

# **ANNUAL REPORT– COMPENSATION EMPLOYEES CREDIT UNION 2021**

## **BOARD OF DIRECTOR’S REPORT**

The Compensation Employees Credit Union (CECU) staff and Board of Directors welcome you to the 68th Annual General Meeting of Compensation Employees Credit Union.

Our priority continues to focus on our members by improving service, products, convenience and profitability. We are pleased to report another successful year of operations, and to announce dividends/interest of 1.10% on Equity Shares and .60% on Regular Savings.

We are proud of the patronage interest rates we continued to offer, given the pandemic and its impact on the financial climate. In 2021, achieving the above rates are competitive to any financial institution in our system. This is only done through the continued commitment to give as much back to our members, while ensuring the financial stability and security of what is ultimately, our members’, and your money.

We also communicated with you regarding the renaming of our Regular Shares to Regular Savings. All deposits with CECU continue to be 100% guaranteed.

In 2021, the CECU, like many businesses, was still responding to the COVID-19 pandemic, and we continued to prioritize financial access and quality service for our members. As such, some projects were put on hold in 2021. . We are looking forward to 2022 and are excited to now move forward with new tools that will to improve our offering of products and services, and the experience of our members.

In 2021, the Board presented that the BC Financial Services Authority (BCFSA), continued its standard regulatory review of CECU. We accepted their recommendations and this was a priority project for our organization over the course of 2020 & 2021. With the support of Stabilization Central, we were able to implement a number of key recommendations to provide better financial stability, processes and controls. It was only through the perseverance and commitment of our management team that we were able to have completed the project in very challenging years.

With some of the last few years challenges behind us, the Credit Union is optimistic of signs of recovery with the pandemic, and confident that our organization is prepared to support our member’s needs. In 2022, as our business heads towards normalcy, we prepare for our Forge conversion, which will allow for enhanced services and an improved banking experience with the CECU.

In closing, the Board of Directors would like to express our gratitude to WorkSafeBC for the continued support of the Credit Union. We also would like to thank our General Manager, Carol de Haas, and the rest of the staff for their excellent service and efforts throughout the year.

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

Respectfully Submitted,

Board of Directors,  
Compensation Employees Credit Union

## **GENERAL MANAGER'S REPORT**

The year ending December 31, 2021 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 2021, the Credit Union experienced an 8% increase in assets. This was due to a 10% increase in deposits (\$3M). Total Loans increased by 6% (\$1.2M) which was mostly due to mortgage demand. Investments in Central1 increased. This change in the asset mix supported the Credit Union earning a healthy profit for members with an interest margin of 1.4% and net earnings at \$32.6K.

The Board of Directors declared dividends of 1.1% on Equity Shares and .60% on Regular Savings. This resulted in a payment of \$132K back 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.

We have been busy this year with many projects making our CU stronger, more secure and efficient. These included online password enhancements; investigating paperless & digital options; system wide payments modernization; marketing. We also communicated to members regarding the renaming of our Regular Shares account to Regular Savings, ensuring member deposits continue to carry unlimited deposit insurance protection.

Our website offers accessibility and online services including online banking as well as information about other services including mortgages, loans, & registered plans. Members also have online e-transfers, calculators, loan & membership applications, and more areas to contact us.

Management and Directors have been busy strategically planning for the future of the Credit Union. It is important to ensure that dealing with CECU continues to be convenient for all members. We continue to work on better access to funds and information for all members across BC.

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 input. And, we are very grateful to WorkSafeBC for the many services provided.

2021 was another challenging year with Covid, staff changes, computer & security enhancements etc. I would like to thank our amazing CU staff. They are a strong team, who are committed to serving members and have worked very hard this past year. Thank you!!

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 2022.

Respectfully Submitted,  
Carol de Haas  
General Manager

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

To the Members of Compensation Employees Credit Union:

### **Opinion**

The summary financial statements, which comprise the summary statement of financial position as at December 31, 2021, and the summary statements of comprehensive income and changes in members' equity and cash flows for the year then ended are derived from the audited financial statements of Compensation Employees Credit Union (the "Credit Union") for the year ended December 31, 2021.

In our opinion, the accompanying summary financial statements are a fair summary of the audited financial statements.

### **Summary Financial Statements**

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon.

### **The Audited Financial Statements and Our Report Thereon**

We expressed an unmodified audit opinion on the audited financial statements in our report dated February 22, 2022.

### **Management's Responsibility for the Summary Financial Statements**

Management is responsible for the preparation of the summary financial statements.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on whether the summary financial statements are a fair summary of the audited financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standards (CAS) 810, Engagements to Report on Summary Financial Statements.

Abbotsford, BC

February 22, 2022

Chartered Professional Accountants

*MNP LLP*

**Compensation Employees Credit Union**  
**Summarized Statement of Financial Position**  
**December 31, 2021**

	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
Cash and cash equivalents	11,751,498	12,425,320
Investments	2,473,492	142,742
Member loans receivable	22,751,994	21,562,219
Income taxes receivable	7,991	9,357
Prepaid expenses and deposits	83,000	-
Intangible assets	148,786	169,590
	<b>37,216,761</b>	<b>34,309,228</b>
 <b>Liabilities</b>		
Member deposits	34,653,006	31,763,348
Accounts payable and accrued liabilities	30,440	31,003
Deferred tax liabilities	15,000	15,000
	<b>34,698,446</b>	<b>31,809,351</b>
 <b>Members' equity</b>		
Equity shares	611,787	626,007
Retained earnings	1,906,528	1,873,870
	<b>2,518,315</b>	<b>2,499,877</b>
	<b>37,216,761</b>	<b>34,309,228</b>

**Approved on behalf of the Board of Directors**

Farhad Mistry

Director

Ian Edwards

Director



**Compensation Employees Credit Union**  
**Summarized Statements of Comprehensive Income and Changes in Members' Equity**  
**December 31, 2021**

	2021	2020
<b>Interest income</b>	<b>796,368</b>	947,538
<b>Interest expense</b>	<b>274,260</b>	349,777
<b>Financial margin</b>	<b>522,108</b>	597,761
<b>Other income</b>	<b>30,738</b>	28,347
<b>Financial margin and other income</b>	<b>552,846</b>	626,108
<b>Operating expenses</b>	<b>508,498</b>	521,063
<b>Income before provision for impaired loans</b>	<b>44,348</b>	105,045
<b>Provision for impaired loans</b>	<b>1,000</b>	32,486
<b>Income before income taxes</b>	<b>43,348</b>	72,559
<b>Income taxes</b>	<b>4,009</b>	2,643
<b>Comprehensive Income</b>	<b>39,339</b>	69,916
<b>Members' equity, beginning of year</b>	<b>2,499,877</b>	2,454,982
Equity share dividends	<b>(6,681)</b>	(30,771)
Net issuance (redemption) of equity shares	<b>(14,220)</b>	5,750
<b>Members' equity, end of year</b>	<b>2,518,315</b>	2,499,877

**Compensation Employees Credit Union**  
**Summarized Statement of Cash Flows**  
**December 31, 2021**

	2021	2020
<b>Cash provided by (used for) the following activities</b>		
Operating activities	<b>(162,675)</b>	123,827
Financing activities	<b>3,008,973</b>	5,533,415
Investing activities	<b>(3,520,120)</b>	3,855,629
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(673,822)</b>	9,512,871
<b>Cash and cash equivalents, beginning of year</b>	<b>12,425,320</b>	2,912,449
<b>Cash and cash equivalents, end of year</b>	<b>11,751,498</b>	12,425,320

*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**

### **2021 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 2021 the total of the above paid to the Directors & General Manager was \$100,550.**

Other Board Expenses:

Board meeting and training expenses: \$642.00