

2023 ANNUAL REPORT



Board of Directors

Lynda Kay	Chair	2024*
Peter Dounoukos	Vice Chair	2025
Patty Maguire	Corporate Secretary	2025
Lynda Deveau	Director	2026
Wendy Giroux	Director	2024**
Darlene Robertson	Director/ Governance Chair	2026
Rob O'Neil	Director	2024*
Ron Wiebe	Director	2026
Todd Wilson	Director/ Audit Chair	2024**

* Up for re-election

** Retiring



REPORT OF THE CHAIR

As I reflect on 2023, it's clear that change and uncertainty have become a constant and the challenges are diverse and dynamic. Yet, amid this uncertainty, we can see opportunity: Opportunities to leverage our stability today as a strong foundation for our future. Opportunities to support our members and find new ways to meet their evolving needs. And, opportunities to serve as a pillar of strength for the communities we serve. It starts with a shared commitment, coming together around a common purpose — serving our members — and providing trusted advice and solutions that help them explore the infinite possibilities that lie ahead.

The economy is prevalent with variables, and we recognize the impact on our members' daily lives of increasing food costs, rising interest rates, the possibility of a recessionary period, the upcoming American election, and the global tensions. Now more than ever, our members need a trusted partner to guide them through the financial challenges they may face. Our commitment is to provide support and explore possibilities that help our members secure a better financial future. At Ganaraska Financial Credit Union our staff work with each member individually, meeting them where they are and assisting them in achieving their unique financial goals.

Throughout 2023, in an effort to cool the Canadian economy and slow the rate of inflation, the Bank of Canada continued to increase policy interest rates, pushing interest up on both saving and borrowing for consumer and business members. Times of increasing interest rates can create both opportunities and challenges. With rising lending rates, our lending department met with members to understand their needs, offering expert advice, and uncovering solutions — all with the goal of keeping home ownership affordable. Increasing rates also provided members with an opportunity to do more with their money, as GFCU provided competitive rates and special offers on a range of deposit products throughout the year.

As we move forward into 2024, we continue to explore opportunities that facilitate growth and build financial strength. Ganaraska Financial Credit Union is committed to remaining local, independent, compassionate, ethical, and co-operative for generations to come.

As we close another fiscal year of progress and growth, I would like to thank the Board for its experienced and thoughtful leadership, our chief executive officer and the executive team for guiding us confidently through these unprecedented economic times while delivering a positive financial performance.

Most importantly, I would like to thank our members, who are committed to GFCU as their trusted banking partner. There are many options available to you, and we value the confidence you have in us.

Cooperatively yours,



Lynda Kay,
Board Chair



OUR BOARD IN YOUR COMMUNITY



REPORT OF THE CEO

Our members are at the heart of everything we do. We exist because of you and we are grateful for your continued support. Ganaraska's enduring purpose speaks to our collective desire to contribute in a meaningful way to our membership and to the communities where we all live, work and play.

In 2023, more than any other year our team has demonstrated this commitment. Throughout the year we offered to our members and our communities free of charge Fraud Awareness, Elder Abuse & Youth Financial Literacy Seminars. Our Business Development Officer & team delivered presentations, seminars, and workshops to community members at our local libraries and service clubs such as Probus, Church Groups, Inner Circle to name a few. We always joke "will travel" as our team is passionate about arming our community with knowledge of the latest scams and giving our youth the tools to become financially sound.

We also strive to help members through all economic cycles, inflation, strikes, layoffs, and life's challenges by holistically helping each member with individual solutions.

Through out 2023 we continued to make good progress on our strategic priorities, such as rebuilding retained earning, community engagement and membership growth.

Our focus on project accomplishments reflects our dedication to our members. There were many new product developments in 2023, especially in behind-the-scenes new payment processes, including brand new platforms for email money transfers and wire transfers. Member cyber security is a key concern and we introduced 2-step authentication for your online and mobile banking and an enhanced fraud management platform that monitors email money transfers for fraud attempts. We launched the new registered First-Home Savings Accounts (FHSA) and a High Interest Savings Account (HISA). We also launched a digital newsletter and I invite you to sign up for and keep up to-date on news and developments at GFCU.

We are always looking ahead, anticipating your needs, and adapting to the changing financial landscape. Whether uncovering unique solutions, evolving our product lines through our partners, digital banking enhancements, or new credit card offerings, our commitment remains steadfast— to serve you better today and in the future.

Every day, our employees come to work with the sole purpose of helping our members secure their best financial future. Our employees have been, and will continue to be, our greatest asset. I would like to thank our employees, management team and Board of Directors for their contributions made in 2023. Thank you to our Board of Directors for your guidance this past year. Your clear direction and governance were vital to our success. Of course, we need to thank our members who supported us through 2023. It was a year of changes, challenges and growth. Thank you for standing by us, you are the reason our credit union exists! Your continued support and commitment to Ganaraska Financial Credit Union is critical to our continued growth and success and for being an integral part of the GFCU story. 2023 was a year to remember and I look forward to working with all of you for a rewarding year in 2024.

And lastly, I would like to express my sincere gratitude, to Wendy Giroux and Todd Wilson who are retiring from the Board after serving 12 years. We are grateful for their contributions and their deep understanding of the important role that credit unions play in the financial services sector. Both Wendy and Todd have held the positions of Chair while also serving on the Audit, Governance, and Nominating Committees in various capacities. Their experience will be missed, as will their dedication to our credit union's success.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'K Foster', with a stylized flourish at the end.

Kathy Foster, CEO



REPORT OF THE AUDIT COMMITTEE

The Audit Committee is established by the Board of Directors and is composed of members appointed by the board from among its directors. The Committee meets, at minimum quarterly and is an integral part of the overall framework of corporate governance and oversight. Together with Senior management, internal and external auditors, the Audit Committee provides oversight that fosters an environment where:

- Risks are assessed and adequately mitigated
- Reporting is accurate, timely and relevant
- Assets and member interests are safeguarded
- Positive ethics are upheld; and

The Audit Committee has a mandate that includes, but is not limited to, all of the tasks specified for Audit Committees in the Credit Unions and Caisse Populaires Act, 2020, the associated regulations and the Ganaraska Audit Committee Terms of Reference. The Audit Committee met four times during the 2023 fiscal year to complete its responsibilities including:

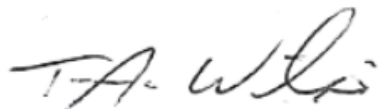
- Reviewed the financial statements and results of the year end audit with the external auditor and recommended for Board approval the audited 2022 financial statements and notes, along with other year end reporting requirements.
- Reviewed Management's response to the audit findings and oversaw resulting actions, if any, and recommended both to the Board.
- Met with the External Auditor, Tinkham, LLP (without Management present) and reviewed the performance of the external auditor.
- Reviewed the external auditor engagement letters for the 2023 year-end audit.
- Reviewed the internal audit charter and annual internal audit plan and recommended both to the Board for approval.
- Met with the Internal Auditor, Jones & O'Connell, LLP (without Management present), to review the performance of internal audit activities, internal audit reports, Management actions to implement recommendations and to confirm the Internal Auditor's independence. Ensured that regulatory filings were submitted on time.

- Reviewed results of regulatory and other third-party examinations and oversaw resulting actions.
- Reviewed the Credit Union's applicable policies, procedures, and controls for legislative compliance, ensuring an effective compliance program is in place.
- Recommended the Credit Union's risk appetite and risk tolerance limits to the Board.
- Monitored the adherence of Directors, Officers, and Employees with the Credit Union's policies and code of conduct.
- Reviewed Management's business continuity planning including timely and effective responses to incidents, the effectiveness of the Credit Union's cyber security and the information system availability for members.
- Completed a self-assessment on the effectiveness of the Committee and reviewed the performance of the Committee Chair.

Management has implemented all Committee recommendations and there are no matters which the Committee believes should be reported to the members or which are required to be disclosed pursuant to the Act or the regulations.

I would also like to take this opportunity to express my appreciation to the committee members for their diligence and attention in the significant work the committee completed throughout the past year.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "T.A. Wilson". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Todd Wilson, Committee Chair

Committee Members: Wendy Giroux, Patty Maguire, Ron Wiebe



REPORT OF THE GOVERNANCE COMMITTEE

The Governance Committee is established by the Board of Directors and is comprised of five members of the Board Directors. The Committee meets at minimum quarterly and is an integral part of the overall framework of corporate governance and oversight. The committee is responsible for assisting the Board in providing appropriate governance for the Credit Union and fulfills this responsibility by making recommendations to create, promote, monitor, and enhance policies and programs for:

- Corporate governance
- Board succession planning
- Board and committee composition
- Director education, knowledge, skills, and abilities

The Governance Committee met four times in 2023. Key activities included:

- Provided oversight for the Board, Committee, and Director self-assessment process.
- Analyzed results and recommended direction to the Nominating Committee on skill gaps to be filled in 2024.
- Provided oversight for the new Director Orientation Program and new committee member orientation.
- Monitored legislation and regulatory developments impacting Ganaraska's operating procedures, policies, or By-laws.
- Monitored Directors' compliance with the mandatory education program and ensured Directors received annual training on anti-money laundering, privacy legislation and information security/cyber security.
- Reviewed and made recommendations to the Board regarding Director remuneration, term limits, Board diversity, and training priorities.
- Conducted a review of the CEO performance and compensation structure.
- Completed the annual review of the Corporate Governance Policy and Market Conduct Code Policy and recommended updates to the Board.

I want to thank the Committee members for their diligence and attention to detail in the important tasks the Committee completed over the past year

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Darlene Robertson". The signature is fluid and cursive, with a large initial "D" and "R".

Darlene Robertson, Committee Chair

Committee Members: Rob O'Neil, Lynda Deveau, Peter Dounoukos,
Lynda Kay – ex-officio

Governance

The Credit Union recognizes the critical role that effective governance plays in Ganaraska's success, as it sets the foundation for effective decision making and oversight. The role of the Board is to represent the interests of stakeholders, provide strategic direction that is aligned with our purpose, and create a vibrant, dynamic, and successful credit union. The Credit Union is committed to achieving high standards of effective governance, striving to become compliant and challenging itself to move beyond compliance and to govern with excellence. It recognizes that the Board is responsible for governance and that what the Board does, and how it does it, is fundamental to achieving good governance. Ganaraska Financial Credit Union's Board of Directors, operating as a policy board, approves a comprehensive set of Board policies that provides broad direction and delegates authority to Management for the operations of the Credit Union, to ensure consistency with those Board policies. The Board oversees Management decisions to ensure that sound and prudent practices are supported by effective organizational and procedural administrative systems. Effective internal controls are established to ensure compliance with applicable laws, regulations, rules, and established policies. In carrying out the Board policies, Management develops its own operational policies and practices. The Board's commitment to the organizational purpose involves a deep understanding of the organization's mission, values, and goals. It also involves ensuring that these values and goals are reflected in all aspects of the organization's decision-making processes. The Board works closely with Management to ensure resources are allocated to support the organization's strategic purpose and to monitor progress toward achieving its goals

Compliance with Legislative & Regulatory Requirements

The legislative and regulatory environment has changed significantly over the last few years starting with the proclamation of the new Credit Unions and Caisses Populaires Act (2020) together with Regulations. As a result, the Financial Services Regulatory Authority of Ontario (FSRA) was provided increased powers to set rules to administer the aims of the Act in a more principled-based approach through those rules, allowing for greater flexibility for Credit Unions. A number of new Rules and Guidance have been issued and the Board is working in conjunction with Management to ensure the Credit Union meets all its requirements under the Act, Regulations and Rules, Ganaraska continues to make strides towards reaching its 3.00% retained earnings ratio. The Board and Management continues to engage with system stakeholders through consultation to ensure the Credit Union's path to compliance and ongoing progress to improving our business and serving our members better. Within a principled-based environment, there is a higher onus on the Credit Union to understand all aspects of its business and meet the higher expectations of the Regulator. In that same sense, the bar has been raised for the Board in strengthening its core competencies and providing increased oversight. As a result, the Credit Union's Board nomination process, evaluation process, and training and development requirements, have been improved to ensure that the Board can meet the high bar to oversee the operations of a credit union.



REPORT OF THE NOMINATION COMMITTEE

In December 2023, the Nominations Committee made the formal call for director nominations on GFCU social media, in-branch and on ganaraskacu.com. The call advised members that four director positions would become available in 2024. Three of the positions are for a three-year term and one position for a one-year term. All director terms will commence at the close of the 2024 Annual General Meeting. The Committee encouraged members to visit our website or drop into one of our branches to pick up a copy of the 2024 Board of Directors Candidate Handbook.

The Committee engaged in an evaluation process of prospective candidates, which included a methodology to preserve transparency and the equitable treatment of all prospective candidates throughout the process. The application process was accessible to members online, in-branch and included information about the nominating process, as well as the qualifications and expectations of directors. The 2024 Board of Directors Candidate Handbook also outlined the ideal candidate criteria. Prior to posting the call for nominations, the Committee reviewed the technical and business competencies, the expertise and diversity of the current directors, to identify the ideal candidate criteria that would further strengthen the Board. The nominations period closed on February 15, 2024 which at that time had received 4 applications. As part of the overall evaluation process the Committee met individually with each new prospective candidate to review their skills and qualifications and how they would best complement the current Board. At the conclusion of the interview process and further assessment the Committee recommends the following candidates to GFCU members.

At the close of the nomination and evaluation process, four candidates chose to stand for election to the Board:

- Greg Campbell (recommended) – One-year term
- Lynda Kay (incumbent – recommended) – Three-year term
- Rob O’Neil (incumbent – recommended) – Three-year term
- Mike Riseley (recommended) – Three-year term

If you are interested in finding out more about becoming a director of your credit union, we are now accepting applications for the Intern Directorship Program. To find out more please visit ganaraskacu.com or email info@ganaraskacu.com.

Respectfully Submitted,

A handwritten signature in dark ink, appearing to be 'P. Dounoukos', with a stylized, cursive script.

Peter Dounoukos, Committee Chair

Committee members: Lynda Deveau, Patty Maguire, Darlene Robertson

Management Responsibility

The accompanying financial statements of Ganaraska Credit Union Ltd. and all information contained in this Annual Report are the responsibility of management. The financial statements have been prepared using the appropriate accounting policies that are in accordance with International Financial Reporting Standards. Management is also responsible for the integrity and fairness of the information presented, which include certain amounts that are based on estimates and judgements. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material aspects. Ganaraska management has developed and maintains a system of internal accounting and administrative controls. The systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate for preparation of financial statements and that assets are properly accounted for and are safeguarded. The Board of Directors is responsible for ensuring that Management fulfils its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board of Directors carried out its responsibilities for the financial statements through its regular review of financial results and operations and through its Audit Committee. The Audit Committee is appointed by the Board. The Committee meets periodically, as per regulations, with Management, the external auditors and reviews quarterly third-party internal audit reports. Internal controls, the financial reporting process, auditing matters and overall financial reporting issues are reviewed and discussed to satisfy itself that each party is properly discharging their responsibilities. The financial statements have been audited by Tinkham LLP, our member appointed external auditors and their report is shown as part of the summarized financial statements.

Kathy Foster

A handwritten signature in black ink, appearing to read 'K Foster', with a stylized flourish at the end.

Chief Executive Officer

D C Tinkham FCPA FCA CMC LPA
P J Brocklesby CPA CA LPA
M Y Tkachenko CPA CA
M W G Rooke CPA CA LPA
A C Callas CPA CA LPA
G P Kroeplin CPA
C R Braun CPA CA
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REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS

To the Members of
Ganaraska Credit Union Ltd.

Opinion

The summary financial statements, which comprise the summary statement of financial position as at December 31, 2023 and the summary statement of comprehensive income for the year then ended, and related note, are derived from the audited financial statements of Ganaraska Credit Union Ltd. for the year ended December 31, 2023.

In our opinion, the accompanying summary financial statements are a fair summary of the audited financial statements on the basis described in the note to the summary financial statements.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated February 20, 2024.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of the summary financial statements on the basis described in the note to the summary financial statements.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are a fair summary of the audited financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard 810, Engagements to Report on Summary Financial Statements.

TORONTO, Ontario
February 20, 2024



Licensed Public Accountants

GANARASKA CREDIT UNION LTD.
Summary Statement of Financial Position

As at December 31	2023	2022
Assets		
Cash	\$ 5,225,632	\$ 12,345,746
Investments	13,611,959	14,985,082
Deferred tax	66,454	143,486
Loans to members	171,001,510	172,157,907
Prepaid expenses and other assets	889,374	933,304
Property and equipment	1,415,062	1,597,132
	\$ 192,209,991	\$ 202,162,657
Liabilities, Member Entitlements and Members' Equity		
Liabilities		
Accounts payable and accrued liabilities	\$ 51,661	\$ 54,605
Deferred loan commitment fees	91,326	195,607
	142,987	250,212
Member entitlements		
Members' deposits	180,972,901	191,125,486
Members' share capital	1,906,819	2,015,515
	182,879,720	193,141,001
Members' equity		
Members' share capital	7,715,837	7,673,382
Retained earnings	1,471,447	1,098,062
	9,187,284	8,771,444
	\$ 192,209,991	\$ 202,162,657

On behalf of the Board:

 Director

 Director

A full set of audited financial statements is available from the Credit Union.

GANARASKA CREDIT UNION LTD.
Summary Statement of Comprehensive Income

Year ended December 31	2023	2022
Financial income		
Interest on loans to members	\$ 7,471,608	\$ 6,102,474
Investment income	1,048,001	267,622
	8,519,609	6,370,096
Financial expense (recovery)		
Interest on members' deposits	4,976,269	3,874,923
Recovery of expected credit losses on member loans	(81,701)	(128,086)
	4,894,568	3,746,837
Financial margin	3,625,041	2,623,259
Add: Other income	902,016	1,330,682
Add: Gain on sale of real property	-	573,498
Deduct: Operating expenses	4,051,781	3,938,530
Net comprehensive income before provision for income taxes	475,276	588,909
Deduct: Provision for income taxes	77,031	33,483
Net comprehensive income for the year	\$ 398,245	\$ 555,426

A full set of audited financial statements is available from the Credit Union.

GANARASKA CREDIT UNION LTD.

Note to the Summary Financial Statements

December 31, 2023

The summary financial statements are derived from the audited financial statements, prepared in accordance with International Financial Reporting Standards, as at December 31, 2023 and December 31, 2022 and for the years then ended.

The preparation of these summary financial statements requires management to determine the information that needs to be included to ensure they are consistent in all material respects with, or represent a fair summary of, the audited financial statements.

Management prepared these summary financial statements using the following criteria:

- (a) The summary financial statements include a statement for each statement in the audited financial statements, except the statement of members' equity and statement of cash flows, which can be obtained from the complete set of audited financial statements;
- (b) Information in the summary financial statements agrees with the related information in the audited financial statements;
- (c) Major subtotals, totals and comparative information from the audited financial statements are included; and
- (d) The summary financial statements contain the information from the audited financial statement dealing with matters having pervasive or otherwise significant effect on the summary financial statements.

A full set of audited financial statements is available from the Credit Union.

IN THE COMMUNITY

A credit union relies on its community for success, and we truly believe we can play a large part in making our communities better, stronger, and more vibrant. Ganaraska Financial Credit Union knows the power of working together to accomplish a goal, and we are proud of our corporate donations, sponsorships, staff fundraising, Board & Staff volunteerism and financial education. Donations assist other organizations in reaching their financial goals and help them provide services we rely on. Our staff understands giving back is another important way to show we care about the members we serve.

In 2024 we helped many community organizations through our community investment program and in branch fundraising.

- Tammies Jammies
- United Way Backpack for Kids
- Northumberland Habitat for Humanity
- The Coldest Night Of The Year
- Eds House
- Community Care
- Salvation Army
- Northumberland Navy League
- Community Works in Hamilton Township
- The Rose Quest
- Fare Share Food Bank
- SONG
- Big Brothers Big Sisters Northumberland
- Cornerstone

SEMINARS AND WORKSHOPS

In 2023, we at Ganaraska Financial Credit Union continued our efforts in promoting financial literacy and fraud awareness in our community. We offer a range of seminars and workshops targeted towards young people, including kids and teenagers. Our financial literacy seminars are designed to help young people understand important concepts like budgeting, saving, and investing. We also offer fraud awareness seminars for seniors that help people understand how to identify and avoid scams, as well as how to protect their personal information online. We believe that by providing these resources, we can help set our community up for a lifetime of financial success and security.



Thank You TO THE COMMUNITIES WE SERVE...



...AND TO OUR AMAZING MEMBERS!



www.ganaraskacu.com
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