



WILLIAMS LAKE
— AND DISTRICT —
C R E D I T U N I O N

2020
Annual
Report



Advancing cooperative
values by putting
people before profits

A most sincere thank you to you, our members, for trusting Williams Lake and District Credit Union to meet your financial needs. We exist for our members, we strive towards advancing our co-operative values together, and we do that by putting people before profits.

2020 was a particularly challenging year for your Credit Union, as it was for anyone reading this report. My very last thought in the 2019 annual report was that “We are in this together!” and that fact served us well in the pandemic year of 2020. This strength will continue to serve us well as we stay calm, carry on, and go forward in 2021.

We are pleased that our financial co-operative was able to build upon foundations laid in previous years and make positive strides in all four of the Credit Union’s ongoing areas of focus: our members, our people, the processes we work with, and our financial results.

Earnings for 2020 were better than expected after experiencing the lock-down early in the year. Williams Lake and District Credit Union was able to announce another 4% dividend for its member shareholders while strengthening its retained earnings, capital and liquidity positions.

Directors Leanne Macnair and Cynthia Khonje will be stepping down from the Board as their terms expire. Since 2005, Leanne has served your Credit Union so well in many capacities (including Board Chair) and has done so with excellence and dedication. Leanne has led well both in word and example. Cynthia has had a positive impact on your Board in a relatively short amount of time. Her heartfelt sharing has been impactful, timely, and has certainly influenced me and the full Board in a positive way. Thank you Leanne and Cynthia!

Last, but certainly not least, a heartfelt thank you to all of our staff. It is difficult to convey in words, but we so appreciate your resilience, your vigilance regarding safety, and your commitment to our members, to each other, to continued learning and improvement, and to the communities we call home.

Remember ... We are in this together!

Erik Zwiers
Board Chair

The COVID-19 global pandemic created some unprecedented challenges in 2020. The Credit Union was quick to implement plans to ensure the safety and well-being of staff and members. Recommendations from health authorities were put in place to protect Credit Union staff and members and to limit the risk of spreading the virus in the branches. Some of the member support plans included credit assistance, skipped payments, virtual meetings, and enabling remote electronic signatures.

Year-end financial results showed strong resilience in the face of the pandemic. Your Board of Directors declared a 4.00% dividend on Member Shares. Earnings contributed \$711,350 to the capital base for growth in capital of 5.07%. The capital adequacy ratio increased from 14.86% to 16.94%. Member deposits increased \$36,474,902 or 11.5% and contributed to an increase in the liquidity ratio from 21.20% to 30.98%. We are grateful to our members, who demonstrated their confidence in the Credit Union by placing their savings with us during the uncertainty of a global pandemic.

The Credit Union’s plans to transform members’ digital banking system experience were deferred to 2021. Members can visit the Credit Union’s website or Facebook page for updates on the project. Payments Canada is in the process of modernizing Canada’s payment system, with a goal of building a state-of-the-art system that is fast, efficient, easy, convenient, and interoperable with international systems. The Credit Union system is working with Payments Canada to ensure members will have access to the updated systems as they become available.

My heartfelt thanks goes out to all Williams Lake and District Credit Union staff and Directors for working together to help keep our staff, members, and community safe during the pandemic. A lot of creativity and dedication has been shown in the face of adversity. I am very proud to be part of the Credit Union family and to know that we have what it takes to face whatever challenges might come our way. A special thanks to the members for their patience and understanding as we navigated through this past year.

Jim Zimmerman
Chief Executive Officer



Williams Lake and District Credit Union's compensation philosophy is to provide performance-based compensation that is equitable in its market while balancing internal fairness, subject to affordability. The Credit Union policy is designed to provide a total compensation package (cash and non-cash benefits) that will attract, retain, and motivate its valued and committed staff. This compensation mix will be designed taking into consideration compensation philosophy, the external market, internal equity, economic and operating realities, and the Credit Union's ability to pay.

MANAGEMENT TEAM

Jim Zimmerman
Chief Executive Officer

Daryl Cyr
Manager, Enterprise Risk and Compliance

Craig Glover
Manager, Financial Planning

Nolan Hill
VP, Operations

Charles Newberry
Manager, Human Resources

Rose Swain
Manager, Accounting and Centralized Services

Heather Callender
Branch Manager, Williams Lake

Shawna Norton
Branch Manager, 100 Mile House

Kelly Svendson
Branch Manager, Bella Coola Valley

The Williams Lake and District Credit Union Board of Directors is responsible for authorizing and monitoring the compensation of the CEO. This is an area of responsibility to which the Board pays particular attention.

In 2012, in consultation with Central 1 Credit Union, the Credit Union developed a CEO compensation philosophy. It was determined that the Credit Union would target the 75th percentile of compensation of like-sized credit unions across Canada, with a particular focus on the British Columbia market. The Canadian Credit Union Executive Compensation Survey is reviewed annually to assess the CEO's compensation against this target.

To ensure that the CEO is performing to the level required, the Credit Union's Governance Committee annually undertakes a CEO evaluation process which is linked to compensation levels. As part of this process, the CEO's performance during the previous year is assessed in the first quarter of the following year. Additionally, goals for the CEO are established for the upcoming year.

The Williams Lake and District Credit Union Board of Directors has determined that this CEO compensation philosophy will ensure that the Credit Union is capable of meeting its strategic goals.



Crystal Hoelzler



Cynthia Khonje



Leanne Macnair



Linda Martens



Donna Mikkelson



Surinderpal Rathor



Crystal Verhaeghe



Karen Weightman



Erik Zwiers

The Credit Union's Board, nine directors elected from the Credit Union membership, is responsible for setting the Credit Union's strategic direction and priorities.

It is vital that all Directors understand and promote good governance practices within the Credit Union. Newly elected Directors are required to complete a mandatory *Foundations of Governance* training program within the first year of their tenure. All Board members can access continuing education in a variety of relevant topics on an individual basis. The *Board of Directors Terms of Reference* specifies a minimum annual education requirement for individual Directors. In 2020, all Directors met or exceeded that requirement.

During 2020, Directors completed an annual Board evaluation survey. In addition, a Director self-assessment process was undertaken. Results from the surveys are used to determine individual Director development plans, and to identify areas of focus for Board development opportunities.



CRYSTAL HOELZLER

Williams Lake and District Credit Union Director since 2020

Crystal is a former esthetician with a big passion for people. Experience in the service industry, including being a gym owner and fitness instructor, makes being a Director on this community-minded board a great fit. Crystal has lived in Williams Lake almost all her life, knows it is a great place to raise a family, and wants to see it flourish. Her love of personal and professional growth led to her taking coaching courses and attending leadership conferences over last few years.

Crystal completed the web-based portion of Level A *Foundations of Governance* of the Credit Union Director Achievement program in 2020.

CYNTHIA KHONJE

Williams Lake and District Credit Union Director since 2018

Cynthia is the Director of Finance for the Nuxalk Nation and a director for the Nuxalk Transition House. Cynthia resides in Bella Coola and has been a member of the Credit Union since 1997. Cynthia completed the two required Level C modules of the Credit Union Director Achievement program in 2020.

Cynthia chaired the Strategic Planning Committee in 2020.

LEANNE MACNAIR

Williams Lake and District Credit Union Director since 2005

Leanne is an optometric assistant at Williams Lake Optometry. Leanne resides in Williams Lake and has been a member of the Credit Union since 1995. During her tenure with Williams Lake and District Credit Union she has served on all the Credit Union's board committees and has chaired the Governance, Nominating and Strategic Planning Committees. Leanne was Chair of the Board from 2013 to 2018, after serving as Vice-Chair from 2011-2012. Leanne holds an Office Administration Certificate from Camosun College, and completed the Credit Union Director Achievement program in 2006. In 2020, Leanne attended two Continuing Education webinars offered through the Credit Union Director Achievement program.

Leanne is Vice-Chair of the Board of Directors and chaired the Governance Committee in 2020.

LINDA MARTENS

Williams Lake and District Credit Union Director since 2019

Linda is a School District 27 Trustee and Membership Chair for Royal Canadian Legion Branch 261 (Forest Grove). Linda resides in 100 Mile House and has been a member of the Credit Union since 2015. In 2020, Linda completed the Level A *Foundations of Governance in Theory and Action Workshop* of the Credit Union Director Achievement program, along with the two required Level C modules and one Continuing Education module.

Linda chaired the Nominating Committee in 2020.

DONNA MIKKELSON

Williams Lake and District Credit Union Director since 1998

Donna is the recently retired Chief Financial Officer for the Central Coast Regional District and is still under contract as a financial services provider. She resides in the Bella Coola Valley. Donna serves as administrator for an improvement district and provides bookkeeping services for community organizations. Donna served on the Board of the Bella Coola Valley Credit Union prior to its acquisition by Williams Lake and District Credit Union in 1998. During her tenure with Williams Lake and District Credit Union she has served on the majority of the Credit Union's board committees and has chaired the Audit, Human Resources, Nominating and Strategic Planning Committees. Donna holds a Leadership Development Certificate from Camosun College, and completed the Credit Union Director Achievement program in 2010. In 2020, Donna completed one Continuing Education module offered through the Credit Union Director Achievement program. She is a past member of the Government Finance Officers Association of BC.

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2020 BOARD AND COMMITTEE MEETING ATTENDANCE AND COMPENSATION

Director	Board Meetings Attended	Committee Meetings Attended	Total Remuneration Paid for Year	Total Expenses / Training Paid for Year
Crystal Hoelzler	4 of 4		\$1,160	\$1,334
Cynthia Khonje	12 of 12	5 of 5 Audit 2 of 2 Nominating 4 of 4 Strategic Planning	\$2,845	\$2,940
Leanne Macnair (Board Vice-Chair)	11 of 12	5 of 5 Governance 2 of 2 Nominating 4 of 4 Strategic Planning	\$4,313	\$679
Linda Martens	11 of 12	3 of 4 Conduct Review 2 of 3 Investment and Lending 2 of 3 Nominating Committee	\$2,670	\$1,745
Donna Mikkelson	10 of 12	3 of 5 Audit 5 of 5 Governance 3 of 3 Nominating	\$2,633	\$800
Surinderpal Rathor	12 of 12	7 of 7 Conduct Review 5 of 5 Investment and Lending 2 of 2 Nominating 4 of 4 Strategic Planning	\$2,695	\$1,079
Crystal Verhaeghe	12 of 12	5 of 5 Audit 3 of 3 Conduct Review 4 of 4 Governance 2 of 2 Investment and Lending 3 of 3 Nominating	\$3,070	\$1,278
Karen Weightman	12 of 12	7 of 7 Conduct Review 5 of 5 Investment and Lending 4 of 4 Strategic Planning	\$3,020	\$1,413
Erik Zwiers (Board Chair)	12 of 12	5 of 5 Audit 5 Conduct Review (ex officio member) 5 of 5 Governance 5 of 5 Investment and Lending 5 Nominating (ex officio member) 4 Strategic Planning (ex officio member)	\$5,280	\$1,492

Notes:

- 2020 Annual Remuneration Rates: Board Chair - \$5,280 Vice-Chair - \$3,300 Director - \$2,320
- The Chairs of the Audit, Governance, and Investment and Lending Committees receive a \$750 annual differential payment
- All remuneration is prorated to actual months of service during the year



SURINDERPAL RATHOR

Williams Lake and District Credit Union Director since 2018

Surinderpal worked for Tolko Industries Ltd. as a certified journeyman electrician. He resides in Williams Lake and has been a member of the Credit Union since 1989. Surinderpal holds a Bachelor of Arts degree with majors in Political Science, English, and Military Science, and an honours degree in Political Science. In 2020, he completed one Continuing Education module from the Credit Union Director Achievement program. Surinderpal is familiar to many because of his 21 years as a Williams Lake City Councilor. He has been an active volunteer throughout his life, serving on a variety of boards including the Cariboo Memorial Hospital Board, the Guru Nanak Sikh Temple, and the Williams Lake Museum and Historical Society. Surinderpal has been involved with the Canadian Volunteer Income Tax Preparation Program since 1975 and has been the Williams Lake and District program coordinator for over 20 years.

Surinderpal chaired the Investment and Lending Committee in 2020.

CRYSTAL VERHAEGHE

Williams Lake and District Credit Union Director since 2014

Crystal owns Emoda Design which provides consulting services. Crystal is a Tšilhqot'ın citizen from the community of ʔEsdilagh/Alexandria and resides in Williams Lake.

Crystal has been a member of the Credit Union since 2010. During her tenure with Williams Lake and District Credit Union Crystal has served on the majority of the Credit Union's board committees. Crystal holds an Executive Master of Business Administration (UNBC), a Senior Management Certificate (BCIT) and a Small Business and Entrepreneurship Degree (Mt. Royal University). Crystal graduated from the Credit Union Director Achievement program in 2018 and became an *Accredited Canadian Credit Union Director* later the same year. Maintaining accreditation requires annual continuing education. In 2020, Crystal completed two Continuing Education modules offered through the Credit Union Director Achievement program.

Crystal chaired the Audit Committee in 2020.

KAREN WEIGHTMAN

Williams Lake and District Credit Union Director since 2017

Karen retired from her position as sales consultant and technology expert at Central GM in September 2018 and is enjoying her hobbies and looking forward to more travel. Karen resides in the 100 Mile House area and has been a member of the Credit Union since 1992. Karen enjoys continuing education and completed a real estate certificate from UBC, a tourism management certificate from Capilano College, and a vehicle salesperson certificate from the Vehicle Sales Authority of BC. Karen has extensive business, marketing, sales, management, and facilitation experience from a diverse work history. In 2020, Karen completed one Continuing Education module offered through the Credit Union Director Achievement program.

Karen chaired the Conduct Review Committee in 2020.

ERIK ZWIERS

Williams Lake and District Credit Union Director since 2011

Erik has over 35 years of business experience and is an owner, president, and operator of Papyrus Printing Ltd., a successful family owned and operated commercial printing company with physical locations in Williams Lake and Prince George, primarily serving Northern BC and the Cariboo-Chilcotin-Coast regions since 1977. Erik resides in Williams Lake and has been a member of the Credit Union since 2004. Erik holds a Bachelor of Technology degree (Graphic Arts Management 1985) from Ryerson Polytechnic Institute (now Ryerson University).

Erik has served on the majority of the Credit Union's board committees and has served as Board Vice-Chair, Chair of the Audit Committee, Chair of the Investment and Lending Committee, and Chair of the Nominating Committee. Erik continues to practice lifelong learning through participation in various Credit Union Director Achievement course offerings each year, completing one Level B module and two Level C modules in 2020. Prior to moving to Williams Lake Erik served as Director of Prince George Savings Credit Union (now Integris Credit Union) from 1996 to 2002. Erik has served and volunteered with many community groups over the years ranging from Rotary Clubs, chambers of commerce, church boards, and minor sports associations.

Erik has been Chair of the Board of Directors since May 2019.



Each year a portion of the Credit Union's earnings are placed into retained earnings to ensure that the Credit Union's capital levels are sufficient to support its planned operations.

Cooperative Principle #3, Member Economic Participation, notes that members contribute to the capital of their cooperative. This is accomplished through the purchase of shares in the Credit Union. The principle also notes that a portion of the cooperative's earnings may be distributed to members. Each year, Credit Union management considers the financial position of the Credit Union and makes a recommendation to the Board of Directors with respect to the level of dividends which may be paid on its members' shares. Based on the Credit Union's financial position on December 31, 2020, a dividend of 4%, based on the average quarterly minimum balance of members' equity share accounts, was declared.

The Credit Union invests in its local communities in the form of monetary assistance and staff time and expertise. Any donation made by Williams Lake and District Credit Union shall be deemed to have a tangible benefit to the members of Williams Lake and District Credit Union and/or its communities as a whole.

In 2020, the Credit Union provided approximately \$37,800 to support various local community activities.

While pandemic-related restrictions caused the cancellation of many community events and limited opportunities for staff to provide volunteer hours in 2020, your Credit Union remained committed to service to the community and undertook volunteer opportunities which could be done in a safe and "socially distanced" manner.

As in previous years, the Credit Union supported graduating high school students in the form of bursaries. In 2020, six deserving students were awarded bursaries totalling \$6,500.

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS

To the Members of Williams Lake and District Credit Union:

Opinion

The summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at December 31, 2020, and the summary consolidated statements of comprehensive income, changes in members' equity, and cash flows for the year then ended, are derived from the audited consolidated financial statements of Williams Lake and District Credit Union (the "Credit Union") for the year ended December 31, 2020.

In our opinion, the accompanying summary consolidated financial statements are a fair summary of the audited 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 February 17, 2021.

Management's Responsibility for the Summary Consolidated Financial Statements

Management is responsible for the preparation of 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 Standards (CAS) 810, "Engagements to Report on Summary Financial Statements."

Abbotsford, BC
February 17, 2021

MNP
Chartered Professional Accountants



SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS

Williams Lake & District Credit Union

Summarized Consolidated Statement of Financial Position

In CDN\$

For the year ended December 31, 2020	2020	2019
Assets		
Cash and cash equivalents	59,208,612	43,243,973
Investments	51,065,681	25,022,694
Member loans receivable	256,936,437	261,909,535
Income taxes receivable	106,652	-
Accounts receivable and prepaid expenses	419,082	483,660
Property, plant and equipment	2,376,239	2,700,738
Intangible assets	551,186	321,997
Deferred tax assets	145,000	58,000
	<u>370,808,889</u>	<u>333,740,597</u>
Liabilities		
Member deposits	353,687,785	317,212,883
Income taxes payable	-	25,206
Trade payables and accrued liabilities	832,079	812,990
Lease liability	107,214	235,723
Member shares	1,439,842	1,423,176
	<u>356,066,920</u>	<u>319,709,978</u>
Members' Equity		
Retained earnings	14,741,969	14,030,619
	<u>370,808,889</u>	<u>333,740,597</u>

Summarized Consolidated Statement of Comprehensive Income

In CDN\$	2020	2019
Interest income		
Member loans	9,530,499	9,674,173
Investments	830,987	743,826
	<u>10,361,486</u>	<u>10,417,999</u>
Interest expense		
Member deposits	3,438,644	2,919,965
Borrowings	20,124	35,999
	<u>3,458,768</u>	<u>2,955,964</u>
Financial margin before provision for loan impairment	6,902,718	7,462,035
Provision for loan impairment	375,469	246,557
Financial margin	6,527,249	7,215,478
Other income	2,248,840	2,178,464
Financial margin and other income	8,776,089	9,393,942

SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS

Operating expenses

Administrative expenses	2,834,113	3,372,305
Occupancy expenses	349,505	309,370
Salaries and employee benefits	4,734,405	4,526,070
	<u>7,918,023</u>	<u>8,207,745</u>
Income from operations before members' distribution and income taxes	858,066	1,186,197
Members' distribution	54,005	52,483
Income before income taxes	804,061	1,133,714
Provision for (recovery of) income taxes		
Current	179,711	312,399
Deferred	(87,000)	(116,000)
	<u>92,711</u>	<u>196,399</u>
Comprehensive income	711,350	937,315

Summarized Consolidated Statement of Changes in Members' Equity

In \$CDN	Retained Earnings
Balance, December 31, 2019	14,030,619
Comprehensive income	711,350
Balance, December 31, 2020	<u>14,741,969</u>

Summarized Consolidated Statement of Cash Flows

In \$CDN	2019	2019
Cash Flows provided by (used for)		
Operating activities	1,386,186	2,239,865
Financing activities	36,416,170	45,285,914
Investing activities	(21,837,717)	(9,737,503)
Increase (decrease) in cash and cash equivalents	15,964,639	37,788,276
Cash and cash equivalents, beginning of year	43,243,973	5,455,697
Cash and cash equivalents, end of year	<u>59,208,612</u>	<u>43,243,973</u>

On behalf of the Board

Erik Zwiers
Director

Crystal Verhaeghe
Director

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





WILLIAMS LAKE
AND DISTRICT
CREDIT UNION

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