

# 2018 Annual Report



## Board Chair and General Manager Report

On behalf of the Board of Directors and our employees, we would like to extend our appreciation to you, our Members, for your continued support.

Columbia Valley Credit Union had another successful year in 2018.

Our local economy continued to improve and the housing market saw good activity resulting in an increased demand for Mortgages and good growth for our loan products. This complemented our strategy to lend out our excess liquidity for a better return on our investments.

As a cooperative, community-based Credit Union, we shared our profits with our members and community. We were able to return \$512,950 in shareholders' interest and loan rebates. The loan rebates represented a 9% return to Commercial and Retail borrowers. Over \$44,000 was also donated this year to support organizations, events, and non-profits in our community, including school bursaries of \$10,000 to assist our youth with their education expenses. Our staff continues to be involved in our community through active participation in service clubs, organizations and local schools.

Our employees are key to our Credit Union's success and we would like to thank them for all their efforts in 2018. We will continue to invest in our employees to support their commitment in delivering an excellent service experience.

In 2019 Atma Sandher, Director of 35 years, will retire. Thank you Atma for your years of tireless service.

The Columbia Valley Credit Union's strong performance has allowed us to continue to invest in our digital service delivery channels. In 2018 we launched several improvements to our online banking platform and mobile applications.

Finally, we would like to thank our Board for their continued dedication to our Credit Union.

We are looking forward to continuing to serve you, our members, and to your continued support and patronage.

A handwritten signature in black ink, appearing to read "Paul Ricard". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

**Paul Ricard**  
Board Chair

A handwritten signature in black ink, appearing to read "Sharon Eddy". The signature is cursive and somewhat stylized, with a prominent loop at the end.

**Sharon Eddy**  
General Manager

# Independent Auditor's Report

## To the Members of Columbia Valley Credit Union

### Opinion

We have audited the financial statements of Columbia Valley Credit Union (the Credit Union), which comprise the statement of financial position as at December 31, 2018, and the statements of income, retained earnings, comprehensive income and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Credit Union as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Credit Union in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Credit Union's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Credit Union or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Credit Union's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level

of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Credit Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Credit Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Credit Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



**Adams Wooley**  
Chartered Professional Accountants

Cranbrook, BC  
March 1, 2019

# Exploring Strength and Unity

## 2018 Corporate Reports Shared Message

The Boards of Directors and senior leaders of Columbia Valley, East Kootenay Community, Grand Forks, Heritage, Kootenay Savings and Nelson & District Credit Unions continue to explore the possibility of building one stronger, united credit union.

Having collaborated on many projects over the years, the six of the original seven partners are excited to see what we can do even better together. We see opportunities to share resources and expertise across the region to provide enhanced service to members, while improving our long-term sustainability.

Through an in-depth due diligence process, a comprehensive business case has been built. All six Boards of Directors have considered this

business case positive and worth moving to the next stage of the process, applying for consent from the provincial regulator. This phase is a very dynamic process with changing timelines; however, we are committed to keeping members updated. Lastly but critically important, is reaching the milestone of a member vote. In the end, it is you, our members, who will make the final decision on whether a merger is in the best interests of our communities, our employees and members.

For more information and updates, visit [www.exploringstrengthandunity.ca](http://www.exploringstrengthandunity.ca) or your credit union's website.

## Summary Consolidated Statement of Financial Position

December 31, 2018

	2018	2017
<b>Assets</b>		
Cash and Term Deposits	\$ 25,310,458	\$ 31,585,046
Investments	811,106	915,253
Members' Loans	130,072,283	117,708,812
Property, Plant and Equipment	2,034,897	2,071,058
Intangible Assets	26,180	43,365
Other Assets	48,085	94,061
Deferred Income Taxes	14,950	0
	<u>\$ 158,317,959</u>	<u>\$ 152,417,595</u>
<b>Liabilities and Members' Equity</b>		
Accounts Payable and Accrued Liabilities	\$ 466,517	\$ 378,630
Members' Deposits	141,263,755	136,009,556
Deferred Income Taxes	0	58,201
	<u>141,730,272</u>	<u>136,446,387</u>
Members' Equity		
Share Capital	105,713	104,951
Accumulated Other Comprehensive Income	0	130,804
Retained Earnings	16,481,974	15,735,453
	<u>16,587,687</u>	<u>15,971,208</u>
	<u>\$ 158,317,959</u>	<u>\$ 152,417,595</u>

On behalf of the board,



**Paul Ricard**  
Board Chair



**Glen Ewan**  
Director

## Statement of Income and Retained Earnings

Year Ended December 31, 2018

	2018	2017
<b>Interest Income</b>		
Interest from Loans	\$ 4,449,157	\$ 3,851,543
Interest from Investments	477,762	524,176
	<u>4,926,919</u>	<u>4,375,719</u>
Interest and Loan Related Expenses	1,361,475	1,234,063
Financial Margin	3,565,444	3,141,656
<b>Expenses</b>		
Operating Expenses	3,104,697	2,827,166
<b>Income from operations</b>	<u>460,747</u>	<u>314,490</u>
Other Income (Expenses)		
Service Fees, Commissions and Rental	687,999	808,156
Recoveries on Loans and Property for Resale	102,531	131,545
Processing and Handling Fees	(67,169)	(69,420)
	<u>723,361</u>	<u>870,281</u>
Income Before Income Taxes and Rewards to Members	1,184,108	1,184,771
Income Taxes		
Current	293,920	201,333
Deferred	(24,772)	5,221
	<u>269,148</u>	<u>206,554</u>
Income Before Rewards to Members	914,960	978,217
Rewards to Members	(347,622)	(198,536)
<b>Net Income</b>	<u>567,338</u>	<u>779,681</u>
Retained Earnings - Beginning of Year	15,735,453	14,955,772
<b>Retained Earnings - End of Year</b>	<u>\$ 16,481,974</u>	<u>\$ 15,735,453</u>

Full financial statements with accompanying notes and a comprehensive annual report are available in branch or upon request.

## Donations - 2018

BC Book Prizes - Nicholson School	Golden Shrine Club
Calendar Donation - Little Mittens	Golden Sikh Cultural Society
Chamber of Commerce	Golden Snowmobile Club
East Kootenay Foundation for Health	Golden Volunteer Fireman
Freeride World Tour	Golden Womens Resource Centre
Golden & District Arts Council	Grand Forks Credit Union Flood Fund
Golden Bowling Association	Interact Club of Golden
Golden Community Foundation	Lady Grey Elementary School
Golden Cycling Club	Little Mittens
Golden Dolphin Swim Club	McDonalds McHappy Day
Golden Food Bank	Metis Nation Society
Golden Jr. Rockets	Nordic Ski Club
Golden KH Alpine Team	GSS Basketball Team
Golden Light Horse Club	Rotary Club
Golden Minor Hockey	Royal Canadian Legion
Golden Museum	Sport 4 Life
Golden RCMP Annual Tournament	Stars
	TLA Motorsports Tourism Golden Town of Golden

## NOTICE OF ELECTIONS 2019

There will be 5 vacancies on the Columbia Valley Board of Directors on Wednesday April 24, 2019. Two 3-year terms and three 2-year terms. There are 5 candidates in the running:

Janice Englehart	Nola Milum
Glen Ewan	Paul Ricard
Lyle Johnson	

Therefore all 5 will be elected by acclamation.  
Terms will be determined by lot.

## Notice of Special Resolution:

### Alteration of the Credit Union Constitution and Rules

Resolutions of the directors of Columbia Valley Credit Union (the "**Credit Union**"), passed as of March 5, 2019, having been consented to in writing by all the directors of the Credit Union.

### WHEREAS:

- A. The rules attached as Schedule "A" have been presented to the Board of Directors of the Credit Union for review and consideration;
- B. In order to alter its rules, the Credit Union is required to submit the proposed Rules to its members by way of a special resolution; and
- C. The Board of Directors wishes to approve the rules attached as Schedule "A" and to recommend to the members of the Credit Union that they approve the rules by special resolution.

### RESOLVED THAT:

1. The rules attached in Schedule "A" are hereby approved;
2. The Credit Union submit the following special resolution to its members for approval:  
  
"BE IT RESOLVED, as a special resolution, that the rules of Columbia Valley Credit Union be altered by deleting all of the existing rules in their entirety and replacing them with the rules attached hereto as Schedule "A", which rules are hereby adopted as the rules of Columbia Valley Credit Union."
3. Nothing in these resolutions shall require the Board of Directors to submit the foregoing special resolution to members of the Credit Union if the Board of Directors decides, by resolution, not to proceed with the special resolution, in the form noted above.

\*Schedule "A" is available on request.



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[www.cvcu.bc.ca](http://www.cvcu.bc.ca)