

La Caisse centrale  
Desjardins du Québec



ANNUAL REPORT  
1980

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an institution of the desjardins movement





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#### **Auditors**

Raymond, Chabot, Martin,  
Paré & Associés  
Montréal, Québec

#### **Registrar and Transfer Agent**

Fiducie du Québec  
Montréal, Québec

#### **Head Office**

100, des Commandeurs Avenue  
Lévis, Québec

#### **Administrative Offices**

1, Complexe Desjardins  
South Hall — Suite 2822  
Montréal, Québec

#### **Stock Brokers**

Merrill Lynch Royal Securities Ltd.  
Wood Gundy Ltd.  
McLeod Young Weir & Co. Ltd.  
Dominion Securities Ltd.  
Burns Fry Ltd.  
Lévesque, Beaubien Inc.

# BOARD OF DIRECTORS



**Seated, left to right:**

René Croteau, A. Hervé Hébert, Claude Béland, Denis Frenière, Raymond Blais, Alfred Rouleau, Guy Bernier et Jean-Marie Ouellet.

**Standing, left to right:**

François Richard, Raymond Comtois, Wesley Hogg, Paul-R. Charbonneau, Henri-Paul Trudel, Jear-Eudes Bergeron, Serge Limoges.

Raymond Audet, absent.

**President**

**\*Alfred Rouleau**

President of La Confédération des caisses populaires et d'économie Desjardins du Québec

**Vice-President**

**\*Guy Bernier**

President of Fédération des caisses populaires Desjardins de Montréal et de l'Ouest-du-Québec

**Secretary**

**Jean-Marie Ouellet**

President of Fédération des caisses populaires Desjardins de Québec

**Raymond Audet**

General Manager of Fédération des caisses populaires Desjardins de la Péninsule et des Îles

**\*Claude Béland**

General Manager of Fédération des caisses d'économie Desjardins du Québec

**Jean-Eudes Bergeron**

General Manager of Fédération des caisses populaires Desjardins du Saguenay-Lac Saint-Jean

**\*Raymond Blais**

General Manager of Fédération des caisses populaires Desjardins de Québec

**Paul-R. Charbonneau**

General Manager of Fédération des caisses populaires Desjardins de Lanaudière

**Raymond Comtois**

General Manager of Fédération des caisses populaires Desjardins de l'Estrie

**\*Denis Frenière**

General Manager of Fédération des caisses populaires Desjardins de Richelieu-Yamaska

**A. Hervé Hébert**

President of Fiducie du Québec

**Wesley Hogg**

General Manager of Fédération des caisses populaires Desjardins du Bas-Saint-Laurent

**Serge Limoges**

General Manager of Fédération des caisses populaires Desjardins de l'Abitibi

**François Richard**

General Manager of Fédération des caisses populaires Desjardins de Montréal et de l'Ouest-du-Québec

**Henri-Paul Trudel**

General Manager of Fédération des caisses populaires Desjardins du Centre du Québec

\*Members of the Executive Committee

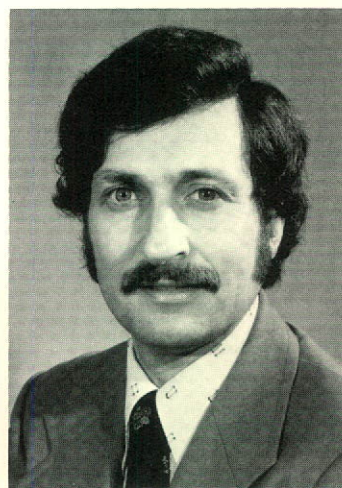


# MANAGEMENT COMMITTEE

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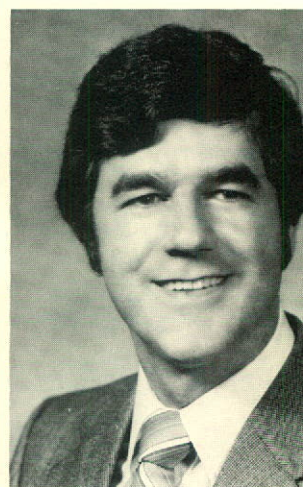
**Jean Laflamme**  
Vice President Finance



**Bruno Riverin**  
Executive Vice President



**Mario Lavoie**  
Manager Special Projects



**Michel Côté**  
Vice President Administration

# MESSAGE FROM THE PRESIDENT

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On June 22, 1979, the Government of Québec ratified the law establishing La Caisse centrale Desjardins du Québec, a co-operative financial institution. This achievement was the result of much thought, many meetings and numerous presentations to legislators.

In this manner, the Desjardins Movement acquired an institution which will act as its financial go-between and assist in the socio-economic development of its member "federations" and their affiliated caisses populaires et d'économie Desjardins. La Caisse centrale's role is to represent the Desjardins Movement to those who participate in financial activities in Québec, in Canada and abroad.

At the present time, the members of La Caisse centrale are the eleven "federations"; the institutions that make up the Desjardins Movement can also be accepted as members, as can any co-operative organization that wishes to join. La Caisse centrale can be seen as a new supplementary instrument designed to support and actualize the role of La Confédération, whose purpose is to work toward overall unity of operation in the Desjardins Movement.

With close ties to La Confédération through its Board of Directors and its annual meeting, La Caisse centrale brings an added dimension which will have great impact on the Movement as a whole and on the "federations" and their affiliated caisses populaires. For example, the Movement, through La Caisse centrale, will now be able to accept institutional and government deposits and gain access to Canadian and international capital markets.

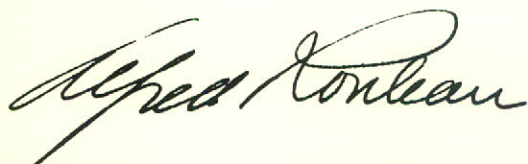


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This last factor will lead to a diversification of the sources of supply of the Movement's funds, the stabilising of the financial structure of the "federations" and their affiliated caisses, and will allow for greater flexibility and profitability in their financial operations. Lastly, the establishment of this institution will enable the Movement to increase the planning of its activities on a profitability basis, rather than on the availability of funds.

In 1980, an important event took place in the financial world: the enactment of the law establishing the Canadian Payments Association. In joining this association, La Confédération, the "federations" and La Caisse centrale will gain direct access to and representation in the Canadian clearing system. The establishment of La Caisse centrale, which will play the role of financial intermediary for the Desjardins Movement, comes at a timely moment for it will give the Movement direct access to the Bank of Canada and a presence in major financial markets.

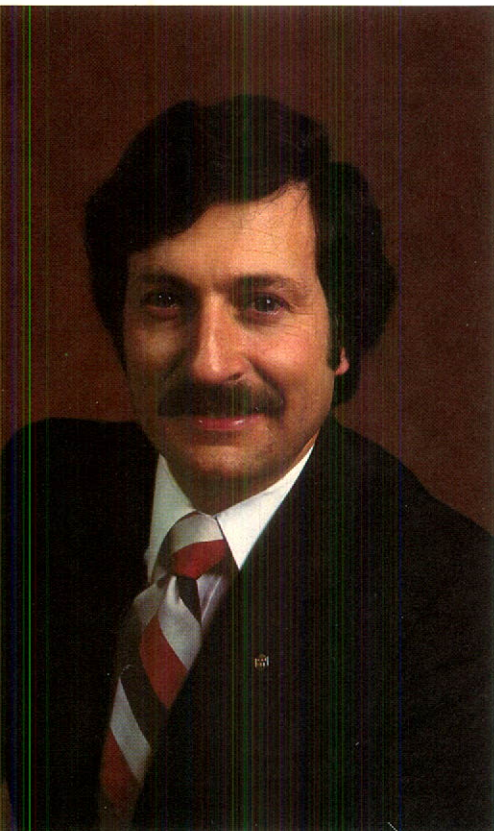
In closing, I would be remiss were I not to emphasize the co-operation of the management of the "federations" and the institutions, who, with a great show of solidarity, have participated in establishing this new institution. Not to be forgotten either is the contribution made by the officers and employees who have devoted their time and energy in this great undertaking.

A handwritten signature in black ink, reading "Alfred Rouleau". The signature is written in a cursive, flowing style with a large initial 'A'.

Alfred Rouleau  
President

# REPORT FROM THE EXECUTIVE VICE PRESIDENT

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I am pleased to submit a report that covers aspects of particular importance and interest regarding the activities of La Caisse centrale Desjardins du Québec in 1980.

When I took up my duties, the Board of Directors of La Caisse centrale had been formed and the institutional objectives of the company had been set. The first operation was to visit each "federation" in order to define the company's overall objective as well as the general aims and needs of its members. This enabled us to set the guidelines for a 1980 action plan and to establish plans and programs for 1981.

In keeping with the needs expressed by our members, priority was given to recruiting key personnel, developing an integrated administrative system, clarifying legal and fiscal matters, establishing administrative policies and preparing and carrying out a program which would allow La Caisse centrale to issue money market instruments. This should begin during the second quarter of 1981. Some operational and institutional policies have been presented to and approved by the Board of Directors. Several are now well underway while others have yet to be defined.

It is the policy of La Caisse centrale to play an active role in the underwriting and the distribution of public sector issues. We take pleasure, therefore, in being named a member of the financial syndicates handling Government of Québec and Hydro-Québec bond issues.

Recruiting people in a highly specialized sphere of activity such as ours is particularly difficult, however our constant efforts have met with much success. As of December 31, 1980, 18 positions included in La Caisse centrale's organizational flow chart had been filled. I am proud of the caliber of people we have attracted and would add that the stringent selection criteria have been met.

We have made good progress in developing and implanting an integrated administrative system. The planning of this project was based on operational efficiency and I am convinced that competent human resources and a fast, flexible and reliable administrative system such as ours will guarantee success. Moreover, the participation of several "federation" financial managers in the committee formed to develop systems and policies, has been most useful. The contribution of the human resources of La Confédération has greatly helped us in pursuing our objectives.



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The establishing of an administrative system began with the implementation of our computerized system of general accounting which took place at the beginning of September. It will be followed by the phasing-in of computerized management sub-systems throughout 1981. The sub-systems that have first priority are data base management, securities trading, cash flow, and assets/liabilities management. Our strategy involved buying pre-programmed systems rather than developing them ourselves, in as much as they could be completely integrated into our general accounting system.

With regards to our debt securities program, we have requested credit ratings from Dominion Bond Rating Service and Canadian Bond Rating Service, the two Canadian companies specialized in this area. A good credit rating is contingent upon La Caisse centrale's immediate success. Our syndicate has been set up and we are now striving to have the securities of La Caisse centrale accepted under the Insurance Companies Acts. An audio-visual presentation designed mainly with prospective purchasers of our debt securities in mind is being produced and will be ready by May 1981. The presentation

program for Canadian financial market participants will begin as soon as the credit rating is made available. The aim of this undertaking is to ensure that La Caisse centrale validly portrays the financial strength and solidity of the Movement.

In the course of the year, we obtained lines of credit for bank acceptances in the amount of 160 000 000 \$. Although these lines have not as yet been used, they nevertheless represent a considerable amount of money that can be made available to our members when necessary.

As members of the Canadian Payments Association, we intend to have the necessary systems installed and operational in the third quarter of 1981. As this project involves the credibility of the Movement, every precaution will be taken to see that it is a success.

A member "federation" capital subscription program was put into effect this year. It is anticipated that by September, the "federations" will have subscribed 285 000 000 \$ in capital and that by September 1982, the amount will be equivalent to 4% of the liability deposits of affiliated caisses as at December 31, 1980. This program takes into consideration the maturity dates of investment portfolios and

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the financial needs of the "federations". Moreover, La Caisse centrale must invest this capital in a liquid portfolio made up of money market securities, and all earned revenues must be given back in full to the "federations" according to the decisions of the Board of Directors.

In closing, a few remarks emphasizing the potential La Caisse centrale represents for the Desjardins Movement. Management is young, enthusiastic and dedicated to the Movement. The schedule of activities for 1981 typifies our determination to meet the needs of our members as promptly as possible. Our aim is to help our members achieve their objectives as efficiently as possible. The loyalty of our people, and their exemplary team spirit, attest to unparalleled leadership. I sincerely thank each and every one for his contribution. I also thank the members of the Board of Directors, and in particular our President, not only for having made my job that much easier but also that much more enjoyable.

A handwritten signature in black ink, appearing to read 'Bruno Riverin', with a stylized, cursive script.

Bruno Riverin  
Executive Vice President



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FINANCIAL  
STATEMENTS  
DECEMBER 31,  
1980

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**La Caisse centrale  
Desjardins du Québec**



# AUDITORS' REPORT

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La Caisse centrale  
Desjardins du Québec

To the Members of  
La Caisse centrale Desjardins du Québec

We have examined the balance sheet of La Caisse centrale Desjardins du Québec as at December 31, 1980. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, this balance sheet presents fairly the financial position of La Caisse centrale Desjardins du Québec as at December 31, 1980 in accordance with generally accepted accounting principles.

*Raymond. Chabot. Martin, Paré & associés*

Chartered Accountants

Montréal  
January 26, 1981



# BALANCE SHEET

## DECEMBER 31,

### 1980

La Caisse centrale  
Desjardins du Québec

#### ASSETS

Cash		160 824 \$
Subscriptions receivable		384 200 000
Securities:		
Money market securities	28 408 435	
Securities issued or guaranteed by the Province of Québec	492 942	28 901 377
Other assets, at cost		143 985
Fixed assets, at cost (Note 3)		307 590
Preliminary expenses, at cost		512 591
		<u>414 226 367 \$</u>

#### LIABILITIES

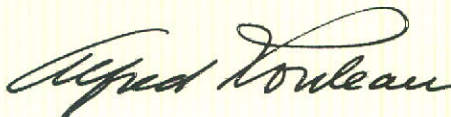
Term deposits from members	3 600 000 \$
Accounts payable and accrued charges (Note 4)	1 426 367
	<u>5 026 367</u>

#### MEMBERS' EQUITY

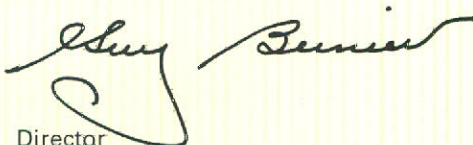
Capital: (Note 5)		
Issued and fully paid in cash:		
25 000 shares	25 000 000	
Subscribed:		
384 200 shares	384 200 000	409 200 000
		<u>414 226 367 \$</u>

The accompanying notes form an integral part of this balance sheet.

On behalf of the Board,



Director



Director

# NOTES TO THE FINANCIAL STATEMENT DECEMBER 31, 1980

La Caisse centrale  
Desjardins du Québec

## 1. Governing Statute

La Caisse centrale Desjardins du Québec was established by Bill No. 196 which was sanctioned on June 22, 1979 by the Québec National Assembly. The objective of this bill was to amend the Act respecting the Fédération de Québec des Unions régionales des caisses populaires Desjardins. La Caisse centrale Desjardins du Québec is also governed by the Savings and Credit Unions Act of Québec. Operations will begin during 1981.

## 2. Accounting Policies

### a) Securities:

Securities issued or guaranteed by Canada or the Province of Québec and other securities are shown at amortized cost.

### b) Fixed Assets:

Fixed assets are recorded at historical cost and will be depreciated over their estimated useful life at the following annual rates and under the following methods:

	Depreciation Methods	Rates
Furniture and fixtures	Diminishing balance	20%
Leasehold improvements	Straight-line	4%

### c) Preliminary Expenses:

Preliminary expenses will be amortized on a straight-line basis over a five (5) year period.

## 3. Fixed Assets

	Cost
Furniture and fixtures	76 028 \$
Leasehold improvements	231 562 \$
	<u>307 590 \$</u>

## 4. Accounts Payable and Accrued Charges

La Confédération des caisses populaires et d'économie Desjardins du Québec	626 342 \$
Interest payable to members	466 327
Others	333 698
	<u>1 426 367 \$</u>

## 5. Capital Stock

### Description:

The capital stock of La Caisse centrale Desjardins du Québec is composed of the shares subscribed for by its members. The value of each share is 1 000 \$ and no share can be issued without having been totally paid for.

La Caisse centrale Desjardins du Québec can redeem the shares owned by a member at his request. This redemption has to be at the par value of the shares and La Caisse centrale Desjardins du Québec cannot redeem more than 10% of its capital during the same financial year. Furthermore, no redemption can be made if it would result in reducing the capital stock to less than 25 000 000 \$.

### Subscription Program:

The Board of Directors has accepted a subscription program by which La Caisse centrale Desjardins du Québec will issue 409 200 shares for a cash consideration of 409 200 000 \$. Under this share subscription program, the Fédérations will pay the balance in the following manner:

On January 19, 1981	32 000 000 \$
Starting in February 1981, 8 consecutive monthly instalments of 28 500 000 \$ each	228 000 000
Starting in October 1981, 12 consecutive monthly instalments of 10 350 000 \$ each	124 200 000
	<u>384 200 000 \$</u>

## 6. Long Term Lease

La Caisse centrale Desjardins du Québec is committed under a long term lease expiring on April 30, 2005 to pay a total basic rent of 1 125 847 \$ for office space. The annual basic rent for the next five years will be 45 336 \$ and will become renegotiable on October 15, 1986.





**mouvement des caisses  
populaires et d'économie  
desjardins**

