



# 2012

Annual Report

Inspiring with passion, leads to success



**LUMINUS**  
FINANCIAL

## Vision Statement

To be our members' first choice for financial products, services and advice.

## Mission Statement

We are committed to helping our members achieve their financial goals; encouraging and facilitating the development of our team; supporting our communities.

## Values Statement

*Luminus is Adaptable Responsive Committed and Co-operative (ARCC)*

### *Adaptable*

- ◆ We will expand opportunities by recognizing and responding to changes
- ◆ We will position products and services to attract the family unit
- ◆ We will embrace and be open to competitive trends

### *Responsive*

- ◆ We will treat everyone with respect and fairness
- ◆ We will be responsive and sensitive to the diverse needs of our member
- ◆ We will embrace and be open to changes that will keep us competitive
- ◆ We will develop products and services for members and their families

### *Committed*

- ◆ We are committed to service excellence
- ◆ We will encourage a team environment committed to open and honest communication at all levels to provide better service to our members
- ◆ We will be committed to bringing financial awareness and understanding to members so they may be financially independent

### *Co-operative*

- ◆ We will operate in accordance with co-operative principles:
  - Voluntary and Open Membership
  - Democratic Member Control
  - Member Economic Participation
  - Autonomy and Independence
  - Education, Training and Information
  - Co-operation among Co-operatives
  - Concern for Community
- ◆ We will recognize our social responsibilities within our environment and community

## Our Promise to our Members

### We will:

1. Listen to you.
2. Respond with your financial best interests as our priority.
3. Offer a full range of competitive financial products and services.
4. Treat you as the owner of our institution – because you are.
5. Share our profits with you.
6. Exemplify all Credit Union principals.
7. Make you glad to be a member, always.

## 63rd Annual General Meeting Agenda

April 9, 2013

### 1. Call meeting to order

Confirmation of quorum

### 2. Approve minutes of the March 29, 2012 Annual General Meeting

### 3. Election of Directors

### 4. Reports

Board of Directors Chair and Chief Executive Officer  
Credit Committee  
Audit Committee

### 5. Review of 2012 Financial Statements

### 6. New Business

Appointment of Auditors

### 7. Other Business

As special business, to confirm a by-law amendment. This amendment decreases the size of Luminus Financial's Board of Directors to ten members, requires that any Vice-Chair of Luminus Financial be one of its directors, and recognizes as an official notice of a membership meeting a notice posted on Luminus Financial's web-site or e-mailed to a member who has provided Luminus Financial with his or her e-mail address.

### 8. Adjournment

## Report of the Board of Directors Chair and Chief Executive Officer

*Inspiring with passion, leads to success*

The last few years have clearly been growth years for our credit union. In 2010 we celebrated various milestones which included a number of mergers; then in 2011 we continued charting our course as we changed our name to Luminus Financial which represented a new era for our members and our brand promise of "clearly better banking"; and during 2012 we continued to be inspired and passionate about our credit union and helping members achieve their financial goals.

Recently the Deposit Insurance Corporation of Ontario released their 2012 fourth quarter sector outlook and compared those results with 2011, and we are pleased to inform you that Luminus Financial exceeded many of those highlights. For example, sector assets increased by 8.3%, while our assets increased by close to 12%. Total loans increased 9.3%, while our total loans to members increased by 10%. Finally, total deposits increased by 6.2%, while our total deposits to members increased by almost 13%. These achievements are a true testament to our belief that there is strength in numbers. By having four other credit unions join us in the last two years we have been able to continue providing the financial services that our members have come to expect as well as lowering our efficiency ratio by about 6% which is in line with the direction to improve our internal operations and finding efficiencies within all our operations.

Many of our accomplishments would not be possible without the continued support of our members. Your support through changes of our credit union – becoming open bond, your investment in our investment shares, our name change, the mergers – have all been contributing factors in becoming one of the top 100 credit unions in Ontario. And we will continue to expand on our brand promise of "clearly better banking". For 2013 you can expect some new services including the highly awaited email money transfers, e-statements and the recently announced foreign cash service. The email money transfers will allow you to transfer funds to and from other financial institutions, while e-statements will help us in become more environmentally friendly. The foreign cash service will allow us to offer members the convenience to buy and sell foreign exchange cash (US Dollars, Euros, Brazilian Real, Hong Kong Dollars, etc.) at prices that are below those of other financial institutions or credit unions. Members will also have access to a greater selection of foreign bank notes (foreign cash) than what is available at other financial institutions or credit unions...we can pretty much order any type of currency! In the coming months we also plan on expanding our product and service offerings to new communities within Ontario...so stay tuned for details.

### *Conclusion*

Again, it has been another great year of success for our credit union and we're extremely proud of the passion that our entire board of directors have for this organization. A huge thank you goes out to all of our staff as well for their commitment to treat each and every one of you as an owner of this organization, because you are. Each one of our staff is here to listen to you and respond with your financial best interests as our priority, while making you glad to be a member – always.

Respectfully presented this 9th day of April 2013.

  
Michael Mozesky  
Chair, Board of Directors

  
George De La Rosa  
Chief Executive Officer

## 2012 Financial Results

When compared to 2011 the following financial results were in achieved in 2012:

- ♦ Cash Resources increased to over \$7.5 million
- ♦ Loans to members increased to over \$63.5 million
- ♦ Member deposits increased to over \$69.5 million
- ♦ Total assets grew to over \$77.3 million
- ♦ Interest income increased to over \$2.9 million
- ♦ Net Interest income increased to over \$1.9 million
- ♦ Net interest and other income increased to over \$2.9 million
- ♦ Members' Equity increased to over \$5 million
- ♦ Total eligible capital to assets was 6.96%
- ♦ Total eligible capital to risk weighted assets was 16.9%

## Credit Committee Report

The Credit Committee continued to serve the members of Luminus Financial and is pleased to share the following information with its members.

For the fiscal year of 2012, a total of 365 credit applications were approved and funded with a value of **\$15,637,980.32**. The following chart details the specific loan class and compares them to last year:

2012	2011
211 Personal Loans for \$2,076,759.99	230 Personal Loans for \$1,989,702.10
44 Mortgages for \$9,576,195.33	40 Mortgages for \$8,777,915.75
21 Meritlines (Equity Lines of Credit) for \$1,846,600.00	30 Meritlines (Equity Lines of Credit) for \$3,116,440.00
55 Personal Lines of Credit for \$316,025.00	27 Personal Lines of Credit for \$234,925.42
30 Overdrafts for \$15,000	40 Overdrafts for \$19,700.00
2 Bridge Financing for \$307,400.00	2 Bridge Financing for \$561,500.00
2 Syndicated mortgages for \$1,500,000.00	5 Syndicated mortgages for \$2,461,168.04
0 Commercial mortgages	1 Commercial mortgage for \$350,000.00
Total Applications : 365	Total Applications : 375
Total Value: \$ 15,637,980.32	Total Value: \$ 17,511,351.31

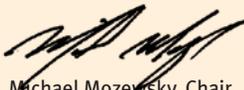
In 2012, a total of 117 applications were declined compared to 46 applications in 2011 for reasons ranging from credit history to lack of ability to pay.

As at December 31, 2012 there were 12 loans in arrears for 90 days or more for a total of \$551,054.07 compared to 21 loans in arrears for a total of \$106,053.67 in 2011. The reasons for not paying debt ranged from accumulated debts or bankruptcy to lack of income due to unemployment.

The Credit Committee continues its role of approving all director and officer loans. The committee also provided management with valuable suggestions to apply to the everyday business of the credit union.

Respectfully presented this 9th day of April, 2013.

Credit Committee



Michael Mozewsky, Chair  
Andrew Maund  
Susan Gouvianakis

## Report of the Audit Committee

Pursuant to section 125 of the Credit Unions and Caisses Populaires Act, 1994, the board of directors appointed a minimum of two (2) directors to the Audit Committee, a sub-committee of the board.

The Audit Committee met on a quarterly basis to carry out their duties as defined in the Act and as stipulated in the credit union's policies and procedures.

The following were the duties performed by the Audit Committee during 2012:

- ♦ Reviewed complaints and issues concerning privacy and ensured compliance with the Personal Information Protection and Electronic Documents (PIPED) Act initiated in 2001. We can report that Luminus is in compliance with the legislation as of December 31, 2012.
- ♦ Reviewed results of the external audit services provided by MNP LLP.
- ♦ Reviewed the Luminus Disaster Recovery Plan that will ensure protection of the assets of Luminus and its members, in the event that unforeseen circumstances prevent normal operating conditions.
- ♦ Reviewed risk management policies and procedures of Luminus. This review pointed no major areas of weakness that require correction.
- ♦ Reviewed the policies, procedures and controls used by management which relate to legislative compliance with particular focus on Capital, Liquidity Management, Investment and Interest Rate Risk.
- ♦ Reviewed regular reports provided by management to ensure that Luminus complies with the Proceeds of Crime (Money Laundering) and Terrorist Financing Act.
- ♦ On February 26, 2013 the Audit Committee met with the external auditors to review, discuss and approve the draft financial statements for the year ended December 31, 2012. A report was presented at the next regular meeting of the Board of Directors.

Respectfully submitted this 9th day of April 2013.

Audit Committee



Paul Miller, Audit Committee Chair  
Adam Kirilo  
Andrew Maund  
Glenn Pollinger

# Luminus Financial Services & Credit Union Limited

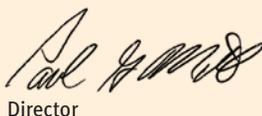
## Statement of Financial Position

As at December 31, 2012

in \$	2012	2011
<b>Assets</b>		
Cash	7,567,066	2,274,738
Investments	5,392,671	8,450,667
Member loans	63,516,533	57,723,742
Other assets	302,995	290,249
Property and equipment	542,894	337,927
	<b>77,322,159</b>	<b>69,077,323</b>
<b>Liabilities</b>		
Term loan	2,100,349	1,799,995
Member deposits	69,567,405	61,661,786
Other liabilities	342,955	364,639
Membership shares	282,751	312,221
	<b>72,293,460</b>	<b>64,138,641</b>
<b>Members' Equity</b>		
Class A investment shares	1,731,589	1,731,607
Contributed surplus	738,532	738,532
Retained earnings	2,468,093	2,468,543
Accumulated other comprehensive income	90,485	-
	<b>5,028,699</b>	<b>4,938,682</b>
	<b>77,322,159</b>	<b>69,077,323</b>

Approved on behalf of the Board

  
Director

  
Director

## Luminus Financial Services & Credit Union Limited

### Statement of Income

For the year ended December 31, 2012

in \$	2012	2011
<b>Interest income</b>		
Loans	2,767,668	2,316,384
Investments	149,279	118,530
	2,916,947	2,434,914
<b>Interest expense</b>		
Member deposits	950,720	702,301
Distributions to members	15,045	29,427
External borrowings	31,280	18,678
	997,045	750,406
Net interest income	1,919,902	1,684,508
Provision for (recovery of) impaired loans	41,997	(33,437)
Net interest income after provision for impaired loans	1,877,905	1,717,945
Other income	1,091,814	623,795
Net interest and other income	2,969,719	2,341,740
<b>Operating expenses</b>		
Administrative expenses	1,496,506	1,141,421
Remuneration to staff	1,302,564	1,108,846
Depreciation and amortization	115,866	43,929
	2,914,936	2,294,196
Income before other items and taxes	54,783	47,544
<b>Other items</b>		
Gain on ABCP 2008 Limited Partnership units	-	2,028
Gain (loss) on other investments	-	8,734
Unrealized loss on interest rate swaps	-	(31,348)
Income before income taxes	54,783	26,958
<b>Income taxes</b>		
Current	3,645	(3,475)
Deferred	5,450	8,000
	9,095	4,525
Net income	45,688	22,433

## Luminus Financial Services & Credit Union Limited

### Statement of Comprehensive Income

For the year ended December 31, 2012

in \$	2012	2011
Net income for the year	45,688	22,433
<b>Other comprehensive income</b>		
Unrealized gain on investments	107,083	-
Income tax relating to components of other comprehensive income	(16,598)	-
Total other comprehensive income	90,485	-
Total comprehensive income	136,173	22,433

