



WILLIAMS LAKE
— AND DISTRICT —
CREDIT UNION



2022 ANNUAL REPORT



“We build financial security with our member-owners and communities by putting people before profits”

REPORT FROM THE BOARD CHAIR

Thank you to our members for your ongoing support, encouragement, feedback, and participation this past year!

While 2022 presented challenges to our Credit Union, we are pleased to report positive earnings, strengthened capital and liquidity positions, significant contributions both financially and with volunteer time to various local community groups, and to once again declare a 4% dividend on your membership shares.

Two of the challenges faced by all of us were the rising inflation rates over the last year, and the rapidly rising interest rate strategy that the Bank of Canada initiated to control those rising inflation numbers. This affects our members, particularly those on fixed incomes like our seniors, and those most vulnerable in our communities. The Credit Union was also affected with inflation adding to higher cost structures and rising interest rates affecting our investment portfolio, and impacting all our members that have outstanding loan balances. Challenging days certainly, but by maintaining open communication with members we are confident that we will be able to navigate the times successfully.

The Credit Union system in BC is regulated by the BC Financial Services Authority. This is good for the entire system, and for all Credit Union members. Our Credit Union welcomes this regulation and works with the regulator to continue building on our foundations. Capital Modernization guidelines and “stress” Recovery Plans are just two examples that the entire BC Credit Union system is working through to strengthen our already strong system.

I wish to express my sincere appreciation to our Credit Union’s staff again this year. Thank you for doing what you do. Day in and day out you are the team that gets it all done for our membership. You do it well and generally with a smile!

In July we celebrated Jim Zimmerman’s 10-year anniversary as our team leader and CEO. We don’t say it enough ... but thank you for all you do Jim. We do appreciate it. More recently we celebrated with Charles Newberry on his retirement from the Credit Union. Charles has been our Human Resources Manager for many years. Enjoy your retirement, Charles! And we celebrated with Bella Coola Valley Director Sandra Byun as she received her Canadian Citizenship. Citizenship in the morning, followed by board and committee meetings that afternoon!

Your Board of Directors worked hard this past year. We had a vacancy on the board with only one representative from the Bella Coola Valley. We encourage any member from the Bella Coola Valley to reach out to us if you think this is something you might wish to explore. The work is challenging but also very educational and rewarding.

As we carry on and move through 2023, I would again encourage all of us to stay positive, stay local, participate, be kind to each other, and continue to build relationships with those around you.

Erik Zwiers
Board Chair

REPORT FROM THE CHIEF EXECUTIVE OFFICER

Credit Unions have a unique ownership structure. Every person that deals with the Credit Union becomes one of the owners/shareholders of the Credit Union. That creates a unique experience for the CEO of a Credit Union. Every decision the Board and Managers make is based on what's best for the owners, who also happen to be the same people we serve.

I am very grateful for the enduring trust that the Members place in the Credit Union. Often that relationship begins at an early age and continues through their adult life.

The economic story of the year was the high rate of inflation. The Bank of Canada responded to the high inflation by raising interest rates seven times for a total increase of 4.25% in 2022. Between inflation and higher loan costs, some of the members with loans experienced financial stress on their budgets. The Credit Union staff were there to work one-on-one with these members to find solutions that relieved the financial stress. Anyone that is in that category is encouraged to meet with our staff.

For those members with savings, the higher rates come as a welcome change after going through the low-rate environment following the financial crisis in 2008 and then again during the global pandemic.

People become Members of the Credit Union by purchasing a \$25.00 share. Members have the option of acquiring up to \$1,000.00 in shares. The advantage of holding extra shares is the potential to earn a dividend. This year your Board of Directors declared a 4.00% dividend on Member shares. The payment of dividends is an example of the Cooperative Principle #3, Member Economic Participation. Surplus earnings of the Credit Union are returned to the Members/Owners.

A big thank you to all the Directors, Managers and Staff of the Credit Union for taking good care of the Members in 2022 and contributing to another successful year. The Credit Union's financial results will be discussed in detailed during the Annual General Meeting. Hope to see you there.

Jim Zimmerman
Chief Executive Officer

CEO COMPENSATION PHILOSOPHY

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

Kelly Svendson

Manager, Human Resources

Rose Swain

Manager, Accounting and Centralized Services

Heather Callender

Branch Manager, Williams Lake

Amanda Cook

Branch Supervisor, Bella Coola Valley

Shawna Norton

Branch Manager, 100 Mile House

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 Central 1 Compensation Survey, and possibly other surveys, are 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.

MEET YOUR BOARD OF DIRECTORS



Sandra Byun



Bill Collins



Crystal Hoelzler



Linda Martens



Surinderpal Rathor



Beth Veenkamp



Karen Weightman



Erik Zwiers

The Credit Union's Board, 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 2022, all Directors met or exceeded that requirement.

MEET YOUR BOARD OF DIRECTORS

SANDRA BYUN

Williams Lake and District Credit Union Director since 2021

Sandra moved to Bella Coola in 2014 and enjoys hiking, camping and spending time in the beauty and nature surrounding the community. Sailing on her partner's sailboat and exploring the lakes of the Chilcotin are two of Sandra's favorite pastimes. She worked at the Williams Lake and District Credit Union Bella Coola Valley Branch before starting at the Central Coast Regional District where she is now the Chief Finance Officer.

In 2022, Sandra completed two of the required Level B courses offered through the Credit Union Director Achievement program. She looks forward to furthering her learning as a Director which will in turn make her better at her day job.

BILL COLLINS

Williams Lake and District Credit Union Director since 2021

Bill retired in 2015 after nearly forty years working in the credit union system and returned to Williams Lake in 2019 so that he and his spouse could be closer to family and friends. Working within the credit union system allowed him to gain hands-on experience in the areas of governance, strategic planning, anti-money laundering legislation, privacy, and the legislation governing the day-to-day operation of a credit union. Bill feels that serving on the Williams Lake and District Credit Union Board of Directors will give him a chance to give back to the credit union system. In 2022, Bill completed one of the required Level B courses and attended one Continuing Education course offered through the Credit Union Director Achievement program.

Bill's volunteer resume includes time with Rotary, Chamber of Commerce, and various golf clubs. He volunteered for the BC Winter Games in Williams Lake (2002), and Kamloops (2018) and now that he is retired, he spends a considerable amount of time on the golf course.

Bill chaired the Audit Committee in 2022.

MEET YOUR BOARD OF DIRECTORS

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 certification in Enneagram Coaching. In 2022, Crystal attended one Continuing Education course offered through the Credit Union Director Achievement program.

Crystal chaired the Strategic Planning Committee in 2022.

LINDA MARTENS

Williams Lake and District Credit Union Director since 2019

Linda is also a School District 27 Trustee, a Royal Canadian Legion Branch 261 (Forest Grove) member (retired Canadian Forces) and the Regional Mentor for the BC Community Response Networks. Linda resides in 100 Mile House and has been a member of the Credit Union since 2015. Linda attends Continuing Education courses offered through the Credit Union Director Achievement program and currently has achieved Level C of Director Achievement.

Linda chaired the Conduct Review Committee in 2022.

Continued on page 10.

2022 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
		Audit	Conduct Review	Enterprise Risk Management	Governance	Investment and Lending	Nominating	Strategic Planning		
Sandra Byun	8 of 10	7 of 7					4 of 4	3 of 4	\$4,024	\$1,582
Bill Collins	10 of 10	7 of 7		6 of 6		3 of 3			\$4,559	\$1,774
Crystal Hoelzler	10 of 10	11 of 11		3 of 3			1 of 1	4 of 4	\$4,182	\$1,223
Linda Martens	7 of 10		5 of 9			2 of 5	3 of 4		\$4,619	\$2,553
Donna Mikkelson	3 of 4	4 of 4			2 of 2				\$1,061	\$200
Surinderpal Rathor	10 of 10		9 of 9	3 of 3	3 of 4	5 of 5	5 of 5		\$4,932	\$1,034
Beth Veenkamp	5 of 6								\$2,963	\$1,839
Crystal Verhaeghe	3 of 4	4 of 4			1 of 2				\$1,311	\$200
Karen Weightman (Board Vice-Chair)	10 of 10		8 of 9		5 of 6		1 of 1	4 of 4	\$4,674	\$972
Erik Zwiars (Board Chair)	10 of 10	9 (ex officio member)	4 (ex officio member)	5 of 6	6 of 6	5 of 5	2 (ex officio member)	3 (ex officio member)	\$6,255	\$1,824

Notes:

- 2022 Annual Remuneration Rates: Board Chair - \$5,730 Vice-Chair - \$3,714 Director - \$3,183
- The Chairs of the Audit, Governance and Investment and Lending Committees receive \$750 annual differential payment
- All remuneration is prorated to actual months of service during the year

MEET YOUR BOARD OF DIRECTORS

SURINDERPAL RATHOR

Williams Lake and District Credit Union Director since 2018

Surinderpal retired from Tolko Industries Ltd. as a certified journeyman electrician after serving for 46 years. 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 2022, he attended one Continuing Education course offered through 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.

In the Fall of 2022, Surinderpal was elected and sworn in as Mayor of Williams Lake.

Surinderpal chaired the Investment and Lending Committee and the Nominating Committee in 2022.

BETH VEENKAMP

Williams Lake and District Credit Union Director since 2022

Beth grew up in Williams Lake and moved back with her family in 2017, taking on the role of Economic Development Officer with the City of Williams Lake. Her role with the City is to assist in developing a business climate that will attract investment and residents to the area. She works directly with businesses to link them to local services and supports and brings with her a strong entrepreneurship development background. Beth is keenly interested in community development and sees joining the Williams Lake and District Credit Union as a way to support achieving better economic prosperity and investment in the region. She is looking forward to learning more about the financial industry and the benefits to be had by communities with a robust roster of Credit Union members.

Beth completed the required Level A courses and attended one Continuing Education course offered through the Credit Union Director Achievement program in 2022.

MEET YOUR BOARD OF DIRECTORS

KAREN WEIGHTMAN

Williams Lake and District Credit Union Director since 2017

Karen has lived in 100 Mile House since 1992 and has extensive business, marketing, sales, management, and facilitation experience from a diverse work history. Karen retired in 2018 and after taking several quilting classes now works one day a week at the quilt store in 100 Mile House where she continues to take classes.

Karen believes in the philosophy of cooperative systems and the benefits to the communities they serve. Karen enjoys her position as a Director for the Williams Lake and District Credit Union to support the membership it serves. In 2022, Karen completed three Continuing Education webinars offered through the Credit Union Director Achievement program.

Karen was Vice-Chair of the Board of Directors and chaired the Governance Committee in 2022.

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 Enterprise Risk Management Committee, Chair of the Investment and Lending Committee, and Chair of the Nominating Committee. Erik attended one Continuing Education course offered through the Credit Union Director Achievement program in 2022. 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.

ALLOCATION OF EARNINGS

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, 2022, 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 2022, the Credit Union provided approximately \$48,173 and over 530 volunteer hours to support various local community activities.

As in previous years, the Credit Union supported graduating high school students in the form of bursaries. In 2022, seven deserving students were awarded bursaries totalling \$7,000.

SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT 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, 2022, 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, 2022.

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 15, 2023.

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 15, 2023

MNP
LLP
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, 2022	2022	2021
Assets		
Cash and cash equivalents	54,533,832	31,518,452
Investments	76,385,064	110,676,042
Member loans receivable	274,355,285	269,545,645
Income taxes receivable	94,495	-
Accounts receivable and prepaid expenses	213,782	515,041
Property, plant and equipment	3,025,320	3,273,547
Intangible assets	744,862	586,222
Deferred tax assets	50,000	88,000
	<u>409,402,640</u>	<u>416,202,949</u>
Liabilities		
Member deposits	389,884,835	397,130,548
Income taxes payable	-	4,745
Trade payables and accrued liabilities	925,090	905,336
Lease liability	1,111,810	1,223,743
Member shares	1,449,622	1,454,118
	<u>393,371,357</u>	<u>400,718,490</u>
Members' equity		
Retained earnings	16,031,283	15,484,459
	<u>409,402,640</u>	<u>416,202,949</u>

Summarized Consolidated Statement of Financial Position

In CDN\$	2022	2021
Interest income		
Member loans	9,088,615	8,647,964
Investments	1,207,732	600,018
	<u>10,296,347</u>	<u>9,247,982</u>
Interest expense		
Member deposits	2,712,366	2,460,750
Borrowings	31,422	18,341
	<u>2,743,788</u>	<u>2,479,091</u>
Financial margin before provision for loan impairment	7,552,559	6,768,891
Provision for loan impairment	202,680	202,671
Financial margin	7,349,879	6,566,220
Other income	2,529,628	2,711,304
Financial margin and other income	9,879,507	9,277,524

SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS

In \$CDN	2022	2021
Operating expenses		
Administrative expenses	3,363,626	2,908,598
Occupancy expenses	377,484	352,423
Salaries and employee benefits	5,408,690	4,977,727
	9,149,800	8,238,748
Income from operations before members' distribution and income taxes	729,707	1,038,776
Members' distribution	54,544	54,782
Income before income taxes	675,163	983,994
Provision for income taxes		
Current	90,339	184,504
Deferred	38,000	57,000
	128,339	241,504
Comprehensive income	546,824	742,490

Summarized Consolidated Statement of Changes in Members' Equity

In \$CDN	Retained Earnings
Balance, December 31, 2020	14,741,969
Comprehensive income	742,490
Balance, December 31, 2021	15,484,459
Comprehensive income	546,824
Balance, December 31, 2022	16,031,283

Summarized Consolidated Statement of Cash Flows

In \$CDN	2022	2021
Cash Flows provided by (used for)		
Operating activities	2,344,643	1,394,290
Financing activities	(7,860,801)	43,686,167
Investing activities	28,531,538	(72,770,617)
Increase (decrease) in cash and cash equivalents	23,015,380	(27,690,160)
Cash and cash equivalents, beginning of year	31,518,452	59,208,612
Cash and cash equivalents, end of year	54,533,832	31,518,452

On behalf of the Board

Erik Zwiers
Director

Bill Collins
Director

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



WILLIAMS LAKE
AND DISTRICT
CREDIT UNION

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