



Annual Report 2013

Together, we enrich lives.



Sunshine Coast
CREDIT UNION



Notice of Annual General Meeting

The 73rd Annual General Meeting of Sunshine Coast Credit Union will be held Wednesday, April 30th, 2014, 7:30 p.m. Sechelt Seniors' Activity Centre 5604 Trail Avenue, Sechelt, B.C.

AGENDA

1. Call to Order
2. Introduction of Officers
3. Adoption of Agenda
4. Appointment of Recording Secretary
5. Adoption of Minutes of the 72nd AGM, held April 24, 2013
6. Business Arising Out of the Minutes
7. Directors', CEO and Financial Report
8. Auditors' Report
9. Adoption of Reports
10. Report on Attendance
11. Directors' Election Results
12. New Business
13. Appointment of Auditors
14. Motion to Authorize the Directors to Set the Audit Fee
15. Good and Welfare
16. Adjournment

Integrity

Report from the CEO and the Board of Directors

Balance – a condition in which different elements are equal or in the correct proportions.

Achieving life balance is something many of us strive for: managing our time and energy to ensure those things that are most important rise to the top. Similarly, Sunshine Coast Credit Union strives for organizational balance. While many financial institutions are limited by a narrow short term strategy focused on delivering profit to shareholders, as a cooperative financial institution, our strategy is long term and strikes a balance between the elements we believe to be essential to your Credit Union's success. Although profitability is central to our sustainability, our unique business model inspires us to also be accountable to a higher vision: to enrich the lives of our members and the community we serve. Our recently launched balanced scorecard is a tool that supports this vision, guiding both our daily activities and our strategic priorities.

Enriching members' lives begins with delivering an exceptional experience, no matter which way you choose to do business with us. Results from our recent member survey indicate that since 2011,

we have seen a 10% increase in members who are satisfied with our expertise and advice, and we believe this increase can be attributed to our adapting to meet your needs and preferences. In our branches, you may have noticed our transition to a proactive, advisory culture, with employees now embracing dual roles (deposit and lending) so that we can provide you with holistic advice based on your entire financial picture. If you prefer to connect with us off-site, you will be pleased to know that we are dedicating resources to ensure our alternate channels provide you with the same exceptional experience found in our branches. In addition to our mobile mortgage advisor, our mobile channel now includes both commercial and wealth management expertise. Recent online enhancements include *Interac e-Transfer*, a simple way to send or receive funds through email or mobile phone. As transactions through our online and mobile channels continue to increase, security will remain a priority for us. An example of this is the recently launched secondary security layer within online banking: *Increased Authentication*.

Additional 2013 initiatives that enriched members' lives include:

- Implementation of our balanced scorecard, incorporating both financial goals and non-

financial goals related to enriching the lives of members and community.

- Continued focus on education and skill development for employees, increasing the quality of advice given to members.
- Enhanced tools & processes to save members' time while in our branches, including self-populating forms and cash machines.
- Centralization of administrative functions to better enable employees to focus on providing expertise, rather than on paperwork.
- An upgrade of our telephone banking system.
- Participation in a wealth management collaborative, the Credit Union Service Organization (CUSO), allowing us to partner with our credit union colleagues, sharing resources to enhance our wealth management offerings.
- Pilot launch of an affinity program, providing member organizations with the ability to provide their supporters with perks, while referring new members to us.
- Continued focus on learning and development for our Board of Directors including external education and training as well as internal consultation with the senior management team.

SUCCESS BY 6[®]

Sunshine Coast Early Years Council oversees Success By 6[®], an initiative dedicated to engaging community in becoming family friendly & funding programs that include cultural content, literacy, nutrition, child care, play, parenting & family skills development.



**Partner in early years development
so that our children are physically,
socially & emotionally ready to succeed.
Facilitating donations to Success By 6[®]
through SCCU Online Banking
(choose Payments/Make a Donation)**



Report from the CEO and the Board of Directors *continued*

We are honoured to play a role in enriching the communities we serve; we currently allocate at least 3% of our net operating profit annually for this purpose. We know that a healthy community is important not only to our own success, but to the well-being of our members. From arts and culture to organized sports, health and environment to outdoor recreation, we dedicated over \$100,000 to local initiatives in sponsorship funds, donations, and in-kind expertise in 2013. A list of funded organizations appears on page 13, and we invite you to learn more about some of these local initiatives in the pages that follow.

Because we are locally owned and operated, the support of our membership is essential to our success and sustainability. This past year has been exceptional for your Credit Union, despite external challenges. A strong capital base of \$33 million and capital adequacy ratio of 21%, which is well above the regulatory requirement of 8%, continues to create a solid foundation. Deposit growth of 3.64% was achieved in addition to loan growth of 7.58%, both surpassing expectations. We met our member growth target and overall, our activities generated net operating earnings of \$2.5 million

dollars, of which close to \$500,000 was shared with you in the form of dividend and patronage payments.

While the organization continues to perform well, the pressure of declining financial margins (net interest revenue), is clearly indicated when year over year performance is assessed. Margin pressure is the result of a low interest rate environment; something the industry has been experiencing for the past five years. While interest rates remain low, competition continues to drive higher deposit rates – compressing the margin. The result is that the Credit Union must grow and decrease expenses to attain the same level of profit as the prior year. With experts suggesting that low interest rates will continue well into 2015, we have positioned ourselves for the challenge and remain a top performer among BC credit unions for capital, earnings, and growth.

We are committed to achieving organizational balance, placing focus on those elements we have determined to be critical to our success: our members, our community and our organizational results. We are committed to being

your first choice in financial institutions; thank you for the opportunity to help you achieve your goals and dreams, and for your ongoing support. We are also deeply appreciative of our employees, who are truly the cornerstone of the Organization's success, and our Directors for their guidance and service.



Shelley McDade
CEO, Sunshine Coast Credit Union

John Wiseman
Chairperson, Board of Directors

FUSE COMMUNITY WORK HUB

A co-working space for artists, writers, designers & entrepreneurs, FUSE is an incubator for our fastest growing resource: innovation.

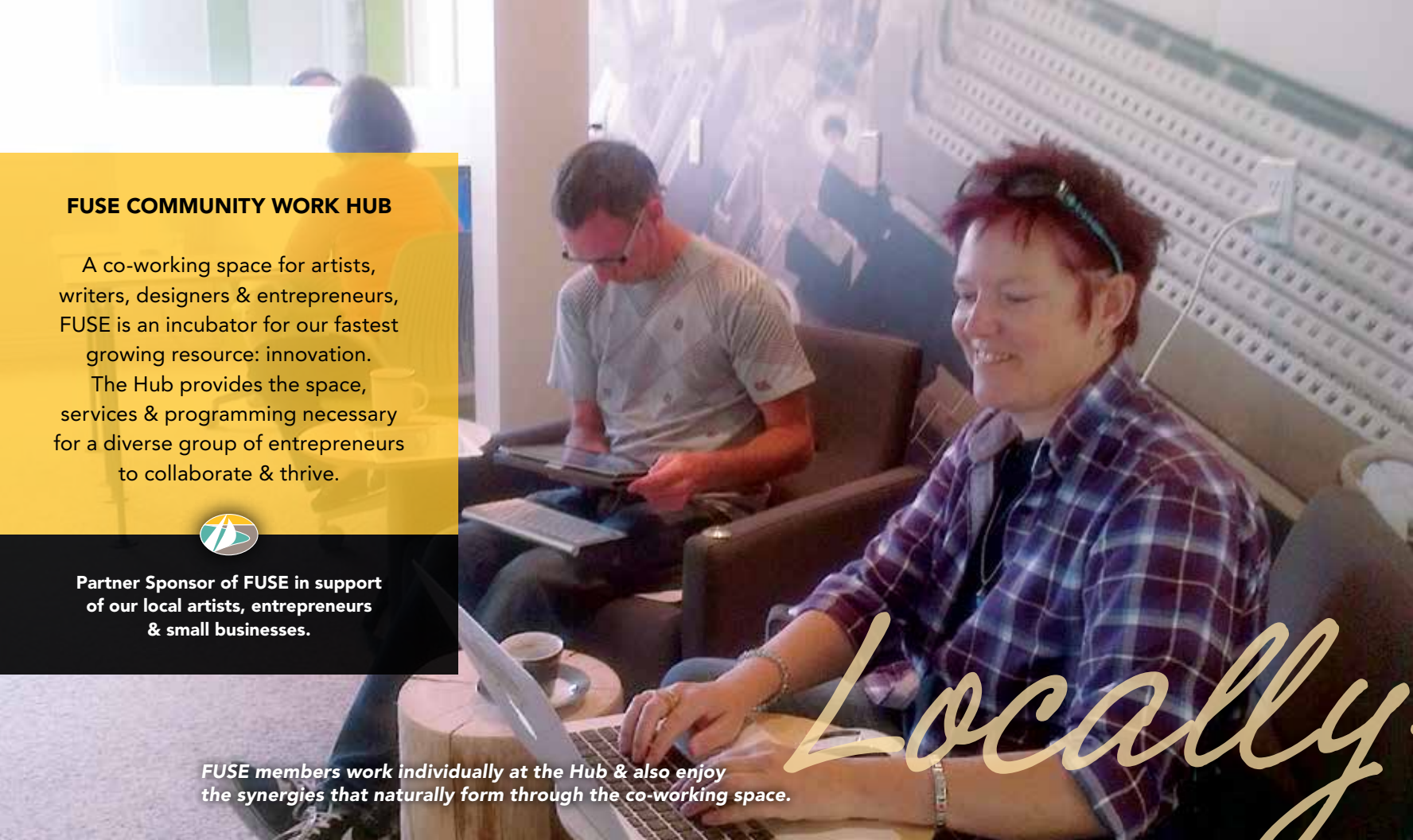
The Hub provides the space, services & programming necessary for a diverse group of entrepreneurs to collaborate & thrive.



Partner Sponsor of FUSE in support of our local artists, entrepreneurs & small businesses.

FUSE members work individually at the Hub & also enjoy the synergies that naturally form through the co-working space.

Locally.



Board of Directors

Sunshine Coast Credit Union is a member-owned financial institution, governed by an elected Board of Directors.

The role and responsibility of the Board of Directors is complex and varied involving governance, performance monitoring and oversight of strategic direction. Most importantly, elected Directors represent membership at the Board table, protecting and enhancing the value of the Credit Union in the interest of all members.

In addition to the mandatory eight-course program all directors must complete when accepting the role, Sunshine Coast Credit Union's entire Board is committed to continuous education and training in preparation for industry challenges and market opportunities as they arise.

2013 Board of Directors

John Wiseman, Chairperson
 Bob Miller, 1st Vice Chairperson*
 Richard Wilson, 2nd Vice Chairperson
 Glen Bonderud, Director at Large*
 Tim Anderson*
 Karen Archer
 Catharine Esson
 Mark Giltrow
 Lori Pickering

* Terms expire at the 2014 Annual General Meeting.

OUR MISSION

We create value for members through strong financial performance, engaged, remarkable employees, collaborative and co-operative principles, & unparalleled connection and support to community.

OUR VALUES

***Integrity** – authentic, fair, honest, accountable & respectful*

***Passion** – dedicated to creating value for our stakeholders*

***Locally-driven** – our actions always reflect the community in which we live*

-driven

Pictured: Therapeutic Riding with Mitchell on Soleil and coach Sandra Stushnoff.

KIDSPORT™

SUNSHINE COAST CHAPTER

With a mission to eliminate the financial barriers to participation in sports, over 550 local kids have been given the gift of play & the benefits associated with physical activity: health, social skills, self-esteem & friendship.



Sponsor of The Great Outdoor Movie Event, helping raise over \$15,000 for our local KidSport™ in the past three years. Facilitating donations to KidSport™ Canada through





TETRAHEDRON OUTDOOR CLUB

In addition to maintaining the cabins & trails within the Tetrahedron Provincial Park, the Club provides the community with recreational opportunities such as the Jackrabbit Cross-Country Ski Program for junior skiers.



Proud Sponsor of the Club's annual fundraiser, The Banff Mountain Film Festival.

Report of the independent auditor on the summary consolidated financial statements

To the members of Sunshine Coast Credit Union

The accompanying summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at December 31, 2013, and the summary consolidated statements of earnings and comprehensive income, changes in members' equity, and cash flows for the year then ended, are derived from the audited consolidated financial statements of Sunshine Coast Credit Union as at December 31, 2013. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated February 26, 2014. Those consolidated financial statements, and the summary consolidated financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those consolidated financial statements.

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

Management's responsibility for the summary consolidated financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on the summary consolidated 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 consolidated financial statements derived from the audited consolidated financial statements of Sunshine Coast Credit Union for the year ended December 31, 2013, are a fair summary of those consolidated financial statements, in accordance with Article 128 of the Financial Institutions Act of B.C.

Vancouver, Canada
February 26, 2014

GRANT THORNTON LLP
Chartered Accountants

Summary consolidated statement of financial position

December 31	2013	2012
Assets		
Cash and cash equivalents	\$ 7,092,378	\$ 12,454,115
Loans	351,164,150	326,423,589
Investments and other	27,124,446	24,753,899
Premises, equipment, and intangibles	6,007,590	6,050,949
	\$ 391,388,564	\$ 369,682,552
Liabilities and members' equity		
Borrowings	\$ 8,010,286	\$ -
Deposits	351,961,003	339,596,581
Payables and accruals	907,910	1,085,849
Equity shares	3,831,799	4,019,594
Retained earnings	26,677,566	24,996,764
Accumulated other comprehensive loss	-	(16,236)
	\$ 391,388,564	\$ 369,682,552

On behalf of the Board of Directors by:



John Wiseman, Chairperson



Richard Wilson, Director

Summary consolidated statement of earnings and comprehensive income

December 31	2013	2012
Financial income	\$ 14,510,118	\$ 14,867,216
Financial expense	4,463,979	4,396,722
Financial margin	10,046,139	10,470,494
Provision on loans	164,865	185,746
Other income	2,587,092	2,535,143
Operating margin	12,468,366	12,819,891
Operating expenses	9,919,345	10,069,181
Earnings from operations	2,549,021	2,750,710
Distributions to members	354,936	455,640
Earnings before income taxes	2,194,085	2,295,070
Income taxes	441,455	535,223
Net earnings	1,752,630	1,759,847
Other comprehensive income (loss), net of tax	16,236	(42,383)
Comprehensive income	\$ 1,768,866	\$ 1,717,464

A complete set of financial statements is available from the Credit Union.

Summary consolidated statement of changes in members' equity

Year ended December 31, 2013

	Members' shares	Retained earnings	Accumulated other comprehensive income (loss)	Total
Balance on December 31, 2012	\$ 4,019,594	\$ 24,996,764	\$ (16,236)	\$ 29,000,122
Net earnings	-	1,752,630	-	1,752,630
Other changes	(187,795)	(71,828)	16,236	(243,387)
Balance on December 31, 2013	\$ 3,831,799	\$ 26,677,566	\$ -	\$ 30,509,365

Summary consolidated statement of cash flows

Year ended December 31, 2013

2013

2012

	2013	2012
Cash flows provided by (used in)		
Operating activities	\$ 2,146,033	\$ 2,112,767
Investing activities	(7,248,147)	(8,131,052)
Financing activities	(259,623)	(255,339)
Net decrease in cash resources	(5,361,737)	(6,273,624)
Cash resources, beginning of year	12,454,115	18,727,739
Cash resources, end of year	\$ 7,092,378	\$ 12,454,115



COAST TV OUT LOUD!

A hip show featuring local performers, OUT LOUD! engages our Coast youth and provides a venue to showcase their talent and message.



**Presenting sponsor of
OUT LOUD! for the past
two years, funding supports
the Show as well as
equipment improvements
for Coast TV.**

Pictured: Mindil Beach Markets' Jellyfish Project generates environmental awareness and mobilizes youth through the power of music and live performance.

BIKE TO WORK WEEK™

Bike to Work Week™ Sunshine Coast is committed to encouraging locals to experience the joy of safely commuting by bicycle. Last year's event generated 86 teams, 615 participants and saved 3,514 kilograms of greenhouse gases.



**Sponsor for the past two years
in support of health & wellness
and environmental impact.**



Organizations *supported* in 2013

We were pleased to have been able to support over 70 local organizations this year in their worthwhile community causes. We also offer all local CRA-registered charities a complimentary technology called Changel[®], a new way to facilitate automatic, recurring donations for their organization.



All members are eligible to activate their **MEMBER CARD**[®] online to round up purchases and dedicate their change to their favorite local charities. Find out more at: www.changeitcanada.com.

- PH Jazz Festival • Gibsons Public Art Gallery • Sprockids • The Coaster Mountain Bike Race
- Granthams Wharf Association • PH Living Heritage Society • SC Sockeye Water Polo Club • SC Community Orchestra Association • Early Years Fair • PH Blues Festival • Post Secondary School Bursaries • Driftwood Players • YES - Youth Leadership Camp • Coast Recital Society • Gibsons Live Poets Society • Helping Paw Animal Welfare Fund • RC Arts Festival • Great Outdoor Movie Event • Fuse Community Work Hub • Synchronicity • Gibsons Sea Cavalcade • Gibsons Jazz Festival • Gibsons Landing Heritage Society • Gibsons Minor Ball • Coast Longboarding • SC Hospice Society • Davis Bay Wharf Restoration • Petits du Pacifique • PH May Day • SC Multiple Sclerosis Support Group • Bike to Work Week • SC Festival of the Written Arts • SC Pulling Together Canoe Journey • SC Festival of the Performing Arts • Ride To Conquer Cancer
- Dempster Foundation Canada • PH Music Society - Concert Series • Sechelt Arts Festival
- SC Fruit Tree Project • Sunshine Coast Seniors Swim Team • YMCA Camp Elphinstone • RC Community Mandala • Ladies Red Serge Gala • Arrowhead Clubhouse Society • International Naturally Autistic People Awards Convention and Festival • Art Crawl • SCR D Hockey School
- Banana Peppers Soccer • SC Arts Council • West Sechelt Elementary Playground • Tetrahedron Outdoor Club • Gibsons Elementary School Playground • Gibsons Pipeband • SC Museum & Archives School Program • Coast TV Out Loud • Marylou Lymer Memorial Hockey Tournament
- PH Chamber Music Festival • PH Rotary Club • Sechelt Seniors Activity Centre • SC Literacy Coalition • SC Fencing Association • SC Botanical Garden Society • SC Food Bank • Gibsons Public Market • Money Skills Financial Literacy Program • Success by Six • SC KidSport • Gibsons Shuttle • SC Travel Ambassadors • Caring Leadership for a Strong Local Economy • CCBA Home & Garden Show • Power of Paint • Sechelt Downtown Business Association

Community

Sunshine Coast Credit Union

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Fax 604-886-4831
Toll-free 1-800-734-6204
gibsonsbranch@sunshineccu.net

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Fax 604-883-9475
Toll-free 1-866-883-9531
penderbranch@sunshineccu.net

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Fax 604-885-3278
Toll-free 1-800-320-4588
secheltbranch@sunshineccu.net

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A subsidiary of Sunshine Coast Credit Union

suncu@sunshineccu.net

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Fax 604-883-9475

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Sunshine Coast
CREDIT UNION

Together, we enrich lives.



SunCu Financial
SERVICES INC.

A subsidiary of Sunshine Coast Credit Union

www.sunshineccu.com

Photographs

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Justin Samson

Page 4 - Janice Rafael
Page 6 - Jacques Roiseux
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