

Working together to make  
a meaningful difference  
in the communities we serve.



# *Working together to make a meaningful difference in the communities we serve.*

What's a bank? You might say it's a place to pay your bills, deposit your cheques, take out a loan and invest your hard earned money. We'd agree. And, yes, you can do all of that "banking" at a Credit Union...so does that mean a Credit Union is just another bank? It might be easy to think so, if you weren't aware of the many ways we're different.

For starters, we're a financial cooperative, which means we are owned by our members. Our members have a say in what we do and how we do it. Being a cooperative is what creates the synergy to enable us, as a Credit Union, to make significant contributions to the economic, social, cultural health and prosperity of our members and the community at large.

We are also local – not only are we part of your community, we make our decisions locally. We are the hub of community commerce, a place where members – friends, neighbours and like-minded organizations can meet to do their banking, share information and collaborate on community endeavours.

And we're all about giving back to our members by sharing our profits. Each year, we pay patronage dividends to our members. This includes bonuses on the interest they earned on their deposits and rebates on the interest they paid on their loans. Clearly, different from a bank.

So, no, we're not just another bank – we're much more than that. We're a Credit Union and proud of it.

The impact of our Credit Union is felt throughout our Boundary communities. For example, we partner with local agencies such as Selkirk College to deliver education opportunities, the Phoenix Foundation to establish community endowment funds and the Boundary Region Chamber of Commerce to support local business.

Our reach is both far and deep. From sports equipment for children, to financial literacy education, to fundraising for cancer research, we're here.

From our sponsorships for local sporting and support of business and cultural community events to raising funds for health care and hospital equipment, it's doubtful there's a resident of the Boundary community that doesn't benefit in some way from our support and community involvement.

As many of us know, rural communities often find themselves on the short end when it comes to such things as support from big government or big business. We're big enough to have all the same needs, but sometimes not big enough to be heard amongst the roar of larger communities. To that end, we recognize the significant impact small and medium size businesses have on our communities and their huge contribution to the sustainable growth and high quality of life in rural BC we enjoy today.

Our local businesses need to know they can rely on a strong, flexible, full service financial services provider. A financial provider that understands their environment and community, makes local decisions and who will work hard and smart to meet their needs. The same holds true for individuals and families.

Like the business members we serve, we employ local residents, and purchase locally wherever possible. Our annual salaries and benefits budget alone exceeds over \$3 million dollars; a strong investment in our local talent.

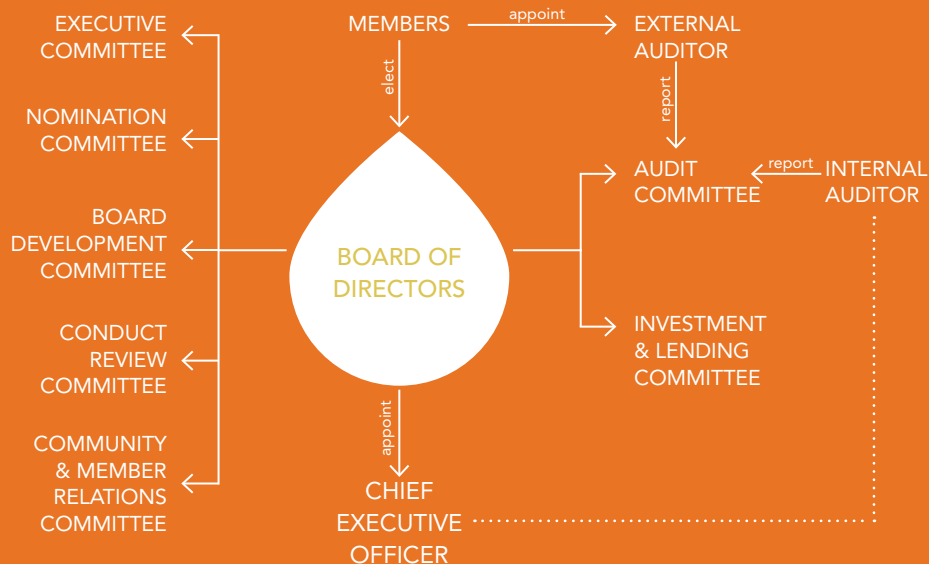
Ultimately, it's our members – the people who choose to use the services of the Credit Union – who make all of this possible. A big, heartfelt thank you to our members for helping to make a meaningful difference in our communities! Through your decision to "shop local", you're contributing to the well-being of the region we all call home. We look forward to continuing to serve you and your community. For those of you who bank elsewhere, we invite you to experience the Credit Union difference, and become part of something much greater.

## Our Board



STANDING LEFT-RIGHT: Bill Wilby, Pat Horkoff, Suzanne Schroeder, Roland Russell  
 SEATED LEFT-RIGHT: Kathleen Gabelmann, Michael Strukoff, Jennifer Wetmore  
 ABSENT: Theresa Dergousoff, Peter Perepelkin

## Our Governance Framework



## Excellence in Board Governance

Grand Forks Credit Union is a regulated financial cooperative. We are independent, democratic and locally owned. Our nine member Board of Directors, elected by our membership, are responsible for determining our strategic direction, ensuring the protection of members' assets and evaluating the Credit Union's performance and progress.

To deliver on their responsibilities, this year GFCU Directors have worked closely with well-regarded industry experts in the following fields:

- Credit Union Governance                      Booker & Associates
- Strategic Planning                              Andres Consulting Inc.
- Property & Casualty Insurance              Smythe Ratcliffe Chartered Accountants
- Corporate Social Responsibility              Strandberg Consulting
- Enterprise Risk Management                  Peter Reimer & Associates

Governing a Credit Union in today's complex world poses us with many challenges and opportunities. Our Directors must help us effectively navigate and guide our governance through increasing regulation, fierce competitive pressure and local community challenges. And, due to advancements in governance standards, our Directors have also experienced a significant increase in their workload in recent years.

Our Directors have been very giving of their time. In 2014, our Directors gave over 850 hours of their time in training and professional development in order to ensure a high standard of governance.

We are very fortunate to be governed by such an engaged and dedicated team of Directors who take tremendous pride in actively advocating for and representing our membership. They provide our Credit Union with the steady leadership that is so vital to the success of our organization.

## Board Attendance and Remuneration Table

	Attended / Eligible Meetings	2014 Remuneration
TERESA DERGOSOUFF	28/28	\$5,989
KATHLEEN GABELMANN	27/27	\$4,644
PAT HORKOFF	22/24	\$3,414
KEN MCKINNON (to April)	5/7	\$738
PETER PEREPELKIN	29/29	\$8,395
ROLAND RUSSELL	39/40	\$5,714
SUZANNE SCHROEDER	27/28	\$5,114
MICHAEL STRUKOFF	32/32	\$6,914
JENNIFER WETMORE	40/42	\$7,039
BILL WILBY (after April)	18/18	\$4,801

## In Memoriam - Peter Perepelkin

In 2014 we experienced the untimely, sudden loss of our good friend and colleague Peter Perepelkin.

Peter served on the Credit Union's Board of Directors for over twenty five years from 1989-2014. He served in many capacities including first and second vice-chair and as the chair of several Board committees. During that time, the Credit Union more than doubled its size from \$54 to over \$210 million dollars in assets. He was a tireless supporter of our community, our Credit Union, our members and our employees.



Peter had a big influence on those whose lives he touched. He represented the voice and needs of small business owners and gave generously of his time and experience. He could often be found mentoring other directors and employees of the Credit Union.

He was a man who seemed to have an inexhaustible energy and even when he was busiest he seemed to find the time to visit regularly with employees and members, taking an interest in not only their Credit Union business but their personal lives and well-being, often leaving us smiling and laughing. We dearly miss his candor, commitment, support and good humor.

Thank you Peter for all you've done for all of us. Rest in peace my friend.

## Community Support

Our community support reaches a broad audience enhancing the quality of life for residents throughout the Boundary region. Some of the more significant recipients in 2014 included:

- Grand Forks International Ball Tournament \$5,500
- Boundary Museum Society \$5,000
- Boundary Community Food Bank \$3,500
- Grand Forks Rotary Club Fundraiser for Children's Spray Park \$2,500
- Grand Forks Fall Fair \$2,000
- Relay for Life \$1,000

## Supporting Higher Education

Each year, we set aside a specific amount for scholarships for our local graduates. The amount is dependent upon the financial performance of our Credit Union the preceding year. The better our performance, the greater the support. In the last ten years, we've distributed \$106,200 in scholarships, positively influencing the school careers of many Boundary area students.

## Building Community Assets

\$50,000 is being donated to the Credit Union Community Endowment fund administered by the Phoenix Foundation of the Boundary Communities. This brings the value of this endowment to \$550,000. This endowment represents a lasting legacy that will generate grants toward building a better Boundary today and into the future.



## Report from the Board Chair & CEO

First and most importantly, the Directors, management and employees of Grand Forks Credit Union (GFCU) thank you for choosing to be a member of our Credit Union.

As the Board Chair and CEO, we also want to recognize and thank our valued employees for their passion, dedication and hard work in 2014.

In 2014, GFCU returned over \$370,000 to you, our valued members. These patronage dividends represent a reduction in the interest you paid on loans and a bonus on the interest you earned on deposits. The more business you had with us the greater your return. Since 2004, GFCU has returned almost \$6 million to our members! Returning surplus profits to our member owners is one of the major things that we believe sets us apart as a financial cooperative.



Michael Strukoff, Board Chair

Retained Earnings  
**\$13,413,787**

Capital Adequacy  
**19.8%**

Liquidity  
**20%**



Kelly Thomas, CEO

### 2014 Performance Highlights

We experienced growth of \$1.23 million in 2014, finishing the year with over \$213 million in assets. Generally speaking, this increase is reflective of the growth in our Boundary region.

A mildly weak economy last year, coupled with very strong competition, continues to put pressure on our loan portfolio growth. Whereas the annual gross amount of credit written declined 22% compared to 2013, the net portfolio balances decreased only slightly by 1.6%. Our loan delinquency levels were reduced by 26% (from 0.92% to 0.68%). This compares favorably with the BC Credit Union system averages.

What are we really proud of for 2014? Well, after our first full year of operations for our wealth management subsidiary, MoneyWorks, we are very proud to report **more than 20% growth in assets under administration**. MoneyWorks is a jointly owned subsidiary offering full service financial planning products and advice. We are very excited to support our members through MoneyWorks to offer them enhanced wealth management services across the Boundary and Kootenay regions.

In 2014, we also launched our second subsidiary, Kootenay Risk Services Ltd. to provide us with risk management and regulatory compliance support and services. The company is owned jointly with Nelson Credit Union, East Kootenay Credit Union and Columbia Valley Credit Union.

It is through partnerships such as these that we leverage our strengths (and the strengths of our partners) to help improve the quality and scope of services offered to our members; keep abreast of regulatory compliance requirements and expand our operational capability and efficiency.

The theme of our 2014 annual report is “Working together to make a meaningful difference in the communities we serve”. Like many rural communities in BC, the Boundary region continues to face its share of challenges. In rural BC, we know we can’t rely on big government or big corporations or big population growth to help keep us vibrant and healthy. But we can rely on each other. Through our Credit Union members, employees, partners and the wider community, we strive to harness our combined talents, resources and commitment to support our local communities.

As your Credit Union, we believe in the merits of strong partnerships and values-based banking. GFCU represents a real life example: formed by member owners, we work to partner with other local agencies and groups to give the community more than the individual agencies could manage on their own. To collaborate with other regional Credit Unions to provide services and growth we otherwise would likely be unable to achieve on our own.

While sharing our profits helps us add value for members, we believe it is our people that are truly our key strength and differentiator. From expertise and experience to attitude and passion, our employees are highly committed to making a difference in the lives of their members and our communities.

In 2014, our staff contributed hundreds of volunteer hours and raised over \$6,500 for local events and initiatives including:

- Relay for Life: \$3,679
- Angel Tree: \$1,500
- BETHS: \$500
- Phoenix Ski Hill: \$500
- BC Children’s Hospital: \$225
- GF Christmas Dinner: \$150

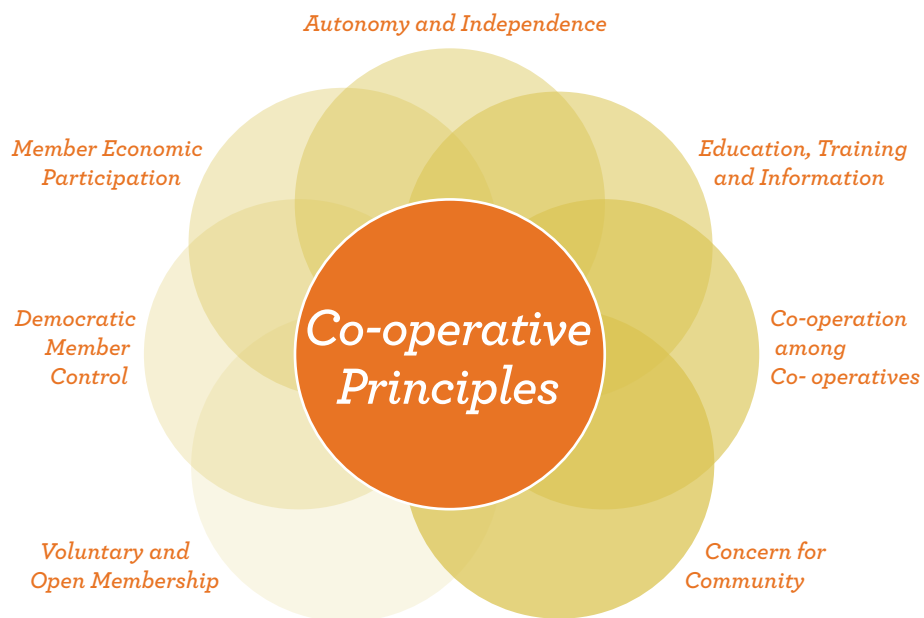
And while our staff actively work to make a difference in our communities, they also continue to develop their skills to deliver an excellent member experience and provide great financial advice and service for our members. With a very low staff turnover, we’re very proud to be able to develop long-standing relationships with our members, many crossing multiple generations.

Thank you everyone for a great year.



# What makes us a Credit Union?

Credit Unions have existed in Canada since 1900. The following seven internationally accepted Co-operative Principles help shape credit union business decisions and governance, setting us apart from other financial institutions. This distinction is important in that, in a credit union, decisions truly are made for the greater good – the membership at large and their surrounding environment/community. We are not controlled by a small group of shareholders who profit from our business. We share, together, the risks, responsibilities, benefits, and profits of lending, borrowing, saving, and investing with one another.



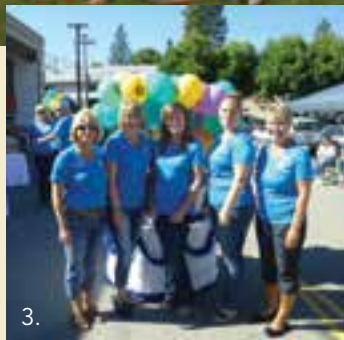
## Employee Fund Raising

RELAY FOR LIFE:.....	\$3679
ANGEL TREE:.....	\$1500
BETHS: .....	\$500
PHOENIX SKI HILL: .....	\$500
BC CHILDREN'S HOSPITAL: .....	\$225
GF CHRISTMAS DINNER:.....	\$150

1.



2.



1. Canada Day Parade
2. Relay for Life Fundraising
3. GFCU's 65th Birthday Celebration

## What's up in 2015?

- > New Apps for iOS and Android
- > Deposit Anywhere™
- > Member Information Seminars
  - > Fall 2015 – Wills and Estates
  - > Fall 2015 – Cyber-Security How to Stay Safe when Shopping and Banking Online

## Independent auditors' report on the summarized financial statements

### To the members of Grand Forks District Savings Credit Union:

The accompanying summary financial statements, which comprise the summarized statement of financial position as at December 31, 2014, the summarized statement of earnings and comprehensive income, summarized statement of changes in members' equity and summarized statement of cash flows for the year then ended, and related notes, are derived from the audited financial statements of Grand Forks District Savings Credit Union for the year ended December 31, 2014. We expressed an unmodified audit opinion on those financial statements in our report dated February 19, 2015.

The summarized financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summarized financial statements, therefore, is not a substitute for reading the audited financial statements of Grand Forks District Savings Credit Union.

### Management's responsibility for the summarized 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 B.C.

### Auditors' responsibility

Our responsibility is to express an opinion on the summarized 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 summarized financial statements derived from the audited financial statements of Grand Forks District Savings Credit Union for the year ended December 31, 2014 are a fair summary of those financial statements, in accordance with Article 128 of the Financial Institutions Act of B.C.

Kelowna, BC  
February 19, 2015

*Grant Thornton LLP*  
Chartered accountants

## Grand Forks District Savings Credit Union

### Summarized statement of financial position

December 31	2014	2013
<b>Assets</b>		
Cash and cash equivalents	\$ 6,241,104	\$ 7,040,034
Investments	37,144,391	32,064,910
Investments accounted for using the equity method	408,780	393,344
Receivables and prepaid expenses	117,920	124,696
Derivative financial instruments	570,571	370,720
Loans (Note 1)	166,847,697	169,897,259
Property, equipment and intangible asset	2,053,451	2,311,321
Income taxes recoverable	11,900	-
Deferred income tax asset	81,332	42,248
<b>Total assets</b>	<b>\$ 213,477,146</b>	<b>\$ 212,244,532</b>
<b>Liabilities</b>		
Deposits (Note 2)	\$ 198,135,610	\$ 197,015,133
Income taxes payable	-	8,621
Payables and other liabilities	1,795,757	2,021,784
<b>Total liabilities</b>	<b>199,931,367</b>	<b>199,045,538</b>
<b>Members' equity</b>		
Retained earnings	13,413,787	12,991,818
Accumulated other comprehensive income	131,992	207,176
<b>Total members' equity</b>	<b>13,545,779</b>	<b>13,198,994</b>
	<b>\$ 213,477,146</b>	<b>\$ 212,244,532</b>

On behalf of the Board



Director



Director

## Grand Forks District Savings Credit Union

### Summarized statement of earnings and comprehensive income

Year ended December 31	2014	2013
<b>Financial income</b>	<b>\$ 7,746,442</b>	<b>\$ 8,441,828</b>
<b>Financial expense</b>	<b>1,982,541</b>	<b>2,356,098</b>
<b>Financial margin</b>	<b>5,763,901</b>	<b>6,085,730</b>
<b>Other income</b>	<b>1,052,991</b>	<b>1,234,935</b>
<b>Operating margin</b>	<b>6,816,892</b>	<b>7,320,665</b>
<b>Operating expenses</b>	<b>6,310,158</b>	<b>6,533,480</b>
<b>Equity in income (loss) of subsidiary</b>	<b>15,336</b>	<b>(38,423)</b>
<b>Earnings before income taxes</b>	<b>522,070</b>	<b>748,762</b>
<b>Income taxes</b>	<b>100,101</b>	<b>188,110</b>
<b>Net earnings</b>	<b>421,969</b>	<b>560,652</b>
<b>Other comprehensive loss, (net of tax)</b>	<b>(75,184)</b>	<b>(48,687)</b>
<b>Total comprehensive income for the year</b>	<b>\$ 346,785</b>	<b>\$ 511,965</b>

Grand Forks District Savings Credit Union  
Summarized statement of changes in members' equity

Year ended December 31, 2014

	Retained earnings	Accumulated other comprehensive income	Total members' equity
<b>Balance on December 31, 2013</b>	<b>\$ 12,991,818</b>	<b>\$ 207,176</b>	<b>\$ 13,198,994</b>
Net earnings	421,969	-	421,969
Other comprehensive income			
Unrealized gains on cash flow hedges, net of tax (\$41,679)	-	166,716	166,716
Unrealized actuarial losses	-	(241,900)	(241,900)
<b>Balance on December 31, 2014</b>	<b>\$ 13,413,787</b>	<b>\$ 131,992</b>	<b>\$ 13,545,779</b>

Grand Forks District Savings Credit Union  
Summarized statement of cash flows

Year ended December 31

	2014	2013
<b>Cash flows provided by (used in)</b>		
Operating activities	\$ 5,040,637	\$ (5,282,278)
Financing activities	(633,614)	(663,333)
Investing activities	(5,205,953)	5,698,841
<b>Net decrease in cash and cash equivalents</b>	<b>(798,930)</b>	<b>(246,770)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>7,040,034</b>	<b>7,286,804</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 6,241,104</b>	<b>\$ 7,040,034</b>

A full set of financial statements are available from the Credit Union.

Grand Forks District Savings Credit Union  
Summarized notes to the financial statements

December 31, 2014

1. Loans

	2014	2013
Personal loans		
Residential mortgages	\$ 87,521,365	\$ 87,833,138
Other	18,719,854	19,406,225
Commercial loans		
Mortgages	40,791,991	45,247,604
Other	2,522,130	3,800,350
Purchased mortgages	17,224,125	13,489,903
Accrued interest	398,651	474,097
Deferred loan fees	(83,372)	(98,993)
	167,094,744	170,152,324
Allowance for impaired loans	(247,047)	(255,065)
	<b>\$ 166,847,697</b>	<b>\$ 169,897,259</b>

Allowance for impaired loans

Change in individual specific allowance and collective allowance for impairment:

	Beginning balance	Provision (recoveries)	Write-offs	2014 Ending balance	2013 Ending balance
Commercial loans	\$ 119,160	\$ 32,418	\$ (1,523)	\$ 150,055	\$ 119,160
Personal loans	135,905	(32,418)	(6,495)	96,992	135,905
<b>Total provision</b>	<b>\$ 255,065</b>	<b>\$ -</b>	<b>\$ (8,018)</b>	<b>\$ 247,047</b>	<b>\$ 255,065</b>
Percentage of total loans, accrued interest and deferred loan fees				<b>0.15%</b>	<b>0.15%</b>

2. Deposits

	2014	2013
Term	\$ 62,794,650	\$ 66,106,104
Demand	82,664,940	78,280,685
Registered savings plans	39,098,776	41,131,901
Tax free savings accounts	12,512,598	10,370,065
Accrued interest and dividends	765,650	834,831
Membership equity shares	298,996	291,547
	<b>\$ 198,135,610</b>	<b>\$ 197,015,133</b>





GRAND FORKS  
Credit Union

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