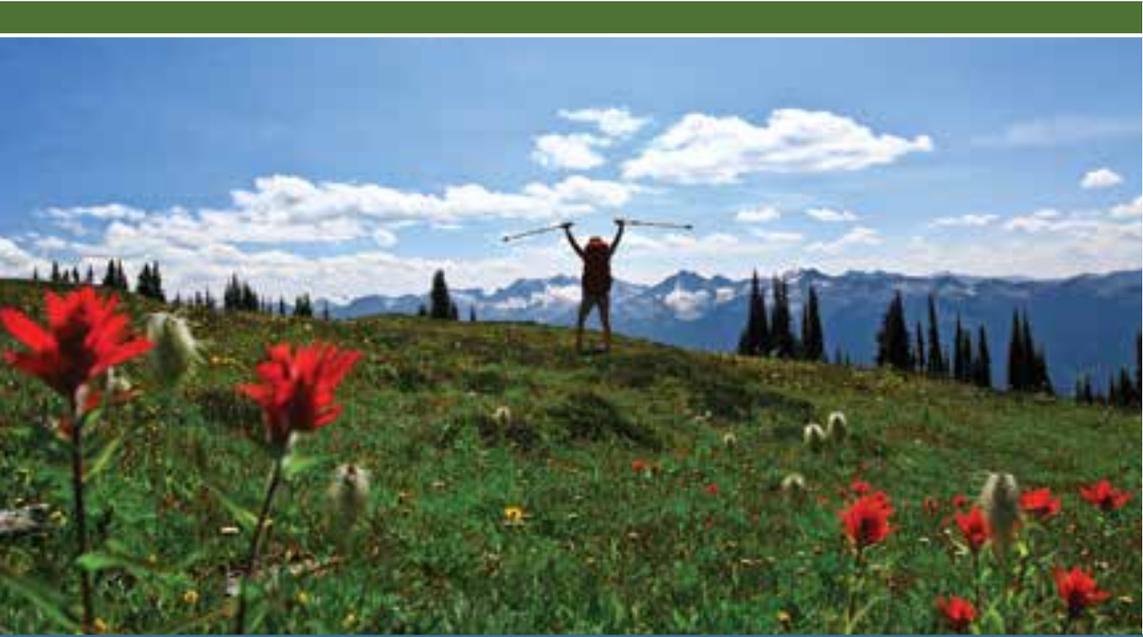


Nelson & District

CREDIT UNION  *Logically. Locally.*



JOIN US

2013 Annual Report

YEAR IN REVIEW 2013

Nelson & District Credit Union will always encourage people to “Join Us.” Our members share a common goal: a commitment to keeping interest local by banking local. Members who support their Credit Union contribute to a vibrant community and a dynamic local economy, while ensuring the sustainability of a long-standing community cornerstone.

Investing in your community promotes practical economics: every dollar that remains has a multiplier effect. When you borrow and invest with Nelson & District Credit Union, we can continue to actively help the local economy by cycling investment back into your community.

Governed by a volunteer board of directors that is elected by the membership, NDCU is shaped through your ownership; a member share ensures we all have an equal voice in its direction.

Care and caring are at the heart of the credit-union movement. Your Credit Union is committed to supporting worthwhile causes in our communities. The Community Investment Program distributed \$109,399 in 2013, with close to \$3 million in cumulative giving since its inception. Once again, the financial support of members provided exceptional programming, events and experiences.

NDCU embraces investment in community foundations that provide financial support in perpetuity. In 2013, your Credit Union continued relationships with several local foundations; one of our longest

associations is with the Osprey Community Foundation, a public, charitable foundation created by and for the people of Nelson, BC, and the surrounding area.

“Social giving strengthens and binds community, and both NDCU and Osprey are huge advocates for this,” says foundation Chair and Credit Union Operations Manager Tom Murray. “Credit unions and community foundations share many of the same values, with “caring for community” right at the top. Osprey is very appreciative of the support we have received from the members of NDCU over the years, and they admire your commitment to improving the quality of life for local residents.”

In the spirit of co-operation, we strive to foster and maintain innovative alliances. Embracing the sixth principle of co-operatives, NDCU looks for many ways to improve our communities through collaboration. In 2013, we partnered with Kootenay Savings Credit Union, Columbia Basin Trust, City of Rosland and Regional District

Canada Day sponsorship of Nelson's waterfront Streetcar #23





Nelson's LV Rogers Secondary School celebrates the arts



Rossland's Black Jack Ski Club

Kootenay Boundary-Area B to support the Rossland branch of the Kootenay Carshare Co-op's purchase of a vehicle.

"Sharing a vehicle can save you money, spare you hassles and reduce your environmental impact," explains Ann Damude, Rossland branch manager of the co-op. "The carshare takes care of insurance costs, gas costs and maintenance." She adds, "The support of our community funding partners made it possible to launch this carshare branch. Now it's up to us to grow."

Your Credit Union has a dedicated team that addresses the importance of a balanced approach to workplace wellness. They offer challenging initiatives and incentives that are fun, inclusive and supportive of all employees.

Wellness Team member Cheresse Guille states, "Our team works hard to encourage and motivate staff to participate in physical activities, be mindful of their mental health, maintain a balanced lifestyle and have fun. We accomplish this through challenges, workshops, guest speakers, a nutrition budget and social events. We feel that our encouragement and initiatives make a positive difference to all staff."

Nelson & District Credit Union is devoted to the future of our organization and our communities by making a commitment to youth. Check out zippitydog.com for financial information for youth and theys.ca for Credit Union-sponsored, youth co-op learning experiences.

We recognize youth as a vital component of our communities. NDCU continually strives to offer education and solutions that best serve their needs. Youth who participate in the local Skills Link program benefit directly from regular presentations by your Credit Union.

"NDCU offers an invaluable service to youth, as a lack of knowledge on the topic of financial literacy can often contribute to challenges as young adult's transition into the adult world," says Nicole Arbour, Skills Link facilitator at the Nelson & District Youth Centre. "The Credit Union directly contributes to the success of our program and to the financial health of youth. We look forward to continuing this partnership in the future."

Thank you for keeping interest dollars and decision-making local, and for having "joined us." We are always proud to say, "Logically. Locally."

Rossland introduces the Kootenay Carshare Co-op



East Shore Tipi Camp



REPORT FROM THE CEO AND CHAIR



John Edwards

John Edwards, Chair

In last year's report, we discussed that Nelson & District Credit Union was at "war with the economy." We are pleased to report the tide of the economic war is turning in your Credit Union's favour. In the past year, there have been numerous positive signs that have positioned your Credit Union for future growth and prosperity, which is good news for your Credit Union and the communities we serve.

The Board of Directors-established Future Directions Committee continues to meet monthly to discuss your Credit Union's future and how the financial industry is changing, especially in the way members process transactions. The committee recently reviewed NDCU's membership trends for online usage:

- 67% of our members have online banking access
- 58% of these members have chosen not to receive mailed paper statements
- 57% of our members over 60 years of age have online banking access
- 84% of our members aged 19 to 30 years have online banking access

The Future Directions Committee is composed of employees, management and board members. We anticipate this committee will finish their work by December 31, 2014, with recommendations for positive actions NDCU can take to keep us a vital and innovative part of our communities.

NDCU's operating environment improved during the past year. Some highlights:

- Assets increased by 5% to \$182.5 million.
- Members' deposits increased by 5% to \$166.9 million.
- Operating expenses were well controlled during the year and dropped by 2.7%.
- Net income for the year was \$225,284 versus 2012 net income of \$13,712.
- Financial margin stopped the downward trend of the past five years.
- NDCU amicably completed union negotiations and signed a new three-year contract.
- NDCU completed negotiations with our technology supplier to provide NDCU with access to an email money-transfer product. We look forward to delivering this highly requested product.
- Nelson & District Credit Union's 100%-owned subsidiary Allard Insurance Agencies Ltd., which in turn has one-third ownership in Kootenay Insurance Services Ltd. and NDCU MoneyWorks, performed well during the year and increased the financial return.
- The Community Investment Program continued to be active in the past year with contributions to over 140 community organizations.



Doug Stoddart

Doug Stoddart, CEO

This past year has seen the regulatory burden on your Credit Union continue to increase. New legislation has recently been passed introducing us to the Foreign Account Transaction Compliance Act (FATCA),

as well as increased monitoring requirements for Anti-Money Laundering and Terrorism (FINTRAC) reporting, Anti-Spam legislation (CASL) and BC Recycling legislation (MMBC).

Legislation is a positive step for society's security, but it does pose some issues around privacy, and it is an added cost for your Credit Union to comply with the regulations. NDCU is training employees to ensure our account documentation meets regulatory standards and that transactions are monitored appropriately. We appreciate the members' patience as we are required to review member documentation on a regular basis.

Your Credit Union continues to be committed to the communities we serve. In 2014, we expect our cumulative investment to local organizations will surpass \$3 million. When this program started in the late 1990s, our intent was to support the many community groups and dedicated volunteers to help keep their activities sustainable and our communities vibrant. The program has been a success, and we thank all those individuals who take their own time and invest it into our communities.

In closing, we thank the employees who are dedicated in their search of knowledge and for their enthusiasm to serve the membership. The Board is dedicated to supporting the staff and at the same time increasing their own knowledge to better serve you—the members!

MESSAGE TO MEMBERS

The accompanying condensed consolidated financial statements have been prepared from the consolidated statement of financial position of Nelson & District Credit Union as at December 31, 2013, and the consolidated statement of comprehensive income for the year then ended. Readers are cautioned that these condensed financial statements do not include all the disclosures necessary for complete and fair presentation. Complete audited financial statements for the year ended December 31, 2013, together with the auditor's report thereon, are available at any branch of Nelson & District Credit Union or online at www.nelsoncu.com in the Corporate Reports section.


Doug Stoddart, CEO


John R. Yowek, CGA, Controller

PEOPLE



COMMUNITY INVESTMENT



INNOVATION



WELLNESS



YOUTH



NDCU'S KEY STRATEGIES

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at December 31, 2013

Members' Equity



Assets



ASSETS

	2013	2012
Cash & cash equivalents	\$ 8,066,286	\$ 4,530,056
Investments	45,418,646	51,985,957
Investments in associates	3,609,967	3,248,198
Members' loans	121,748,931	110,816,868
Property and equipment	1,628,413	1,718,393
Intangible assets	578,852	708,399
Investment property	1,099,439	1,116,793
Other assets	388,335	438,047
	<u>\$ 182,538,869</u>	<u>\$ 174,562,711</u>

LIABILITIES and MEMBERS' EQUITY

Members' Deposits		
Demand	\$ 113,623,539	\$ 106,338,546
Terms	26,513,899	26,736,649
Registered savings plans	26,617,670	26,001,916
Non-equity shares	235,713	277,741
	<u>166,990,821</u>	<u>159,354,852</u>
Other liabilities	928,135	1,007,833
Deferred income tax liability	307,000	249,550
	<u>\$ 168,225,956</u>	<u>\$ 160,612,235</u>
Members' Equity		
Members' shares	916,000	967,977
Retained earnings	13,121,154	12,706,740
Accumulated other comprehensive income	275,759	275,759
	<u>14,312,913</u>	<u>13,950,476</u>
	<u>\$ 182,538,869</u>	<u>\$ 174,562,711</u>

Approved by the Directors:

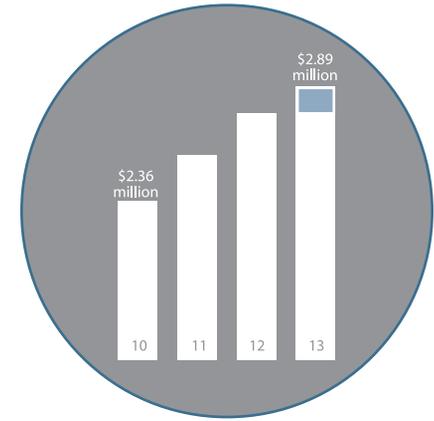
James G. Anderson *Alfred*

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

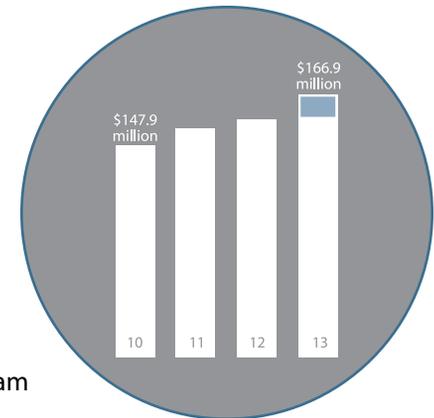
for the year ended December 31, 2013

	2013	2012
Interest revenue	\$ 5,972,621	\$ 6,110,588
Interest and loan related expenses	1,369,840	1,512,298
Financial margin	4,602,781	4,598,290
Other income	1,451,844	1,316,527
	<u>\$ 6,054,625</u>	<u>\$ 5,914,817</u>
Operating expenses		
Salaries and employee benefits	\$ 3,552,894	\$ 3,546,787
Community investment program	109,399	158,118
Distribution to members	43,564	38,995
Other administrative expenses	2,093,034	2,212,355
	<u>5,798,891</u>	<u>5,956,255</u>
Income (loss) before tax	\$ 255,734	\$ (41,438)
Current and deferred income taxes (recovery)	30,450	(55,150)
Net income	\$ 225,284	\$ 13,712
Other comprehensive income	-	275,759
Discontinued operations gain (loss)	189,130	(37,647)
Total comprehensive income	<u>\$ 414,414</u>	<u>\$ 251,824</u>

Cumulative Investment
In Our Communities



Members' Deposits



Approved complete consolidated financial statements including notes and Community Investment Program report are available at any branch of NDCU or on our website in the Corporate Reports section.

Nelson Community Branch

501 Vernon Street, Nelson
250.352.7207

Personal & Business Banking
Financial Planning

Rossland Community Branch

2071 Columbia Avenue, Rossland
250.362.7393

Personal & Business Banking
Financial Planning

East Shore Community Branch

16030 Hwy 3A, Crawford Bay
250.227.9221

Personal & Business Banking
Financial Planning

info@nelsoncu.com



>> logically. locally.

General Insurance



www.kootenayinsurance.ca

Financial Planning



www.nelsoncu.com/moneyworks

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100milmortgage.com

nelsoncu.com

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