini, J.D.

Director

Principal, Marisa Zanini Barrister & Solicitor

Alex De Iulis, P.ENG.

Director

President and Partner, Resform Construction Ltd.

Anthony D'Errico

Director

Relationship Manager (Retired), Deposit Insurance Corporation of Ontario

The Honourable Frank Iacobucci, CC, QC, LL.D, LSM

Director

Senior Counsel, Torys LLP

Dino Bottero, AACI, MRICS, PLE

Director

President, D. Bottero & Associates Property Valuation & Realty Consulting Services

Robert J. Gray, LL.B.

Corporate Secretary

Partner, Miller Thomson LLP

Executive Team



Fausto Gaudio

President and Chief Executive Officer



Bruce Savage

Senior Vice-President, Lending Services



Ron Hodges

Vice-President, Operations and Technology



Wadood Sheikh

Chief Financial Officer

Giving Back

Our mission has been to create value for the benefit of our members and the neighbourhoods that we serve. We are honoured to support a number of organizations on behalf of our members. Each story underscores our commitment to community and to creating positive lasting changes.



The power of the moving image to entertain and educate

We were proud to return as the presenting sponsor of the Italian Contemporary Film Festival, a highly anticipated cultural event that ran from June 13 to 21 in Toronto, Vaughan and six other Canadian cities.



The eighth edition, the largest yet, saw audiences enjoying a slate of feature films, docs and shorts, indie films and guest appearances by filmmakers, actors and authors. Highlights included the presentation of the IC Savings Award, which recognizes Italian-

Canadian collaborations.

The 2019 award went to crowd-favourite *From the Vine*, which had its world premiere at the festival and is based on the book *Finding Marco*, by Mr. Ken Cancellara, also the film's executive producer and a

member of our credit union, pictured to the right of our regional manager Frank Macina.



Launched in 2012 as a grassroots, non-profit film festival, the ICFF has grown to become one of the largest outside of Italy, and we're proud to have been there since Day 1. We recognized early on the unique opportunity to connect, through film, with our target markets in a meaningful way.

The value of learning at any age

Social isolation is a complex issue, the interplay of different personal, social and environmental factors. Seniors are an especially vulnerable group, especially new immigrants who struggle with language and who face barriers accessing information that can be used to inform their choices in everyday life. (Research shows that the proportion of newcomers living in poverty in Toronto has grown steadily over the last several decades.)

In early autumn, West Neighbourhood House, a multi-service neighbourhood centre and a United Way social services agency, launched a unique program, Universidade da Vida (Life University), for at-risk Portuguese-speaking older adults and seniors. Its aim was two-fold: reduce their social isolation and create a safe and exciting learning environment through this “university” to empower them. That is, give them the knowledge and skills to confidently plan ahead and make responsible financial and life decisions appropriate to their individual circumstances.

Made possible through a generous grant from Fundo de Apoió IC Savings, our credit union’s community support

fund, four-week courses on retirement and financial planning and advanced care planning were offered in Portuguese, at no cost to students, and led by local professionals, including AnaBela Taborda, branch manager of our Little Portugal location. Each workshop involved reflection and homework exercises and culminated in a student showcase and graduation in late November.

Universidade da Vida (Life University) operates out of the Older Adult Centre located at the agency’s Dundas and Ossington Avenue location.



24% Proportion of senior immigrants who landed in Canada between 2006 and 2015 were low income. That’s about double the figure of those born in Canada and immigrants who landed earlier; that is, more than 40 years before the 2016 census.



Immigrants who own their home or who live with others in a household are less likely to be low income.

Looking **Back**

On a beautiful summer evening, our credit union welcomed and hosted Team Friuli Venezia-Giulia at our Etobicoke location. The under-17 soccer team, which eventually went on to win the championship, was in town representing this northern region of Italy at the UI7 Invitational International Soccer Tournament. The competition was organized by the Toronto Azzurri Soccer Club. For many of these athletes and mission staff, it was their first trip abroad as well as the first to Canada. Aside from the competitions, tournament organizers and volunteers ensured they could experience the best of our province, including a trip to majestic Niagara Falls, always a crowd favourite.



Photo credit: Giulia Emanuela Storti, 2019.



We gave back 4% of pre-tax profits to local community organizations. That's well above the recognized industry standard of giving one per cent.

A bold new look at today's Italy

In late October, at the Design Exchange in downtown Toronto, seven of Italy's most ambitious and creative thinkers came together for IT@CA, a daylong event organized by the Italian Chamber of Commerce. IC Savings was proud to be among the organizations that brought these extraordinary protagonists of Italy's bold present and future to Canada. More than 350 attendees heard from Michele De Lucchi, the renowned architect and figure of the Alchimia and Memphis design movements; Oscar Farinetti, founder and creator of Eataly; Angelo Gaja, innovative owner and president of Piedmont's Gaja Winery; Riccardo Illy, chairman of Polo del Gusto, part of Illy Group; Antonio Meloni, president of the National Scientific Commission for Antarctica, which oversees the national research program; Rosanna Purchia, general manager of the famed San Carlo Opera house in Naples; and Oliviero Toscani, the photographer and creative force known for his at-times controversial ad campaigns.

A work of heart

In its first full year of operations, the IC Savings Rooftop Terrace at Luso Support Centre Peel offered clients like Spencer, families and caregivers the opportunity to participate in and enjoy therapeutic recreation programs. The fully accessible 4,500-square-foot space was made possible through a \$50,000 grant from Fundo de Apoio IC Savings.



The power of community

The legendary investor and philanthropist Warren Buffet once said that “the only way you do significant things is taking on tough things.” More than six years ago, a group of like-minded individuals – many of them members of our credit union – formed the Calabrian Benevolent Association of Ontario (CBAO). Almost from inception, members identified one particularly tough challenge: the dignified care of individuals living with dementia.

The CBAO Seniors Day Program, which launched in late 2016 in Vaughan, supports Italian seniors living with early stage dementia, their families and caregivers. It holds special significance for our credit union, and on behalf of our members, we were proud to support it throughout 2019, whether through fundraising efforts like September’s Una Serata in Calabria or volunteerism; our president and CEO, Fausto Gaudio, serves as the association’s chair and staff often volunteered their time and talents.

With an estimated 228,000 Ontarians living with dementia, and with this number expected to double within two decades, this culturally sensitive program is one step in addressing a serious public health issue, as well as the life-altering impacts of dementia on our *nonni* and the burden borne by family members who care for them.



Connect With Us

Head Office 5300 Dundas Street West 416.784.9885

Corso Italia 1254 St. Clair Avenue West 416.653.4007

Etobicoke Centre 5300 Dundas Street West 416.251.4007

Hillcrest Village Midtown Toronto 416.654.4007

Little Italy 637 College Street 416.530.4007

Little Portugal 1168 Dundas Street West 416.533.9245

Woodbridge Village 6-53 Woodbridge Avenue 905.264.4007

Woodbridge West 7766 Martin Grove Road 905.850.4009

Yorkdale - Glen Park 2900 Dufferin Street 416.784.4007



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