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Letter from our CEO

I write this in conjunction with the Senior Leadership Team, as your new CEO. I am excited to join Pathwise Credit Union and I see a bright future for many reasons. Our rich history, loyalty of the membership, the progressive approach of the Board and Leadership Team, amazing employees, and our growing community are a few things that I believe will drive us forward into a prosperous future.

Challenging Year at Pathwise

Certainly, 2021 was a challenging year for the membership, Board of Directors, leadership, and employees for several reasons. The ongoing persistence of the pandemic and all the challenges that it brought, the banking system conversion and continuing changes that were required, and a change in leadership are some of the major focuses that were outside the norm. All these things required a lot of time, energy, learning, and patience from the membership and employees. **We thank you for the understanding and support through these challenging times.**

Moving Forward in 2022

Looking forward, we are excited to be moving through these challenges and focus on our growth initiatives, our sustainable development goals, and ensuring we live up to our vision of “ensuring all of our members are on their path to financial success”.

I look forward to 2022 and beyond and know that with your support, and our focus, we can continue to build an organization that is prosperous and on the right path to making a difference for our members, the community, and our team.

Sincerely,



Bob Ferris

VISION

All members are on their path to financial success.

MISSION

We're people helping people find their path to financial success.



Letter from our Board Chair

As the Chair of Pathwise Credit Union's Board of Directors, I have been so honoured to lead an organization focused on the cooperative values, our employees, our members, and our community. The continuing pandemic has required us to be resilient and nimble in the way we govern as a Board and operate as an organization, and I am proud to say that our Team has been up to the challenge. Our greatest tool to help govern through adversity has been a strong governance model and following the path guided by our vision, mission, and values. This has allowed us to respond and adapt to the challenging environment we live in.

A priority for the Board has been to ensure the safety and security of our members, employees, and their families. The Board is proud of the efforts of the entire organization to protect and respect each other and the health concerns the pandemic has imposed upon us. We have learned a great deal over the past couple of years and we also know that the pandemic is not over yet. We are better prepared to support our membership and team because of the challenges we have faced, and I am sure this will help us in the future. Beside addressing the pandemic concerns, planning has been paramount over the past year. As part of this work, we have partnered with our Leadership Team to develop a new three-year strategic plan. This plan involves strengthening our foundation and building on our member-centric approach with our membership.

Our employees have continued to support our members and their personal journey's, helping to keep our local economy going, all while exposing themselves to personal health risks. Thank you to all our employees for your sacrifice, we are truly appreciative.

As we move into the new fiscal year we welcome our new CEO, Bob Ferris. We are excited about the experience Bob brings with his 20 plus years leading Credit Unions and most recently as a Regional Vice President for BMO. We are confident his experience and leadership along with that of our existing leadership team will accelerate our ambitious plans.

Finally, I would like to thank our membership for their continued support. We have a rich history dating back to 1938 and this is because of our members support for the Credit Union and the cooperative movement. We thank you for your support and look forward to building on this rich history into the future.

Respectfully,



Loreen Potter
Board Chair

Audit Committee Report

The Audit and Operational Risk Committee of Pathwise Credit Union is a committee of the Board of Directors and operates under Section 125 of the Credit Unions and Caisse Populaires Act of 2007 and with guidance from Financial Services Regulatory Authority Ontario (FRSAO) which has assimilated the Deposit Insurance Corporation of Ontario (DICO) .

The committee is elected annually in April and in 2021-2022 consisted of: Arnold DeMan Chairperson, Loreen Potter, Chair of the Board, Ron Beacock, Doug Sanders, Ted Paulsen and John McDonald.

- The Committee held five (5) meetings during the year.
- Reviewed the quarterly Financial Statements of the Credit Union and the associated notes and schedules monitoring the results of compliance with the International Financial Reporting Standards 9 (IFRS9), Capital Reserve requirements, liquidity and interest rate risk requirements as outlined by the Credit Union Caisses Populaire Act, Regulations and Government Regulators.
- Pathwise Credit Union has two auditing firms as required by regulation. Tinkham LLP is the external auditor and PRA Canada is the internal auditor.
- As is done each December the Audit Committee worked with our internal auditors (PRA) to develop an audit plan for the following year. The Committee met quarterly with the internal auditor (PRA) to discuss audit findings and recommendations as well to review all material internal control issues and recommendations. The committee monitored management's response to all internal audit recommendations.
- Reviewed all of the Policies and Procedures and controls of the Credit Union which relate to legislative compliance with a particular focus on Enterprise Risk Management (ERM) which includes but not limited to; Operational Risk, Technology Risk, Fiduciary Risk, Regulatory Risk, Outsourcing Risk and Management Expenditure. As these Policies are specified in the Act or by Financial Services Regulatory Authority Ontario.

“ The Audit Committee is pleased to report to the Membership that all aspects of the Committee's annual mandate have been achieved and that all significant recommendations of the Committee have either been implemented or are in the process of being implemented.

Arnold D

Audit Chair

- Tinkham LLP the external auditor audits the financial statements and reports to the Audit Committee. The Committee served as the principle communication link between the External Auditor and the Board of Directors and in particular reviews the terms of engagement, the scope of the annual audit, the Auditors Management Letter and the Credit Union's Financial Statements. We also hosted a meeting with our External Auditor at which the whole Board of Directors were present to review the year-end Financial Statements.
- Based on its findings, the Audit and Operational Risk Committee reports to and makes recommendations to the Board of Directors with respect to the matters outlined regarding policy, internal controls, legal actions, compliance with the Credit Union Caisses Populaires Act and Regulations and Financial Services Regulatory Authority Ontario. The committee follows up on all issues to ensure that all of our recommendations are implemented.
- The Audit Committee is pleased to report to the Membership that all aspects of the Committee's annual mandate have been achieved and that all significant recommendations of the Committee have either been implemented or are in the process of being implemented. There are no matters that the Audit Committee believes should be reported to the Membership and there are no issues that are required to be disclosed pursuant to the Credit Union Caisses Populaires Act or the Regulations. The Committee is pleased with the co-operation from Management and both External and Internal Auditors in completing all of the required activities in an efficient timeframe during the 2020 fiscal year.

Respectfully submitted,



Arnold DeMan
Audit Chair

John MacDonald
Chris White

Ron Beacock
Francine Saunders

Ted Paulsen

Loreen Potter

Board of Directors



Arnold

Audit Chair, Governance,
Credit + Market Risk



Chris

Governance



Derek

Nomination Chair, Credit
+ Market Risk



Doug

Vice Chair, Audit, Credit +
Market Risk, Governance



Francine

Governance, Nomination,
Credit + Market Risk



John

Governance Chair, Audit



Loreen

Board Chair



Mike

Credit + Market Risk Chair



Ron

Corporate Secretary, Audit,
Governance, Nomination



Ted

Audit, Credit + Market Risk

Leadership Team



Bob | CEO



John | Interim CFO



Lindsay | CXO



Amanda



Christine



David



Dolly



Jessica



Leanne



Linda



Marlene



Mike



Nicole J.



Nicole M.



Phil

Independent Auditor Report

Summary Financial Statements

To the Members of
PATHWISE CREDIT UNION LIMITED

Opinion

The summary financial statements, which comprise the summary balance sheet as at December 31, 2021 and the summary statement of comprehensive income for the year then ended are derived from the audited financial statements of Pathwise Credit Union Limited for the year ended December 31, 2021.

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 summary financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated March 30, 2022.

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.



Tinkham LLP
Licensed Public Accountants



Our Financial Position

As at December 31

2021

2020

ASSETS

Cash & cash equivalents	10,216,984	28,150,824
Investments	35,332,969	31,324,394
Income taxes receivable	114,304	-
Loans & advances to members	343,308,097	367,204,239
Pension asset	1,998,500	198,900
Deferred income tax asset	849,382	1,409,455
Other assets	1,798,873	2,263,494
Capital assets	4,593,201	4,151,819
Total Assets	398,212,310	434,703,125

LIABILITIES, MEMBER ENTITLEMENTS & MEMBERS' EQUITY

Liabilities

Accounts payable & accrued liabilities	3,148,987	6,090,275
Income taxes payable	-	47,302
Obligation for post-employment benefits other than pensions	3,734,300	3,971,800
Mortgage securitization liabilities	12,334,106	35,340,229
	19,217,393	45,449,606

Member Entitlements

Members' accounts & deposits	348,738,093	360,717,123
Members' share capital	2,492,251	2,658,157
Accrued member interest, dividends & patronage return	1,362,167	1,944,433
	352,592,511	365,319,713

Members' Equity

Members' share capital	8,005,730	7,937,444
Retained earnings	22,507,132	21,618,440
Accumulated other comprehensive loss	(4,110,456)	(5,622,078)
	26,402,406	23,933,806

Total Liabilities, Member Entitlements & Members' Equity	398,212,310	434,703,125
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A full set of audited financial statements is available from the Credit Union.

Approved on behalf of the Board:

AP DeMan

Loren Pollock

“ The team at Pathwise Credit Union has put in a lot of hard work over the past 2 years. We are coming together to re-imagine the future of banking, build service through our collective learning, and improve our processes all to become a stronger credit union to serve you - our members and our community!

Lindsay T.

CXO

Our Comprehensive Income

Year ended December 31

2021

2020

Interest Income

Loan interest	12,285,199	13,296,571
Investment interest and dividends	370,515	543,943
	12,655,714	13,80,514
Interest on members' accounts and deposits	3,321,367	4,089,069
Interest expense - other	658,794	901,930
Provision for impairment losses on member loans	-	206,000
	3,980,161	5,196,999
Financial margin	8,675,553	8,643,515
Other income	1,909,628	2,544,598
	10,585,181	11,188,113

Expenses

Salaries, employee benefits and personnel	5,156,716	5,355,830
Operations	1,804,219	1,695,161
Information technology	990,411	804,608
Depreciation	570,215	485,548
Business development	312,162	472,752
Governance	299,265	237,770
Charity	61,267	43,566
	9,194,255	9,095,235

Net income before member distributions and provision for income taxes	1,390,926	2,092,878
Deduct: Dividends and patronage return	25,980	24,983
Net income before provision for income taxes	1,364,946	2,067,895
Provision for current income taxes	254,468	405,176
Provision for deferred income taxes	57,802	141,552
Net income for the year	1,052,676	1,521,167

Other comprehensive income (loss), net of tax

Actuarial gains (losses) on employee future benefits	1,549,072	(519,365)
Unrealized losses on investments measured at FVOCI	(37,450)	-
Total other comprehensive income (loss)	1,511,622	(519,365)
Net comprehensive income for the year	2,564,298	1,001,802

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

Notes to the Summary Financial Statements

The summary financial statements are derived from the audited financial statements, prepared in accordance with International Financial Reporting Standards, as at December 31, 2021 and December 31, 2020 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;
- (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.





Period Project 2021 Donation



Celebrating Earth Week



International Credit Union Day



Fundraising for Veterans on Remembrance Day



Back to the Future | Love Your Local 2021



Tea Party Celebrating our Retirees

Sign up for our Newsletter

At Pathwise, staying connected is important to us. That's why we've designed our quarterly *Worth Knowing* newsletter to share our tips on savings, financial literacy, home maintenance, Investments, spotlight of our member businesses and even our favourite recipes.

You belong to an exclusive club at Pathwise. As a member you have so many options.

- You get the best rates.
- You belong to an organization that cares about community and environment.
- And you are a shareholder.
- We strive to invest in you.

This newsletter will be mailed (or emailed) quarterly in January, April, July and October. The articles are written by our team specifically for our members. To be environmentally friendly, we're also offering our newsletter as a downloadable PDF. To learn more and sign up for the Worth Knowing newsletter visit www.pathwise.ca

2021-2022 Retirees

Thank you for your dedication to Pathwise!

Years of Service	
Pamela Duvall	18
Pamela Cannons	44
Kelly Moorhouse	42
Carolyn Tibbett	34



**Everyone deserves
a path to financial
success.**

**No matter the industry you
come from, your financial
background, age, or
situation, all are welcome at
Pathwise.**

Learn more at pathwise.ca