

Nelson & District

CREDIT UNION  *Logically. Locally.*



MAKE A DIFFERENCE

2014 Annual Report

YEAR IN REVIEW 2014

Nelson & District Credit Union strives to “Make a Difference.” Our members share a common goal: a commitment to keeping interest local by banking locally. Members who support us contribute to a vibrant community and a dynamic local economy, while ensuring the viability of a long-standing community-based financial institution.

Investing in your Credit Union promotes vitality: every dollar that remains has a multiplier effect. When you borrow and invest with us, we can continue to actively help the local economy by cycling money 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 future. Board members represent the membership’s collective values concerning social, environmental and corporate responsibility while setting the Credit Union’s strategy and direction.

Care and caring are at the heart of the credit-union movement. Your Credit Union is committed to supporting worthwhile causes. The Community Investment Program distributed \$141,875 in 2014. Once again, the financial support of members provided exceptional programming, infrastructure, events and experiences in our communities.

www.nelsoncu.com

Many are familiar with the saying “the credit-union difference.” It was 57 employees that made that difference when Nelson & District Credit Union broke through the \$3-million mark in community giving from its Community Investment Program.

Some might have called it a coincidence that World Kindness Day fell on the same day the program reached this impressive milestone, but it was not. To celebrate kindness, community and co-operation, each employee played a role in surpassing the \$3-million mark by recognizing a volunteer in the community who stood out to them and making a donation in that volunteer’s name to the community group they are affiliated with.

Nelson & District Credit Union embraces investment in larger-scale community initiatives with long-term impacts that support our vibrant youth population. A long-standing relationship with the Rossland Skatepark Association culminated at the end of 2014 with a \$10,000 matching contribution to their “\$30K in 30 days” campaign. “We’ve been working for years to bring a world-class skatepark to Rossland,” says Robin Strachan, RSA board member. “It would be



impossible without the strong support of NDCU who understand the value of investing in making our community stronger and a better place to live. In a small town, this kind of support is essential.”

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 2014, we partnered with the Nelson & District Chamber of Commerce to encourage individuals to shop locally.

“The economic benefits of supporting local business through shop-local campaigns are readily documented,” states Tom Thomson, executive director of the Nelson & District Chamber of Commerce. “One of the key components is community sustainability and collective prosperity. Locally owned businesses hire locally, pay taxes, spend time on community-based decisions and, in turn, create opportunity for the community. The Credit Union has been very supportive of the Chamber and the educational ‘Think Local First’ marketing campaign...NDCU gets it!”

www.nelsoncu.com

Nelson & District Credit Union is devoted to the future of our organization and our communities by making a commitment to local youth through financial literacy education, sponsorships, scholarships and bursaries.

“The East Shore is very grateful for the years of financial support received for youth by NDCU,” says Sandra Bernier, WISE Program Coordinator. “Many local teens have had the opportunity to participate in the Tipi Camp-Wilderness Immersion for Self Esteem bursary program due to their generous funding stream. The life-changing experiences at Tipi Camp continue to enrich this community and help youth grow into responsible, confident and contributing community members. Thank you Nelson & District Credit Union for investing in local youth as they are a valuable asset to this community and to the world.”

Thank you for choosing to bank locally and “Making a Difference” with our Credit Union. We are always encouraged by the comments from our members and commitment from our board of directors and staff, and we are proud to say, “Logically. Locally.”



REPORT FROM THE CHAIR

Greetings,

I'm pleased to report that NDCU has a very dedicated board who takes their role, on your behalf, very seriously.

Many Credit Union members may not have a clear understanding of their board of directors' role in the operation of their Credit Union. It is the responsibility of your board to set the strategy and direction for NDCU.

The board is elected by members to represent the collective values that benefit them most. As directors, we receive a monthly stipend for our commitment, plus reimbursement for the expenses we incur. The current stipend at NDCU is \$450 per month for directors and \$900 for the board chair. The chair is elected annually by the board's members.

Your directors attend monthly board meetings that require four to five hours of their time, and they pre-read 100 to 200 pages of material that include past meeting minutes, background information for discussion topics, financial statistics, updates from our subsidiary companies and our provincial Credit Union Central, as well as reports from management and from directors who have attended director training courses.

Interspersed between those meetings, we have committee meetings, which run from one to two hours. Each board member, on average, is on three advisory committees of which many are mandated by provincial credit-union regulation. NDCU's committees currently include Investment and Lending, Audit, Governance, Conduct Review, Nominations, Executive and Future Directions. This can quickly add up to somewhere between 40 and 70 meetings per year.

With the information we get from these meetings we advise our CEO, Doug Stoddart, on the direction we want to see your Credit Union steered. It is then up to the CEO to carefully determine NDCU's course. His job is extremely complex and requires a huge amount of knowledge in many specialized areas. It's also the board's job to hire the CEO and decide on his annual salary.

On behalf of your board of directors, a sincere thanks to all of you for supporting our communities and Credit Union.

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, 2014, and the consolidated statement of comprehensive income for the year then ended. Readers are cautioned that these condensed financial statements do not

REPORT FROM THE CEO

Lower oil prices are impacting economies all over the world. Many economists suggest Alberta will fall into recession, and our regional economy is impacted by its financial health. For example, some residents work in the oil industry and live in Nelson. Capital expenditure plans by oil companies have been significantly reduced and this may result in job losses. However, with falling oil prices and a weaker loonie, the tourism and manufacturing industries are expected to see a boost.

In 2014, I was appointed to represent the Canadian credit-union system on the board of directors of the World Council of Credit Unions, and this opportunity is providing me with rewarding experiences. I recently attended a board meeting in Guatemala City and visited rural credit unions where the credit-union system is a community focal point.

NDCU is exposed to cyber risk and members can help us control that risk by reducing their exposure to identity theft through prudent personal security decisions, such as:

- controlling your Personal Identification Numbers (PIN)
- ensuring you have strong passwords
- ensuring you are signed up for free online transaction "alerts" with your financial service providers

One of the challenges in the financial industry is keeping up with technology. In 2011, we completed an upgrade to our banking system. In 2014, we introduced our mobile app where you can take a picture of a cheque on a smartphone at home and have it deposited into your account. In 2015, we will complete another technology upgrade to enhance the delivery of products and services you have been asking for.

A key industry measurement for fiscal prudence is a credit union's capital ratio. Our capital ratio is 16.29 per cent; this ratio is over double the regulatory limit of 8 per cent. Liquidity has been reduced over the past year, which increased our earnings. Liquidity continues to be carefully managed to ensure funds are available to meet member loan demand.

In closing, a credit union cannot grow and be successful without members. I appreciate the support of the board of directors and the employees in serving you.

Thank you for being there!

include all the disclosures necessary for complete and fair presentation. Complete audited financial statements for the year ended December 31, 2014, together with the auditor's report thereon, are available at any branch of Nelson & District Credit Union or online at www.nelsoncu.com/CorporateReports.

 John R. Yowek, CGA, Controller

 Doug Stoddart, CEO


John Edwards, Chair

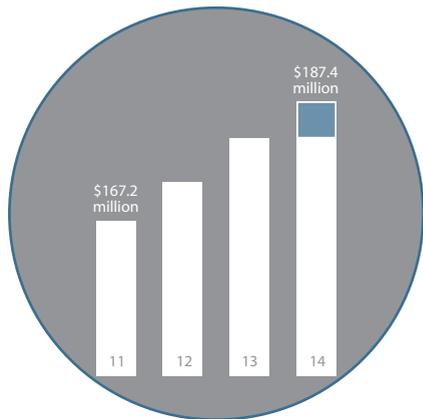

Doug Stoddart, CEO



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at December 31, 2014

Assets



ASSETS

	2014	2013
Cash and cash equivalents	\$ 6,458,183	\$ 8,066,286
Investments	38,243,759	45,418,646
Investments in associates	3,611,032	3,609,967
Members' loans	135,177,232	121,748,931
Property and equipment	1,639,822	1,628,413
Intangible assets	745,943	578,852
Investment property	1,082,434	1,099,439
Other assets	477,705	388,335
	<u>\$ 187,436,110</u>	<u>\$ 182,538,869</u>

LIABILITIES and MEMBERS' EQUITY

Members' Deposits		
Demand	\$ 116,355,084	\$ 113,623,539
Terms	26,098,116	26,513,899
Registered savings plans	27,913,512	26,617,670
Non-equity shares	213,277	235,713
	<u>170,579,989</u>	<u>166,990,821</u>

Other liabilities	1,499,986	928,135
Deferred income tax liability	225,100	307,000
	<u>\$ 172,305,075</u>	<u>\$ 168,225,956</u>

Members' Equity		
Members' shares	879,472	916,000
Retained earnings	13,983,377	13,121,154
Accumulated other comprehensive income	268,186	275,759
	<u>15,131,035</u>	<u>14,312,913</u>
	<u>\$ 187,436,110</u>	<u>\$ 182,538,869</u>

Approved by the Directors: *J. Anderson*

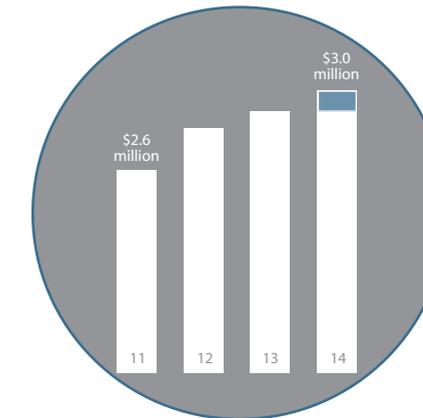
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ending December 31, 2014

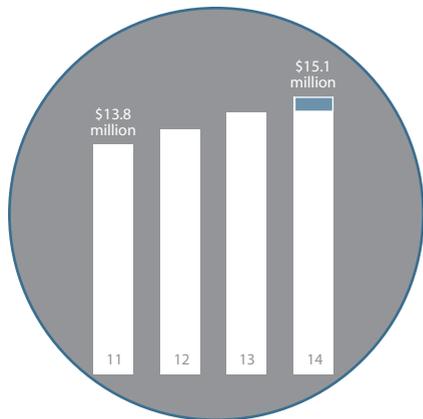
	2014	2013
Interest revenue	\$ 6,148,834	\$ 5,972,621
Interest and loan related expenses	1,390,373	1,369,840
Financial margin	<u>4,758,461</u>	<u>4,602,781</u>
Other income	2,379,886	1,451,844
	<u>\$ 7,138,347</u>	<u>\$ 6,054,625</u>
Operating expenses		
Salaries and employee benefits	\$ 3,455,204	\$ 3,552,894
Community investment program	141,875	109,399
Distribution to members	32,615	43,564
Other administrative expenses	2,568,788	2,093,034
	<u>6,198,482</u>	<u>5,798,891</u>
Income before tax	\$ 939,865	\$ 255,734
Current and deferred income tax expense	77,642	30,450
Net income	\$ 862,223	\$ 225,284
Revaluation of intangible asset	(7,573)	-
Net gain from discontinued operations	-	189,130
Total comprehensive income	<u>\$ 854,650</u>	<u>\$ 414,414</u>

Approved complete consolidated financial statements including notes and Community Investment Program report are available at any branch of NDCU or on our website, www.nelsoncu.com/CorporateReports.

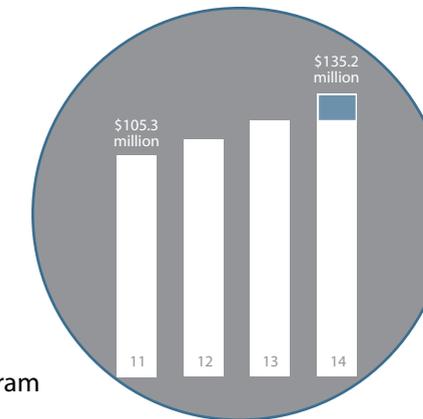
Cumulative Investment
In Our Communities



Members' Equity



Members' Loans



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.

Protection For What Matters



www.kootenayinsurance.ca

Down-to-Earth Financial Planning



www.nelsoncu.com/MoneyWorks



Design: www.frolixdesign.com Cover Image: Lucas Jmieff Printed in Canada. ♻️ Product contains 50% post-consumer waste, 100% recycled, processed chlorine free.

100mlemortgage.com

nelsoncu.com

zippitydodog.com