

# 2020

## ANNUAL REPORT



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# Annual Report of the Board of Directors

While the origin of the apocryphal saying, “May you live in interesting times”, may be uncertain, what can not be refuted is its aptness in 2020. Looking back fourteen months, few foresaw the impact that COVID-19 would have on virtually every aspect of our lives; virtually is, indeed, the way that interactions transpired, last year.

Notwithstanding the disruption occasioned by the pandemic, your directors continued to diligently fulfill their fiduciary responsibilities to members and GVC’s other stakeholders, overseeing management and striving to promote GVC’s objectives.

Foremost among those objectives are to grow and add value to existing and potential members and employees; to remain relevant in an increasingly complex financial market place; to meet prudent operating standards and regulatory requirements; to evolve GVC’s human resources and technology; and to maintain an appropriate capital base.

Your Board was most gratified that GVC’s branches remained open throughout the pandemic, albeit on temporarily reduced staffing and hours of operation, while adhering to public health protocols.

With the pandemic proscribing initiatives planned for 2020, including acting upon the results of the membership satisfaction survey of 2019, the Board’s focus last year was on enhancing GVC’s compliance with operating standards and policies to meet regulatory requirements. This will help enhance the Board’s stewardship responsibilities, in 2021 and beyond.

In light of our annual general meeting in June being held, virtually, the Board adopted an Electronic Meeting Policy.

In accord with amendments to GVC’s Rules adopted in 2019, the Board disbanded its Executive Committee, establishing a Governance Committee. Assigned to it were responsibility for the ongoing operation of GVC in a professional manner in accordance with Board approved policies and budgets.

The Board undertook an externally-facilitated Board assessment. Directors completed self-assessments of GVC’s governance practices and Personal Competency Assessments. The latter assessments will be utilized by the Governance and Nominating Committees, in address-

ing any gaps determined to exist in the competencies of incumbent directors and in recruiting directorial candidates. Collectively, Directors undertook risk training and adopted director orientation policies.

Included with materials for this meeting is a Governance Report. It documents GVC’s directors, the board’s officers, the composition of board committees and their chairpersons, meeting attendance, and director remuneration in 2020.

As in years past, GVC made donations to family oriented entities; those that foster personal, academic, spiritual or lifestyle improvement; and those that support co-operative and catholic values, particularly where GVC’s contribution can have a relatively significant impact. In 2020, that included the Mount Pleasant Neighbourhood House, Dixon Transition Society, World Council of Credit Unions, and the Credit Union Foundation.

Given the challenges posed by the pandemic, GVC refocused its Christmas Hamper program. Rather than staff shopping for hamper ingredients and delivering baskets, a \$100 grocery gift card was provided in lieu to 15 families nominated by the membership.

Let me reiterate the board’s deep appreciation to GVC’s management and staff, for their dedication to serving you throughout what was a most challenging year.

In closing, let me thank you, GVC’s members, for your continued support.

Respectfully submitted on behalf of the Board of Directors.

# Annual Report of the General Manager

GVC Credit Union's assets at the end of 2020 were \$248.3 million. This was an increase of 3.3% from the previous year-end. That increase can be attributed to an increase in deposits, due largely to the health pandemic which changed our normal spending and saving habits.

The World Health Organization declared COVID-19 a global pandemic during the first quarter of 2020. Uncertainties related to the pandemic were felt all around us. Governments implemented health and safety protocols, and wearing masks, social distancing, the use of hand sanitizers and Plexiglas shields, reductions in the size of gatherings and virtual meetings became the "new norm". GVC is proud that it was able to keep its branches open to assist its members during this time. Following Health Canada and Provincial health orders, GVC implemented a number of measures for the protection of members, staff and the community.

The Bank of Canada reduced its benchmark interest rate by 1.5% over a very short time period in response to the economic fallout caused by the pandemic. This reduced the interest rate on all prime-linked lending products immediately. This reduction did stimulate real estate market activity which had declined to well below the long term trend rate, as many people chose to put their home buying or selling plans on hold. However, demand increased starting around mid-2020, putting upward pressure on home prices particularly in the detached and townhome market as an increasing number of people looked for more space to "work from home".

To assist our members during these tough times, an emergency member financial relief loan program was introduced and transaction fees on Interac e-transfers were waived on all GVC accounts. In addition, GVC participated in the mortgage payment deferral program and the Canada Emergency Business Account program introduced by the federal government.

A number of initiatives took place throughout 2020. Some of these included introduction of Interac Flash® Member-Card® and a number of enhancements were made to the mobile app. Planning commenced for the implementation of the three-channel Forge Digital Banking Platform (Forge), which includes a new website, mobile app and online banking. For added member protection and security, work was begun on implementing Two Factor Authentica-

tion for online banking access. This security feature is expected to be rolled out over the next few months. Also in 2020, GVC made a significant investment in IT infrastructure on the basis that member service delivery will be increasingly electronic.

In 2021:

- we will continue with the implementation of Forge, first focusing on launching GVC's new website, followed by implementation of the new online banking platform and mobile app;
- we will participate in various projects initiated by the system such as Payments Canada's payment modernization initiatives which includes real time payment processing;
- we will continue to enhance our IT infrastructure to ensure GVC has up to date, effective and secure systems. This includes the ability to provide remote service offerings to our members.

Early this year, we were advised that the building which houses our Brentwood and Administration office has been sold and will be redeveloped. We have begun our search for new premises. This will remain one of our highest priorities in 2021.

GVC ended the year with net earnings of \$854,398, a considerable increase from 2019. The credit union's capital base at the end of the year was \$19.92 million or 18.91% of its risk-weighted assets, significantly above the minimum regulatory requirement of 8%. GVC's retained earnings as a percentage of assets were 6.39% or \$15.88 million.

The roll out of COVID-19 vaccines is welcome news for all of us. We will continue to adjust to the changing environment for the protection of our members and our employees. I would like to take this opportunity to thank each and every one for their patience and understanding during this time.

On behalf of myself and your staff, I wish to thank you, our members, for your support and your elected representatives, GVC's Board of Directors, for their dedicated service.

Respectfully submitted,  
Balbir Bains, General Manager

# Governance Report

Credit unions are owned by those they serve. The Board of Directors is elected by the members and charged with providing governance to the credit union on behalf of the membership. The Chairperson of the Board reports out to the membership at the Annual General Meeting. The General Manager's report and the audited financial statements are also provided to give members additional details on the results of their credit union.

This report is designed to provide an update on governance. Accompanying this report is an organization chart showing the board members, elected officers, the board committees and committee chairpersons. Members are situated at the top of the chart because they are our

owners. On the left hand side of the chart is our External Auditor, MNP LLP Chartered Accountants who audit our financial results to ensure they are correct and meet current accounting standards.

Currently all of our directors are elected for three year terms of office and may be re-elected to a maximum of four consecutive terms. Your nine person board receives aggregate remuneration of \$35,000 per annum with individual board members receiving from \$2,092.39 to \$7,228.26 in 2020, based on their role and attendance. The following chart shows their individual attendance over the last year:

June 2020 to April 2021	Number of Mtgs.	Richard Thomas	Shaun Olafson	Herb Gill	Argundas Bartas	Sarin Raj	Glenn McLaughlin	Elaine Schretlen	Ken Sherwood	Stacy Wilson
Board	8	8	8	8	6	8	7	8	8	6
Governance	4	4	4	4						4
Audit	5			4		5	5		5	
Investment, Loan & Risk Management	4			3		4	4		4	
Conduct Review	1	1			1					1
Nominating	1		1			1	1			
Credit	20	20	20	20						

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## Governance Report continued...

In 2020, your directors adopted a Board Governance and Succession Policy, which introduced several new approaches to GVC's governance.

First, it provides that the Nominating Committee shall, throughout the year, actively seek out appropriate candidates for the office of director of the Credit Union, rather than simply in the fall of each year.

Second, it provides an enhanced role for the Board's Governance Committee, in identifying candidates for nomination as table officers and committee chairpersons.

Specifically, it provides that any director seeking office as Chairperson, Vice-Chairperson or committee chairperson indicate his or her interest in doing so to the Governance Committee, sufficiently in advance of any election of table officers or committee chairpersons, to enable the Committee to vet those seeking those positions. It provides that the Committee shall propose directors for all of the foregoing offices, save and except for those chairpersonships that, by law or by the operation of the Rules of the Credit Union, are to be otherwise determined.

In addition to GVC's Rule that no director may serve more than five consecutive years as Chairperson of GVC, the Policy introduced a similar limit on a director serving more than five consecutive years as the chairperson of a committee of the Board, except under extenuating circumstances.

The Board's Nominating Committee directs the election process. This starts with a review and analysis of the skill sets and competencies of the incumbent directors. This allows the Committee to identify any gaps and thus seek candidates, accordingly. A snapshot profile of each current board member accompanies this report.

The Nominating Committee endorses no more than one additional candidate than there will be vacancies on the board. Others may still stand for election but would not be endorsed by the Committee. If an election is required, it takes place over a one week period in early March by way of in-branch voting and/or electronically. Members also have the option to request a mail ballot in advance of the voting period. Ballots are counted by our external auditor.

The combined salaries of our three senior managers in 2020 were \$384,523 (\$377,891 in 2019). These amounts are set out in note 17 to our audited financial statements. GVC does not have a variable rate or bonus compensation policy. Other than salary, the only other compensation is a modest Christmas bonus of up to \$500 for all employees with the exception of the General Manager.

**GVCCU MEMBERS**

**BOARD OF DIRECTORS (2020-2021)**

Richard Thomas, Chairperson  
 Shaun Olafson, 1st Vice Chairperson  
 Herb Gill, 2nd Vice Chairperson

Argundas Bartas  
 Glenn McLaughlin  
 Sarin Raj

Elaine Schretlen  
 Ken Sherwood  
 Stacy Wilson

**COMMITTEES**

**GOVERNANCE COMMITTEE**

Richard Thomas, Chairperson  
 Herb Gill  
 Shaun Olafson  
 Stacy Wilson

**AUDIT COMMITTEE**

Ken Sherwood, Chairperson  
 Herb Gill  
 Glenn McLaughlin  
 Sarin Raj

**NOMINATING COMMITTEE**

Glenn McLaughlin, Chairperson  
 Shaun Olafson  
 Sarin Raj

**CREDIT COMMITTEE**

Richard Thomas, Chairperson  
 Herb Gill  
 Shaun Olafson  
 Balbir Bains

**INVESTMENT, LOAN & RISK  
 MANAGEMENT COMMITTEE**

Glenn McLaughlin, Chairperson  
 Herb Gill  
 Sarin Raj  
 Ken Sherwood

**CONDUCT REVIEW COMMITTEE**

Richard Thomas, Chairperson  
 Argundas Bartas  
 Stacy Wilson

**EXTERNAL  
 AUDITOR**

MNP LLP  
 Chartered  
 Accountants

## Summarized Statement of Financial Position December 31, 2020

	2020	2019
<b>Assets</b>		
Cash and cash equivalents	47,116,227	24,176,166
Investments and other	1,356,255	1,366,675
Member loans receivable	197,938,907	212,637,625
Income taxes recoverable	3,918	-
Property, plant and equipment	1,642,406	2,039,465
Intangible assets	-	19,807
Deferred income tax assets	267,000	253,000
	<b>248,324,713</b>	<b>240,492,738</b>
<b>Liabilities and Members' equity</b>		
Member deposits	229,838,303	222,611,016
Income taxes payable	-	131,079
Payables and accruals	905,489	528,512
Lease liability	1,320,672	1,807,943
Equity shares	379,921	388,258
Retained earnings	15,880,328	15,025,930
	<b>248,324,713</b>	<b>240,492,738</b>

## Summarized Statement of Comprehensive Income December 31, 2020

	2020	2019
Financial income	9,298,494	9,785,827
Financial expense	3,551,867	4,331,686
Financial margin	5,746,627	5,454,141
Other income	442,652	467,099
	<b>6,189,279</b>	<b>5,921,240</b>
Operating expenses	4,903,744	4,874,846
Operating income	1,285,535	1,046,394
Provision for credit losses	90,000	60,000
Patronage rebate	6,795	9,833
Income before income taxes	1,188,740	976,561
Income taxes	334,342	334,117
Comprehensive income	<b>854,398</b>	<b>642,444</b>

## Summarized Statement of Changes in Members' Equity December 31, 2020

	Equity shares	Retained earnings	Total members' equity
<b>Balance, December 31, 2018</b>	<b>396,130</b>	<b>14,383,486</b>	<b>14,779,616</b>
Comprehensive income	-	642,444	642,444
Net redemption of equity shares (7,872)	(7,872)	-	(7,872)
<b>Balance, December 31, 2019</b>	<b>388,258</b>	<b>15,025,930</b>	<b>15,414,188</b>
Comprehensive income	-	854,398	854,398
Net redemption of equity share (8,337)	(8,337)	-	(8,337)
<b>Balance, December 31, 2020</b>	<b>379,921</b>	<b>15,880,328</b>	<b>16,260,249</b>

## Summarized Statement of Cash Flows December 31, 2020

	2020	2019
<b>Cash provided by (used for) the following activities</b>		
Operating activities	1,461,706	1,653,880
Financing activities	7,025,041	(12,857,164)
Investing activities	14,453,314	(392,945)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>22,940,061</b>	<b>(11,596,229)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>24,176,166</b>	<b>35,772,395</b>
<b>Cash and cash equivalents, end of year</b>	<b>47,116,227</b>	<b>24,176,166</b>

Approved on behalf of the Board of Directors  
Richard Thomas, Chairperson and Ken Sherwood, Director

A copy of the full financial statements can be obtained at any GVC Credit Union branch or viewed online [here](#).

## Report of the Independent Auditor on the Summarized Financial Statements

To the Members of Greater Vancouver Community Credit Union:

### Opinion

The summary financial statements, which comprise the summary statement of financial position as at December 31, 2020, and the summary statements of comprehensive income, changes in members' equity and cash flows for the year then ended are derived from the audited financial statements of Greater Vancouver Community Credit Union (the "Credit Union") for the year ended December 31, 2020.

In our opinion, the accompanying summary financial statements are a fair summary of the audited financial statements.

### Summary Financial Statements

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon.

### The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated March 24, 2021.

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

Management is responsible for the preparation of the summary financial statements.

### Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are a fair summary of the audited financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standards (CAS) 810, Engagements to Report on Summary Financial Statements.

MNP LLP  
Chartered Professional Accountants  
Abbotsford, BC, March 24, 2021

HEAD OFFICE  
Administration  
1801 Willingdon Ave  
Burnaby, BC V5C 5R3  
T. 604.298.3344  
F.604.421.8949  
admin@gvccu.com

Monday-Friday 8-5

BURNABY  
Brentwood Office  
1801 Willingdon Ave  
Burnaby, BC V5C 5R3  
T.604.298.3344  
F.604.298.3417  
brentwood@gvccu.com

Monday-Thursday 9:30-5  
Friday 9:30-6  
Saturday 10-2

NEW WESTMINSTER  
Royal Square Mall Office  
25B-800 McBride Blvd  
New Westminster, BC V3L 2B8  
T.604.525.1414  
F.604.525.1424  
newwest@gvccu.com

Monday-Thursday 9:30-5  
Friday 9:30-6  
Saturday 10-2

SURREY  
Impact Plaza Office  
125-15280 101 Ave  
Surrey, BC V3R 8X7  
T.604.584.4434  
F.604.584.6038  
surrey@gvccu.com

Monday-Thursday 9:30-5  
Friday 9:30-6  
Saturday 10-2

VANCOUVER  
Kingsgate Office  
115-370 East Broadway  
Vancouver, BC V5T 4G5  
T.604.875.8590  
F.604.875.8591  
kingsgate@gvccu.com

Monday-Thursday 9:30-5:30  
Friday 9:30-7  
Saturday 9:30-4