

## **PRESIDENT'S REPORT**

### **12th Annual Report**

As of December 31st, 2010, the Strathcona Credit Union has completed its 10th full year of operation. In those 10 years we have seen our assets grow from \$26,671,000 to \$45 161 397

Looking at the financials, the Strathcona Credit Union saw assets grow by 3.4% % (\$ 1 503 724) this past year. Surplus earnings after taxes of \$ 151 831 will be allocated to the Appreciation Reserve, bringing our total General Reserve to \$3,154 400.

In recent months a number of major changes have been instituted by the Board. The most significant, by far, is a change to our service fee policy. By now you all will have received a letter concerning these fee changes. (More information is available on our website [www.strathconacu.com](http://www.strathconacu.com)) As was pointed out in that letter, the Board has, until recently, maintained a no fee policy. We simply used some of our profits each year to completely subsidize the real cost of our members' transactions. A few years ago the Board reluctantly levied a flat service charge fee of \$2.50/month for all members to offset the real increasing costs of member transactions. Desjardins has often made it clear that it disapproved of either of these approaches, but in recent months they have applied great pressure, accompanied by direct threats, to "conform". In the end the Board decided that we had little choice but to concede. Even when we proposed a strategy of our own that would have generated as much, if not more, revenue than the Desjardins fee plan, we were bluntly told that anything but total adherence to the Desjardins fee plan was unacceptable.

As a small financial institution, our credit union has always been dependent on Desjardins for access to the electronic infrastructure that allows us, like all the banks, to process our many daily transactions. Other than that, we effectively ran our affairs autonomously for many decades. This situation started to change about a decade ago as Desjardins pushed to centralize control over many aspects of the daily operations of credit unions. This trend has greatly accelerated in the past few years under the presidency of Monique Leroux. This demand for control by Desjardins has been made easier by recent changes to the bank act, as well as the 2008 global financial crisis.

I have reported in previous President's messages about the Board's resistance to this loss of control over our own affairs and that Desjardins was increasingly forcing credit unions to act in ways that we believed were moving us further and further away from the guiding principles on which the credit union movement was founded.

These principles included democratic control, autonomy, equal treatment of all members, a concentration on service to our members and a goal of **not** making increasing profitability a top priority.

What is clear is that Desjardins sees itself as a big bank, which in fact it is, as the sixth largest financial institution in Canada after the “big five” banks. Furthermore, it sees credit unions as branch offices and, platinudes to the contrary, it is now as much obsessed with constantly increasing profitability as any of the other big banks.

The reality is that while Desjardins can certainly exist without us, we would not be able to exist without them. Law requires us to be associated with a Federation based in Quebec. In Quebec there is only one such federation – Desjardins. (In Ontario, by comparison, there are 5 federations). Our resistance in recent years to implementing their policies has resulted in negative comments in inspection reports, letters of comment, reduction in our lending limits, financial penalties and, most recently, direct threats. As we go forward we will all have to acknowledge that our credit union will not be the same credit union as the credit union we have had in the past. It will be up to our members and the Board to decide how we will deal with this new arrangement of responsibilities. Hopefully we will be able to continue to find ways of operating that members will still be able to see as more advantageous than dealing with the banks. One continuing plus we still have over the banks is the right to rebate a portion of our surplus earnings back to our members at the end of the year, although Desjardins is making it increasingly difficult to do even that.

The Board has set up an ongoing subcommittee with a mandate to study all expenses and to make recommendations as to how we can best minimize expenditures.

Other recent changes agreed to by the Board include adherence to Desjardins policies on interest rates and loans. Additionally, we have decided to terminate our over-the-counter cash services (effective July 1, 2011) since the expense incurred in offering this service was hard to justify in light of how few were benefiting from it.

Over the last few years there has been some discussion at the Board concerning the closing of the Kirkland office in order to reduce operational expenses. I am pleased to announce that it seems that QPAT, from whom we rent the premises, is willing to let us rent a smaller office on the same premises as our present Kirkland office. This will enable us to maintain a full time permanent office at Kirkland, while at the same time cutting down on rental expense which, after salaries, is our next largest expense.

This evening two of our Board members are stepping down. Joe Jaroslowski, a retired teacher and principal, was instrumental in the development of the association of Catholic Retired Administrators, served as the manager of the FESCT for five years and has served on the SCU Board for the last four years. John Morris, a retired teacher, has been active in syndical matters and was on the Board of the PAPT Credit Union for decades. He has also been on the SCU Board since its inception. I would like to thank them both on behalf of all members for their many contributions to our credit union and wish them well in all of their future endeavors.

This past November, Robert Bechard, Vice President of the Board of SCU, passed away suddenly at home. Robert brought passion and commitment to everything he did and he did a lot. Bob spent 39 years as a compassionate special education teacher with the MCSC and EMSB. Even after retirement he remained a passionate advocate for the special needs students of Paul VI School. He was well known for his involvement with the FESCT Credit Union and has been on the Strathcona Board of Directors since the merger. In recent years he has served as the Vice President of SCU. He spent so much time at the Kirkland office that we gave him his own desk and nameplate. Robert was also the Director General of Nazareth House, a home for men with special needs. A donation has been made to Nazareth House and an awards program has been set up at Paul VI in honour of his memory.

Many people work very hard to ensure our success. I would like to thank the staff for their hard work and continuing efforts on our behalf. That is especially true for Mary Laserra for her non-stop dedication and commitment to Strathcona Credit Union. The dedicated members of both the Board of Directors and the Board of Supervision spend untold hours working on behalf of all members. I also want to thank Fernande Remillard for all of her assistance. The efforts of all these individuals are essential to our continuing success and are greatly appreciated.

P.S. All future information (rates, special promotions, newsletter items, notices re: office hours, holidays and AGM's, etc.) will be available on our website: <http://www.strathconacu.com/>. Furthermore, we are asking all members to consider giving us their email addresses so that they can receive important notices and information, such as the fee charge changes, in a timely fashion. You can do this by simply emailing the information to us or by speaking to one of our employees. We promise to email you only concerning issues of some immediacy and importance. The web site is constantly updated, thanks to our resident webmaster, Lou Borrelli.

***David W. Oram***  
***President***