

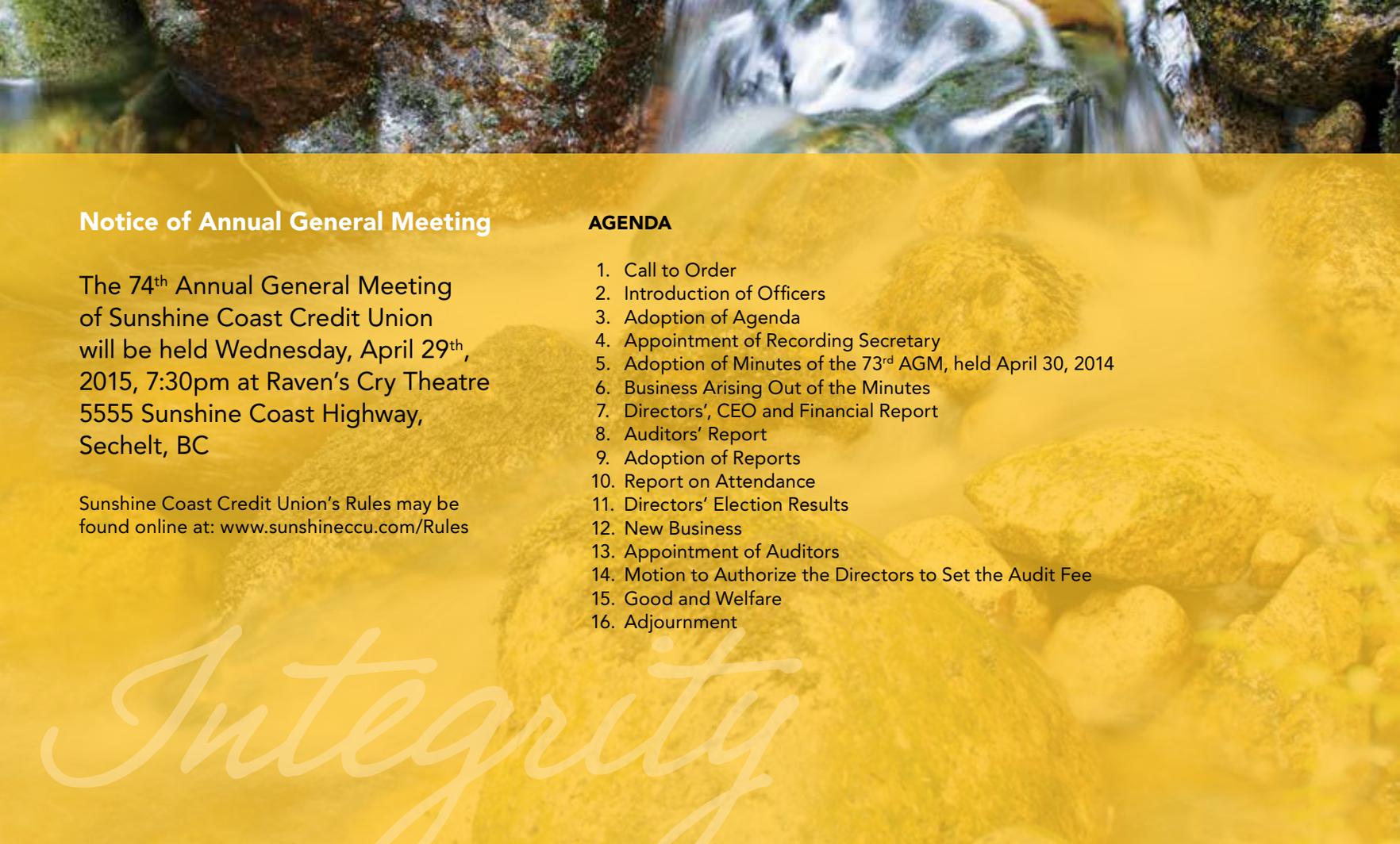


**Annual Report** *2014*

*Together, we enrich lives.*



**Sunshine Coast**  
**CREDIT UNION**

A background image of a waterfall cascading over rocks, with a yellow gradient overlay. The word "Integrity" is written in a large, white, cursive font at the bottom of the page.

## Notice of Annual General Meeting

The 74<sup>th</sup> Annual General Meeting of Sunshine Coast Credit Union will be held Wednesday, April 29<sup>th</sup>, 2015, 7:30pm at Raven's Cry Theatre, 5555 Sunshine Coast Highway, Sechelt, BC

Sunshine Coast Credit Union's Rules may be found online at: [www.sunshineccu.com/Rules](http://www.sunshineccu.com/Rules)

## AGENDA

1. Call to Order
2. Introduction of Officers
3. Adoption of Agenda
4. Appointment of Recording Secretary
5. Adoption of Minutes of the 73<sup>rd</sup> AGM, held April 30, 2014
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

# Report from the CEO & Chairperson, Board of Directors

*Momentum – the strength or force that allows something to continue or to grow stronger as time passes.*

As a financial cooperative, we are accountable to you, our members, rather than a select group of shareholders. This empowers us to take a balanced approach to our vision and strategy. Each one of us here at Sunshine Coast Credit Union shares a commitment not only to organizational performance but also to the well-being of our employees, our members and our community. We are pleased to share with you that 2014 was a year of building momentum for the organization, in each of these key areas.

## **Momentum – Organizational Performance**

Despite continued challenges related to a low interest rate environment and a mild economy, Sunshine Coast Credit Union surpassed all 2014 growth objectives including a 1.39% increase in membership (1.00% in 2013); deposit growth of 17.82% (3.64% in 2013); and loan growth of 6.82% (7.58% in 2013). Well above the 8% regulatory

requirement, a strong capital base of \$35 million and capital adequacy ratio of 20% (\$33 million and 21% in 2013), continues to provide a solid foundation for the organization. Our efforts this past year generated net operating earnings of \$2.5 million dollars, similar to 2013, of which close to \$110,000 was shared with members in the form of dividend payments (approximately \$135,000 in 2013). While SCCU continues to perform exceptionally well, the pressure of declining financial margins, or net interest revenue, is once again clearly indicated when year over year performance is assessed. This margin pressure is a result of a low interest rate environment, one that the industry has been facing for the past six years.

## **Momentum – Employees**

Our employees are the cornerstone of our organization; these are the people who make our vision a reality. Our organization's culture has been transitioning from simply fulfilling your requests, to anticipating your needs; key to this transition is strong employee engagement. An engaged employee is one who is enthusiastic about their role, and takes personal responsibility and action to further the Credit Union's mission and vision,

ultimately leading to a better experience for you. Recognizing that strong engagement will result in higher productivity, satisfaction, attraction and retention levels, we measure engagement multiple times throughout the year. We were pleased to see our rating increase in 2014, in addition to 87% of employees pursuing SCCU-sponsored educational opportunities. Learning and development continued to focus on building an advice-based culture, and we can see the positive effects of this through our annual member survey with an overall service satisfaction score of 94%, as well as increased satisfaction related to expertise and advice.

## **Momentum – Community**

We know that a vibrant community positively impacts our members, employees and ultimately, the organization. Locally owned, we are committed to playing a significant role in the health of our community, a value that differentiates us from other financial institutions. In 2014 we continued to support and collaborate with a variety of community partners from all areas of the Sunshine Coast, through donations, sponsorships, and education. We provided \$75,000 (representing 3% of our net operating income) to 75 local non-profit

## *Report* from the CEO & Chairperson, Board of Directors

organizations to support the important work they are doing to better our community. For a listing of these organizations, please see page 13. This past year we also hosted a variety of educational events including: The Future Business Environment of the Sunshine Coast presented by Helmut Pastrick, Chief Economist at Central 1 Credit Union; Money Skills Financial Literacy Program; Money Talks Open House, and pro-bono strategic planning facilitation for the SC Community Foundation and the SC Literacy Coalition.

### **Momentum – Members**

In 2014, we elevated our member experience in the following ways:

**Continued Investment in Employee Learning and Development**, providing you with advisors who are knowledgeable, skilled and able to help you achieve your financial goals. Over 275 attendees took advantage of the 56 in-house training programs, and six employees achieved a major educational milestone in 2014.

**Channel Enhancements**, providing you with convenience and choice in how you do business with us. In 2014, we launched MemberDirect® Online Banking for Small Business; Mobile Alerts; SCCU Mobile App; Deposit Anywhere® (deposit your cheques using your smartphone's camera); Live Chat through our website; Secure Email and SCCU's Facebook Page.

**New Products**, providing you with wider financial options. The Humanomics Youth Savings Account rewards good savings behavior with SCCU matching contributions up to \$125 over a three year period. It also provides financial literacy tools that support parents in having money conversations with their kids. MarketConnect fills the gap between guaranteed term deposits and high potential mutual funds, providing an opportunity for investment in the market, with no risk to your principal.

**Digital Documentation**, providing you with an efficient in-branch experience. Digital documentation removes paperwork and duplicate data entry from the process, leaving more time to provide you with advice and expertise.

# *Momentum*

While we are performing better than the system average on many key metrics including margin, operating income and capital, in light of the economic forecast, a continued low interest rate environment, regulatory capital requirements, and the investment needs of the organization, we felt it was prudent to retain earnings in capital and reinvest back into the Credit Union, rather than providing members with a patronage payment this year.

We have identified our key challenges, and developed strategies to mitigate their impact on the organization. Generating revenue in a low-interest rate environment will continue to be our primary challenge, one that we will control through cost management as we strive to meet our growth objectives. Members' needs are changing; we are seeing an increased demand for service through online and mobile channels. SCCU will continue to strategically collaborate with industry partners to achieve the scale and scope required to meet these demands. Finally, we will commit to investing additional resources to address the industry's new regulatory and compliance requirements.

We frequently assess our own performance and projections in comparison to our colleagues, as well as within the context of the dynamic environment in which we operate. Looking forward, we anticipate successfully building on our momentum and effectively navigating any challenges by leveraging our leadership, talent, capital and member support.

Thank you to our members for your advocacy, our employees for your commitment to the membership, and to our Board of Directors for their diligence and guidance.

**Additional resources:**

For information related to the calculation of dividends, please refer to the Credit Union's Rules online at [www.sunshineccu.com/rules](http://www.sunshineccu.com/rules).



**John Wiseman**  
Chairperson, Board of Directors

**Shelley McDade**  
CEO, Sunshine Coast Credit Union



### **Leadership**

Dawn Bezaire, Chief Financial Officer; Rick Cooney, Chief Credit and Risk Officer;  
Shelley McDade, Chief Executive Officer; September Dixon, Manager – Human Resources;  
Jodi Fichtner, Manager – Marketing; Ed Pednaud, Chief Operations Officer.

Read leadership biographies online at: [www.sunshineccu.com/Leadership](http://www.sunshineccu.com/Leadership)



**The Board of Directors entrusts the leadership team to manage the day to day operation of the Credit Union and deliver on the strategic direction of the Organization. The senior leadership team is made up of six professionals who are also leaders within our communities.**



### **Board of Directors**

Bob Miller; Richard Wilson, 1st Vice Chairperson; John Wiseman, Chairperson\*; Tim Anderson; Mark Giltrow; Manjit Kang; Glen Bonderud, 2nd Vice Chairperson; Lori Pickering, Member at Large\*; Chris Fawcus\*.

\* Terms expire at the 2015 Annual General Meeting

Read directors' biographies online at: [www.sunshineccu.com/Directors](http://www.sunshineccu.com/Directors)



**The Board of Directors consists of nine members who are accountable to the general membership and for directing the affairs of the Credit Union. The role of Director is a rewarding but challenging one, with responsibilities ranging from strategic oversight to prudent financial management and governance. Directors are expected to possess specific core competencies including: capacity for succession, strategic thinking, problem solving and judgment, leadership, interpersonal skills, and financial literacy.**

## *Board* of Directors

To recognize the challenges inherent in changing dynamics within the financial services industry, continuing education is an expectation of the director role. It is anticipated that full board completion of the Accredited Canadian Credit Union Directors designation will be achieved in 2015. In addition to completing educational requirements, directors may spend approximately 10 to 15 hours per month preparing for and attending meetings, in addition to time required for development, community events and business planning sessions.

The table to the right illustrates each director's scope of participation in board meetings and committees, their related attendance and compensation in 2014. Expenses include reimbursements for travel, food and lodging related to meetings, conferences, and education.

*Locally-driven*

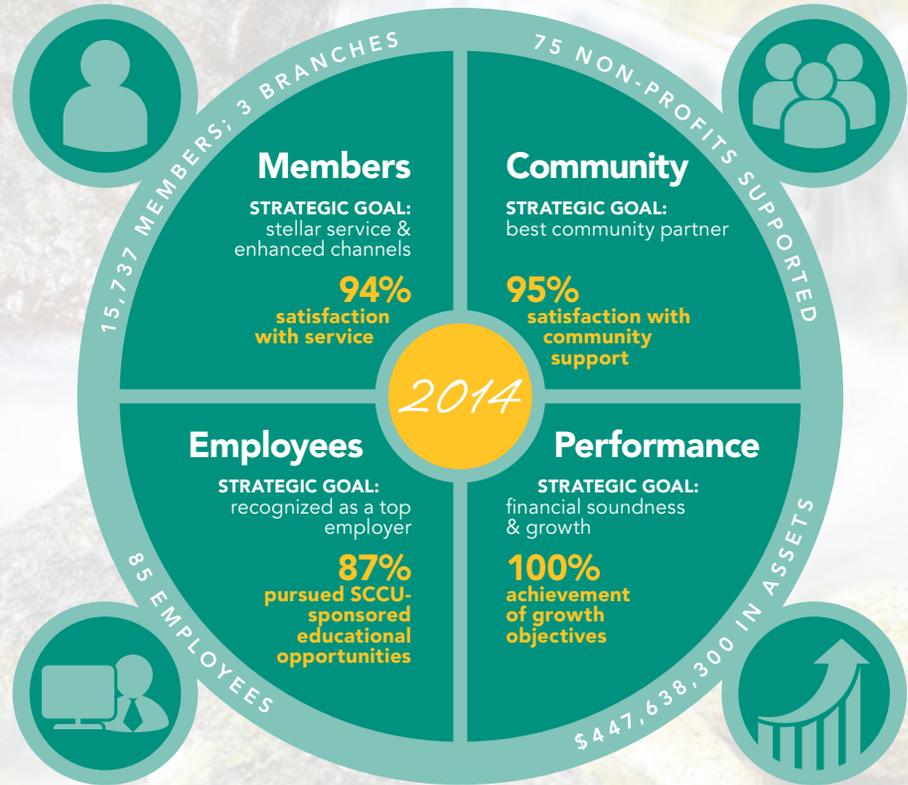
<b>Name, Tenure and System Appointments</b>	<b>Board Meeting Attendance</b>	<b>Governance - Executive Committee</b>	<b>Audit Committee</b>	<b>Investment &amp; Loan Committee</b>	<b>Conduct Review Committee</b>	<b>Nominations Committee</b>	<b>Total Remuneration/ Expenses</b>
<b>John Wiseman</b> , Chair Since 2010 SunCu Board Representative	9/9	5/5 Chair		3/3		3/3	\$8900 / \$1041
<b>Richard Wilson</b> , 1st Vice Chair Since 2010 Peer Group 6 Representative	9/9	5/5	4/4 Chair			3/3	\$5950 / \$300
<b>Glen Bonderud</b> , 2nd Vice Chair Since 2011	9/9	5/5			1/2	3/3	\$5550 / \$751
<b>Lori Pickering</b> , Member at Large Since 2012	8/9	4/5			2/2	3/3	\$5100 / \$743
<b>Tim Anderson</b> , Since 1994	7/9			4/5 Chair	2/2	2/3	\$5300 / \$47
<b>Chris Fawcus</b> , Since November	2/2			2/2			\$1700 / \$365
<b>Mark Giltrow</b> , Since 2012	7/9		2/4	4/5		3/3 Chair	\$5700 / \$46
<b>Manjit Kang</b> , Since November	2/2		1/1				\$1600 / \$735
<b>Bob Miller</b> , Since 2003	8/9		3/4		2/2 Chair		\$4000 / \$89
<b>Karen Archer</b> , (to October) Since 2013, Previous 1997 -2011	6/7		3/3				\$3350 / \$75
<b>Catharine Esson</b> , (to April) Since 2013	1/1					2/3	\$1350 / \$0

# Strategy – A Balanced Approach

## Mission

We create value for members through:

- Strong financial performance
- Engaged, remarkable employees
- Collaborative and cooperative principles
- Unparalleled connection and support to community



## Performance and Compensation

As a locally-owned cooperative, Sunshine Coast Credit Union is committed to taking a balanced approach to business, with emphasis on four pillars: Members, Community, Employees and Performance. Each year, all employees commit to an individual balanced scorecard with objectives spanning these four pillars. These flow directly into team scorecards, which funnel into one overarching balanced scorecard for the entire organization. Regardless of position held at the Credit Union, this method provides each person with a direct line of sight to our strategic priorities and our balanced approach to business.

Talent management is essential to our success. Our compensation philosophy supports our strategy to attract, retain and engage highly qualified employees in a competitive industry and unique market. It includes a compensation package made up of a base salary targeted at the mid-market level, along with variable compensation and benefits. Variable compensation is paid to all eligible employees annually, contingent on achieving specific objectives within the balanced scorecards.

To ensure that compensation remains competitive to market, all positions are reviewed annually. The combined compensation of key management personnel totaled \$780,612\* in 2014.

A similar approach is taken to determine CEO compensation, but with some additional rigor. The Board of Directors is responsible to assess the CEO's performance annually, based on his/her individual scorecard as well as the results of the entire organization. The Board is also responsible to set and monitor CEO compensation to ensure it is within mid-market range compared to credit unions of similar size and scope. To ensure context, and to ensure fair and equitable compensation relative to others in a position of similar scale and scope, a market assessment is conducted annually in addition to carrying out a customized in-depth analysis every two years.

\*includes salaries and other short-term employee benefits, total pension and other post-employment benefits.

### Vision

Together, we enrich lives and community on the Sunshine Coast.

### Values

- Integrity – We are authentic, fair, honest, accountable and respectful.
- Passion – Dedicated to creating value for our stakeholders.
- Locally-driven – Our actions always reflect the community in which we live.

## 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, 2014, 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, 2014. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated February 25, 2015. 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, 2014, 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 25, 2015

GRANT THORNTON LLP  
Chartered Accountants

Audit • Tax • Advisory  
Grant Thornton LLP. A Canadian Member of Grant Thornton International Ltd.

## Summary consolidated statement of financial position

December 31	2014	2013
<b>Assets</b>		
Cash and cash equivalents	\$ 22,404,728	\$ 4,822,698
Loans	375,130,311	351,164,150
Investments and other assets	43,997,532	29,537,461
Premises, equipment and intangible assets	6,105,729	6,007,590
	<b>\$ 447,638,300</b>	<b>\$ 391,531,899</b>
<b>Liabilities and members' equity</b>		
Borrowings	\$ -	\$ 8,010,286
Deposits	414,674,069	351,961,003
Payables and accruals	553,707	1,051,245
Patronage and investment shares	3,485,758	3,831,799
Retained earnings	28,799,825	26,677,566
Accumulated other comprehensive income	124,941	-
	<b>\$ 447,638,300</b>	<b>\$ 391,531,899</b>

On behalf of the Board of Directors by:



John Wiseman, Chairperson



Richard Wilson, 1<sup>st</sup> Vice Chairperson

## Summary consolidated statement of earnings and comprehensive income

Year ended December 31	2014	2013
Financial income	\$ 15,340,531	\$ 14,510,118
Financial expense	5,277,074	4,463,979
Financial margin	10,063,457	10,046,139
Provision on loans	202,019	164,865
Other income	2,950,559	2,587,092
Operating margin	12,811,997	12,468,366
Operating expenses	10,310,358	9,919,345
Earnings from operations	2,501,639	2,549,021
Distributions to members	7,415	354,936
Earnings before income taxes	2,494,224	2,194,085
Income taxes	281,249	441,455
Net earnings	2,212,975	1,752,630
Other comprehensive income	124,941	16,236
Comprehensive income	\$ 2,337,916	\$ 1,768,866

**Members may obtain a free copy of the full financial statements at any branch of the Credit Union.**

### Summary consolidated statement of changes in members' equity

Year ended December 31, 2014

	Patronage and Investment Shares	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance on December 31, 2013	\$ 3,831,799	\$ 26,677,566	\$ -	\$ 30,509,365
Net earnings	-	2,212,975	-	2,212,975
Other changes	(346,041)	(90,716)	124,941	(311,816)
<b>Balance on December 31, 2014</b>	<b>\$ 3,485,758</b>	<b>\$ 28,799,825</b>	<b>\$ 124,941</b>	<b>\$ 32,410,524</b>

### Summary consolidated statement of cash flows

Year ended December 31

2014

2013

	2014	2013
Cash flows provided by (used in)		
Operating	<b>\$ 3,074,449</b>	\$ 2,146,033
Investing	<b>14,944,338</b>	(9,517,827)
Financing	<b>(436,757)</b>	(259,623)
Net increase (decrease) in cash resources	<b>17,582,030</b>	(7,631,417)
Cash resources, beginning of year	<b>4,822,698</b>	12,454,115
Cash resources, end of year	<b>\$ 22,404,728</b>	\$ 4,822,698

## Organizations *supported* in 2014

We were pleased to have been able to support over 75 local organizations this year in their worthwhile community causes. We also offer all local CRA-registered charities a complimentary technology called Changel<sup>®</sup>, an innovative way to facilitate automatic, recurring donations for their organization.



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

Pender Harbour Choir – Community Sing-Out • SC Volunteer Centre – Celebration of Excellence • PH Living Heritage Society – April Tools • The Arts Building Society – Paint In • Sechelt Rotary Club • SC Cycling – The Coaster Mountain Bike Race • École du Pacifique – Playground • Gibsons Live Poets Society – Poetry Reading Series • 1st Gibsons Scouts – International Jamboree • PH Blues Festival • The Ruby Slipper Fund • SC Community Services Society – Children’s Festival • RC Arts Festival • YES Youth Camp • Hike for Hospice • Driftwood Players – Story Theatre • The Coast Recital Society – Concert Season • Pender Harbour Jazz Festival • PH Aquatic Society • SC Association for Community Living – Music Project • SC Community Orchestra Association • Fuse Community Work Hub & Ignite • Gibsons Public Art Gallery • Cedar Grove Elementary School – Mango Grove • SC Clean Air Society • School District No. 46 – Early Years Fair & Student Bursaries • Ruby Lake Lagoon Nature Reserve Society • PH May Day • CanaDares Society • Gibsons Landing Jazz Festival • Deer Crossing the Art Farm – Synchronicity Festival • Ladies Fishing Derby • Coast Longboarding • Bike to Work Week • Sea Cavalcade • SC Festival of Performing Arts • Dempster Foundation Canada • Chinook Swim Club • SC Festival of the Written Arts • Sunshine Coast Yoga Festival • Gibsons & District Public Library – Stories to Tell • Connor Richey Legacy Fund • PH Music Society – Concert Series • Sechelt Arts Festival • Coast Pickleball Society • Roberts Creek Daze • Wet Coast Mountain Grind • SC Sockeye Water Polo • SC Film Society – Starlight Movie Night • Gibsons Landing Heritage Society • Sunshine Coast Botanical Garden Society – Harvest Festival • Sunshine Coast Art Crawl • St. Mary’s Hospital Foundation – Golf Tournament • Habitat for Humanity – Harvest Festival • Cops for Cancer – Lady’s Red Serge Gala • One Straw Society • Banana Peppers Soccer Team • SC Minor Hockey Association • Canuck Place Children’s Hospice – Adventure Race • ALS BC – Ice Bucket Challenge • Sunshine Coast Museum & Archives – Hallows Eve • Pender Harbour Fall Faire • SC Food Bank • The Sunshine Coast Skate Club • Tetrahedron Outdoor Club – Banff Mountain Film Festival • Gibsons Landing Heritage Society – Children’s Concert • Money Talks Financial Literacy Day • Suncoast Racquet Club – Tennis for Kids • Welcome Beach Community Association • Flair on the Coast • PH Music Society – Chamber Music Festival • Sunshine Coast Alternative School – Socktober Challenge • Sunshine Coast Quilter’s Guild • Halfmoon Bay & Chatelech Community School Association – Heart of the Matter Conference • Rotary Club of Pender Harbour • Success by Six • CCBA Home and Cottage Show • Community without Borders Literacy Event • SC Literacy Coalition – Strategic Planning • SC Community Foundation – Vital Signs and Strategic Planning • PowHerhouse – Creative Leadership Brunch • Future Business Environment of the Sunshine Coast – Community Presentation • Money Skills – Community Financial Literacy Program • Gibsons Public Market – Gala • Rotary TV Auction • Gibsons Wildlife Rehab Centre – Silent Auction

Community

## Sunshine Coast Credit Union

### Gibsons Branch

P.O. Box 715  
985 Gibsons Way  
Gibsons, B.C. V0N 1V0  
Telephone 604-886-8121  
Fax 604-886-4831  
Toll-free 1-800-734-6204

### Pender Harbour Branch

P.O. Box 28  
12887 Madeira Park Road  
Madeira Park, B.C. V0N 2H0  
Telephone 604-883-9531  
Fax 604-883-9475  
Toll-free 1-866-883-9531

### Sechelt Branch

P.O. Box 375  
5655 Teredo Street  
Sechelt, B.C. V0N 3A0  
Telephone 604-885-3255  
Fax 604-885-3278  
Toll-free 1-800-320-4588

### Administration Office

P.O. Box 799  
985 Gibsons Way  
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Telephone 604-886-2122  
Fax 604-886-0797  
Toll-free 1-866-886-2132

[inquiries@sunshineccu.net](mailto:inquiries@sunshineccu.net) [www.sunshineccu.com](http://www.sunshineccu.com)



**Sunshine Coast**  
**CREDIT UNION**

*Together, we enrich lives.*



**SunCu Financial**  
**SERVICES INC.**

A subsidiary of Sunshine Coast Credit Union

## SunCu Financial Services Inc.

*A subsidiary of Sunshine Coast Credit Union*

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