

2021

Greater Vancouver
Community Credit Union

Annual Report

Annual Report of the Board of Directors

2021 was another year featuring unique, ongoing challenges imposed by the COVID-19 pandemic. In the same way we are coming together today, your directors acted in keeping with the Electronic Meeting Policy adopted in 2020, continuing to meet digitally over the past year to oversee the ongoing operations of management, shepherd GVC's strategy, and bring value to GVC's members and other stakeholders.

As the Province moves toward increasingly relaxed restrictions, GVC can take pride in its ongoing response to the pandemic, having continued to work to stay open, serve members, and prioritize staff safety through remote work initiatives over the past year.

Over the 82 years that GVC has been in operation, the Credit Union has established a clear focus around providing personal financial services to our members in a way that lets us acknowledge them as individuals. This past year, GVC carried on that tradition while working to keep up to date with evolving regulatory requirements and technical needs, which have been accelerated by the pandemic.

Your directors continued to pay heed to the ongoing trend of members serving themselves electronically rather than visiting branches in person, and worked to enhance cyber security at the Credit Union, by implementing a two-factor authentication process, and adopting an improved cyber security framework.

With an eye toward improving the governance of the Credit Union, your directors undertook training and worked with Stabilization Central Credit Union to enhance risk management mechanics at the Board level.

To strengthen the Credit Union's commitment to values like fair treatment and transparency, your board also reviewed and adopted a market conduct code in cooperation with the Canadian Credit Union Association.

Throughout the year, your board and senior management participated in credit union system discussions with other community based credit unions, and Central 1 Credit Union with regard to potential changes to rules that will impact the credit union system.

Included with materials for this meeting is a Governance Report, which includes information about GVC's directors, officers, committees and their chairpersons, as well as the attendance and remuneration of directors in 2021.

As in years past, GVC made donations to family-oriented organizations where your board and senior management felt they would have the greatest impact. In 2021, that included the Mount Pleasant Neighbourhood House, Dixon Transition Society, the World Council of Credit Unions, and the Credit Union Foundation of British Columbia.

In light of the pandemic, GVC continued its Christmas Hamper program by delivering grocery gift cards to nominated families, as it did in 2020.

As ever, none of this past year's accomplishments would have been achieved without GVC's diligent and committed staff and management, to whom the Board owes and gives their sincere thanks. The Board must also extend its sincere gratitude to you, our members, without whom GVC would not exist, and I extend that gratitude to you now in closing.

Respectfully submitted on behalf of the Board of Directors.

Annual Report of the General Manager

2021 was a strong year for Greater Vancouver Community Credit Union (GVC), despite the ongoing challenges of the global pandemic. GVC's assets at the end of the year were \$261.7 million. This was an increase of 5.39% from the previous year. This increase can be attributed to an increase in deposits, largely due to the pandemic, which changed normal spending and saving habits.

The global pandemic continued to be problematic in 2021. However, heading into 2022, we look forward to closing the chapter on what has been a challenging couple of years. While it is unlikely that we will return to the "old normal", the ongoing vaccine rollout, the relaxation of public health measures and the gradual recovery of the economy provide hope that we are collectively moving in the right direction. That said, economic uncertainties remain due to the risks associated with the war in Ukraine, inflation, supply chain issues and the interest rate environment.

Throughout 2021, support continued to be provided to our members with GVC's emergency relief loan program and fees for Interac® e-transfers being waived on all accounts. In addition, GVC continued its participation in the Canada Emergency Business Account program introduced by the federal government, to help our business members.

After pausing for a short period in the early days of the pandemic, the housing market has been on an absolute tear for the past 18 months, as demand from buyers wishing to take advantage of rock-bottom interest rates drastically outpaced the supply of homes for sale. This imbalance is a major factor contributing to higher prices. In addition, many buyers are deciding to pay more than the listing price to outbid others, due to the lack of alternatives. There are currently fewer properties listed for sale in Canada than at any point on record. Unfortunately, housing affordability is forecasted to get worse before it gets better. In 2021, home sales activity remained in excess of the long-term average and the supply of homes for sale continued to decline. The Canadian Real Estate Association's House Price Index rose by 26.6% in the 12 months up to December, the fastest annual pace of gain on record.

The interest rate environment is starting to shift, after sitting at historic lows for almost two years. The Bank of Canada cut its benchmark rate by 150 basis points over a very short period at the onset of the pandemic. It increased its benchmark rate by 25 basis points in March of this year and the outlook is for further increases this year.

The building, that houses our Brentwood Branch and Administration Office was sold by our landlord to a developer in 2021. We have found new space into which to relocate both offices and are pleased to share those leases for the new premises have been finalized. The Brentwood Branch will be moving to the new Forte Development located on the corner of Hastings Street and Willingdon Avenue in Burnaby, a short distance from our current location. The Administration Office will be relocating to an office building on Willingdon Green, very close to the main campus of BCIT. The moves will be one of the credit union's main priorities in 2022; we anticipate moving during the summer months.

A number of initiatives were completed in 2021, some of which included the implementation of Two Factor Authentication to increase online banking security, data center migration and network segregation to further enhance the security of our information systems. Looking forward to 2022, GVC anticipates further compression of its financial margin. While market competition for loans will continue, loan growth is expected to be slower.

As we look to 2022, GVC will continue to enhance its services to its members. These enhancements will include:

- Completing the move of the Brentwood Branch and Administration Office;
- Advancing the implementation of the Forge online banking system platform;
- Working with Central 1 on system initiatives such as Payment Canada's payments modernization; and
- Continuing to enhance GVC's IT infrastructure.

GVC ended the year with net earnings of \$1,203,851. Its capital base was \$21.09 million or 19.62% of its Risk Weighted Assets. This is significantly above the minimum regulatory requirement of 8%. GVC's retained earnings, as a percentage of assets, were 6.5% or \$17.08 million.

Our employees' collaboration, resilience and dedication to deliver exceptional service to our members during these unprecedented times is much appreciated.

On behalf of our staff, and myself I wish to thank you, our members for your continued support, as well as 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. In 2021, your nine person board received an aggregate remuneration of \$45,000 with individual board members receiving from \$3,207.04 to \$7520.68, based on their role and attendance. The following chart shows their individual attendance over the last year:

June 2021 to April 2022	Number of Mtgs.	Richard Thomas	Shaun Olafson	Herb Gill	Argundas Bartas	Sarin Raj	Glenn McLaughlin	Elaine Schretlen	Ken Sherwood	Stacy Wilson
Board	10	10	10	9	9	8	9	10	10	9
Governance	4	4	4	4		4				
Audit	6	6				5	6		6	
Investment, Loan & Risk Management	4	4				3	4		4	
Conduct Review	1	1			1			1		
Nominating	1			1		1		1		1
Credit	7	7	7	7						

GVC's Board Policy Manual states that no director may serve more than five consecutive years as Chairperson of GVC, or 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 2021 were \$404,135 (\$384,523 in 2020). These amounts are set out in note 18 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 (2021-2022)

Shaun Olafson, Chairperson
 Richard Thomas, First Vice-Chairperson
 Herb Gill, Second Vice-Chairperson

Argundas Bartas
 Glenn McLaughlin
 Sarin Raj

Elaine Schretlen
 Ken Sherwood
 Stacy Wilson

COMMITTEES

GOVERNANCE COMMITTEE

Shaun Olafson, Chairperson
 Herb Gill
 Sarin Raj
 Richard Thomas

AUDIT COMMITTEE

Ken Sherwood, Chairperson
 Glenn McLaughlin
 Sarin Raj
 Richard Thomas

NOMINATING COMMITTEE

Stacy Wilson, Chairperson
 Herb Gill
 Sarin Raj
 Elaine Schretlen

CREDIT COMMITTEE

Shaun Olafson, Chairperson
 Herb Gill
 Richard Thomas
 Balbir Bains

INVESTMENT, LOAN & RISK MANAGEMENT COMMITTEE

Glenn McLaughlin, Chairperson
 Sarin Raj
 Ken Sherwood
 Richard Thomas

CONDUCT REVIEW COMMITTEE

Richard Thomas, Chairperson
 Argundas Bartas
 Elaine Schretlen

EXTERNAL AUDITOR

MNP LLP
 Chartered
 Accountants

Summarized Statement of Financial Position December 31, 2021

	2021	2020
Assets		
Cash and cash equivalents	21,516,455	47,116,226
Investments	33,748,241	1,072,490
Member loans receivable	204,449,918	197,938,907
Income taxes recoverable	11,560	3,918
Prepaid expenses and deposits	692,278	283,765
Property, plant and equipment	1,027,741	1,642,406
Deferred income tax assets	267,000	267,000
	261,713,193	248,342,712
Liabilities and Members' equity		
Member deposits	242,683,619	229,838,303
Payables and accruals	872,948	905,488
Lease liability	815,978	1,320,672
Equity shares	368,429	379,921
Retained earnings	17,084,179	15,880,328
Accumulated other comprehensive loss	(111,959)	-
	261,713,193	248,324,712

Summarized Statement of Comprehensive Income December 31, 2021

	2021	2020
Financial income	8,252,471	9,298,494
Financial expense	2,135,537	3,551,867
Financial margin	6,116,934	5,746,627
Other income	457,493	426,858
	6,574,427	6,173,485
Operating expenses	4,895,999	4,887,950
Operating income	1,678,428	1,285,535
Provision for credit losses	90,000	90,000
Patronage rebate	6,105	6,795
Income before income taxes	1,582,323	1,188,740
Income taxes	378,472	334,342
Other comprehensive loss	(111,959)	-
Comprehensive income	1,091,892	854,398

Summarized Statement of Changes in Members' Equity December 31, 2021

	Equity shares	Retained earnings	Accumulated other comprehensive loss	Total members' equity
Balance, December 31, 2019	388,258	15,025,930	-	15,414,188
Comprehensive income	-	854,398	-	854,398
Net redemption of equity shares	(8,337)	-	-	(8,337)
Balance, December 31, 2020	379,921	15,880,328	-	16,260,249
Comprehensive income	-	1,203,851	-	1,203,851
Other comprehensive loss for the year	-	-	(111,959)	(111,959)
Net redemption of equity share	(11,492)	-	-	(11,492)
Balance, December 31, 2021	368,429	17,084,179	(111,959)	17,340,649

Summarized Statement of Cash Flows December 31, 2021

	2021	2020
Cash provided by (used for) the following activities		
Operating activities	977,312	1,400,264
Financing activities	12,942,460	7,025,041
Investing activities	(39,519,543)	14,514,755
Increase (decrease) in cash and cash equivalent	(25,599,771)	22,940,060
Cash and cash equivalents, beginning of year	47,116,226	24,176,166
Cash and cash equivalents, end of year	21,516,455	47,116,226

Approved on behalf of the Board of Directors
Shaun Olafson, 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, 2021, 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, 2021.

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 23, 2022.

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
March 23, 2022
Abbotsford, BC

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