

2019 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 2019. Our local economy continued to grow 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 \$510,000 in shareholders' interest and loan rebates. The loan rebates represented a 7.5% return to Commercial and Retail borrowers. Over \$43,000 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 2019. We will continue to invest in our employees to support their commitment in delivering an excellent service experience.

The Columbia Valley Credit Union's strong performance has allowed us to continue to invest in our digital service delivery channels. In 2019 we launched several improvements to our online banking platform and mobile applications.

2020 continues to be a challenging year with economic uncertainty and COVID-19. Our strong financial position will enable us to assist our members through these difficult times.

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.

Handwritten signature of Paul Ricard.

Paul Ricard
Board Chair

Handwritten signature of Sharon Eddy.

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, 2019, and the statements of income, retained earnings, comprehensive income and cash flow 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, 2019, and the financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 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 these 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 IFRS, 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 related 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
February 24, 2020

Exploring Strength and Unity

2019 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
 or your credit union's website.

Summary Consolidated Statement of Financial Position

December 31, 2019

	2019	2018
Assets		
Cash and Term Deposits	\$ 29,468,251	\$ 25,310,458
Investments	895,209	811,106
Members' Loans	137,951,110	130,072,283
Property, Plant and Equipment	1,870,306	2,034,897
Intangible Assets	18,980	26,180
Other Assets	87,590	48,085
Deferred Income Taxes	33,764	14,950
	<u>\$ 170,325,210</u>	<u>\$ 158,317,959</u>
Liabilities and Members' Equity		
Accounts Payable and Accrued Liabilities	\$ 363,507	\$ 466,518
Members' Deposits	152,643,947	141,263,755
	<u>153,007,454</u>	<u>141,730,272</u>
Members' Equity		
Share Capital	106,113	105,713
Accumulated Other Comprehensive Income	0	0
Retained Earnings	17,211,643	16,481,973
	<u>17,317,756</u>	<u>16,587,687</u>
	<u>\$ 170,325,210</u>	<u>\$ 158,317,959</u>

On behalf of the board,



Paul Ricard
Board Chair



Glen Ewan
Director

Statement of Income and Retained Earnings

Year Ended December 31, 2019

	2019	2018
Interest Income		
Interest from Loans	\$ 5,011,659	\$ 4,449,157
Interest from Investments	546,592	477,762
	<u>5,558,251</u>	<u>4,926,919</u>
Interest and Loan Related Expenses	1,805,567	1,495,573
Financial Margin	<u>3,752,684</u>	<u>3,431,346</u>
Expenses		
Operating Expenses	3,116,550	3,104,697
	<u>636,134</u>	<u>326,649</u>
Income from operations		
Other Income (Expenses)		
Service Fees, Commissions and Rental	767,290	687,999
Losses/Recoveries on Loans and Property Resale	(4,267)	102,531
Processing and Handling Fees	(82,473)	(67,169)
	<u>680,550</u>	<u>723,361</u>
Income Before Income Taxes and Rewards to Members	<u>1,316,684</u>	<u>1,050,010</u>
Income Taxes		
Current	271,371	293,920
Deferred	(18,814)	(24,772)
	<u>252,557</u>	<u>269,148</u>
Income Before Rewards to Members	1,064,127	780,862
Rewards to Members	334,457	213,524
Net Income	<u>729,670</u>	<u>567,338</u>
Retained Earnings - Beginning of Year	16,481,973	15,735,453
Premium on Redemption of Shares	0	179,182
Retained Earnings - End of Year	<u>\$ 17,211,643</u>	<u>\$ 16,481,973</u>

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

Board of Director Candidates

Connie Barlow



I have lived in Golden since 1968 and I am very grateful to this community for all it has given to me and my family. I am proud to be a Goldenite and proud to be a Credit Union member. As Executive Director of the Golden Community Resources Society, I administer a wide range of programs including employment services, licenced childcare, seniors housing, family support and youth services. Every day I get to meet and listen to citizens from

all walks of life – men and women – kids and seniors – job seekers, working people and retirees – long-time residents with historical roots and newer residents looking to establish roots. I have gained a good understanding of community culture and the common goals and challenges we face together.

I have always been interested in community development and have pursued that interest not just through my work life, but also through community service – including 10 years on the CVCU Board.

Our Credit Union is recognized as an important partner in the financial, economic and social sustainability of the Town of Golden and Area A. I dedicated three years to collaborating with representatives of the six credit unions in our Peer Group to explore the value amalgamation could offer our members relevant to viability and sustainability. Representing your interests is important to me.

Based on my experiences and the relationships that I have built in our community, I will bring a record of good stewardship and respectful leadership to the Columbia Valley Credit Union Board of Directors.

Richard Dale



For the last six years I have been serving you, the members, as one of your directors of the Columbia Valley Credit Union. I also serve on the board of directors for our local golf course.

I have worked for Overwitea Foods for twenty seven years and in management there for sixteen. During that time I have learned all about the financial side of running a grocery store and being

accountable for its ultimate success. Sales, expenses, margins, profits all of which I am familiar with and look forward to enhancing my personal development here at our credit union.

Any business that owes its success to the people in the community it operates in, should strive to give back making the community stronger. As a locally owned financial institution we should be committed to 'making a difference' in our own town and surrounding area. I am a believer in the local credit union serving the community. I wish to add a voice in promoting the credit union values to its members, by volunteering to help guide and govern this community asset.

My wife Francine and I grew up in Golden and have been with the Credit Union since childhood. We just had a new baby girl of our own that was born last July. We look forward to making her one of our newest CVCU members!

Scott King



I previously served as a Director of the Columbia Valley Credit (CVCU) from 2011-2017. This is where I learned and developed as a Director through my tenure at the CVCU. Working with staff, management and my fellow Directors was an enriching and rewarding experience. I am proud to be the first CVCU member to become an Accredited Canadian Credit Union Director.

Throughout my tenure as a Director, I volunteered on behalf of the CVCU. For example, I volunteered at Golden Secondary School for three years promoting the Junior Achievement Program, the largest youth business education organization in Canada. I was actively involved as chair, vice chair or member of all CVCU committees and served as Vice Chair and Secretary of the CVCU Board.

In 2018 I was elected to serve as a Rocky Mountain District School Board Trustee. The skills taught to me by the Credit Union has allowed me to become an effective Trustee.

I continue to learn and develop my Board member skills. Mahatma Gandhi once said "Live as if you were to die tomorrow. Learn as if you were to live forever." To that end, I would like the Columbia Valley Credit Union to benefit from my learnings and I would like to continue to improve as an Accredited Canadian Credit Union Director. Soon CVCU members will be voting on whether amalgamating with other Kootenay Credit Unions is a wise business decision. I would be honoured to represent you when that decision is being made.

NOTICE OF ELECTIONS 2020

There are 2 vacancies (both for 3 year terms) on the Columbia Valley Credit Union Board of Directors.

As there are 3 candidates in the running, an election will be held with voting taking place between September 8, 2020 to October 8, 2020. The successful candidates will be announced at the AGM via Zoom on Thursday October 15, 2020 at 7:00 p.m.

The 3 candidates are:

Connie Barlow - Incumbent

Richard Dale - Incumbent

Scott King - Nominee

Voting will be conducted online at our website www.cvcu.bc.ca or you can visit the branch.



E-mail: reception@cvcu.bc.ca
www.cvcu.bc.ca