

**Nelson & District**

CREDIT UNION  *Logically. Locally.*



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# BETTER BANKING FOR YOU

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2017 ANNUAL REPORT

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



## YEAR IN REVIEW 2017

Nelson & District Credit Union's mission, "Enriching lives locally," is our pledge to ensure we are keeping our commitment to members and achieving our goals. As a member, you share a common goal: a commitment to keeping interest local.

To be the financial-services provider of choice in our communities, we will continue to grow to meet the needs of our members in the region we serve. By investing in your Credit Union, you encourage local economic vitality.

Governed by a volunteer board of directors that is elected by the membership, NDCU is shaped through your ownership and participation; a membership ensures we all have an equal voice in its future.

Enriching lives is at the heart of all credit unions, and your Credit Union will continue to give back to causes that make a difference. Our profits profit your community. Thanks to our members' financial support, the Community Investment Program distributed \$77,964, providing exceptional programming, infrastructure, events and experiences.

Most recognize they have chosen to become members of a better banking alternative that supports their community. It is our employees and directors who commit annually to the Nelson & District Hospice Society work-a-thon, the Pink Shirt Day Society's anti-bullying campaign and the Royal Canadian Legion holiday lunch for seniors in Rossland.

NDCU gives a tremendous amount of thought to the initiatives that make a difference, and we recognize the importance of supporting socially conscious initiatives, including our support for the screening of the movie *A New Economy* in Rossland, in partnership with Kootenay Savings Credit Union, Kootenay Insurance Services Ltd. and the Rossland Sustainability Commission.

The film explores what might happen if working together for the common good was the mainstream business model. The film follows several organizations that strive to build a more co-operative future. By putting humanity before the bottom line, they carve a new place in an economy dominated by profits and big business. "There is a strong interest in the Kootenays about alternate structures for working

Gold Fever Follies



World Kindness Day



CCA Coaching Program



First Nelson Guides



together to strengthen our community and community organizations,” states Ann Damude, from the Rossland Sustainability Commission. “This film provided insight into the co-operative structure and shared the inspiring stories of organizations that are successfully using the co-op model to achieve social change.”

In the spirit of co-operation, we foster relationships amongst co-operatives. Embracing the sixth principle of co-operatives, NDCU looks for ways to improve the credit-union system through regional, national and international partnerships. In 2017, Tara Keirn, our senior manager of finance and credit, left to Ghana’s capital for a three-week project with the Canadian Co-operative Association Coaching Program to share credit-union best practices. “I had the privilege of being one of eight Canadian volunteers chosen to be a part of this project,” says Keirn. “We travelled to Accra and met with Credit Union Africa to discuss and understand the areas that credit unions needed assistance. We then travelled north to villages where we worked with the employees and boards of directors to identify and propose solutions for the credit unions to operate more safely, more efficiently and meet member needs in places that no banks will go. This experience reinforced my belief about why we need co-operatives and credit unions, and how we can support each other no matter where we are in the world.”

NDCU is devoted to the future of our organization and our communities by making educational and financial commitments to children and youth. In 2017, four local youth attended the Youth Excellence Society summer leadership camp as representatives of your

Credit Union. “I truly appreciated being able to come to camp because it let me grow into a better person,” says one camper. “It was a week that was full of new experiences and friends.”

Thank you for giving thought to where you bank, because better banking with us makes a difference. We are always encouraged by the commitment from our members and our employees, and we are proud to say, “Logically. Locally.”

## Exploring strength and unity

As a member you may be aware that the board of directors and senior leaders of seven credit unions in the Boundary, Kootenay and Columbia Valley region are exploring how an amalgamation could enhance the way that the credit unions operate and wondering why an amalgamation is being considered.

This is only the beginning of an exploration and no decisions have been made. If, after the business case has been concluded, the boards believe that it will be best to proceed, they will move forward only after receiving consent from the provincial regulator and if more than two-thirds of the voting members of each participating credit union votes in favour of the amalgamation.

## REPORT FROM THE CHAIR



Andy Chute,  
Chair

Although financial results at the end of 2016 were not our strongest, 2017 was a much stronger year.

Thanks to the hard work of the employees and management team, Nelson & District Credit Union realized the strategic priorities set out for 2017 to establish stronger financial performance, improve our profitability and restructure the organization to meet your needs.

NDCU accomplished many cost savings through increased operational efficiencies, reduction of costs and better utilization of capital. Maintaining a profitable organization ensures that we can continue to invest in our communities and support our local organizations and initiatives. These changes would not have been possible without a strong team. Your board continues to be very impressed with the care, commitment, and dedication to members that NDCU employees and managers bring to their jobs every day.

One of the biggest initiatives over 2017 has been the Exploring Strength and Unity discussion. Together, the boards of directors at Columbia Valley, Creston & District, East Kootenay Community, Grand Forks, Heritage, Kootenay Savings, and Nelson & District credit unions are exploring

the potential benefits of an amalgamation to determine if it is the right choice for their respective operations. In the end, members will ultimately make the final decision for their credit union by way of a membership vote. I would like to take the opportunity to thank our board representatives to the committee, John Kortram and Michael Bancroft, as well as our CEO, management team and the directors who have all helped.

This is only the beginning of an exploration, and it will be an ongoing journey. Members are encouraged to stay informed by visiting your credit union's website for updates at [www.exploringstrengthandunity.ca](http://www.exploringstrengthandunity.ca), or stop by your local credit union branch to pick up an information postcard.

Your board is looking forward to an exciting year, which continues to build upon the success of 2017. On behalf of all directors, I would like to thank you for your continued support of Nelson & District Credit Union.

As I step away from the board of directors I would like to state that it has been an honour serving for the past 12 years. I would like to sincerely thank you, my fellow members, for your support over my four terms with Nelson & District Credit Union.

## MESSAGE TO MEMBERS

The accompanying condensed consolidated financial statements have been prepared by management from the consolidated statement of financial position of Nelson & District Credit Union as at December 31, 2017, and the consolidated statement of comprehensive income for the year then ended. Readers are cautioned that these condensed financial statements do not include

## REPORT FROM THE CEO

After finishing last year with a small loss every employee at your Credit Union worked diligently to reduce expenses and increase revenue. I'm proud to report that their efforts paid off with our best year of earnings since 2007!

There were many positive factors: members brought us their deposits, which grew by \$3.5 million, loans grew by 9.5 percent, and assets grew by 2.3 percent to \$216 million.

Internally, 2017 was a year of change for your Credit Union. We reorganized management responsibilities to better position ourselves for the changing financial services industry landscape. We introduced some new tools for you, like ClickSwitch, which makes it easier to change automatic debits and credits between institutions, and Virtual Wealth, an online investing advisor. We created new procedure manuals for our employees to make their jobs easier, and we developed an organization-wide training initiative in late 2017 that we call Trusted Advisor training, with the objective of providing the best possible service and advice to you.

As a member, you may be aware that the boards of directors and senior leaders of seven credit unions in the Boundary, Kootenay, and Columbia Valley region are exploring how an amalgamation could enhance the way the seven credit unions operate. We will have more to share with you over the next year on this initiative.

Our Community Investment Program returned close to \$80,000 to our communities this year, a level of giving which is in the top 10 percent of all credit unions as a percentage of assets. We are proud of the level of aid we continue to provide to our communities thanks to your support.

Kootenay Insurance Services Ltd. finished 2017 with its best year yet and continues to grow. Since the company was established in partnership with Kootenay Savings and East Kootenay Community credit unions in 2007 with four branches, KIS has grown to seven branches, with the addition of a new credit union partner in Summerland.

MoneyWorks rebounded from a tough year in 2016 with positive growth and income in 2017. In partnership with Grand Forks, East Kootenay and Kootenay Savings credit unions, MoneyWorks provides wealth management expertise across the Kootenay region.

Thank you for your commitment to banking locally. Without the support and dedication of our members, employees, and directors we would not be where we are today.



  
Thomas A. Murray,  
Chief Executive Officer

all the disclosures necessary for complete and fair presentation. Complete audited financial statements for the year ended December 31, 2017, together with the auditor's report thereon, are available at any branch of Nelson & District Credit Union or online at [www.nelsoncu.com/CorporateReports](http://www.nelsoncu.com/CorporateReports).



John R. Yowek, CGA, Controller

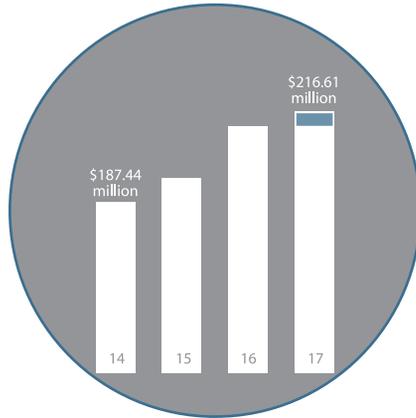


Thomas A. Murray, CEO

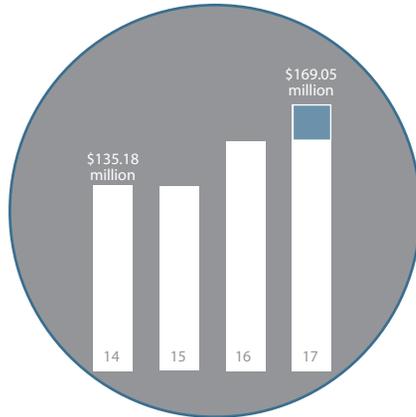


# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## Assets



## Members' Loans



as at December 31, 2017

## ASSETS

Cash and cash equivalents  
Investments  
Investment in associates  
Members' loans  
Property and equipment  
Intangible assets  
Investment property  
Other assets

	2017	2016
Cash and cash equivalents	\$ 7,152,288	\$ 4,183,976
Investments	32,308,873	44,058,174
Investment in associates	3,365,689	3,959,873
Members' loans	169,050,801	154,274,319
Property and equipment	1,641,133	1,628,830
Intangible assets	975,933	840,558
Investment property	1,050,923	1,067,741
Other assets	1,062,513	1,649,056
	<u>\$ 216,608,153</u>	<u>\$ 211,662,527</u>

## LIABILITIES and MEMBERS' EQUITY

Members' Deposits  
Demand  
Terms  
Registered savings plans  
Non-equity shares

Members' Deposits		
Demand	\$ 141,009,327	\$ 138,389,189
Terms	25,251,219	25,327,763
Registered savings plans	32,258,819	31,320,066
Non-equity shares	141,233	150,823
	<u>198,660,598</u>	<u>195,187,841</u>
Other liabilities	1,019,238	854,552
Deferred income tax liability	342,000	142,000
	<u>\$ 200,021,836</u>	<u>\$ 196,184,393</u>

Members' Equity  
Members' shares  
Retained earnings  
Accumulated other comprehensive income

Members' Equity		
Members' shares	795,629	810,438
Retained earnings	15,193,620	14,204,610
Accumulated other comprehensive income	597,068	463,086
	<u>16,586,317</u>	<u>15,478,134</u>
	<u>\$ 216,608,153</u>	<u>\$ 211,662,527</u>

Approved complete audited financial statements, including notes and Community Investment Program

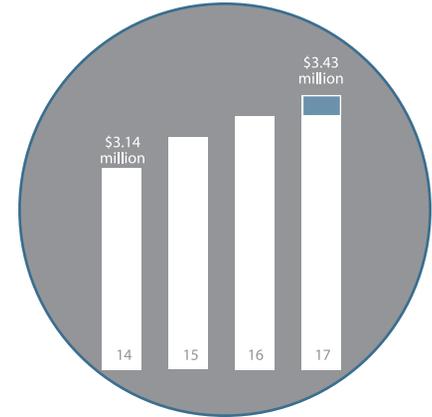
# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended December 31, 2017

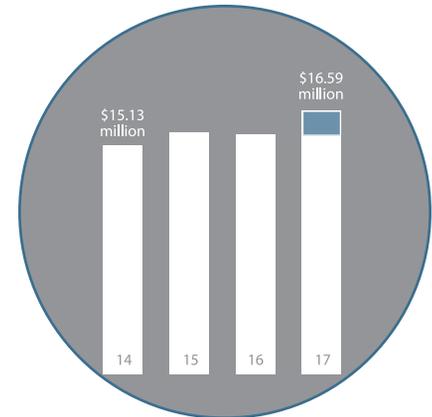
	2017	2016
Interest revenue	\$ 6,565,858	\$ 5,888,982
Interest expense	1,325,262	1,340,755
Provisions for credit losses (recovery)	( 2,188)	89,911
Market loss on investments	74,920	74,920
Financial margin	5,242,784	4,383,396
Other income	1,694,099	1,471,917
	<u>\$ 6,936,883</u>	<u>\$ 5,855,313</u>
Operating expenses		
Salaries and employee benefits	\$ 3,467,961	\$ 3,609,853
Community investment program	77,964	79,793
Distribution to members	26,237	21,978
Other administrative expenses	2,225,711	2,177,519
	<u>5,797,873</u>	<u>5,889,143</u>
Income (loss) before income tax	<u>\$ 1,139,010</u>	<u>\$ ( 33,830)</u>
Future income tax (recovery)	150,000	( 54,200)
Net income	\$ 989,010	\$ 20,370
Other comprehensive income (loss) net of tax	133,982	( 54,100)
Total comprehensive income (loss)	<u>\$ 1,122,992</u>	<u>\$ ( 33,730)</u>

Approved by the Directors:

Cumulative Investment  
In Our Communities



Members' Equity





### 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](mailto:info@nelsoncu.com)



>> logically, locally.



Protection For What Matters



[kootenayinsurance.ca](http://kootenayinsurance.ca)

Down-to-Earth Financial Planning



[nelsoncu.com/MoneyWorks](http://nelsoncu.com/MoneyWorks)

Design: [www.frolixdesign.com](http://www.frolixdesign.com) Printed in the Kootenays 100% Post Consumer Waste - Process Chlorine Free, Acid Free, FSC Certified chlorine free.

[nelsoncu.com](http://nelsoncu.com)