

board of directors & ceo report

There was still an air of uncertainty swirling over 2019 when we entered the year but that started to fade somewhat as the year progressed.

The forestry industry continued to take the necessary steps to evolve due to slumping lumber prices, trade disputes and a limited supply of fiber as a result of the pine beetle epidemic and the recent wildfires. This led to temporary shutdowns in the industry that was further compounded by labour unrest. The industry appears to be taking the right steps forward however to remake itself to be relevant in its new economic environment and any local job losses are being offset by the employment opportunities being generated by the LNG Canada pipeline project. LNG Canada is the largest infrastructure project in Canadian history so not only will it generate employment opportunities but it will also support local businesses both directly and indirectly. Once again, this economic tailwind needs to offset the headwinds of the social challenges mega projects like this one bring to our smaller local communities. The environmental risks also must be managed effectively to preserve our wilderness areas that are recognized as world class and mean so much more to the people who live in the north. These are all difficult balancing acts but compared to the rest of the country, we were in a more optimistic economic environment in Northwest BC during 2019 that should continue for the next three to five years.

Supported by this economic tailwind, Bulkley Valley Credit Union had another successful year financially as we saw our total assets grow by 7% to over \$410 million, exceeding the \$400 million milestone for the very first time. This growth was fueled by our total deposit portfolio growing 7% in 2019, with the majority of this growth taking place in chequing and savings accounts as our membership continued to utilize our Credit Union as their primary financial institution. On the lending side of the balance sheet, we continued our strong growth in residential mortgages as we grew 6% during the year as we continue to deliver the trusted advice and competitive interest rates members are looking for in their largest and probably most important personal financial decision. We also saw growth in our total commercial loans of over 5.5% as we support our local businesses to ensure they can also reap the benefit of the current economic upswing. In towns our size, a vibrant local business community can really set the tone for not only driving employment opportunities but ensuring the community attracts new residents. Finally, we experienced smaller growth in personal loans of only 1% but all of the communities we serve know that we have experienced and helpful lending staff who are always available to discuss their lending needs whether they are big or small.

Bulkley Valley Credit Union is always looking for feedback from the membership on how we are doing in serving your financial needs. Our Biennial Member Survey was sent out in June to 2400 randomly selected personal and commercial members from across our four branch offices. The results were once again very rewarding to see as we continued to see member satisfaction ratings of our courteous personal member service at over 97%. In addition, the membership continues to value the importance of our local ownership and our commitment to our local communities at over 96%. We also saw increases in the

member satisfaction ratings for our remote delivery channels but there is still room for improvement to reach the consistently higher ratings for personal service. This will continue to be the focus of our staff training going forward as we progress towards our enhanced service model.

There were a number of technology projects that were successfully implemented during 2019. In April, we introduced “flash” capabilities to our Membercards. This was one of the most requested new services by our members in our biennial member survey. Based on our high primary usage, the members continue to generate over 2 Million Point of Sale (POS) and ATM transactions each year and we only think this will increase further with the introduction of flash capabilities. We also introduced new security enhancements to our MemberDirect® online banking platform to assist in improving cyber security for our members and the organization. The reCAPTCHA service was added early in 2019, that assisted in preventing brute force robot attacks on the database and Increased Member Authentication was implemented later in the year to provide our members with more secure password protection. Cyber security will continue to be a focus of our organization going forward as will continuing to improve our remote delivery channels as reconfirmed in our strategic planning session in 2019.

This strong growth and member satisfaction led to your Credit Union having another successful year financially overall as we ended 2019 at just over \$2.6 Million in Net Income Prior to Dividends and Taxes. This is almost exactly the same strong results as 2018 and these results are also after donations and sponsorships totaling over \$190,000 to over 170 local groups and organizations during the year. In addition, we will be looking to return over \$733,000 in patronage funds to the membership with our green envelope campaign in the spring, which is one of the cornerstones of our cooperative values along with contributing to the communities we serve.

As indicated above, since our strong deposit growth during the year was slightly higher than our loan growth our liquidity position increased to over 25%. This means that we have ample liquidity to meet any membership loan demand that should arise over the next few years. Our strong earnings also kept our capital position well above the statutory requirement as we ended the year at over 23% capital despite continuing to invest heavily in our computer network infrastructure to keep pace with technological change and to ensure a robust and secure platform. Our strong capital position allows us to continue to support our local communities no matter what direction the local economies start to move towards in the future.

Bulkley Valley Financial Services, our Financial Planning and Wealth Management subsidiary, also had a strong year financially as our financial planners became more familiar with the new Credit Union system amalgamated investment dealer, AVISO. We have added additional depth to the subsidiary as our licensed assistant has now completed both his certification requirements in investment and insurance. This

Patty Peterson

board chair



W.D. (Dave) Stene

chief executive officer

will help us effectively manage the growing book of business that our financial planners are building by effectively advising our members and clients. The member survey conducted also indicated increased service satisfaction which is rewarding to see especially in an unpredictable investment environment.

Bulkley Valley Insurance Services, our General Insurance subsidiary, had its most successful year financially in its 15 year existence. We are very proud that our local communities look to us for their insurance needs. Everyone across the province was very happy not to see a repeat of the terrible wildfires of the past two summers. During 2019, the decision was made to buy out our partner in the agency so it became a wholly owned subsidiary of Bulkley Valley Credit Union on January 1, 2020. This just means that our membership will benefit even more from the success of the agency going forward.

Governing a full service operation like Bulkley Valley Credit Union with its two subsidiaries requires a dedicated and committed group of directors. During 2019, Randy Brandvold, a Smithers region director of over 24 years, and Kyle Thomson, a Houston region director, both decided not to seek reelection in 2019. They will both be missed and Randy was one of the first Credit Union Directors in Canada to become an Accredited Credit Union director. We were fortunate to attract two new directors in Simon Franklin for the Smithers Region and Sue Jones in the Houston region who both have excellent reputations for service to their local communities. In addition, we had three directors challenge and successfully pass their director accreditation exam last year to join an elite group of only 100 Credit Union directors across the country with this designation that highlights their commitment to strong governance practices. So our governance also remains strong as we continue to proceed through another period of change.

Change seems like the only constant these days so the organization continues to work on building up our resiliency to change. This is where we are also very fortunate to have such a deep pool of talent in our most critical asset, our people. We want to thank our staff and management for all their hard work and dedication during 2019 as is evidenced by the strong financial and member survey results but also by the accolades and acknowledgements received from the local communities. It is difficult to function in an environment of constant change but our people continue to commit to take these challenges head on as they occur.

Finally, and most importantly, we want to thank the membership for their continued patronage. We understand that this trust is earned each and every day and that many members embrace our mission of contributing to the communities we serve as evidenced by the over 1000 followers we now have on our Facebook page. We look forward to taking on the challenges the new decade will bring our way in continuing to build stronger communities that will make us an even stronger financial cooperative in the future.

1. SMITHERS BRANCH: \$60,000 was donated to The Town of Smithers for the Smithers Library and Gallery Project.

2. THE HAZELTONS' BRANCH: \$1,085 was donated to The LOGS Society who is raising money to purchase a new bus so they can continue providing the community with free books.

3. LAKES DISTRICT BRANCH: \$5000 was donated to Lakes Animal Friendship Society towards building a dog park.

4. HOUSTON AND DISTRICT BRANCH: \$2000 was donated to the Morice Mountain Nordic Ski Club towards trail upgrades and a new timing system.



Bulkley Valley CREDIT UNION

annual report 2019



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notice of annual general meeting

The 78th Annual General Meeting of Bulkley Valley Credit Union will be held on **Monday, April 20, 2020 at 7:00PM** (Registration begins at 6:45 p.m.)

Dze L K'ant Friendship Centre
- Third Avenue and Columbia Street, Smithers, BC

Director Elections for 2020

Nominations for directors of Bulkley Valley Credit Union closed on February 15, 2020. The Nominations Committee received two nominations from the Smithers representative region and one nomination from the Hazeltons' representative region. All three nominees were elected by acclamation for three-year terms. They are:

Mr. Tom Havard, Smithers representation region

Mr. Dan Boissevain, Smithers representation region

Mrs. Wendy Hunt, The Hazeltons' District representation region

agenda

1. Call to Order
2. Ascertainment of Quorum
3. Appointment of Recording Secretary and Parliamentarian
4. Adoption of Agenda
5. Approval of Minutes for April 29, 2019 Annual General Meeting
6. Business Arising out of Minutes
7. Reports of the Directors
8. Report of Management
9. Presentation of Financial Statements
10. Report of the Auditor
11. Approval of Auditor's Report
12. Announcement of Election Results
13. Appointment of Auditor
14. Special Resolution
15. Unfinished Business
16. Good and Welfare
17. Adjournment

report of independent auditors on the summary of consolidated financial statements

Opinion

The summary financial statements, which comprise the summary statement of financial position as at December 31, 2019, summary statement of changes to Members' Equity and summary cash flow statement for the year then ended, are derived from the audited consolidated financial statements of Bulkley Valley Credit Union for the year ended December 31, 2019.

In our opinion, the accompanying summary financial statements are a fair summary of the audited consolidated financial statements, in accordance with International Reporting Standards.

Summary Financial Statements

The summary financial statements do not contain all disclosures required by International Financial Reporting Standards. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon. The summary financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

Management's Responsibility for Summary Financial Statements

Management is responsible for the preparation of the summary financial statements on the basis as described in Note 1.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are a fair summary of the audited financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard (CAS) 810, *Engagements to Report on Summary Financial Statements*.

Edmison Mehr Chartered Professional Accountants
- Smithers BC, February 26, 2020

summary consolidated statement of financial position

As at December 31, 2019

assets	Dec 31, 2019	Dec 31, 2018
Cash & Term Deposits	\$97,733,083	\$87,789,635
Loans to Members	302,154,930	287,367,908
Investments & Other Assets	5,651,848	2,416,515
Property & equipment (net)	3,322,821	3,446,060
Intangibles (net)	2,604,370	2,836,567
	\$411,467,052	\$383,856,685
liabilities		
Deposits	\$380,226,463	353,699,660
Payables & Accruals	1,872,378	2,439,930
Total Liabilities	382,098,841	356,139,590
members' equity		
Equity Shares	1,257,500	1,367,176
Retained Earnings	28,116,827	26,488,493
Accumulated Other Comprehensive Income	(6,116)	(138,574)
Total Members' Equity	29,368,211	27,717,095
	\$411,467,052	\$383,856,685

Approved by the Directors:

Patty Peterson director



Dean Daly director



summary consolidated statement of comprehensive income

Year Ended December 31, 2019

	2019	2018
Interest Income	\$13,542,147	\$12,033,110
Interest Expense	3,716,145	2,910,596
Financial Margin	9,826,002	9,122,514
Other Income	4,380,937	4,559,639
Operating Margin	14,206,939	13,682,153
Operating Expenses	11,455,486	10,931,816
Earnings from Operations	2,751,453	2,750,337
Distributions to Members	762,786	691,441
Income Taxes	360,333	566,967
Net Earnings	1,628,334	1,491,929
Comprehensive Income (Loss) for the year, net of tax	132,458	(62,899)
Comprehensive Income	1,760,792	1,429,030
Retained Earnings & Accumulated Comprehensive Income, Beginning of Year	26,349,919	24,357,492
IFRS 9 Transition Adjustment	-	563,397
	26,349,919	24,920,889
Retained Earnings & Accumulated Comprehensive Income, End of Year	\$28,110,711	\$26,349,919

summary consolidated statement of cash flows

Year Ended December 31, 2019

	2019	2018
Cash flows provided by (used in)		
Operating activities	\$(15,846,061)	\$(7,928,794)
Financing activities	26,600,079	33,544,605
Investing activities	(14,353,554)	(15,910,384)
Net increase in cash and equivalents	(3,599,536)	9,705,427
Cash & equivalents, beginning of year	15,328,938	5,623,511
Cash & equivalents, end of year	\$11,729,402	\$15,328,938

Note 1:

These summary consolidated financial statements are prepared in accordance with criteria developed by management. Under management's established criteria, management discloses summaries from the consolidated statement of financial position, consolidated statement of comprehensive income and the consolidated statement of cash flow. These summary financial statements are derived from the audited consolidated financial statements of the Bulkley Valley Credit Union for the year ended December 31, 2019, which have been prepared in accordance with International Financial Reporting Standards.

****A full set of financial statements will be available at your local branch at no charge.****

2019 board of directors



Denise Fisher



Dean Daly*



Wendy Hunt*
Secretary



Simon Franklin



Klaus Mueller



Patty Peterson
Chair



Sue Jones



Richard Vossen
Vice Chair



Tom Havard*

*Terms expire at the 2020 Annual General Meeting.