

2020

ANNUAL REPORT

COLUMBIA VALLEY CREDIT UNION



COLUMBIA VALLEY
CREDIT UNION

Board Chair and General Manager Report

From any point of view, 2020 was an extraordinary year. When the COVID-19 pandemic started, everyone was unsure about the impact of this unprecedented event. At Columbia Valley Credit Union, we focused on how we could support our local economy, employees and members during this challenging time. We hope you and your family continue to stay healthy and safe.

Going into the pandemic, your Credit Union had a solid operational and financial foundation. Even with the uncertainty and low interest rates, we delivered strong financial results. We continued to offer competitive rates on loans and deposits, and share our profits with our members and community.

Throughout the year, our community came together, supported local and showed kindness. As a cooperative, community-based Credit Union, we were able to return \$397,000 in dividends and loan rebates to our members. The loan rebates represented a 6.5% return to our personal and business borrowing members. More than \$31,000 was donated back into our community, supporting many non-profit organizations and events. An additional \$10,000 in bursaries were also awarded to local youth pursuing post-secondary education.

Our members managed well over the past year. Our personal banking members became more focused on saving money and accessing credit to upgrade their homes. We were impressed with how our business banking members pivoted so they could continue to operate and thrive in a more challenging marketplace. At the Credit Union, we also had to change how we did business. Our members easily adjusted to managing their financial relationship with us through email, phone and virtual communications.

Without question, our employees are the reason for our success. Their dedication each and every day to supporting our members, our community and one another is inspiring. They give their time and energy to local service clubs, non-profits and schools. Our employees were a rock during the pandemic, rallying together to keep the branch and ATM area safe and being there for our members. We thank them for their unwavering commitment and service.

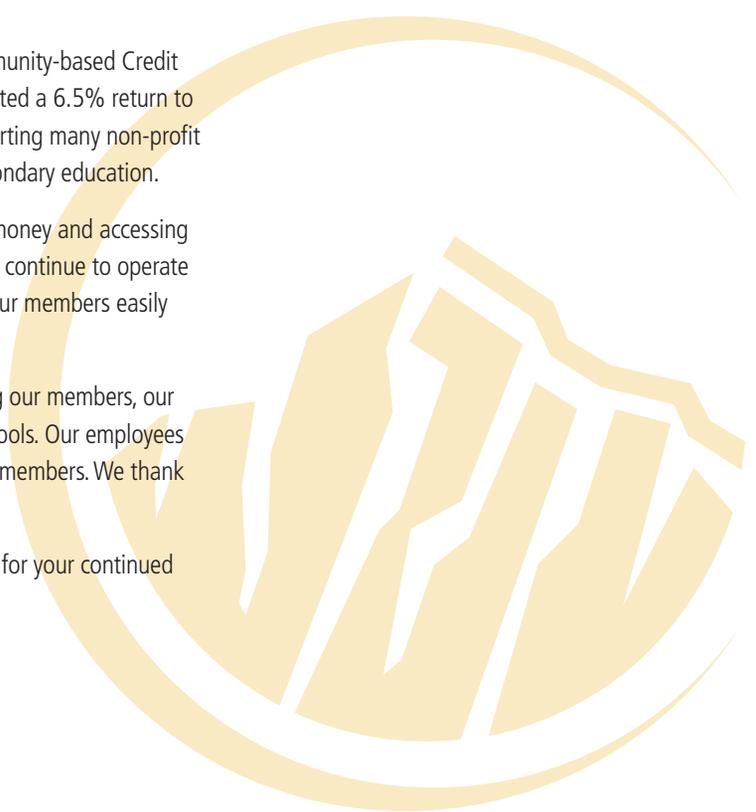
Finally, we thank our members. You look to us for help with your financial needs, goals and dreams. We thank you for your continued trust as we navigate forward.



Paul Ricard
Board Chair



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, 2020, 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, 2020, 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.

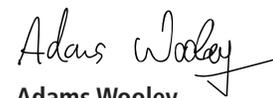
Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

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
March 3, 2021

Summary Statement of Financial Position

December 31, 2020

	2020	2019
ASSETS		
Cash and Term Deposits	\$ 44,425,140	\$ 29,468,251
Investments	850,779	895,209
Members' Loans	146,819,470	137,951,110
Property, Plant and Equipment	1,665,362	1,870,306
Intangible Assets	84,014	18,980
Other Assets	105,683	87,590
Deferred Income Taxes	4,160	33,764
	\$ 193,954,608	\$ 170,325,210
LIABILITIES AND MEMBERS' EQUITY		
Accounts Payable and Accrued Liabilities	\$ 350,958	\$ 363,507
Members' Deposits	175,650,193	152,643,947
	176,001,151	153,007,454
Members' Equity		
Share Capital	106,115	106,113
Accumulated Other Comprehensive Income	100,770	-
Retained Earnings	17,746,572	17,211,643
	17,953,457	17,317,756
	\$ 193,954,608	\$ 170,325,210

On behalf of the board,



Paul Ricard
Director



Glen Ewan
Director

Statement of Income and Retained Earnings

Year Ended December 31, 2020

	2020	2019
INTEREST INCOME		
Interest from Loans	\$ 5,220,826	\$ 5,011,659
Interest from Investments	378,796	546,592
	5,599,622	5,558,251
Interest and Loan Related Expenses	1,910,000	1,805,567
Financial Margin	3,689,622	3,752,684
OTHER INCOME (EXPENSES)		
Service Fees, Commissions and Rental	731,096	767,290
Processing and Handling Fees	(80,702)	(82,473)
Losses on Loans Expense	(88,358)	(4,267)
	562,036	680,550
OPERATING EXPENSES	3,227,972	3,116,550
Income Before Income Taxes and Rewards to Members	1,023,686	1,316,684
Income Taxes		
Current	208,034	271,371
Deferred	(7,667)	(18,814)
	200,367	252,557
Income Before Rewards to Members	823,319	1,064,127
Rewards to Members	288,390	334,457
NET INCOME	534,929	729,670
Retained Earnings — Beginning of Year	17,211,643	16,481,973
Net Income	534,929	729,670
RETAINED EARNINGS — END OF YEAR	\$ 17,746,572	\$ 17,211,643

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

Your Board of Directors

Thank you to the Board of Directors for their time, experience and wise counsel during this past year.

Paul Ricard
Board Chair

Connie Barlow
Director

Scott King
Director

Lyle Johnson
Vice Chair

Janice Englehart
Director

Nola Milum
Director

Glen Ewan
Corporate Secretary

Thank you to our General Manager

At the core of your Credit Union team is our General Manager, Sharon Eddy. In late April 2021, Sharon will be retiring after 9 years of service to our members and employees.

Sharon has been instrumental to the Credit Union's growth and our members' success. We are grateful for what she has done for our Credit Union and our community.

Thank you, Sharon!



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

Exploring strength and unity

Shared Message from the Six Partner Credit Unions

As we move through 2021, the boards of directors and senior leaders of Columbia Valley, East Kootenay Community, Grand Forks, Heritage, Kootenay Savings and Nelson & District Credit Unions continue working through the detailed process of examining a potential merger. Unsurprisingly, the events of 2020 interrupted our original timelines. When the pandemic first became a reality, we temporarily put our meetings on hold. Our goals quickly became the health and safety of our employees, members and communities while continuing to provide banking services.

Throughout the process, we maintained strong communication and continue to share pandemic response information between our respective operations.

As the year progressed, our Credit Union became very familiar and comfortable operating under these altered conditions, and in September, we resumed the merger conversation with our peers through virtual meetings. We even collaborated on a region wide, online, shop local effort (visit www.SupportLocalBC.com to learn more).

Despite the interruption, we all remain committed to the process and principles in place and continue to explore the potential of merging our six operations. Should we deem it of benefit to our employees, members and our communities, we will take the next appropriate steps to bring that important information to you, the members. We will be active in our communication, and the final decision will rest on a member vote.

The process is dynamic, and the best way to learn more and stay up-to-date is to visit www.exploringstrengthandunity.ca.