

# Lake View Credit Union

# 2015

# ANNUAL REPORT



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

## *Message from the CEO and Board Chair*

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### **Community**

LVCU had another year of successful Christmas Stocking Raffles in all three of our locations. The total proceeds in Chetwynd of \$3,280 were donated evenly to the Chetwynd Library, Kid Sport and Chetwynd Senior Citizen's Society. In Tumbler Ridge, the proceeds of \$2,620 were donated evenly to the Tumbler Ridge Library, TR Hospice & Respite Care Society and the New Life Assembly Family Assistance Program. In Dawson Creek, the total proceeds of \$3,335 were donated evenly between the Mizpah Transition House and St Mark's Food Bank. In total, we raised \$9,635 for our communities.

In support of the Cops for Cancer Tour de North, LVCU staff partnered with the local RCMP detachment to hold a Jail & Bail event and barbecue, raising funds for cancer research. This event was held in LVCU's Dawson Creek branch parking lot. Various members of the community, including a few members of LVCU staff, were "arrested" throughout the day and persuaded to ask friends and co-workers for "bail money". A total of \$23,120 was raised to support the Cops for Cancer Tour de North. LVCU allocated \$12,200 to bursaries for local post-secondary students and Grade 12 students going on to post-secondary education. Education is one of the "Seven Cooperative Principles", and forms one of the values directing our investment in community. Additionally, Lake View in 2015 donated over \$100,000 to community initiatives and organizations. We have also contributed approximately \$5,000 of in kind donations through promotional items and office equipment no longer used by LVCU.

Throughout the year, LVCU staff participated in community engagement and information sessions, with our staff holding financial educational seminars in all three of our communities. In total, our teams conducted eleven sessions in our communities. Seminar topics are listed in the following text box:

#### **SHARING OUR KNOWLEDGE:**

Dawson Creek (seven sessions):

- Dawson Creek Secondary School (South Peace Campus)  
January 15, 2015
- South Peace Secondary School  
May 7, 2015
- RESP in-branch hosted workshop  
October 21, 2015
- Three information sessions with realtors on Lake View mortgage products and services
- Success by 6 Early Learning Fair (Tremblay Elementary)  
November 27, 2015

Chetwynd (two sessions):

- Success by 6 RESP Health Blitz  
May 27, 2015
- RESP and BC TES Grant information session  
November 4, 2015

Tumbler Ridge (two sessions)

- Success by 6 RESP Health Blitz  
September 16, 2015
- RESP and BC TES Grant information session  
November 4, 2015

### Donations over \$5,000

Student Bursaries	\$12,200
Canadian Cancer Society – Northern Cancer Lodge	\$6,010
Chetwynd Chainsaw Carving	\$5,000
Dawson Creek Municipal Library	\$7,000
Dawson Creek Rotary Conference	\$5,250
BLT Society – Harmony Park	\$5,000
Step Up N Ride	\$5,000

### Donations under \$5,000

Chetwynd Christmas Bureau  
Chetwynd Circus Camp  
Chetwynd Curling Club  
Chetwynd Harvest Festival  
Chetwynd KidSport  
Chetwynd Legion  
Chetwynd Public Library  
Chetwynd Senior Citizen Society  
Tumbler Ridge Emperor's Challenge  
Tumbler Ridge Fire Department  
Tumbler Ridge GrizFest  
TR Hospice & Respite Care Society  
Tumbler Ridge Legion  
Tumbler Ridge Library  
TR New Life Assembly Family Assistance Program  
Tumbler Ridge Youth Society  
BCCA Youth Program  
Bear Mountain Ski Hill  
Canadian Cancer Society  
Canalta School PAC  
Dawson Creek Exhibition & Rodeo  
Dawson Creek Fire Department  
Dawson Creek & District Golf and Country Club  
Dawson Creek Hospital Foundation  
Dawson Creek Legion  
Dawson Creek Minor Hockey  
Dawson Creek Oilmen's Association  
Dawson Creek Rotary Auction  
Farmer & Merchant Golf Tournament

Lake View Literacy Society  
Mizpah Transition House  
North Country Stars 2015  
North Peace Wolverines  
Rotary Manor Summer Carnival  
South Peace Arts Society  
South Peace Community Resource Centre  
South Peace Palliative Care Society  
South Peace Senior Citizens Association  
St. Mark's Food Bank  
Success by 6 - DC, TR & Chetwynd  
Tomslake Fire Department

## Staff

We continue to invest in staff through training and educational opportunities. Our retail staff holds product knowledge meetings on a weekly basis. We hold bi-weekly Aspire training, which develops our skills and abilities to have discussions with members on their financial dealings, our goal being to increase our share of wallet. We provide opportunities for staff to take external training through credit union partner companies and lending training through other industry experts. Every year we undertake an engagement survey to gauge staff engagement and satisfaction. This survey identifies specific aspects of the work environment where management has an opportunity to enhance or problem solve. The on-going commitment of staff and management to continuous learning and development enables LVCU to support our mission statement of enriching our member's lives.

## Members

In the fall of 2015, Lake View Credit Union contracted with Central1 Credit Union to undertake a survey of LVCU members. Questionnaires were mailed to 3,998 members, who were given the option of a mailed or an online response via our website. The survey was mailed late September with a response deadline of October 29, 2015. Returned paper surveys represented a 10% response rate of the surveys mailed and an additional 80 online surveys gave us 480 responses.

Survey highlights are listed in the following text box:

### 2015 MEMBER SURVEY REPORT HIGHLIGHTS:

- 88% of members would recommend our credit union to a friend who was new to the area
- Reasons for dealing with LVCU are our friendly staff, good service and being a local financial institution
- Members would like lower service charges, better rates on loan and deposit products
- Members would like us to cross sell and tell them more about our products and services



LVCU management and staff have already implemented plans in 2016 to be more proactive with our members, engaging them in conversation about the products and services that are offered by LVCU.

## Technology

In 2016, we began planning for the launch of FX Notes Plus, a web-based platform offered through Central1's Secure Site for the purchase and sale of foreign currency. This will facilitate our credit union buying and selling over 80 foreign currencies from and to our members, offering an ideal product for members needing pocket cash for vacations or business trips in foreign countries.

We joined other Solutions Centre credit unions in assessing the opportunity of having a version of Central1 OpenAnywhere, membership opening application software, for branch workstations. Project highlights include best practices for setting up new memberships, with options for online, mobile and in-branch software implementation. If it proves feasible to move forward with this initiative, staff will be provided with valuable tools in establishing broader member relationships and better member onboarding experiences.

Mobile App will be introduced in midyear 2016. LVCU members will be just a tap away from a great banking experience, able to stay on top of their accounts and do daily banking directly from their Smartphone, all while on the go and at their convenience. Key features include: viewing account balances and account details, paying bills immediately or managing and scheduling bill payments, transferring funds immediately, viewing and managing transfers, and finding a nearby branch or ATM.

Along with the Mobile App, Lake View's members will have access to the Deposit Anywhere feature directly from the app. Members can simply tap the "deposit" button, select the desired account, and take a photo of the front and back of the cheque. From there they will be able to confirm the deposit and immediately see that cheque deposited to their account. Key features include: flexible CAD deposits where members can securely deposit any CAD cheque into their CAD accounts with LVCU, real-time account updates – members will be able to see their deposit immediately, multiple account options – members will have access to a list of their accounts to make a deposit, duplicate detection security – prevents the same cheque from being deposited twice, handwriting recognition – built in security to detect mismatches between the amount entered by the member and the amount on the cheque during the deposit process.

In September of 2016, LVCU will be undergoing a conversion of its electronic switch provider from DC Payments to Everlink. With this switch conversion, new technology will be in the hands of our members through their debit cards, allowing flash technology for smaller purchases at flash technology enabled merchants. Everlink has also managed the changes necessary at the switch level to enable Mobile Pay transaction processing for the credit union system. Canada's credit unions using the Everlink switch will be offering a new secure Mobile Pay service using *Interac* Flash, which gives credit union

member/owners the ability to use their supporting Smartphone to make purchases directly from their savings or chequing accounts at retailers displaying the *Interac* Flash logo. More information will be made available throughout the year.

## Loans

In 2015, we funded \$32.4 million in consolidated retail loans and achieved portfolio growth of \$10,570,289 (7.1%). Growth was exclusively from \$11,980,908 in mortgages, with personal loan run-off of \$1,410,619. Our consolidated retail loan balance was \$159,310,002 at the end of 2015, exceeding our growth target by \$5,099,953. Commercial loans advanced for 2015 were \$20,979,291, down \$5,311,268 from loans advanced in 2014 of \$26,290,559. Despite the decrease in advanced loans, net growth in commercial lending for 2015 was \$11,075,974.

## Market

The continued low interest rate environment has reduced financial margins across the financial services industry. LVCU, like other financial institutions, has been negatively affected, with a declining net income and resulting lessened ability to grow Tier 1 capital. In addition to the 2014 slowdown in the coal industry, the oil and gas sector has been hit hard in 2015. Our members and the communities we serve have been significantly impacted. As a result, combined retail and commercial delinquency rose during the period of January 1, 2015 to December 31, 2015 from \$1,835,115 (0.9% of total portfolio) to a high of \$4,375,383 (2.0% of total portfolio). Retail delinquency at December 31, 2015 was \$3,710,219 (2.3% of retail portfolio) and commercial delinquency at December 31, 2015 was \$665,163 (1.2% of commercial Portfolio). Since the beginning of 2015, unemployment in Northeast BC has risen from below 3% to the current rate of 9.2%. In 2014 and 2015, LVCU has added over \$1.55 million to its loan allowance in order to cover loans that are impaired and unlikely to be recovered. The loan loss allowance is deducted entirely from net income and is consequently a major negative impact to our earnings. We will continue to monitor our loans to ensure collectability and at the same time consistently and diligently assess the amount of expense needing to be allocated for future loan allowances. LVCU will continue to work with its members who have been impacted by this economic slowdown.

## 2016

LVCU will continue to focus on utilizing our excess liquidity by investing in loans. We will conduct a number of campaigns throughout the year focused on consumer and business financing. We will continue to develop and invest in the technology allowing members to do their banking in non-traditional forms. LVCU management will be engaged in collective bargaining with its staff and member union BCGEU in preparation for renewal of the current agreement expiring at the end of June 2016. For the past 72

years, LVCU has been a significant provider of financial services to members in the communities we serve. In recent years, we have faced a challenging competitive environment and we have decided that in order to continue and build on this tradition of service, we should seek out strategic alliances with other credit unions that share our values. The board and management feel that a partnership with a like-minded credit union is a viable option to create the best possible situation for our members. In an era of intense competition combined with a weak economy, we felt that a full exploration of all options for this organization to grow and prosper was in the best interests of staff, members and the communities we serve. We came to this conclusion after considerable consultation, lengthy deliberation and healthy dialogue among board and management.

Kelly Longley  
CEO  
Lake View Credit Union

Jean Hicks  
Chair  
Lake View Credit Union Board of Directors





**REPORT OF THE INDEPENDENT AUDITOR  
SUMMARY FINANCIAL STATEMENTS**

To the Members of Lake View Credit Union



The accompanying summary financial statements, which comprise the summary statement of financial position as at December 31, 2015, the summary statement of comprehensive income and summary statement of changes in members' equity for the year then ended, are derived from the audited financial statements of Lake View Credit Union for the year ended December 31, 2015. We expressed an unmodified audit opinion on those financial statements in our report dated February 29, 2016.

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of Lake View Credit Union.

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

Management is responsible for the preparation of a summary of the audited financial statements in accordance with Article 128 of the Financial Institutions Act of British Columbia.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the summary financial statements 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 financial statements derived from the audited financial statements of Lake View Credit Union for the year ended December 31, 2015 are a fair summary of those financial statements, in accordance with criteria described in Article 128 of the Financial Institutions Act of British Columbia.

**Emphasis of Matter**

Without qualifying our opinion, we draw attention to the fact that certain comparative information for the year ended December 31, 2014 has been restated to record the reclassification of certain membership shares from liabilities to equity. The financial statements for the year ended December 31, 2014 have been amended from those on which we originally reported on March 2, 2015.

Prince George, BC  
February 29, 2016

*Deloitte LLP*  
Chartered Professional Accountants

<b>LAKE VIEW CREDIT UNION</b>		
<b>SUMMARY STATEMENT OF FINANCIAL POSITION</b>		
as at December 31, 2015	<b>2 0 1 5</b>	<b>2 0 1 4</b> (restated)
<b>ASSETS</b>		
Cash and cash equivalents	\$ 7,983,888	\$ 14,883,962
Investments	89,959,444	74,373,928
Loans and advances to members	223,902,873	199,190,713
Property and equipment	3,718,179	4,225,287
Other intangible asset	70,393	118,899
Other assets	2,607,813	2,289,690
	<b>\$ 328,242,590</b>	<b>\$ 295,082,479</b>
<b>LIABILITIES</b>		
Deposits from members	\$ 302,930,691	\$ 276,086,815
Term loan	5,000,000	-
Other liabilities	1,451,980	1,160,642
Membership shares	133,936	135,524
	<b>309,516,607</b>	<b>277,382,981</b>
<b>MEMBERS' EQUITY</b>		
Membership shares	1,205,415	1,219,711
Retained earnings	17,123,721	16,025,423
Accumulated other comprehensive income	396,847	454,364
	<b>18,725,983</b>	<b>17,699,498</b>
	<b>\$ 328,242,590</b>	<b>\$ 295,082,479</b>

**APPROVED BY THE BOARD**

 Director

 Director





**LAKE VIEW CREDIT UNION**  
**SUMMARY STATEMENT OF COMPREHENSIVE INCOME**  
 year ended December 31, 2015

	2015	2014 (restated)
Total interest income	\$ 10,128,642	\$ 9,803,333
Total interest expense	<u>2,511,078</u>	1,978,813
Net interest margin	7,617,564	7,824,520
Allowance for credit losses	<u>738,098</u>	857,266
Net interest income	6,879,466	6,967,254
Other operating income	<u>2,099,216</u>	1,722,610
Total operating income	8,978,682	8,689,864
Total operating expenses	7,684,152	7,607,248
Dividends on membership shares	<u>6,000</u>	9,475
Income before income taxes	1,288,530	1,073,141
Income tax expense	<u>144,818</u>	267,867
<b>Net income</b>	1,143,712	805,274
Other comprehensive (loss) income, net of income taxes	<u>(57,517)</u>	55,484
<b>Total comprehensive income</b>	<u>\$ 1,086,195</u>	<u>\$ 860,758</u>

**LAKE VIEW CREDIT UNION**  
**SUMMARY STATEMENT OF CHANGES IN MEMBERS' EQUITY**  
 year ended December 31, 2015

	Total
<b>As at December 31, 2014 (restated)</b>	\$ 17,699,498
Total comprehensive income	1,086,195
Dividends on membership shares	8,586
Membership shares issued (redeemed) - net	(69,884)
Transfers from membership shares - liability portion	<u>1,588</u>
<b>As at December 31, 2015</b>	<u>\$ 18,725,983</u>

A full set of the audited financial statements is available from the Credit Union

# Lake View Credit Union Board Accountability Report

**2015**

Name	<b>Jean Hicks - Chair</b>	
Background/ Experience	<p>Jean was raised in Dawson Creek and trained as a pharmacist in Vancouver. She returned to the Peace River area in 1979, when she and her husband moved to Chetwynd and opened a pharmacy. The pharmacy, which they owned for over twenty-five years, was part of a retail banner program founded by independent pharmacy owners and Jean credits much of the success of her business to the advantages of working co-operatively. She is firmly convinced of the importance both of local ownership and of co-operative values.</p> <p>Jean has been active on many community groups and was president of the committee which brought a leisure swimming pool to Chetwynd in 1991.</p> <p>Jean was first elected to the board of Lake View Credit Union in 2011. During her tenure she has been on the Finance Committee, Human Resources Committee, Building Committee, and Governance Committee. She is currently in her second year as board chair.</p>	
Board Meetings Attended	Regular	10/10
	Special	3/3
Committees & Attendance	Governance	5/5
	HR	3/3
	Audit & Risk	4/4
	Nominating	1/1
Director Since	2011	
Current Term	2014 - 2017	
Total Annual Remuneration	\$11,855.00	
Total Annual Expenses	\$3,612.79	

Name	<b>Everett Beaulne – Vice Chair</b>	
Background/ Experience	<p>My name is Everett Beaulne. I was born and raised in Pouce Coupe, graduating high school in Dawson Creek. I have my BA in English from the University of Victoria. My working life was in retail, the last thirty-five years was as owner operator of a retail store in Pouce Coupe, the family business. I have been married for forty one years. I have two sons, a daughter-in-law and two grandchildren. I have served on a number of local boards and committees over the past forty years. I am just completing my seventh year on Lake View Credit Union's board. My focus on LVCU's board is on maintaining profitability, being a good employer and remaining an independent business.</p>	
Board Meetings Attended	Regular	10/10
	Special	3/3

Committees & Attendance	Governance, Chair 5/5
Director Since	2009
Current Term	2015 - 2018
Total Annual Remuneration	\$5,700.00
Total Annual Expenses	\$0

Name	<b>Wayne Plenert – Board Secretary</b>	
Background/ Experience	<p>Wayne is a retired lawyer actively involved locally with developing an assessment and mediation model for the Peace River provincial family court. He is also active provincially in mediation matters, as a board member of Mediate BC Society and as chair of its Roster Committee. He instructs in areas of conflict, leadership and transformative mediation. He participates at Northgate Anabaptist Fellowship.</p> <p>Wayne has been on the LVCU board since 2007 where over the years he has led the governance, nomination and human resources committees. This past year he chaired the audit committee. He has cherished the opportunity to be involved in this excellent organization.</p>	
Board Meetings Attended	Regular	9/10
	Special	3/3
Committees & Attendance	Audit & Risk, Chair	5/5
	HR	3/3
Director Since	2007	
Current Term	2013 - 2016	
Total Annual Remuneration	\$6,600.00	
Total Annual Expenses	\$1,115.97	

Name	<b>Myles Mowat – Director</b>	
Background/ Experience	<p>I completed my post-secondary studies at McMaster, University of Toronto and the University of Oregon, in teacher training. I began my professional career in Dawson Creek in 1974. At South Peace Secondary School (SPSS), I taught Physical Education, Social Studies, Construction, Mathematics &amp; English.</p> <p>I coached teams and was the staff sponsor for Student Council for several years, and coordinated the extracurricular activities and scholarships at the school. As a senior staff member, I chaired the Accreditation Team at South Peace. I continued to work into positions where leadership was a more significant component – Counselor &amp; Vice Principal (at SPSS &amp; Central). I retired recently as the Principal of Central Middle School.</p> <p>I have worked on several School District committees such as District #59's Outdoor Education Committee, where, as a founding member, I participated in the development of our permanent facility at Gwillim Lake.</p> <p>I represented my colleagues as a Director on the Board of the British</p>	



	Columbia Principal and Vice Principal's Association for the final three years of my career, and am a founding member of the Dawson Creek Sunrise Rotary Club, I've held the position of Chair of RYPEN – we focus on the development of youth leadership skills, and Chair of the Rotary TV Auction in 2010.
Board Meetings Attended	Regular 10/10 Special 2/3
Committees & Attendance	Audit & Risk 5/5 Governance 1/1 Nominating, Chair 3/3
Director Since	2011
Current Term	2014 - 2017
Total Annual Remuneration	\$6,850.00
Total Annual Expenses	\$0

Name	<b>Darren Hamre - Director</b>
Background/ Experience	<p>My name is Darren Hamre I moved along with my family to Dawson Creek in 1966. I was raised here, where I went to school and Northern Lights College. I worked as a student at Harv's Shell and Carwash which is now our parking lot. I spent a year at Simon Fraser University but didn't complete my degree.</p> <p>I then managed one of the family businesses, Work Wear World that is now Mark's. Timberline Pontiac Buick hired me where I did a variety of jobs in sales. It led me into real estate where I'm still active. I work at Re/max, own Brother John's Wine Cellar, I'm a commercial landlord and have a small farm along the Peace River.</p> <p>My son Luke is currently living in Edmonton. I enjoy golf and spending time in the country but there's also time for volunteering. I have served on several Boards, including Dawson Creek Minor Hockey, South Peace Community Resources and Northern Lights Real Estate Board. I've completed the Foundations of Governance course which is a requirement for being a Credit Union director.</p>
Board Meetings Attended	Regular 6/7 Special 2/2
Committees & Attendance	Governance 4/5 Audit & Risk 1/1
Director Since	2015
Current Term	2015 (1 year appointment)
Total Annual Remuneration	\$3,950.00
Total Annual Expenses	\$288.18

Name	<b>Dennis Armitage - Director</b>
Background/ Experience	Dennis Armitage was elected to the Board of Lake View Credit Union in 2007. During the ensuing years he has served as Vice President as well as Chair of the Finance and Audit, Governance, Human Resources and

	Building Committees. He has completed the CUDA courses and continues to engage with CuSource training and personal development. Mr. Armitage is a retired business person and long term local resident. He has always been very active both in his business career and personal life with the community. He is currently Vice Chair of the Board of Governors with Northern Lights College and a Charter member of Dawson Creek Sunrise Rotary Club.	
Board Meetings Attended	Regular	10/10
	Special	3/3
Committees & Attendance	Governance	6/6
	Audit & Risk	2/2
	Nominating	1/1
Director Since	2007	
Current Term	2013 - 2016	
Total Annual Remuneration	\$7,800.00	
Total Annual Expenses	\$2,472.14	

Name	<b>John Kurjata - Director</b>	
Background/ Experience	I am a Chartered Professional Accountant and partner in the accounting firm of SKK Chartered Professional Accountants, a public accounting firm with an office in Dawson Creek, BC. Before studying to become a CPA, my wife and I owned and operated a trucking company for 12 years and I was also involved in a truck parts and repair business as managing partner. Involved in the community, I was a board member of Community Futures Peace Liard for 15 years, including being part of the self-employment and loans committees, and was a past Chair. I was appointed to the board of directors for Northern Lights College in 2011, elected Vice Chair in 2012 and elected Chair in 2015. I'm an active member of Rotary and have taken on many roles within the club including as President in 2004/05. I coached minor hockey rep teams for a number of years and now enjoy watching our grandchildren begin their fun in organized sports. Married to Shari, we have called Dawson Creek home for most of my life and all of Shari's. Our marriage has spanned more than 34 years producing 5 children and a growing number of grandchildren - 11 at last count! When there's time for fun, we love to travel, golf, go camping and hang out with our grandchildren.	
Board Meetings Attended	Regular	5/5
	Special	2/2
Committees & Attendance	Audit & Risk	1/1
Director Since	Appointment in June 2015	
Current Term	2015	
Total Annual Remuneration	\$2,600.00	
Total Annual Expenses	\$0	

Name	<b>Fred Feddema</b>	
Board Meetings Attended	Regular	0/1
Committees & Attendance	Audit & Risk	1/1
Director Since	2015	
Current Term	Resigned from Board - 2015	
Total Annual Remuneration	\$300	

Name	<b>Joe Judge</b>	
Board Meetings Attended	Regular	1/3
	Special	1/1
Committees & Attendance	Governance	1/1
	HR	3/3
Director Since	2003	
Current Term	2012 - 2015	
Total Annual Remuneration	\$2,450.00	
Total Annual Expenses	\$780.00	

Name	<b>Stefan Pavlis</b>	
Board Meetings Attended	Regular	2/2
	Special	0/1
Committees & Attendance	Nominating	1/1
Director Since	2013	
Current Term	2013 - 2016 (Resigned in 2015)	
Total Annual Remuneration	\$800.00	

### *CEO Compensation*

Full disclosure of the CEO compensation is available in the Notes section of Lake View Credit Union's full Financial Statements.