

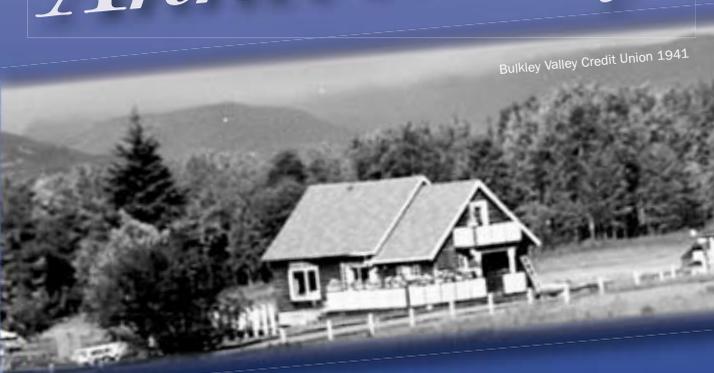


**Bulkley Valley  
CREDIT UNION**

# annual report 2011

*70th  
Anniversary*

Bulkley Valley Credit Union 1941



[www.bvcu.com](http://www.bvcu.com)

BVCU was excited to celebrate its 70th Anniversary and wanted to share the celebration by awarding a total of \$70,000 to \*not-for-profit groups in our service areas. The celebration contest ended with the communities voting for their favorites and the results were announced at the AGM held on April 26, 2011! \$17,500 was donated to each of the successful applicants from our four branch offices.

1. Congratulations to the Lakes District Fall Fair: for the upgrading project at the Fall Fair Grounds to rebuild the cattle show rings and install new gates on the livestock barns and a new sound system.
2. Congratulations to the Ladies Auxiliary #249: for the project for the Legion loft to make it wheelchair accessible allowing the entire community to better use the facility.
3. Congratulations to the Roche View Lodge Society: for the development project for the front entrance of the Roche View Lodge to be more accessible by building a new sidewalk and installing automatic doors.
4. Congratulations to the Glenwood Hall Committee: for the renovation project to upgrade the washroom, kitchen and service areas of the Driftwood Hall to keep this historic asset available for the community.



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# board of directors & ceo report

**Bulkley Valley Credit Union had a strong year financially in 2011 as the economies in our local communities started to slowly rebound.**

The economic recovery continued to slowly build in 2011 and Bulkley Valley Credit Union had another strong year financially. Our total assets grew by almost 10% in 2011 due to strong growth in our members' deposit balances. We still struggled with loan growth in 2011 but our total loan portfolio did grow by just under 1% during the year. As has been our commitment in the past, we continue to lend out our funds in the local communities where we raise our deposits so we definitely have sufficient liquidity to meet our members' loan demands when this occurs even later in the economic recovery.

From an income perspective, we earned just over \$2.8 million in net profit from operations, which was down 12% from our record year in 2010 but still a strong year overall. However, the effective interest rate derivative portfolio that we had built up over the years increased our comprehensive income an additional \$1.4 million in the year so our total comprehensive income ended up being almost double last year's total. This was mainly due to the fact that long term interest rates actually decreased by the end of 2011 in reaction to all of the economic unrest in the European Union and the still sputtering US recovery. However, these derivative valuation gains should start to slowly roll back in 2012 and 2013 as longer term interest rates start to rise, which will decrease our other comprehensive income going forward.

As can be seen from the financial statements, we have been successful in presenting our year end results so that they are in accordance with the new International Financial Reporting Standards. There have not been any dramatic changes to our overall reporting due to the limited complexity of our operation but we hope the new reporting provides everyone with the insight that they need to understand how we operate.

These strong financial results continue to allow our Credit Union to build a very strong capital base. In addition, we are once again paying out over \$772,971 in patronage dividends in the form of cash to the membership. This not only rewards our membership but also hopefully these monies get spent in our local communities so that we contribute positively to the economic recovery of our communities that is taking hold in Northwest BC right now. These days we are very fortunate to be living in a resource rich region of Canada that is located the closest to the large Asian marketplace. We have lived through the "boom" and "bust" cycles of being in resource based towns and we understand what we need to do to manage either situation. Currently the cycle in our area is on the upswing.

Maintaining a healthy and strong financial institution is only one part of our mission. We are just as proud about the strides we are making in the other areas of our operation. In addition to the patronage dollars that we distribute in our communities, we also distributed over \$240,000 in community support, economic development and marketing funds to community groups, individuals, and associations within our service areas. This total was supplemented with an additional special \$70,000 award this year that was split amongst four community groups in celebration of our 70th anniversary of existence. The worthy recipients received the highest community votes in each of our branch offices so the communities picked the projects they wanted us to support. We were overwhelmed by the enthusiasm shown in the application process and the voting activity that took place. It also showed how engaged our local communities were with our organization and it confirmed we are heading in the right direction in contributing to the communities we serve.

We completed our bi-annual member survey in 2011 and overall results were extremely positive once again. We are always happy to receive feedback from our membership to ensure we are moving forward to serve them better. 97% of the membership stated that they were very satisfied / satisfied with our courteous, friendly and personable service. All of our staff is committed to serving the member's financial needs and this was reflected in the survey. However, it will be even more important in the future to provide valued financial advice to the membership, in addition to effective and efficient transactions, so that is the direction we are moving in. Our staff is committed to continuing to upgrade their education and increase their product knowledge. During 2011 we brought on a new Manager-Human Resources to take our personnel practices to the next level and to maintain an engaged and empowered work force. Our people are our greatest assets and this was confirmed once again as the Smithers Branch was named Business of the Year for 2011 by the Chamber of Commerce and the Houston & District Branch was named Community Spirit Award winner by their local Chamber of Commerce.

We also continued to make improvements in our products and services in 2011 as we introduced a new mobile version of our web page and our MemberDirect® internet banking product. Many younger members want to access our products and services through the use of their smart phones rather than visiting the branch. We also introduced a new ATM application that will allow you to find one of the

randy  
brandvold  
*board chair*



w.d. (dave)  
stene  
*chief executive  
officer*

2300 surcharge free ATMs that are available to our members right across Canada. We continued to work diligently at the rollout of new chip cards, which will take place in early 2012. As is always the case, we want to get this rollout right since our members continued their high usage of their MemberCards. Over 2 million point of sale and ATM transactions were processed in 2011. Our members depend on their debit cards for reliable and responsive service at all times and based on our system uptime we hopefully delivered on that promise in 2011.

In addition to a dedicated group of staff and management, we continue to have directors who work very hard at representing their communities and providing our organization with strong governance practices. They really care about our organization and the local communities we serve. They all lead very active lives in the local communities outside of our boardroom and are looked at as true community leaders for that reason. Two years ago, the Board of Directors brought to the membership a motion to set director remuneration and since that motion was approved their policy on remuneration has not strayed from their previous position of wage loss due to credit union service. They really do serve the membership for all the right reasons.

We would be remiss in this report if we did not comment on the tragedy in Burns Lake that took place in early 2012. This was a terrible accident that left two employees dead and many other employees injured both physically and mentally and without the job they had held for many years. Our thoughts and prayers are with all of those employees and their families. As dictated by our mission, we are deeply committed to taking a proactive role in assisting these members and their families both financially and personally and ensuring that we play a lead role in assisting the community in rebuilding its new future. Credit unions were built on people helping people and there are no other small town communities that work towards that standard better than our local communities do in the north.

We would like to thank the membership for their continued patronage in 2011 and we will never take that patronage for granted. We are excited about the challenges and opportunities that 2012 will bring and we are optimistic that our economic recovery will continue to build during the next year. We do know that we are in a very strong position to meet whatever 2012 brings.

# 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, 2011, 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, 2011. In our report dated February 23, 2012, 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, 2011 are consistent, in all material respects, with those consolidated financial statements.

Eric B. Mah, Certified General Accountant - *Smithers, BC, February 23, 2012*

## summary consolidated statement of financial position

As at December 31, 2011

	Dec 31	Dec 31	Jan 01
	2011	2010	2010
<b>assets</b>			
Cash & Term Deposits	\$65,241,138	\$44,458,430	\$38,679,988
Loans to Members	197,288,793	195,573,317	193,202,057
Investments & Other Assets	4,912,674	2,955,253	3,492,010
Property & equipment (net)	4,084,429	4,284,955	4,521,379
	<b>\$271,527,034</b>	<b>\$247,271,955</b>	<b>\$239,895,434</b>
<b>liabilities</b>			
Deposits	\$249,251,856	\$227,009,414	\$222,265,574
Indebtedness, Payables & Accruals	2,020,103	2,682,729	1,292,512
	<b>\$251,271,959</b>	<b>\$229,692,143</b>	<b>\$223,558,086</b>
<b>members' equity</b>			
Equity Shares	\$1,958,615	\$2,005,485	\$2,158,139
Retained Earnings & Accumulated Comprehensive Income	18,296,460	15,574,327	14,179,209
Total Members' Equity	<b>\$20,255,075</b>	<b>\$17,579,812</b>	<b>\$16,337,348</b>
	<b>\$271,527,034</b>	<b>\$247,271,955</b>	<b>\$239,895,434</b>

Approved by the Directors:

randy brandvold *director*



klaus mueller jr. *director*



## summary consolidated statement of comprehensive income

Year Ended December 31, 2011

	2011	2010
Interest Income	\$11,310,953	\$11,073,427
Interest Expense	2,673,742	2,305,248
Financial Margin	<b>8,637,211</b>	<b>8,768,179</b>
Other Income	3,312,747	3,216,231
Operating Margin	<b>11,949,958</b>	<b>11,984,410</b>
Operating Expenses	9,140,470	8,769,551
Earnings from Operations	<b>2,809,488</b>	<b>3,214,859</b>
Distributions to Members	\$790,380	\$909,742
Income Taxes	318,767	786,590
<b>Net Earnings</b>	<b>1,700,341</b>	<b>1,518,527</b>
Comprehensive Gain (Loss) for the year, net of tax	1,021,792	(123,409)
Comprehensive Income	<b>2,722,133</b>	<b>1,395,118</b>
Retained Earnings & Accumulated Comprehensive Income, Beginning of Year	15,574,327	14,179,209
Retained Earnings & Accumulated Comprehensive Income, End of Year	<b>\$18,296,460</b>	<b>\$15,574,327</b>

## summary consolidated statement of cash flows

Year Ended December 31, 2011

	2011	2010
Cash flows provided by (used in)		
Operating activities	\$1,852,360	\$3,693,786
Financing activities	(3,043,660)	(2,328,025)
Investing activities	21,974,008	\$4,412,681
Net increase in cash and equivalents	<b>\$20,782,708</b>	<b>\$5,778,442</b>
Cash & equivalents, beginning of year	\$44,458,430	\$38,679,988
Cash & equivalents, end of year	<b>\$65,241,138</b>	<b>\$44,458,430</b>

**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, 2011, which have been prepared in accordance with International Financial Reporting Standards.

**Note 2:**

This is the first time that the Credit Union has prepared its financial statements in accordance with IFRS, having previously prepared its financial statements in accordance with pre-changeover Canadian Generally Accepted Accounting Principles. International Financial Reporting Standards require that comparative financial information be provided. As a result, the first date at which the company has applied IFRS was January 1, 2010 (the "Transition Date").

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

## 2011 board of directors



Ken Thomson  
Randy Brandvold, Chairperson  
Dan Boissevain, Vice Chair  
Tom Havard  
Richard Vossen\*  
Janet Willson  
Patty Peterson, Secretary\*  
Diane Macaulay  
& Klaus Mueller\*

*\*Terms expire at the  
2012 Annual General Meeting.*

# notice of annual general meeting

The 70th Annual General Meeting of Bulkley Valley Credit Union will be held on

**Monday, April 16, 2012 at 7:00 p.m.**

(Registration begins at 6:45 p.m.)

**Hudson Bay Lodge - Summit Room**

Highway 16, Smithers, BC



## 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 26, 2011 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