

**GENERAL MANAGER'S REPORT**

The year ending December 31, 2015 was another financially successful year for Compensation Employee's Credit Union. It was a year of growth and profitability, again resulting in a healthy return for members.

In 2015, the Credit Union experienced a 2.3% (700K) growth in Assets. Total Loans grew by 2.5% (655K), which included personal loans & mortgages. Total Deposits grew by 2.2% (623K). Investments in Central 1 stayed relatively the same. This change in the asset mix supported the Credit Union earning a healthy profit for members with an interest margin of 1.83% and net earnings at over \$52K.

The Board of Directors declared dividends of 5% on Equity Shares and 1.8% on Savings Shares. This resulted in a payment of over \$403,000 to members. The Credit Union is committed to building a strong capital base, to ensure future profitability for members and also protect against the risks involved with interest rate changes.

Management and Directors have been busy strategically planning for the future of the Credit Union. It is important to ensure that dealing with the Credit Union continues to be convenient for all members. We continue to work on better access to funds and information for all members across BC. In 2015 we improved our Website, introduced US funds and Interact e-transfers. Many members are taking advantage of Internet Banking, Debit Cards, and Tax Free Savings accounts. And, as a BC Credit Union member, deposits carry unlimited deposit insurance protection.

The Compensation Employees Credit Union is very grateful to WorksafeBC for the many services provided. Thanks also to the assistance provided by Facilities, ISD, Payroll, Human Resources, Legal, and the Mail Room.

I would like to thank the Credit Union Board of Directors for their commitment and support. As a team, they develop policies and strategic objectives to ensure the profitability and strength of the Credit Union. The Directors are very responsive to member's needs and concerns, and encourage your input.

A final THANKS to the members. As members, you are owners, and it's your business and support that makes the credit union prosper. We look forward to another profitable and successful year in 2016.

Respectfully Submitted,  
Carol de Haas  
General Manager

## **BOARD OF DIRECTORS REPORT**

The CECU staff and Board of Directors welcome you to the 62<sup>nd</sup> Annual General Meeting of Compensation Employees Credit Union.

We are very pleased to report yet another successful year of operations in a time of continued financial challenges faced not only around the world but right here in the lower mainland.

We continue to be guided by the BC Ministry of Finance through its Financial Institutions Commission (FICOM) in ensuring that our policies and strategies comply with their guidelines. With an eye to reduce risk, ensure continued profitability and strength for the Credit Union, and being guided by our vision and mission, the credit union can confidently deliver services that members want and need.

In a general financial climate of greatly reduced returns, we are pleased to announce dividends of 5% on Equity Shares and 1.8% on Savings Shares. This is considered good in today's market in comparison to interest earned in banks and in some cases where other Credit Unions are not issuing dividends at all.

We were faced with some challenges over the past couple of years with our membership in decline but Carol and her team's hard work has seen some very positive membership increases for 2015 including 163 new members. This was partly due to Central1's new membership signup programs offering \$100-\$200 cash back.

Through surveys & other communications we've listened to what members want from their credit union. We expanded our online services and accessibility with a new website, implemented e-transfer functionality and are now offering US Currency.

It's important that we stay connected. We are asking that you add your email address to our database by emailing [info@cecu.ca](mailto:info@cecu.ca) with 'add' in the subject line. This could allow for the possibility of e-statements in the future

The Board of Directors would like to express their gratitude to WorkSafeBC for the continuing support of the Credit Union. The Board would also like to thank the General Manager, Carol de Haas, and the rest of the staff, Shelagh Hardern, Janice Fox, Jannine McDonald & Viviana Vidal for their excellent service and efforts to the Board and members.

A final thanks you to you, our members. Your continued business and support is what makes us profitable, and keeps us relevant.

We look forward to another successful year in 2016.

Respectfully Submitted,  
Board of Directors

## Report of the Independent Auditor on the Summarized Financial Statements

To the Members of Compensation Employees Credit Union:

The accompanying summarized financial statements, which comprise the summarized statement of financial position as at December 31, 2015 and the summarized statements of comprehensive income and changes in members' equity and cash flows for the year then ended, are derived from the audited financial statements, prepared in accordance with the International Financial Reporting Standards, of Compensation Employees Credit Union for the year ended December 31, 2015. We expressed an unmodified audit opinion on those financial statements in our report dated February 23, 2016.

The summarized financial statements do not contain all the disclosures required by International Financial Reporting Standards applied in the preparation of the audited financial statements of Compensation Employees Credit Union. Reading the summarized financial statements, therefore, is not a substitute for reading the audited financial statements of Compensation Employees Credit Union.

### *Managers' Responsibility for the Summarized Financial Statements*

Management is responsible for the fair summarization of the complete audited financial statements of Compensation Employees Credit Union.

### *Auditors' Responsibility for the Summarized Financial Statements*

Our responsibility is to express an opinion on the summarized financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standards (CAS) 810, "Engagements to Report on Summary Financial Statements."

### *Opinion*

In our opinion, the summarized financial statements derived from the audited financial statements of Compensation Employees Credit Union for the year ended December 31, 2015 are a fair summary of those financial statements.

Abbotsford, BC  
February 23, 2016

*MNP LLP*  
Chartered Professional Accountants

### Compensation Employees Credit Union Summarized Statement of Financial Position December 31, 2015

	2015	2014
<b>Assets</b>		
Cash and equivalents	2,326,618	2,241,062
Investments	2,530,409	2,532,881
Member loans receivable	26,095,025	25,439,699
Income taxes receivable	5,514	23,706
Equipment	25,346	36,456
Deferred tax asset	8,000	10,000
	<b>30,990,912</b>	<b>30,283,804</b>
<b>Liabilities</b>		
Member deposits	28,706,702	28,083,652
Accounts payable and accrued liabilities	34,902	28,358
	<b>28,741,604</b>	<b>28,112,010</b>
<b>Members' equity</b>		
Equity shares	642,870	617,390
Retained earnings	1,606,438	1,554,404
	<b>2,249,308</b>	<b>2,171,794</b>
	<b>30,990,912</b>	<b>30,283,804</b>

Approved on behalf of the Board of Directors

'Andrew Yiu'

'Andrew Wong'



**Compensation Employees Credit Union**  
**Summarized Statements of Comprehensive Income and Members' Equity**  
**December 31, 2015**

	2015	2014
<b>Interest income</b>	<b>1,027,687</b>	1,043,327
<b>Interest expense</b>	<b>461,353</b>	478,219
<b>Financial margin</b>	<b>566,334</b>	565,108
<b>Other income</b>	<b>41,416</b>	36,383
<b>Operating margin</b>	<b>607,750</b>	601,491
<b>Operating expenses</b>	<b>502,494</b>	500,298
<b>Income before provision for impaired loans and income taxes</b>	<b>105,256</b>	101,193
<b>Provision for impaired loans</b>	<b>13,136</b>	-
<b>Income before income taxes</b>	<b>92,120</b>	101,193
<b>Income taxes</b>	<b>8,732</b>	4,834
<b>Comprehensive Income</b>	<b>83,388</b>	96,359
<b>Members' equity, beginning of year</b>	<b>2,171,794</b>	2,102,034
Equity share dividends	<b>(31,354)</b>	(30,290)
Net issuance of equity shares	<b>25,480</b>	3,691
<b>Members' equity, end of year</b>	<b>2,249,308</b>	2,171,794

**Compensation Employees Credit Union**  
**Summarized Statement of Cash Flows**  
**December 31, 2015**

	2015	2014
<b>Cash provided by (used for) the following activities</b>		
Operating activities	125,283	60,706
Financing activities	627,962	(1,598,198)
Investing activities	(667,689)	3,064,888
<b>Increase in cash and cash equivalents</b>	<b>85,556</b>	<b>1,527,396</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>2,241,062</b>	<b>713,666</b>
<b>Cash and cash equivalents, end of year</b>	<b>2,326,618</b>	<b>2,241,062</b>

*Note: Readers are cautioned that these summarized financial statements do not include all the disclosures required for complete and fair presentation.*

## **Compensation Employees Credit Union**

### **2015 Disclosure KMP**

#### **Directors Remuneration, Expenses & GM Compensation**

Director Remuneration (there are 7 Directors):

- Each Board member receives \$100 per regular board meeting attended (max 10/year).
- In addition to the above, once per year the Board Chair receives \$600; Vice Chair receives \$300; Secretary receives \$200.
- Chairs of Statutory Committees receive \$100 once per year.
- The Statutory Committee members also receive \$50 per meeting (to a max of 1 to 4 meetings per year depending on the committee).

General Manager Compensation:

- Base pay \$85,000 with up to 10% variable pay.

**In 2015 the total of the above paid to the Directors & General Manager was \$101,458.**

Other Board Expenses:

Board meeting and training expenses: \$1,776.