



**Bulkley Valley
CREDIT UNION**

annual report 2012



www.bvcu.com

1. The Whispering Pines District-Girl Guides of Canada received some much appreciated help for their technology purchases this year. A true sign of the times that computers make so many things easier, including the projects and presentations of the 90 girls!
2. Proud to support a kitchen renovation project! Skeena Place provides meals to their residents seven days a week, delivers "meals on wheels" to Hazelton area seniors twice a week, runs a Daybreak Program twice a week, and also has a reputation for assisting entry level cooks and care givers with work experience.
3. The Cut Loose Quilters meet the second and fourth Saturday of the month during the winter where they construct "Community Quilts". Their primary mandate is house-fire victims but they have donated quilts to others as well. The BVCU donation was used to help with cost of supplies.
4. The Trout Creek Hall renovation project included the expansion and upgrades of the kitchen and improvements to the energy efficiency of the hall. Much of the work was completed by CRC volunteers, the same folks who manage the rentals and host community events in the hall. So happy BVCU could help.



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board of directors & ceo report

Bulkley Valley Credit Union had a strong year financially in 2012 as the economies in our local communities started to slowly rebound.

2012 was another strong year financially for Bulkley Valley Credit Union as we continued to see improvements in our local economies. Our total loan portfolio grew 4.3%, which helped utilize some of our excess liquidity since total deposits only grew 2.3%. We also saw growth in our total membership as we exceeded the 15,000 mark for the very first time. Even though our local economies continue to improve, the communities we serve are not yet increasing in population so we are very happy to see this growth on both sides of our balance sheet and in membership.

On the income side, our operating earnings before dividends and taxes were 8.6% lower than in 2011. This reflects the impact of the squeezing financial margin that is occurring across all financial institutions due to the continuation of the low interest rate environment. Both of our subsidiaries, Bulkley Valley Financial Services and Bulkley Valley Insurance Services, had strong years financially which helped us have a strong year for non-financial income. These earnings also helped us to maintain current service charge fees to our membership for the third year in a row. Total expenses were also well contained in 2012 as we ended the year at 3.2% over 2011 totals. Our strong financial performance allowed us to not only continue to build our solid capital base but also made it possible to return over \$720,000 in dividends on membership shares and patronage rebates to the membership. Our community support, economic development, and advertising support donations allowed us to return another \$190,000 back into our communities in 2012. That means another year of returning over \$900,000 to the communities we serve.

Our strong financial performance also allows us to introduce new financial products to meet our members' financial needs. We are very proud to have completed the mass issuance of the new chip MemberCard in 2012. The replacement of over 12,000 cards was handled with a minimum of disruption to our members and now provides the membership with a much more secure method for completing their debit transactions. The debit card continues to be the transactional method of choice for our membership as we are now averaging over 200,000 debit card transactions every month combined for both retailers and ATMs.

In addition to the chip card project, we continue to make improvements to our online banking channel. We introduced a new version of our online banking that is designed to be accessed much easier through mobile devices and we also released a new mobile app for locating ATMs across the country on the Exchange network, where members can access these machines "ding free". We also introduced Interac Email Transfers late in 2012 so that our members can quickly, securely and affordably transfer funds to anyone who has an email address. We will continue to improve on this remote delivery channel going forward because this is how many of our members transact business with us on a daily basis. Our members are now generating over 40,000 transactions per month, including transfers, bill payments, and account inquiries with this channel.

We are committed to ensuring our technology is constantly upgraded but we are also committed to making sure that we provide the high level of personal service our member's expect when they visit our branch locations. Our directors, management and staff are all committed to continuing education so that we can

tom
havard
board chair



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

reliably provide the membership with insightful and knowledgeable financial advice in a personable and friendly manner. We operate in an ever changing environment and we need to ensure we are always keeping up with the pace of change.

Bulkley Valley Credit Union is fortunate to be governed by an engaged and dedicated group of directors that take tremendous pride in actively representing the membership. They provide the organization with the steady leadership necessary during uncertain economic times. Management and staff are committed to not only serving the needs of the members but of their communities as well. Unexpected tragedies such as the mill explosion in Burns Lake early in 2012 can occur at any time so the organization must be prepared to deal with these emergencies when they arise. Bulkley Valley Credit Union is not only very well positioned financially to deal with these unexpected events but we also continue to work closely with our local communities to make them stronger economically and socially so that they can absorb future shocks of any kind going forward.

Lastly, and most importantly, the directors and management would like to thank all the members for their continued patronage. We are here to manage and govern your locally owned financial cooperative and as 2012 the International Year of the Cooperative highlighted so clearly, there really is nothing we can't accomplish if we work together. We look forward to continuing to meet the challenges of 2013 together while serving the financial needs of our members.

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, 2012, 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, 2012. In our report dated February 26, 2013, 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, 2012 are consistent, in all material respects, with those consolidated financial statements.

Eric B. Mah, Certified General Accountant - *Smithers, BC, February 26, 2013*

summary consolidated statement of financial position

As at December 31, 2012

	Dec 31	Dec 31
	2012	2011
assets		
Cash & Term Deposits	\$63,224,844	\$65,241,138
Loans to Members	206,123,387	197,288,793
Investments & Other Assets	5,136,666	4,912,674
Property & equipment (net)	3,742,553	4,084,429
	\$278,227,450	\$271,527,034
liabilities		
Deposits	\$255,007,940	\$249,251,856
Indebtedness, Payables & Accruals	1,900,143	2,020,103
	\$256,908,083	\$251,271,959
members' equity		
Equity Shares	\$1,937,946	\$1,958,615
Retained Earnings & Accumulated Comprehensive Income	19,381,421	18,296,460
Total Members' Equity	\$21,319,367	\$20,255,075
	\$278,227,450	\$271,527,034

summary consolidated statement of comprehensive income

Year Ended December 31, 2012

	2012	2011
Interest Income	\$11,103,928	\$11,310,953
Interest Expense	2,569,521	2,673,742
Financial Margin	8,534,407	8,637,211
Other Income	3,472,556	3,312,747
Operating Margin	12,006,963	11,949,958
Operating Expenses	9,439,109	9,140,470
Earnings from Operations	2,567,854	2,809,488
Distributions to Members	\$714,540	\$790,380
Income Taxes	395,626	318,767
Net Earnings	1,457,688	1,700,341
Comprehensive Gain (Loss) for the year, net of tax	(372,727)	1,021,792
Comprehensive Income	1,084,961	2,722,133
Retained Earnings & Accumulated Comprehensive Income, Beginning of Year	18,296,460	15,574,327
Retained Earnings & Accumulated Comprehensive Income, End of Year	\$19,381,421	\$18,296,460

summary consolidated statement of cash flows

Year Ended December 31, 2012

	2012	2011
Cash flows provided by (used in)		
Operating activities	\$1,738,331	\$1,852,360
Financing activities	(8,848,762)	(3,043,660)
Investing activities	5,094,137	21,974,008
Net increase in cash and equivalents	\$(2,016,294)	\$20,782,708
Cash & equivalents, beginning of year	\$65,241,138	\$44,458,430
Cash & equivalents, end of year	\$63,225,844	\$65,241,138

Approved by the Directors:

tom havard *director*



klaus mueller jr. *director*



notice of annual general meeting

The 71st Annual General Meeting of Bulkley Valley Credit Union will be held on **Monday, April 22, 2013 at 7:00 p.m.** (Registration begins at 6:45 p.m.)

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

director elections for 2013



Nominations for directors of Bulkley Valley Credit Union closed on February 16, 2013. The Nominations Committee received one nomination from the Houston 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 Smithers branch membership. All were elected by acclamation for three-year terms.

They are:

Mr. Kenneth Thomson, *Houston representation region*

Mr. Randy Brandvold, *Smithers representation region*

And please join us in welcoming:

Mr. Dean Daly, *Smithers 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 16, 2012 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

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, 2012, 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.****

2012 board of directors



Dan Boissevain



Diane Macaulay*



Janet Willson



Ken Thomson*



Klaus Mueller



Patty Peterson
Secretary



Randy Brandvold
*Vice Chair**



Richard Vossen



Tom Havard
Chairperson

**Terms expire at the 2013 Annual General Meeting.*