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WILLIAMS LAKE
AND DISTRICT
CREDIT UNION

ANNUAL REPORT



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



REPORT FROM THE BOARD CHAIR

For the year 2023 we are pleased to report improved earnings and strengthened capital and liquidity positions. We made significant contributions financially, and with volunteer time, to many local community groups all over our region. We were also able to declare a 5.4% dividend on your membership shares.

Challenges again presented themselves over the year 2023: for our Credit Union, our communities and for many of our members. Higher interest rates and inflation rates that stayed stubbornly high being just two obvious ones. Your Credit Union actively monitors risks, takes actions that mitigates them, and closely monitors those risk areas while balancing the varied needs of all our members, no matter the age, geographic location, or preferred method of interacting with the Credit Union. We are a unique group of individuals! All EQUAL, appreciating the fact that we are LOCAL, and care deeply about our COMMUNITY.

Credit Unions in BC are regulated by the BC Financial Services Authority. This is good for the system and for all Credit Union members. We welcome this regulation and work positively with BCFSa to continue building upon our foundations. Our goal is to remain relevant, to be resilient, and to be “there” for our member-owners and communities in our unique and special space in BC. We are proud to be significant contributors in each of our communities.

On behalf of the Board of Directors, I wish to express my appreciation to our staff and management again this year. Thank you for doing what you do and for doing it well. We appreciate you and your efforts.

I want to thank the seven Directors on the Board who represented all our members well this past year. We had no representative from the Bella Coola Valley area on the board, yet time and again Directors took the time to remember that we represent ALL members while considering decisions that must be made. 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 2024, I encourage you to stay positive, to stay local, to participate, to be kind, to learn new things, and continue to build relationships with those around you.

Erik Zwiars
Board Chair

REPORT FROM THE CHIEF EXECUTIVE OFFICER

If you want to walk into your financial institution and be treated like you own the place no matter how much money you have, then belonging to Williams Lake and District Credit Union is the right choice for you. Your \$25 membership literally makes you an owner. It entitles you to a portion of the Credit Union's profits and to have a say in how we're run. This year the Credit Union's Board approved a dividend payment of 5.4% on shares. Members that topped up their share account to \$1,000.00 received the dividend on their full balance.

Financial Technology – colloquially known as “FinTech” – has grown in recent years. Financial services that were once exclusively offered by brick-and-mortar financial institutions are now provided by all types of entities, from emergent start-ups to large conglomerates.

Challenges and opportunities in the FinTech industry have attracted a regulatory response by the Federal Government of Canada. At the same time, technological innovation and efficiencies have opened the door to more modernized processes in payments and the potential advent of open banking in Canada.

Over the past few years your Credit Union has invested to ensure our payment service provider, Central 1, is well prepared to be compliant with legislation for the modernization of payment services.

Open banking facilitates the free exchange of consumer data, processes, and other information between providers of financial services. Consumers would have the ability to opt-in to open banking initiatives by authorizing their financial service providers to share their consumer data with third parties through digital channels. An open banking system would also allow financial service providers to read and use consumer data, initiate actions such as making payments on a consumer's behalf or allow for portability between providers.

Canada's Federal Government plans to introduce open banking legislation in 2024. Your Credit Union's digital banking platform is on track to be compliant with the upcoming legislation.

A big thank you to all the Directors, Managers and Staff of the Credit Union for taking good care of the Members in 2023 and contributing to another successful year. The Credit Union's financial results will be discussed in detail 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

Heather Callender

Branch Manager, Williams Lake

Amanda Cook

Branch Supervisor, Bella Coola Valley

Daryl Cyr

Manager, Enterprise Risk and Compliance

Craig Glover

Manager, Financial Planning

Nolan Hill

VP Operations

Shawna Norton

Branch Manager, 100 Mile House

Dan Peters

Manager, Information Technology and Security

Kelly Svendsen

Manager, Human Resources

Rose Swain

Manager, Finance

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 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.

MEET YOUR BOARD OF DIRECTORS

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 2023, six of seven Directors met or exceeded that requirement.



ERIK ZWIERS, BOARD CHAIR

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 attended one Continuing Education course offered through the Credit Union Director Achievement program in 2023. 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.

MEET YOUR BOARD OF DIRECTORS



BILL COLLINS, BOARD VICE-CHAIR

Williams Lake and District Credit Union Director since 2021

Bill retired from the Credit Union system in 2015 where he had worked in operations for over forty years. He and his wife returned to Williams Lake in 2020 so that they could be close 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 operations of a credit union. Bill feels that by serving on the Williams Lake and District Credit Union Board of Directors it will give him the opportunity to give back to the credit union system. Bill has completed three years on the Board during which time he has completed a number of required Continuing Education courses offered through the Credit Union Director Achievement program.

Bill has chaired the Audit Committee for the past two years and this past year also served as Chair of the Investment and Lending Committee and the Enterprise Risk Management Committee. Along with these Bill was elected Vice-Chair for 2023.

Being a Credit Union Director over the past three years has been very rewarding, helping with guiding the Credit Union through some difficult times has been a challenge that your Board has taken on headfirst. As a co-operative we need to work together, members, board and staff to continue to be a successful organization. Along with the Board and Staff, Bill is dedicated to you our members, to provide all members with the very best financial and personal service possible. As part of a very active Board, Bill is proud to say we are working together to that end.

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), now that he is retired, he keeps himself busy in the summer on the golf course and in winter with stick curling and bowling twice a week.



CRYSTAL HOELZLER

Williams Lake and District Credit Union Director since 2020

Crystal is a licensed REALTOR® working with her husband as a team - Hoelzler Property Group out of RE/MAX Williams Lake Realty. She has always had a big passion for encouraging people however she can. From a past of esthetics, gym owner and fitness instructor, personal coaching, and now real estate her experience in service makes being a director on this community-minded board a great fit.

Crystal has lived in Williams Lake almost all her life, knows that it is a great place to raise a family, and wants to see it flourish. Her love of personal and professional growth leads her to continue taking courses offered through the Credit Union Director Achievement program. In 2023, Crystal attended one Continuing Education course through the program.

Crystal chaired the Strategic Planning Committee in 2023.



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 has achieved Level C of the Credit Union Director Achievement program.

Linda did not meet the annual Continuing Education requirement for 2023; however, she tendered her resignation from the Board effective the close of the 2024 Annual General Meeting.

Linda chaired the Conduct Review and Nominating Committees in 2023.

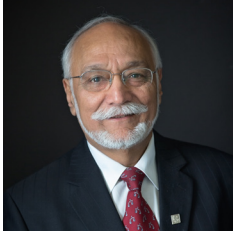
2023 BOARD AND COMMITTEE MEETING ATTENDANCE AND COMPENSATION

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	2 of 4	3 of 4					1 of 2	0 of 2	\$1,523	\$998
Bill Collins (Board Vice-Chair)	10 of 10	8 of 8		6 of 6		5 of 5			\$6,137	\$936
Crystal Hoelzler	8 of 10	7 of 8		2 of 2	2 of 4			5 of 5	\$4,733	\$1,386
Linda Martens	8 of 10	3 of 4	5 of 6			2 of 2	6 of 6		\$4,690	\$1,645
Surinderpal Rathor	8 of 10		5 of 6		4 of 5	3 of 5	2 of 2	2 of 3	\$4,780	\$921
Beth Veenkamp	9 of 10		5 of 5			3 of 3	4 of 4	2 of 2	\$4,360	\$921
Karen Weightman	10 of 10		0 of 1	3 of 4	9 of 9		2 of 4	4 of 5	\$6,382	\$3,423
Erik Zwiars (Board Chair)	10 of 10	5 (ex officio member)	1 (ex officio member)	6 of 6	9 of 9	3 (ex officio member)	1 (ex officio member)	4 (ex officio member)	\$7,461	\$1,663

Notes:

- 2023 Annual Remuneration Rates: Board Chair - \$5,959 Vice-Chair - \$3,863 Director - \$3,310
- The Chairs of the Audit, Governance and Investment and Lending Committees receive \$800 annual differential payment; the Chairs of the other Committees receive \$250 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 2023, 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 Councillor. 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 was elected and sworn in as Mayor of Williams Lake in the Fall of 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 attended one Continuing Education course offered through the Credit Union Director Achievement program in 2023.



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 quilting classes and working part time at the quilt store in 100 Mile House, she now teaches a few 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 supporting the membership it serves. In 2023, Karen attended one Continuing Education course offered through the Credit Union Director Achievement program.

Karen sat on four board committees and chaired the Governance Committee in 2023.



SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS

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, 2023, a dividend of 5.4%, 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 2023, the Credit Union provided approximately \$61,272 and over 760 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 2023, \$7,000 in bursary awards was available for deserving students in our three communities.

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, 2023, 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, 2023.

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 14, 2024.

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 14, 2024

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, 2023	2023	2022
Assets		
Cash and cash equivalents	39,744,630	54,533,832
Investments	98,732,917	76,385,064
Member loans receivable	281,777,766	274,355,285
Income taxes receivable	-	94,495
Accounts receivable and prepaid expenses	441,312	213,782
Property, plant and equipment	3,070,677	3,025,320
Intangible assets	732,696	744,862
Deferred tax assets	-	50,000
	<u>424,499,998</u>	<u>409,402,640</u>
Liabilities		
Member deposits	403,522,441	389,884,835
Income taxes payable	104,761	-
Trade payables and accrued liabilities	1,271,927	925,090
Lease liability	993,967	1,111,810
Deferred tax liabilities	154,000	
Member shares	1,432,593	1,449,622
	<u>407,479,689</u>	<u>393,371,357</u>
Members' equity		
Retained earnings	17,020,309	16,031,283
	<u>424,499,998</u>	<u>409,402,640</u>

Summarized Consolidated Statement of Comprehensive Income

In CDN\$	2023	2022
Interest income		
Member loans	10,344,235	9,088,615
Investments	5,505,548	1,207,732
	<u>15,849,783</u>	<u>10,296,347</u>
Interest expense		
Member deposits	6,487,381	2,712,366
Borrowings	21,577	31,422
	<u>6,508,958</u>	<u>2,743,788</u>
Financial margin before provision for loan impairment	9,340,825	7,552,559
Provision for loan impairment	327,435	202,680
Financial margin	9,013,390	7,349,879
Other income	2,412,986	2,529,628
Financial margin and other income	<u>11,426,376</u>	<u>9,879,507</u>

SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS

In \$CDN	2023	2022
Operating expenses		
Administrative expenses	3,901,314	3,363,626
Occupancy expenses	433,170	377,484
Salaries and employee benefits	5,623,252	5,408,690
	<u>9,957,736</u>	<u>9,149,800</u>
Income from operations before members' distribution and income taxes	1,468,640	729,707
Members' distribution	70,412	54,544
Income before income taxes	1,398,228	675,163
Provision for income taxes		
Current	205,202	90,339
Deferred	204,000	38,000
	<u>409,202</u>	<u>128,339</u>
Comprehensive income	<u>989,026</u>	<u>546,824</u>

Summarized Consolidated Statement of Changes in Members' Equity

In \$CDN	Retained Earnings
Balance, December 31, 2021	15,484,459
Comprehensive income	546,824
Balance, December 31, 2022	16,031,283
Comprehensive income	989,026
Balance, December 31, 2023	<u>17,020,309</u>

Summarized Consolidated Statement of Cash Flows

In \$CDN	2023	2022
Cash Flows provided by (used for)		
Operating activities	4,584,179	2,344,643
Financing activities	11,633,736	(7,860,801)
Investing activities	(31,007,117)	28,531,538
Increase (decrease) in cash and cash equivalents	(14,789,202)	23,015,380
Cash and cash equivalents, beginning of year	54,533,832	31,518,452
Cash and cash equivalents, end of year	<u>39,744,630</u>	<u>54,533,832</u>

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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