



Investing

IN A BETTER FUTURE

2023 ANNUAL REPORT





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History

The heart of Luminus Financial *is* community. Founded over 70 years ago, Luminus has always put our communities first - and we always will.

On September 26, 1951 Starnews Credit Union was founded by a group of employees who realized they could better serve the financial needs of their community by partnering together. Their vision for finding new ways to serve each other has remained a focal point over the years, helping drive a long list of community-first decisions that have set Luminus Financial apart.

This year, we are thrilled to share some significant steps we've taken to advance our founders' vision while creating fresh opportunities they might not have envisioned. These steps include expanding through mergers and acquisitions, introducing new products to assist underserved and underbanked communities, and establishing a robust online presence to enhance member engagement.

In the years ahead, we eagerly anticipate the arrival of new opportunities. These moments will allow us to address the evolving needs of our community and collaborate even more effectively.



Vision and Mission Statement

Vision Statement

To enrich the lives of our member-owners & community.



Mission Statement

To provide everyday banking to individuals, families & businesses in Ontario with an expertise in under-banked markets.



Values Statement

**LUMINUS IS ADAPTABLE, RESPONSIVE,
COMMITTED & 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.

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 embrace and be open to changes that will keep us competitive.

We will be committed to bring financial awareness and understanding to members so they may be financially independent.

Responsive

We will treat everyone with respect and fairness.

We will be responsive and sensitive to the diverse needs of our members.

We will embrace and be open to changes that will keep us competitive.

Co-operative

We will operate in accordance with co-operative principals:

- 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 Member-Owners

Listen to you.

Offer a full range of competitive financial products and services.

Exemplify all credit union principles.

Respond with your financial best interests as our priority.

Make you glad to be a member, always.

Treat you as the owner of our institution—because you are.

Share our profits with you.





74th Annual General Meeting

APRIL 4, 2024

- 1 CALL MEETING TO ORDER
Confirmation of quorum
- 2 APPROVE MINUTES OF THE APRIL 27, 2023 ANNUAL GENERAL MEETING
- 3 NEW BUSINESS:
As special business, to update the Credit Union's by-laws
- 4 ELECTION OF DIRECTORS
- 5 REPORTS
Board of Directors Chair and CEO
Diversity Report
Credit Committee
Audit Committee
- 6 REVIEW OF THE 2023 FINANCIAL STATEMENTS
- 7 NEW BUSINESS:
Appointment of External Auditors, MNP LLP
- 8 OTHER BUSINESS
- 9 ADJOURNMENT





Report of the Board of Directors Chair & CEO

1. Financial Stability
2. Core Operations
3. Member Focused Banking
4. Assurance & Trust

Dear Member-Owners,

Have you ever noticed that when you put your head down to work hard on something time just flies by? That is how the past year has felt for the entire Luminus team.

Last April, Airline Financial members voted “yes” to the credit union’s acquisition by Luminus Financial. Since then, our teams have been diligently working to bring the two organizations together; a process that has required significant effort on both sides. During this time, we recognize that we may have fallen a bit silent, leaving current and new members wondering about how progress has been going. Now, coming up on the anniversary of that vote, we’re excited to share that many BIG changes have been completed, and some very exciting new ones are about to launch. So, if you are ready to learn more, we encourage you to continue reading, call us for a conversation, or participate in the AGM for a look at what has been completed in the past year.

Navigating A Roller-coaster Year

As we reflect on the past year, we are pleased to present the summary report of Luminus Financial’s performance in 2023. Despite the volatile economic landscape in Canada, we have remained steadfast in our commitment to deliver sustainable growth and ensure the long-term

viability of our credit union. As always, this commitment was led by our four foundational pillars:

- Financial Stability
- Core Operations
- Member-Focused Banking
- Assurance & Trust

Financial Stability - Delivering sustainable growth of risk-adjusted net income that enables the long-term viability of Luminus Financial.

In a year marked by market fluctuations, global conflict, and economic uncertainties, Luminus Financial stood resilient. With a close eye on market changes, the Board and executive teams navigated the rollercoaster ride of shifting rates and profits to help ensure the stability of our credit union. Despite these challenges, we are delighted to announce that we increased our comprehensive income from \$478,714 to \$782,519. As a result, we are proud to declare a dividend payout of 5.5% for all membership and investment shares, a testament to our financial strength and commitment to our member-owners.

Core Operations

Aligning our product and service offering to our target markets, make banking with Luminus Financial simple and easy.

In 2023, the successful acquisition of Airline Financial added close to 1,700 new members to our family, and we have diligently worked and keep working to integrate both organizations seamlessly. This work has involved extensive efforts such as employee training, branch retrofits for Weston and Eglinton (the previous Airline Financial branch), and the development of a new website and mobile app that consolidates both Luminus and Airline platforms. This summer, we will also integrate our Airline members into our banking system, making day-to-day banking simpler and more convenient for them. In addition, we are excited to introduce a new suite of revised products, including our Infinite Chequing Account, which offers a range of exciting new benefits for members including FREE daily banking, expanded overdraft protection, and buyers' protection – an insurance benefit protecting purchases made via your chequing account through INTERAC debit card or cheque.

Member Focused

Delivering needs-based banking that helps those who are creditworthy and underserved. At Luminus Financial, we remain committed to delivering needs-based banking services. In 2023, our Specialty High Risk Entity Member (SHREM) program continued to provide essential banking services to regulated high-risk and

special businesses, showcasing our dedication to inclusivity and accessibility for underserved industries. Additionally, our ongoing support for Dress for Success Toronto underscores our commitment to empowering women by providing them with the tools and resources for a brighter future.

Assurance & Trust

Maintaining rigorous oversight and governance policies that enable delivery of our mission.

Finally, we take our role in regulatory compliance and governance very seriously. This year, we have completely revamped the Governance sections of our website, providing much-requested information about how we maintain oversight, how member-owners can take part in governance, and where to go should a member-owner have a question or complaint. Furthermore, we are proud to announce that three of our Board Directors received their Accredited Canadian Credit Union Director status, bringing the total to five Directors out of nine with this prestigious designation. This underscores our dedication to upholding the highest standards of governance and accountability.

In conclusion, 2023 has been a year of resilience, growth, and unwavering commitment to our member-owners. We extend our heartfelt gratitude to our member-owners and employees for their continued support and dedication of our transition and growth. Together, we will continue to lead Luminus Financial forward.

Sincerely,



Michael Mathieson
CHAIR, BOARD OF DIRECTORS



George De La Rosa
CHIEF EXECUTIVE OFFICER

Financial Results

THE FOLLOWING FINANCIAL RESULTS WERE
ACHIEVED IN 2023



Comprehensive income
\$782,519



Total assets
\$219 Million



Members' deposits
\$204.3 Million



Interest paid to members
\$5.4 Million



Financial income
\$9.4 Million



Member's equity
\$12.9 Million



Loans to members
\$191.5 Million



Executive Committee Report

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

For the fiscal year of 2023, a total of 139 credit applications were approved and funded with a value of \$21,777,073.

The following chart details the net funded balances within the following loan classes and compares them to the previous two years*:

Loan Class	2023		2022		2021	
	#	\$	#	\$	#	\$
Residential Lending	35	\$12,763,907	47	\$18,856,642	72	\$40,033,226
HELOCs	18	\$3,848,500	22	\$2,981,900	25	\$4,080,197
Personal Loans	66	\$390,416	18	\$210,382	21	\$173,968
Personal LOCs	16	\$108,500	1	\$15,000	5	\$21,190
Commercial Lending	4	\$4,665,750	4	\$2,130,099	12	\$6,099,384
Total	139	\$21,777,073	92	\$24,194,023	135	\$50,407,965

*Active funded loans in current year; overdraft accounts have not been included in the above table

In 2023, 180 applications were reviewed of which 24 applications were cancelled or declined compared to 26 applications in the prior year. Of these, 12 applications were rescinded by the applicant with the remainder declined due to high ratios, insufficient collateral, or other credit risk concerns.

As of December 31, 2023, the Expected Credit Loss (ECL) allowance has increased by \$113,589 to \$378,964, year over year.

The Executive Committee continues its role of reviewing and approving all director and officer loans as well as

policy exceptions required. The committee also provides management with valuable suggestions to apply to the everyday business of the credit union.

Respectfully presented this 4th day of April, 2024 by the Executive Committee:

Jonathan Bowness
Ashana Khanna
Michael Mathieson

Report of the Audit Committee

Pursuant to section 104 of the Credit Unions and Caisses Populaires Act, 2020, the board of directors appointed a minimum of three (3) 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 2023:

- 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 Financial is in compliance with the legislation as of December 31, 2023.
- Reviewed results of the external audit services provided by Tinkham LLP.
- Developed and approved an internal audit plan in collaboration with PRA Canada.
- 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 the policies, procedures and controls used by management to which relate to legislative compliance with particular focus on Capital, Liquidity Management, Investment and Interest Rate Risk.
- Reviewed risk management policies and procedures of Luminus. This review pointed no major areas of weakness that require correction.
- Reviewed regular reports provided by management to ensure that Luminus complies with the Proceeds of Crime (Money Laundering) and Terrorist Financing Act.
- On March 6, 2024 the Audit Committee met with the external auditors to review and discuss the draft financial statements for the year ended December 31, 2023. A report was presented to the Board of Directors for approval of the draft financial statements which was also held on March 6, 2024.
- On March 6, 2024 the Audit Committee provided a recommendation to the Board of Directors to recommend MNP LLP as the external auditors for Luminus Financial for the fiscal year of 2024.

Respectfully presented this 4th day of April, 2024 by the Audit Committee:

Jonathan Bowness	CHAIR	Paul Miller	DIRECTOR
Jon Olinski	VICE-CHAIR	Gavin Price	DIRECTOR
Glenn Pollinger	DIRECTOR	Donna Johnson	DIRECTOR



Investment Share Dividends

As with every year, Luminus Financial shares a portion of its profits with member-owners through dividends on investment and membership shares. This year we are pleased to announce the following:



Class A series 1 Investment Shares:

Member-owners that held Class A Series 1 Investment Shares as of December 31st, 2023 will receive a dividend of **5.50%**

Class A series 2 Investment Shares:

Member-owners that held Class A Series 2 Investment Shares as of December 31st, 2023 will receive a dividend of **5.50%**

Membership Shares:

Member-owners that held Membership Shares as of December 31st, 2023 will receive a dividend of **5.50%**

Dividends will be paid into eligible accounts no later than April 30, 2024.



Diversity Report

With the new Credit Union Act in effect, Luminus Financial must provide a gender diversity report to its membership. Below are some details on the gender diversity of our entire board of directors, and broken down by the various committees that each director volunteers their time to.

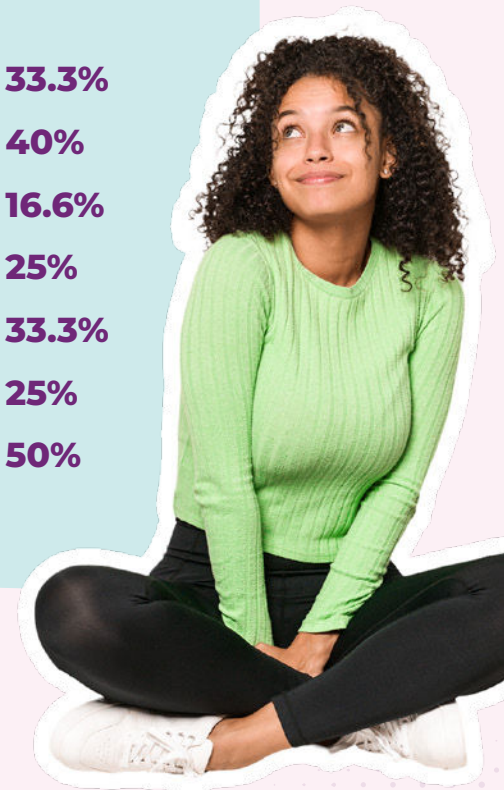
In the coming years, we will try to provide even more useful information to our member-owners on gender diversity at Luminus Financial.

For the 2023 year:

We currently have 9 Board members, and the percentage of women is 33.33%.

FURTHER BROKEN DOWN BY COMMITTEE:

Executive	33.3%
Governance	40%
Audit	16.6%
HR and Compensation	25%
Nominations	33.3%
Mergers & Acquisitions	25%
Education and Development	50%



Independent Auditor Report

TINKHAM LLP | CHARTERED PROFESSIONAL ACCOUNTANTS

300 - 2842 Bloor Street West
Toronto Ontario M8X 1B1
Canada

TEL 1 416 233 2139
FAX 1 416 233 1788

TINKHAMCPA.COM

ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

To the Members of Luminus Financial Services & Credit Union Limited

Opinion

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

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

Summary Consolidated Financial Statements

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

The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated March 6, 2024.

Management's Responsibility for the Summary Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are a fair summary of the audited consolidated 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
March 6, 2024



Licensed Public Accountants

Summary Consolidated Financial Statements

Luminus Financial Services & Credit Union Limited Summary Consolidated Statement of Financial Position as of December 31, 2023

	2023	2022
Assets		
Cash	\$10,030,744	\$8,139,886
Investments	14,701,783	12,295,037
Loans to members	191,546,894	147,605,262
Other assets	1,858,789	1,108,955
Property and equipment	1,121,316	730,413
Intangible assets	291,016	219,250
	\$219,550,542	\$170,098,803
Liabilities, member entitlements and members' equity		
Liabilities		
Other liabilities	\$1,700,359	\$550,080
Lease liability	204,455	42,098
	1,904,814	592,178
Member entitlements		
Members' deposits	204,345,022	158,731,390
Members' share capital	399,665	357,320
	204,744,687	159,088,710
Members' equity		
Members' share capital	5,666,288	5,776,523
Retained earnings	4,255,280	3,841,506
Accumulated other comprehensive income (loss)	89,216	(99,920)
Contributed surplus	2,890,257	899,806
	12,901,041	10,417,915
	\$219,550,542	\$170,098,803

On behalf of the Board of Directors:



Michael Mathieson



Jonathan Bowness

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

Luminus Financial Services & Credit Union Limited

Summary Statement of Comprehensive Income Year Ended December 31, 2023

	2023	2022
Financial income		
Interest on loans to members	\$8,550,497	\$6,019,392
Investment income	805,766	186,163
	9,356,263	6,205,555
Financial expense		
Interest on members' deposits and external borrowings	5,397,659	3,041,049
Provision for (recovery of) expected credit losses on member loans	14,448	(11,415)
	5,412,107	3,029,634
Financial margin	3,944,156	3,175,921
Other income	1,663,925	1,431,734
Deduct: Operating expenses	4,890,400	3,976,050
Net income before provision for income taxes	717,681	631,605
Provision for income taxes	68,182	83,919
Net income for the year	649,499	547,686
Other comprehensive income (loss)	133,020	(68,972)
Comprehensive income for the year	\$782,519	\$478,714

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

Luminus Financial Services & Credit Union Limited

Note to the Summary Consolidated Financial Statements

as of December 31, 2023

The summary consolidated financial statements are derived from the audited consolidated 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 consolidated 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 consolidated financial statements.

Management prepared these summary financial statements using the following criteria:

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

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

Minutes of the Annual General Meeting held at 5395 Eglinton Ave W, Etobicoke, Ontario on April 27, 2023 at 5:30 PM.

CALL TO ORDER

Jon Olinski, Chair, Board of Directors, welcomed everyone to the 73rd annual general meeting of Luminus Financial Services and made the following welcoming remarks:

“The theme for this year’s AGM is ‘Soaring into a Brighter Future.’

I am sure that a few weeks ago, when many of you said “yes” to attending today, you probably assumed that the Toronto Maple Leafs would not be playing at this time of the year, much less this evening. As a Leafs fan, I’ve learned not to get ahead of myself, but I predict there will be at least two winners in Toronto this evening.

In addition to our annual general meeting, we will be hosting a special meeting of our members to vote on a transaction to bring together two exceptional organizations. I look forward to discussing that with you later tonight.

I would like to formally begin the meeting by saying thank you to everyone who has taken the time to join us here in person today.”

The Chair confirmed that the quorum required was reached with 27 member-owners in attendance and declared the meeting duly constituted to conduct business. The meeting was called to order at 5:47 p.m.

The Chair welcomed guests from Airline Financial Credit Union, RZCD Law, and Tinkham LLP.

APPROVAL OF THE AGENDA

The Chair directed the member-owners’ attention to the proposed agenda in the meeting materials.

MOTION to approve the agenda as presented.

Moved by:..... Arnella Renda

Seconded by: Karen Oliveira

Carried

MINUTES OF THE MEETING HELD ON APRIL 7, 2022

Jonathan Bowness, Corporate Secretary, directed the member-owners' attention to the minutes of the annual general meeting held on April 7, 2022. As everyone received a copy before the meeting, he asked for a motion to dispense with the reading of the minutes.

MOTION to dispense with the reading of the minutes of the annual general meeting held on April 7, 2022.

Moved by:..... Colleen Gray

Seconded by: Loriann Thoms

Carried

Jonathan Bowness asked if there were any amendments required. None being requested, he asked for a motion to approve the minutes as presented.

MOTION to approve the minutes of the annual general meeting held on April 7, 2022, as presented.

Moved by:..... Arnella Renda

Seconded by: Elsa Mueller

Carried

AMENDMENTS TO THE BY-LAW

The Chair stated that the changes to the *Credit Union and Caisses Populaires Act* enacted in 2022, necessitated revisions to By-Law #1. The changes included:

- Housekeeping items such as new and amended definitions
- Content related to qualifications for Directors being removed from the By-Law to a Board-approved policy. This includes the addition of those required by the Act, and the ability of the Board to determine a nomination and election procedure.
- Greater discretion in the manner of voting at annual general meetings, to permit the Board to deal with circumstances which may require or make preferable a particular manner of voting (for example, voting during online or hybrid meetings).
- Clarification of Director term limits to permit the stricter enforcement of those limits.
- The modernization of how notice of a membership meeting can be given.

The Chair advised that the revised By-Law was posted to the AGM website and asked if there were any questions. No questions were posed.

MOTION to approve the amendments to Luminus Financial By-Law #1 as presented.

Moved by: Joann Gabriel

Seconded by: Arnella Renda

Carried

ELECTION OF DIRECTORS

Glenn Pollinger presented the following report:

“As the Chair of the Nominations Committee, I am pleased to announce the results of the Board of Directors election. Earlier this year, we advised our membership that for 2023, we had four vacant Board positions to fill, comprised of three 3-year terms and one 2-year term. All member-owners in good standing were encouraged to review the nomination package and consider putting their names forward to serve our member-owners on the Board of Directors of Luminus Financial, including two names from Airline Financial, the credit union whose assets we are hoping to purchase with your approval later today.

The Nominations Committee received four applications, including two from Airline Financial, before the deadline that met the criteria. As the number of candidates equals the number of vacancies, they will be acclaimed.

In alphabetical order, by last name, they are:

- **Jonathan Bowness – 3-year term**
- **Donna Johnson – 3-year term**
- **Ashana Khanna – 2-year term**
- **Gavin Price – 3-year term**

In accordance with the By-Law, the terms of the acclaimed Directors were assigned by voluntary agreement. Thank you to Ashana Khanna for accepting the two-year term.

Congratulations to our returning Directors, and welcome to our new Directors from Airline Financial. I look forward to working with you.”

REPORT OF THE BOARD OF DIRECTORS CHAIR AND THE CHIEF EXECUTIVE OFFICER

Chair Jon Olinski congratulated the newly acclaimed Directors and presented the following report:

“In 2021, the Board and Executive team developed a bold new strategic plan, along with an updated vision and mission, for Luminus Financial by responding to the needs of our member-owners and communities. In 2022, we began implementing this plan, with key tasks and outcomes falling under our four new strategic pillars:

Financial Stability

The first of our four foundational pillars, financial stability, was defined as delivering sustainable growth of risk-adjusted net income that enables the long-term viability of Luminus Financial. That means focusing our efforts on opportunities that provide a long-term, stable financial benefit for the organization and our member-owners.

At the forefront in 2022 was planning and preparing for the proposed merger with Airline Financial. The merger, if approved, will grow Luminus Financial close to 7,000 members and \$220 million in assets under management ranking Luminus Financial as one of the top 100 credit unions in Ontario. Moving our head office and a second branch location to Etobicoke allows for a new presence west of downtown Toronto, bringing new opportunities for membership growth and community engagement. We have also made a significant investment by renovating our Weston location, which will allow continued access to in-person services closer to a transit line.

In terms of financial growth, over the past five years, Luminus has steadily increased our net income from \$107,000 to \$546,686. We're proud to say that our financial success enables us to distribute a dividend payout of 4.50% this year to our member-owners on their investments and membership shares - a welcome opportunity to share our success with those we serve.

Despite the impressive results of 2022, the sudden and unexpected early termination of our lease at 1 Yonge St. had an unforeseen impact on finances, leading to an expedited cost of amortization expenses. Although this caused a slight decline in our projected 2022 financial results, we are confident that Luminus Financial will achieve strong growth this year, offsetting that loss.

The addition of Airline Financial adds to our optimism, as we anticipate even more impressive accomplishments that promise long-term stability and prosperity for our credit union.

Core Operations

Our second foundational pillar is emphasizing our product and service offerings to our target markets, making banking with Luminus Financial simple and easy. Over the past year, Luminus Financial has acted on this pillar by focusing on deposit growth, operational efficiency, and market competitiveness. Specifically, we have begun a full review of all products and services to ensure they match what our communities and member-owners tell us they find most important for their daily lives.

In the coming year, we look forward to announcing an updated product line-up and new tools that reflect this feedback, and offer a more simplified and member-centric approach to banking, including self-service loan and member applications that you can complete in the comfort of your home.

Additionally, each year, Luminus Financial reviews our account and service fees to ensure we provide the best service to our member-owners for the lowest possible price. In 2022, business account fees were adjusted, based on third-party transaction costs, to keep Luminus Financial on par with the market while aiming to reduce the impact on our members.

Member Focused

Our third foundational pillar is defined as delivering needs-based banking focused on helping those who are creditworthy and underserved.

In 2022, Luminus Financial was proud to show our commitment to supporting these markets through our popular SHREM program. This program offers common banking services to special organizational clients and emerging regulated industries that are underserved or refused service by traditional financial institutions.

Luminus was also proud to sponsor Dress for Success Toronto, which empowers women to obtain safer and better futures by providing professional clothing, career training programs, and mentorship. We launched an internal and member-owner clothing drive, resulting in a significant donation of clothing and funds to the Dress for Success Toronto organization.

We are excited to announce a new partnership with Habitat for Humanity, which will see Luminus Financial providing mortgages for individuals who would otherwise be overlooked by traditional banks. Our first Habitat for Humanity mortgage is scheduled to be completed in the spring of this year, with many more anticipated in the years to come. Stay tuned for more on this important partnership.

Assurance and Trust

Finally, our fourth foundation pillar was defined as maintaining rigorous oversight and governance policies that enable the delivery of our mission. We recognize that trust is at the core of all relationships, which is especially true in the context of financial services. That is why we prioritize assurance and trust as paramount elements in every decision we make.

In 2022, updates to the Credit Unions and Caisses Populaires Act were put in place, which meant the need to change our By-Law, capital rules, liquidity rules, and financial practices, and to develop a Market Code of Conduct. That allowed us to conduct a full operational review of all policies and procedures. Following our review, our assessment discovered that Luminus Financial upholds or surpasses the requirements outlined in all fundamental sections of the Act. We also aim to introduce features in other optional areas of the Act soon.

During a demanding year, Luminus Financial has relied on our four foundational pillars to navigate challenges with unwavering conviction. Our focus on anticipating future needs and being responsive to changing circumstances means that the credit union will remain strong and innovative while always keeping our core community values at the forefront of everything we do.”

George De La Rosa, Chief Executive Officer, presented the following report:

“If you look at your annual report or the screen, you will see some highlights of our 2022 financial results. I am pleased to report the following:

- Net income was \$547,686
- Members’ deposits increased to \$158.7 million
- Financial income was \$6.2 million
- Loans to members were \$147.6 million
- Total assets remained steady at over \$173 million
- Financial expenses and interest paid to members were \$3 million
- Members’ equity was \$10.4 million

I would like to take this opportunity to thank my entire staff for what they achieved. On the screen, you can see some great results, which would have been better if we had not had to speed up the amortization costs of 1 Yonge Street. In March 2022, the landlord advised us that they wanted us to vacate by March 2023, because they were going to substantially renovate the building. We believe they are going to build condos. Without taking that expense sooner, we would have had income close to \$800,000, which is similar to last year’s results.

I do want to highlight one other set of results. Eighteen years ago, when I took over as CEO of this organization, we had total assets of approximately \$30 million. With your support today of the asset purchase of Airline Financial, we would be close to \$220 million in assets, which is over 630% growth! This would not have been possible without the support of our Board, Management and, of course, our member-owners.”

The Chair asked if there were any questions. There being none, he asked for a motion to approve the reports.

MOTION to approve the Board of Directors’ Report and the Report of the Chief Executive Officer as presented.

Moved by:..... Joann Gabriel

Seconded by: Arnella Renda

Carried

DIVIDEND DECLARATION

The Chair announced that:

“Each year, Luminus Financial shares a portion of its profits with member-owners through dividends on investment and membership shares. This year we are pleased to announce that:

Member-owners that held Class A Series 1 and Series 2 Investment Shares, as well as Membership Shares as of December 31, 2022 have received a dividend of 4.50%.

Dividends will be paid into eligible accounts no later than April 30, 2023.”

DIVERSITY REPORT

The Chair reported that:

“With the enactment of the new Act, all credit unions in Ontario are required to provide a gender diversity report to their memberships on an annual basis.

We currently have two of seven or, 28.57% of our Board members who are women. Two of the seven Board Committees are chaired by those women. A breakdown of our Committee membership by gender has also been provided in our Annual Report.

In future years as the sector obtains further guidance from FSRA and partner organizations, we will aim to provide even more detailed information to our member-owners on gender diversity at Luminus Financial.”

EXECUTIVE COMMITTEE REPORT

Michael Mathieson, Board and Executive Committee Vice Chair, presented the following report:

“As the Vice-Chair of the Executive Committee, which was previously known as the Credit Committee, I would like to take this opportunity to present the Executive Committee Report on behalf of our members consisting of Jonathan Bowness, Jon Olinski and myself.

During the year, we served the members of Luminus Financial by approving all restricted party loans, as well as jointly reviewing credit applications for credit-worthy individuals seeking an exception to standard lending policy. The committee also provides management with valuable insights to apply to the everyday business of the credit union. On the screen, you will see the total number of loans for each class, and their total value.

For the fiscal year of 2022, there were 92 credit applications were approved and funded with a value of \$24,194,023. During the 2022 fiscal year, we also had a total of 26 applications which were cancelled or declined, as they had rescinded their request or not met the criteria from a credit or policy perspective.

As of December 31, 2022, loans in arrears for 90 days or more amounted to a total exposure of \$19,064, which is lower than the total exposure of \$44,816 reported as of December 31, 2021. For those facilities that have been deemed impaired, the causes range from loss of income or employment to illness and disability. Despite the pandemic, government support programs have been essential in assisting those impacted.

Thank you again to Committee members Jon Olinski and Jonathan Bowness.”

Michael Mathieson asked if there were any questions. There being none, he asked for a motion to approve the report.

MOTION to approve the Executive Committee Report as presented.

Moved by:..... Carlo Polidoro

Seconded by: Arnella Renda

Carried

AUDIT COMMITTEE REPORT

Paul Miller, Chair of the Audit Committee, presented the following report:

“I am pleased to inform the member-owners of Luminus Financial that pursuant to the Credit Unions and Caisses Populaires Act, the Board of Directors appointed a minimum of three directors to the Audit Committee, a sub-committee of the Board. I am pleased to inform you that our Board of Directors assigned four individuals to the Audit Committee. Those individuals are Jonathan Bowness, Michael Mathieson, Glenn Pollinger, and myself.

The Audit Committee met, at least quarterly, to carry out its duties as defined in the Act and as stipulated in the credit union’s policies and procedures. These duties included a review of complaints and issues concerning privacy, a review of results from the external audit services provided by Tinkham LLP, as well as, a review of the Luminus Disaster Recovery Plan, which we now refer to as the Operational Resilience Plan and risk management policies and procedures.

The Audit Committee reviewed the policies, procedures and controls used by Management, which relate to legislative compliance with a particular focus on capital, liquidity management, investment and interest rate risk.

We also reviewed regular reports provided by Management to ensure that Luminus complies with the Proceeds of Crime (Money Laundering) and Terrorist Financing Act.

Finally, on March 8, 2023, the Committee met with the external auditors to review, discuss and approve the draft financial statements for the year ended December 31, 2022. A copy of the full audited financial statements is available for you if you request it, however, we have included a summary of the Financial Statements in your Annual Report starting on page 16.”

Paul Miller extended a special thank you to the other Audit Committee members who volunteered their valuable time: Jonathan Bowness, Michael Mathieson, and Glenn Pollinger.

Paul Miller asked if there were any questions. There being none, he asked for a motion to approve the report.

MOTION to approve the Audit Committee Report as presented.

Moved by:..... Arnella Renda

Seconded by: Diane Pollinger

Carried

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS

Paul Miller stated that he would present the Report of the Independent Auditor on the 2022 Summary Financial Statement on behalf of the external auditors Tinkham LLP and answer questions posed.

He stated that the summary of the audited financial statements was on pages 15 to 18 of the Annual Report, but noted that if member-owners required a full copy they could request one from staff members by calling or emailing the office.

Paul Miller read the Independent Auditor Report on page 15 of the Annual Report.

“To the Members of Luminus Financial Services & Credit Union Limited

Opinion

The summary financial statements, which comprise the summary statement of financial position as of December 31, 2022, and the summary statement of comprehensive income for the year then ended are derived from the audited financial statements of Luminus Financial Services & Credit Union Limited for the year ended December 31, 2022.

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 8, 2023.

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.”

MOTION to approve the audited financial statements for the fiscal year ending December 31, 2022, as presented.

Moved by:..... Arnella Renda

Seconded by: Loriann Thom

Carried

APPOINTMENT OF THE AUDITOR

Paul Miller thanked the staff at Tinkham LLP for their work as Luminus Financial's external auditors. He stated that after much discussion, the Audit Committee was pleased to recommend the appointment of Tinkham LLP as the external auditors for 2023 to the membership.

The Chair asked if there were any questions. There being none, he asked for a motion to approve the Audit Committee's recommendation.

MOTION to appoint Tinkham & Associates LLP, Chartered Professional Accountants as the external auditor for 2023 and authorize the Board of Directors to fix the remuneration of such auditor.

Moved by:..... Ashana Khanna

Seconded by: Joanna Cheng

Carried

NEW BUSINESS

Acquisition of Airline Financial Credit Union

The Chair stated that before asking for a motion to approve the Airline Financial asset purchase agreement, George De La Rosa would review responses to the questions received. The floor was opened to further questions. None were posed.

MOTION to approve the Airline Financial Credit Union asset purchase agreement as presented.

Moved by:..... Arnella Renda

Seconded by: Paul Miller

Carried

The Chair announced that the annual general meeting would be recessed to conduct a Special Meeting of the Investment Shareholders regarding the Airline Financial asset purchase agreement.

MOTION to recess the annual general meeting.

Moved by:..... Arnella Renda

Seconded by: Colleen Gray

Carried

SPECIAL MEETING OF THE INVESTMENT SHAREHOLDERS

George De La Rosa announced that the quorum required for the special meeting was met with 62.15% proxies received and one investment shareholder attending in person.

The Chair asked if there were any questions about the Airline Financial asset purchase agreement. None were posed.

MOTION to approve the Airline Financial Credit Union asset purchase agreement as presented.

Moved by:..... Gloria Farrar

Seconded by: Glenn Pollinger

Carried

MOTION to close the special meeting of the investment shareholders and resume the annual general meeting.

Moved by:..... Gloria Farrar

Seconded by: Glenn Pollinger

Carried

ADJOURNMENT

The Chair announced that the Airline Financial asset purchase agreement was approved by the investment shareholders. He thanked everyone for participating in Luminus Financial's 73rd annual general meeting.

MOTION to adjourn the annual general meeting.

Moved by:..... Ashana Khanna

Seconded by: Gloria Farrar

Carried

With no further business to discuss, the meeting adjourned at 6:55 p.m.



110 - 5401 Eglinton Avenue West
Etobicoke, ON M9C 5K6

11 - 2011 Lawrence Avenue West
Toronto, ON M9N 3V3

Phone: 1 877 782 7639

Fax: 647 827 1065

luminusfinancial.com

inquiries@luminusfinancial.com

Memberships are open to anyone
living or working in Ontario.

