

Social Responsibility + Community-Based Accountability
= Profitable Results for Everybody



Bulkley Valley
CREDIT UNION

annual report 2013

notice of annual general meeting

The 72nd Annual General Meeting of Bulkley Valley Credit Union will be held on **Monday, April 21, 2014 at 7:00 p.m.** (Registration begins at 6:45 p.m.)

Hudson Bay Lodge - Summit Room
Highway 16, Smithers, BC

Director Elections for 2014



Wendy Hunt

Nominations for directors of Bulkley Valley Credit Union closed on February 17, 2014. The Nominations Committee received one nomination from the Hazelton representative region and two nominations from the Smithers representation region. Two of the nominations were present incumbents and one nomination was a new director from the Hazelton branch membership. All were elected by acclamation for three-year terms.

They are:

Mr. Tom Havard, Smithers representation region
Mr. Dan Boissevain, Smithers representation region

And please join us in welcoming:

Mrs. Wendy Hunt, Hazelton representation region

agenda

1. Call to Order
2. Ascertainment of quorum
3. Appointment of Recording Secretary & Parliamentarian
4. Adoption of Agenda
5. Approval of Minutes for April 22, 2013 Annual General Meeting
6. Business Arising out of Minutes
7. Report 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. Unfinished Business
15. Good & Welfare
16. Adjournment

2013 board of directors



Dan Boissevain*



Dean Daly



Janet Willson*



Ken Thomson



Klaus Mueller
Vice Chair



Patty Peterson
Secretary



Randy Brandvold



Richard Vossen



Tom Havard*
Chairperson

*Terms expire at the
2014 Annual General Meeting.

2013 donations – a few highlights

1. The Claude Parish Memorial Arena in Houston received funds to assist them with their energy savings lighting upgrade. This busy arena hosts between 15 and 20 major events per year, and sees approximately 17,000 visits per season. This energy upgrade will save almost \$4,000 in electricity costs.
2. The Lakes Outdoor Recreation Society is responsible for maintaining 27 recreation sites, 2 provincial parks, and 11 trails in the Lake District area. There are two short-term employment positions created annually by this group, and they continue to move forward with new plans and programs. Bulkley Valley Credit Union's Economic Development Committee is proud to support LORS.
3. A donation of \$5000 to the Bulkley Valley Cross Country Ski Club created a win/win! Coaching staff from the Club invited Bulkley Valley Credit Union staff members to take some ski lessons as part of our health and wellness program.
4. The Salvation Army in Hazelton was the beneficiary of a \$1,248 donation during the 2013 Christmas season in the Hazelton's. The funds were a combination of a Community Support donation, branch staff donations, and popcorn sales. BVCU is always proud to support our local communities.



BVCU iPhone App.
Watch for it in 2014!
Available through the iTunes store soon.

board of directors & ceo report

Northwest BC continued to see increased economic expectations as a number of mega projects progressed forward in 2013.

There is still no guarantee of how many of these projects will actually be constructed, but just the fact that they are currently being reviewed has made our local communities aware of the large number of skilled tradespeople needed going forward. We were also very happy to see the mill rebuilt in Burns Lake, which should be operational early in 2014, and the commitment of mills in Smithers and Houston to future capital upgrades after swapping some timber rights. The second transaction did lead to a mill closure in Houston and we have also seen other small mill closures but the remaining mills will be much more efficient and should provide strong employment for a number of years to come.

This increased economic optimism was reflected in Bulkley Valley Credit Union's solid financial performance in 2013. We saw total loans and mortgages increase 4.78% in the year with the majority of this growth in commercial loans (4.86%) and residential mortgages (5.14%). This indicates that we have provided strong support to both our local housing markets and our business communities. On the deposit side of the balance sheet, we saw total deposit growth of over 7.5%, which fueled total asset growth to just over \$298 million. This deposit growth was higher than the total loan growth, which means that we have the excess liquidity to meet all of the lending needs of our membership as we move through the current economic growth phase.

We also saw a small growth in total membership of just over 1% even though our communities are not growing in population size. Everyone who works for Bulkley Valley Credit Union continues to pride themselves on providing a high level of personal service to the members. This was reflected in the strong ratings we received from the membership during our biannual member survey conducted during the summer of 2013. Our strongest category was friendly, personable service which received a satisfactory rating of 97% which included the highest excellent rating of 79% and we continued to move the bar higher in all of our service categories. We always appreciate receiving feedback from our membership and we will continue to strive for even higher service results in the future.

Our growth resulting from our strong member service led to another strong year financially as we ended the year with over \$2.2 Million in net income prior to dividends. Although this was 10% lower than 2012, this is reflective of the effects of the continuation of the low interest rate environment. We have a very strong capital position, which was increased again by 2013's profitability but it also allowed us to share \$582,000 in total patronage cheques with our members. In addition to the patronage, we also paid out \$225,000 in financial assistance through donations, economic development grants and post-secondary educational bursaries to over 170 different groups in the local communities that we serve. At Bulkley Valley Credit Union, we truly believe that reinvesting in our communities and our members is vital to our own long term success as a financial cooperative.

The profits we made last year were also reinvested in providing new products and services with the introduction of Interac® Email transfers, electronic member statements, and a new iPhone Mobile application for MemberDirect®, which will be rolled out early in 2014. These new services allow our members to conduct business with us in the manner

tom
havard

board chair



w.d (dave)
stene

*chief executive
officer*



they prefer whether that is remotely at any time during the day or by visiting the branch. We look at these services as complementing our existing service delivery channels rather than replacing them so we continue to invest in training our staff and management and updating our branch premises. The introduction of our electronic statement helps us to focus on reducing our environmental footprint wherever we can and allowing much faster access to the required information for our members, which is always a win-win situation. We continue to try to stay current with the fast moving pace of technology but we do not want to sacrifice any of the security that protects the confidentiality of our members' financial information. This sometimes is a delicate balance to maintain but we will always err on the side of maintaining security.

Our general insurance subsidiary, Bulkley Valley Insurance Services, and our wealth management subsidiary, Bulkley Valley Financial Services, had their strongest years financially in 2013. All of the staff and management of the subsidiaries understand the need for continuing their education and training so that they can provide the best possible insurance and investment advice that our members require on a daily basis. Our Credit Union is a local full service financial institution that can meet all of our members' financial needs.

Bulkley Valley Credit Union is very fortunate to be led by a dedicated and engaged Board of Directors. At the 2013 AGM, Diane Macaulay, a director for the Smithers region decided to step down after 29 years of service. Diane played a very important part in our organization's past success and we wish her the very best in her retirement travels. We were fortunate to attract another very qualified candidate for the board of directors in Dean Daly to fill Diane's vacant position. The Board of Directors is very focused on ensuring that effective board succession takes place so that we can continue to have a strong governance structure. This is another critical piece of our past success and will be integral to achieving future success.

We also would like to thank the staff and management for all of their hard work in 2013. You don't achieve this type of sustained success without a committed team of people working together towards common shared goals. However, we really need to thank the membership for their continued patronage of our Credit Union and for letting us know when we are getting it right and when we are getting it wrong. This is truly your organization and your feedback is always valued and helps us get better every day.

There are definitely some economic updrafts in our local communities, which should continue to push our economy forward in 2014, but it does also appear that the low interest rate environment will be with us for another year. As stated above, our Credit Union has an excellent capital base so we are well positioned to increase products and services in the good times and we can also provide the necessary support programs needed to weather the tougher times. No matter which way the economic winds decide to blow in 2014, Bulkley Valley Credit Union is well prepared to meet whatever challenges or opportunities that will arise.

report of the independent auditors on the summary consolidated financial statements

To the Members of the Bulkley Valley Credit Union

The accompanying summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at December 31, 2013, summary consolidated statement of income & summary consolidated statement of cash flow for the year then ended, are derived from the audited consolidated financial statements of Bulkley Valley Credit Union for the year ended December 31, 2013. In our report dated February 27, 2014, we expressed an unmodified audit opinion on those consolidated financial statements, which have been prepared in accordance with International Financial Reporting Standards.

The summary financial statements prepared from the consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards applied in the preparation of the audited consolidated financial statements of Bulkley Valley Credit Union. Reading the summary of financial position, statement of income and the statement of cash flow, therefore, is not a substitute for reading the audited consolidated financial statements of Bulkley Valley Credit Union.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of the summary financial statements from the consolidated statement of financial position, consolidated statement of income and the consolidated statement of cash flow on the basis of their established criteria as described in Note 1.

Auditors' Responsibility

Our responsibility is to express an opinion on the summary financial statements prepared from the consolidated statement of financial position, consolidated statement of income and the statement of cash flow based on our procedures, which were conducted in accordance with Canadian Auditing Standard (CAS) 810, "Engagements to Report on Summary Financial Statements."

Opinion

In our opinion, the summary consolidated statement of financial position, summary consolidated statement of income and the summary consolidated statement of cash flow derived from the audited consolidated financial statements of Bulkley Valley Credit Union for the year ended December 31, 2013 are consistent, in all material respects, with those consolidated financial statements.

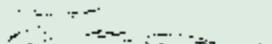
Eric B. Mah, Certified General Accountant – Smithers, BC, February 27, 2014

summary consolidated statement of financial position *As at December 31, 2013*

assets	Dec 31, 2013	Dec 31, 2012
Cash & Term Deposits	\$ 74,232,638	\$ 63,224,844
Loans to Members	216,170,968	206,123,387
Investments & Other Assets	4,537,911	5,136,666
Property & equipment (net)	3,484,801	3,742,553
	\$ 298,426,318	\$ 278,227,450
liabilities		
Deposits	\$ 274,289,164	\$ 255,007,940
Indebtedness, Payables & Accruals	1,712,232	1,900,143
Total Liabilities	\$ 276,001,396	\$ 256,908,083
members' equity		
Equity Shares	1,872,962	1,937,946
Retained Earnings & Accumulated Comprehensive Income	20,551,960	19,381,421
Total Members' Equity	22,424,922	21,319,367
	\$ 298,426,318	\$ 278,227,450

Approved by the Directors:

tom havard director



klaus mueller jr. director



summary consolidated statement of comprehensive income

Year Ended December 31, 2013

	2013	2012
Interest Income	\$ 11,097,477	\$ 11,103,928
Interest Expense	2,659,654	2,569,521
Financial Margin	8,437,823	8,534,407
Other Income	3,568,901	3,472,556
Operating Margin	12,006,724	12,006,963
Operating Expenses	9,773,095	9,439,109
Earnings from Operations	2,233,629	2,567,854
Distributions to Members	618,908	714,540
Income Taxes	235,935	395,626
Net Earnings	1,378,786	1,457,688
Comprehensive Gain (Loss) for the year, net of tax	(208,248)	(372,727)
Comprehensive Income	1,170,538	1,084,961
Retained Earnings & Accumulated Comprehensive Income, Beginning of Year	19,381,421	18,296,460
Retained Earnings & Accumulated Comprehensive Income, End of Year	\$ 20,551,959	\$ 19,381,421

summary consolidated statement of cash flows

Year Ended December 31, 2013

	2013	2012
Cash flows provided by (used in)		
Operating activities	\$ 2,898,100	\$ 1,738,331
Financing activities	(10,517,180)	(8,848,762)
Investing activities	18,626,874	5,094,137
Net increase in cash and equivalents	\$ 11,007,794	\$ (2,016,294)
Cash & equivalents, beginning of year	\$ 63,224,844	\$ 65,241,138
Cash & equivalents, end of year	\$ 74,232,638	\$ 63,224,844

Note 1:

These summary 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 income and consolidated statement of cash flow. These summary financial statements are derived from the audited consolidated financial statements of Bulkley Valley Credit Union for the year ended December 31, 2013, 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.****