

# **ANNUAL REPORT- COMPENSATION EMPLOYEES CREDIT UNION 2023**

## **BOARD OF DIRECTOR'S REPORT**

The Compensation Employees Credit Union (CECU) staff and Board of Directors welcome you to the 70th 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 5% on Equity Shares and .50% on Regular Savings.

We are proud of the patronage interest rates we continued to offer. 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 your money.

In 2023, the CECU, continued to prioritize financial access and quality service for our members. We are looking forward to 2024 where we will share new tools that will improve our offering of products and services, further enhancing the experience of our members.

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 Management and 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, 2023 was another financially successful year for Compensation Employee's Credit Union. It was not a year of growth but profitability again resulted in a healthy return for members.

In 2023, the Credit Union experienced a 2.8% decline in assets. This was due to a decrease in deposits (\$947K) and Central1 investments. Total Loans stayed relatively the same (-\$20K). This change in the asset mix still supported the Credit Union earning a healthy profit for members with an interest margin of 2% and net earnings at \$47K.

The Board of Directors declared Patronage Allocations (div/int) of 5% on Equity Shares and .50% on Regular Savings. This resulted in a payment of \$105K back to members. We have also been offering our members great rates on term deposits resulting in over \$440K paid to members in interest. 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. 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 members' needs and concerns, and encourage input. And, we are very grateful to WorkSafeBC for the many services provided.

2023 was another challenging year with Covid, regulatory requirements, 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 2024.

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, 2023, 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, 2023.

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 20, 2024.

### 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 27, 2024

*MNP LLP*

Chartered Professional Accountants

### Compensation Employees Credit Union Summarized Statement of Financial Position December 31, 2023

	2023	2022
<b>Assets</b>		
Cash and cash equivalents	476,775	2,197,922
Investments	2,955,554	2,180,283
Member loans receivable	28,856,273	28,876,879
Income taxes receivable	2,190	3,872
Prepaid expenses and deposits	59,302	70,027
Intangible assets	146,389	127,982
	<b>32,496,483</b>	<b>33,456,965</b>
<b>Liabilities</b>		
Member deposits	30,000,685	30,948,025
Accounts payable and accrued liabilities	20,254	34,462
Deferred tax liabilities	12,000	11,000
	<b>30,032,939</b>	<b>30,993,487</b>
<b>Members' equity</b>		
Equity shares	553,198	573,173
Retained earnings	1,937,289	1,950,472
Accumulated other comprehensive loss	(26,943)	(60,167)
	<b>2,463,544</b>	<b>2,463,478</b>
	<b>32,496,483</b>	<b>33,456,965</b>

### Approved on behalf of the Board of Directors

"Breanna Graham"  
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Director

"Ashleigh Zhang"  
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Director

**MNP**  
LLP

**Compensation Employees Credit Union**  
**Summarized Statements of Comprehensive Income and Changes in Members' Equity**  
**December 31, 2023**

	2023	2022
Interest income	1,176,412	975,335
Interest expense	520,664	278,012
Financial margin	655,748	697,323
Other income	41,055	26,310
Financial margin and other income	696,803	723,633
Operating expenses	606,484	602,178
Income before provision for impaired loans	90,319	121,455
Provision for impaired loans	76,768	46,451
Income before income tax expense	13,551	75,004
Income tax expense (recovery)	(296)	2,564
Net income	13,847	72,440
Other comprehensive income (loss) – net of tax	33,224	(60,167)
Comprehensive Income	47,071	12,273
Members' equity, beginning of year	2,463,478	2,518,315
Equity share dividends	(27,030)	(28,496)
Net redemption of equity shares	(19,975)	(38,614)
Members' equity, end of year	2,463,544	2,463,478

**Compensation Employees Credit Union**  
**Summarized Statement of Cash Flows**  
**December 31, 2023**

	2023	2022
Cash provided by (used for) the following activities		
Operating activities	191,131	192,337
Financing activities	(1,083,435)	(3,813,728)
Investing activities	(828,843)	(5,932,185)
Decrease in cash and cash equivalents	(1,721,147)	(9,553,576)
Cash and cash equivalents, beginning of year	2,197,922	11,751,498
Cash and cash equivalents, end of year	476,775	2,197,922

*Note: Readers are cautioned that these summarized financial statements do not include all the disclosures required for complete and fair presentation. Management has prepared the summarized financial statements from the Credit Union's December 31, 2023 audited financial statements which can be obtained at the Credit Union.*

**Compensation Employees Credit Union 2023 KMP Disclosure**

Director Remuneration, Expenses & GM Compensation (7 Directors):

- Each Board member receives \$100 per regular board meeting attended (max 10/year).
- In addition to the above, once per year: Board Chair \$600; Vice Chair \$300; Secretary \$200; Chairs of 3 Statutory Committees \$100.
- Statutory Committee members \$50 per meeting (max 4 meetings per year depending on the committee).
- General Manager Compensation: Salary \$93,500

**In 2023 the total of the above paid to the Directors & General Manager was \$99,550.**

- Other Board Expenses: \$3593.75