



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

2019 ANNUAL REPORT



Advancing
cooperative
values by
putting
people
before profits



Your Credit Union had a good year in 2019.

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 were strong in 2019 and Williams Lake and District Credit Union was able to announce another 4% dividend for its member shareholders while strengthening its capital and liquidity positions.

Our external operating environment continues to be generally uncertain. Some of our communities have felt, and are still feeling, the effects of the forestry industry slowdown, experiencing mill curtailments and closures. We all share that pain and commit to working with those members who are in unfortunate and unplanned circumstances.

At the same time some of our area communities are entering into unprecedented times with announcements of more self-governance and revenue-sharing agreements with other levels of government and industry. We believe this a welcome development for the region as a whole and look forward to the future!

One of the Credit Union's strategic plan objectives is to provide education for all management, staff and directors on the history of Aboriginal peoples (specifically in our local area) as per the Truth & Reconciliation Commission's Call to Action 92 iii. Your Credit Union embarked on this education in 2019 but recognizes that more is needed. We are committed to this initiative and will do all we can to be a positive influence in the area of reconciliation.

Williams Lake and District Credit Union is a provincially regulated entity. The regulator has experienced some significant changes over the past year, moving from a department under BC's Ministry of Finance to an independent Crown Corporation now known as the BC Financial Services Authority (BCFSA). Your Credit Union views regulatory oversight as being prudent and desirable in protecting members' deposits. We look forward to the regulator's continued improvement and commitment to the health of all credit unions in BC.

Thank you to all of our staff. We do appreciate your efforts and commitment to our members, to each other, to continued learning and improvement, and to the communities we call home.

Thank you to the members of Williams Lake and District Credit Union. You are our co-operative owners and our neighbors. Your support and involvement are humbling and encouraging and help build better communities for us all.

We are in this together!

Erik Zwiers
Board Chair

Our Mission Statement is *Advancing co-operative values by putting people before profits*. One of the strategic plan objectives is *Inform the public about the nature and benefits of cooperatives*. This was accomplished through information articles posted in our Newsletters and on our Facebook page. We encourage members to follow us on Facebook to learn about the cooperative values and keep up-to-date on Credit Union activities.

Our Vision Statement is *We are part of an international movement that is essential to building sustainable, co-operative economies through people-oriented partnerships in our member communities*. As more people choose Williams Lake and District Credit Union to meet their financial service needs the Credit Union's ability to support and grow the community increases.

Your Credit Union experienced strong growth in 2019. Loans grew by 6.8%, Deposits grew by 16.24%, Wealth Management grew by 15%, and retained earnings grew by 7.2%. At the end of 2019 the Credit Union had over 14,600 member-owners. The growth numbers are a strong indication that the Credit Union has earned the trust of its communities. Our employees are a critical component of earning and retaining trust, and we are grateful for their excellent work and member service.

The financial services industry is experiencing a major transformation driven by financial technology (fintech). Each year tens of billions of dollars are invested in fintech development, creating new ways to access financial services. Williams Lake and District Credit Union is well positioned to deploy some of the emerging technology. The Credit Union's banking system, along with that of 80 other credit unions, is hosted by credit-union owned data center Celero. The data center is heavily invested in developing infrastructure that will empower credit unions to quickly deploy emerging technology solutions. Members can expect to see some new software deployments starting in 2020. Any time the Credit Union selects software solutions, the ultimate question that needs to be answered is "How will this benefit the members?" That question is top of mind for every major decision and will continue to be our North Star. Thanks to you, our members, for your continuing trust and support!

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.

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.

MANAGEMENT TEAM

Jim Zimmerman
Chief Executive Officer

Daryl Cyr
Manager, Finance

Craig Glover
Manager, Financial Planning

Nolan Hill
Manager, Operational Excellence and Credit

Charles Newberry
Manager, Human Resources

Mark Berezan
Manager, Corporate Services

Heather Callender
Branch Manager, Williams Lake

Shawna Norton
Branch Manager, 100 Mile House

Kelly Svendsen
Branch Manager, Bella Coola Valley



Cynthia Khonje



Leanne Macnair



Linda Martens



Donna Mikkelsen



Surinderpal Rathor



Crystal Verhaeghe



Karen Weightman



Erik Zwiers

Williams Lake and District Credit Union is a cooperative financial institution focused on meeting the needs of its members and the communities it serves while *advancing cooperative values by putting people before profits*. 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.

Increasing legislative and regulatory requirements, along with challenging local and global economies, require that all Directors understand and promote good governance practices within the Credit Union. Newly elected Directors are required to complete a mandatory training program *Foundations of Governance in Theory and Action* within the first year of their tenure. All Board members can access continuing education in a variety of relevant topics on an individual basis, and opportunities for development are offered to the Board as a whole throughout the year.

The *Board of Directors Terms of Reference* specifies a minimum annual education requirement for individual Directors. In 2019, all Directors met or exceeded the mandated requirement.

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. During the first year of her tenure with Williams Lake and District Credit Union, Cynthia completed Level A of the Credit Union Director Achievement program. In 2019 she completed one Level B module and one Level C module.

LEANNE MACNAIR

Williams Lake and District Credit Union Director since 2005

Leanne is an optometric assistant at Williams Lake Optometry, and manager of Kiwi Kleeners Janitorial Services. 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 2019, Leanne completed one Level C CUDA module.

Leanne is Vice-Chair of the Board of Directors and chaired the Governance and Nominating Committees in 2019.

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 2019, Linda completed the web-based portion of Level A *Foundations of Governance* of the Credit Union Director Achievement program, along with one Level B module.

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. Donna completed two Level C CUDA modules in 2019. She is a past member of the Government Finance Officers Association of BC.

Donna chaired the Audit Committee in 2019.

SURINDERPAL RATHOR

Williams Lake and District Credit Union Director since 2018

Surinderpal works 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. Surinderpal has completed Levels A and B of the Credit Union Director Achievement program. In 2019, he completed four Level B and three Level C CUDA modules. 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.

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2019 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
Cynthia Khonje	10 of 10	2 of 2 Audit 3 of 3 Nominating 1 of 1 Strategic Planning	\$4,120	\$5,416
Leanne Macnair (Board Vice-Chair)	10 of 10	2 Audit (ex officio member) 3 of 3 Conduct Review 6 of 6 Governance 2 Investment and Lending (ex officio member) 5 of 5 Nominating 2 of 2 Strategic Planning (plus 1 as ex officio member)	\$4,738	\$865
Linda Martens	6 of 6		\$1,580	\$2,588
Donna Mikkelsen	8 of 10	4 of 4 Audit 5 of 6 Governance 2 of 2 Strategic Planning	\$3,595	\$5,360
Keith Monroe	4 of 4	2 of 2 Investment and Lending 1 of 1 Strategic Planning	\$440	\$200
Surinderpal Rathor	10 of 10	4 of 4 Conduct Review 2 of 2 Investment and Lending 3 of 3 Nominating 1 of 1 Strategic Planning	\$1,320	\$3,325
Michelle Swalwell	4 of 4	2 of 2 Governance 2 of 2 Investment and Lending	\$615	\$625
Crystal Verhaeghe	8 of 10	3 of 4 Audit 6 of 7 Conduct Review 2 of 2 Investment and Lending	\$1,320	\$1,083
Steve Watson	1 of 2		\$615	\$755
Karen Weightman	9 of 10	7 of 7 Conduct Review 2 of 2 Investment and Lending 2 of 2 Nominating 3 of 3 Strategic Planning	\$2,195	\$4,436
Erik Zwiers (Board Chair)	9 of 10	2 of 2 Audit (plus 2 as ex officio member) 3 Conduct Review (ex officio member) 4 of 4 Governance 4 of 4 Investment and Lending 2 of 2 Nominating (plus 2 as ex officio member) 1 Strategic Planning (ex officio member)	\$5,155	\$1,820

Notes:

- Remuneration for the Board Chair includes a \$3,960 yearly stipend and remuneration for the Board Vice-Chair includes a \$1,980 yearly stipend.
- Total expenses for the Bella Coola Valley directors include travel and accommodation costs to attend monthly meetings held in Williams Lake.



CRYSTAL VERHAEGHE

Williams Lake and District Credit Union Director since 2014

Crystal is the owner-operator of Emoda Design – a consulting and web development business. Crystal is a member of the Tsilhqot'in First Nation community of ?Esdilagh/Alexandria and is a long-term resident of the Williams Lake area.

She 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 2019, Crystal completed one Level C CUDA module and two governance webinars.

Crystal chaired the Conduct Review and Investment and Lending Committees in 2019.

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 2019, Karen completed three Level B modules and three Level C modules from the Credit Union Director Achievement program, achieving graduation status in July 2019.

Karen chaired the Strategic Planning Committee in 2019.

ERIK ZWIERS

Williams Lake and District Credit Union Director since 2011

Erik is a co-owner / operator of Papyrus Printing Ltd. and works from its Williams Lake location. Erik resides in Williams Lake and has been a member of the Credit Union since 2004. During his tenure with Williams Lake and District Credit Union, Erik has served on the majority of the Credit Union's board committees. Erik has completed Level A of the Credit Union Director Achievement program, and in 2019 he completed one Level C CUDA module. Erik holds a Bachelor of Technology degree (Graphic Arts Management 1985) from Ryerson Polytechnical Institute. Erik has volunteered with numerous community groups over the years and served on various boards of directors in the communities he has resided in including Prince George Savings Credit Union (six years as a director), Rotary Clubs, Chambers of Commerce, local church board, and minor sports associations.

Erik is Chair of the Board of Directors.



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.

Dividends on equity shares are also paid from earnings. Each year, the CEO and the Manager, Finance consider the financial position of the Credit Union and make a recommendation to the Board of Directors with respect to the level of dividends to be paid. The Board has the final say regarding any payment of dividends.

A dividend of 4%, based on the average quarterly minimum balance of members' equity share accounts, was paid for 2019.

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 2019, the Credit Union provided approximately \$49,400 to support various local community activities. The Credit Union provides regular support to several community groups, including an annual commitment of \$10,000 in support of operations at the Williams Lake and District Credit Union Community Health Centre at Thompson Rivers University.

As in previous years, the Credit Union supported graduating high school students in the form of bursaries. In 2019, 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, 2019, 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, 2019.

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 February 19, 2020.

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 19, 2020

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, 2019	2019	2018
Assets		
Cash and cash equivalents	43,243,973	5,455,697
Investments	25,022,694	32,860,339
Member loans receivable	261,909,535	245,185,335
Accounts receivable and prepaid expenses	483,660	567,951
Property, plant and equipment	2,700,738	2,101,664
Intangible assets	321,997	940,374
Deferred tax assets	58,000	-
	<u>333,740,597</u>	<u>287,111,360</u>
Liabilities		
Member deposits	317,212,883	271,426,310
Income taxes payable	25,206	288,054
Trade payables and accrued liabilities	812,990	923,162
Deferred tax liabilities	-	58,000
Lease liability	235,723	-
Member shares	1,423,176	1,322,530
	<u>319,709,978</u>	<u>274,018,056</u>
Members' Equity		
Retained earnings	14,030,619	13,093,304
	<u>333,740,597</u>	<u>287,111,360</u>

Summarized Consolidated Statement of Comprehensive Income

In CDN\$	2019	2018
Interest income		
Member loans	9,674,173	8,294,903
Investments	743,826	886,797
	<u>10,417,999</u>	<u>9,181,700</u>
Interest expense		
Member deposits	2,919,965	2,004,966
Borrowings	35,999	28,320
	<u>2,955,964</u>	<u>2,033,286</u>
Financial margin before provision for loan impairment	7,462,035	7,148,414
Provision for loan impairment	246,557	208,158
Financial margin	7,215,478	6,940,256
Other income	2,178,464	2,487,809
Financial margin and other income	9,393,942	9,428,065

SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS

Operating expenses

Administrative expenses	3,372,305	3,001,312
Occupancy expenses	307,370	417,917
Salaries and employee benefits	4,526,070	4,323,886
	<u>8,207,745</u>	<u>7,743,115</u>
Income from operations before members' distribution and income taxes	1,186,197	1,684,950
Members' distribution	52,483	42,675
Income before income taxes	1,133,714	1,642,275
Provision for (recovery of) income taxes		
Current	312,399	288,427
Deferred	(116,000)	(2,000)
	<u>196,399</u>	<u>286,427</u>
Comprehensive income	937,315	1,355,848

Summarized Consolidated Statement of Changes in Members' Equity

In \$CDN	Retained Earnings	Accumulated other comprehensive loss	Total Equity
Balance, December 31, 2018	13,093,304	-	13,093,304
Comprehensive income	937,315	-	937,315
Balance, December 31, 2019	14,030,619	-	14,030,619

Summarized Consolidated Statement of Cash Flows

In \$CDN	2019	2018
Cash Flows provided by (used for)		
Operating activities	2,239,865	2,507,589
Financing activities	45,285,914	16,688,093
Investing activities	(9,737,503)	(29,366,427)
Increase (decrease) in cash and cash equivalents	37,788,276	(10,170,745)
Cash and cash equivalents, beginning of year	5,455,697	15,626,442
Cash and cash equivalents, end of year	<u>43,243,973</u>	<u>5,455,697</u>

On behalf of the Board

Erik Zwiers
Director

Cynthia Khonje
Director

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





WILLIAMS LAKE
AND DISTRICT
CREDIT UNION

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