

Certified



Corporation

# First Credit Union Annual Report

2023



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**First Credit Union is a co-operative financial institution with branches in eight communities across the south coast of BC. We are driven by our vision of building financially healthy communities & our purpose to empower through knowledge.**

## **About us**

## Our Vision

### To build financially healthy communities

We have a responsibility, as a financial institution owned by our members, to ensure that all of our activities help build thriving, vibrant communities. That's why we focus on the financial, social and environmental well-being of our members and the communities we serve.

## Our Purpose

### Our Purpose: To empower through knowledge

Increasing financial literacy is core to our existence. A favourite example of this is Ruth Allan - known fondly as the 'Credit Union Lady' - who was the beloved administrator of the First Credit Union (then Powell River Credit Union) School Savings Program from 1957 to 1980. She is still credited by many of our members as the person who taught them the value of saving. Ruth's work is the inspiration for our purpose.

## Our Values

First Credit Union's values are grounded in the International Cooperative Association (ICA) values that inform the cooperative principles. Our core values are the deeply ingrained beliefs that guide our actions.

**Accountability:** We are accountable for our actions

**Authenticity:** We are authentic and communicate openly & honestly

**Better Together:** We are better together

**We Care:** We care for each other, our members, and communities

**Inclusivity:** We foster an inclusive environment that embraces and celebrates difference

# Vision, Purpose & Values



**Dear  
Members...**

Linda Bowyer, **CEO**

**Message from the CEO  
& Board Chair**

Despite the challenges faced in 2023, First Credit Union remained resilient, though not untouched by the industry's turbulence. Economic pressures created disruptions across Canada's credit union landscape, affecting various aspects of our operations, including financial margins, mortgage and lending growth, inflation-induced costs, and labour market complexities. Despite these hurdles, we focused on supporting our members and took steps to address the evolving situation.

Our capital position (or net worth) remained strong amidst these adversities. Capital is what allows us to absorb credit losses and adverse economic circumstances. Strong capital positions us well to navigate the persisting effects of inflation and an inverted yield curve (meaning short term rates are higher than long term rates). We continue to manage our expenses carefully until our margins normalize, which we anticipate around the third quarter of 2024.

We previously shared that in early 2022, First Credit Union officially attained certification as a Benefit Corporation, or B-Corp. Certified B Corporations are trailblazers in the global movement for an inclusive, equitable, and regenerative economy. This designation underscores our commitment to high standards of performance, accountability, and transparency in member relations, employee welfare, community engagement, and environmental stewardship. Throughout this report, we highlight some of our achievements in each of these areas, while our Governance Report delves into the governance category.

In our pursuit of providing an exceptional member experience, we embarked on a comprehensive digital transformation journey, leveraging Lean Process Improvement methodology to streamline operations and lay the foundation for future digitization efforts. Despite financial constraints, significant progress was made, with 75% of our workforce trained and numerous process improvement initiatives undertaken, resulting in nearly 5000 hours of newfound capacity. We also successfully launched our first digital project, Coconut Calendar, enabling members to schedule appointments online.

From a human resources perspective, we were honoured to be recognized as one of BC's Top Employers for the third consecutive year. This recognition celebrates British Columbia employers who excel in providing outstanding workplaces. As a mid-sized credit union, this achievement holds special significance for us, underscoring our commitment to cultivating an environment where our team can thrive. We take pride in being an employer of choice in the communities we serve. Additionally, amidst rising inflationary pressures, we reaffirmed our commitment to being a Living Wage employer, ensuring that our wages reflect the true cost of living in each of the communities where we operate.

Our dedication to community engagement was evident through various initiatives, including our successful community impact day, where our employees participated in 11 volunteer activities, collectively contributing an impressive 360 hours of service. Additionally, we proudly awarded \$34,000 in member scholarships, investing in the education of our community's future leaders. Our collaboration with the Comox Affordable Housing Society culminated in a successful RESP matching event, furthering our commitment to supporting educational initiatives. We introduced the employee volunteer Impact Donation program, empowering our team to make meaningful contributions to causes they are passionate about. We facilitated our first patient loan, through our non-profit organization, Cavanaugh Community Society, helping a local social enterprise with much-needed start-up capital. Furthermore, we sponsored 15 youths to attend the YES camp, nurturing the next generation of leaders and change-makers.

In alignment with our commitment to environmental stewardship, we continued our efforts to measure and reduce our operational greenhouse gas emissions and launched the Carbon Neutral Club to foster a culture of sustainability among our employees. This initiative empowers our team to adopt eco-friendly practices both at work and in their personal lives, contributing to our collective efforts to mitigate climate change.

As we look ahead to 2024, we remain grateful for our exceptional employees and their unwavering dedication to supporting our members. With resilience and adaptability, we are confident in our ability to navigate the challenges that lie ahead.

Linda Bowyer, CEO & Guy Chartier, Board Chair



Guy Chartier, **Board Chair**



# Impact

**Giving back**



# Impact at a glance



**\$34,500**  
Awarded in post-secondary  
scholarships



**360 hours**  
Volunteered for local non-profit  
organizations during Community  
Impact Day



**\$62,648**  
Donated to local non-profit  
organizations



**25% Reduced Greenhouse  
Gas Emissions**  
In 2023, FCU recorded emissions  
of 102.73 tonnes of carbon dioxide  
(tCO<sub>2</sub>e), a reduction of 34.31 tCO<sub>2</sub>e  
from 2022



**\$10,000**  
In sponsorships to send local  
youths to a cooperative  
leadership camp



**\$22,680**  
Invested in capacity-building  
programming

# B Corp Certification

B Corp Certification is based on **three essential pillars: verified social and environmental performance, legal accountability and public transparency**. It's the combination of all three that makes the B Corp Certification unique, credible and significant.



For more detailed information about First Credit Union's B Corp assessment, **visit [firstcu.ca](https://firstcu.ca)**

## Overall B Impact Score

Based on the B Impact assessment, First Credit Union earned an overall score of 105.5. The median score for ordinary businesses who complete the assessment is currently 50.9.



- 105.5 Overall B Impact Score
- 80 Qualifies for B Corp Certification
- 50.9 Median Score for Ordinary Businesses

# Proud to be a B Corp

# We're a Living Wage Employer

A Living Wage is defined as the hourly wage a worker needs to earn to cover their basic expenses within their community. It's a wage that lifts working families out of poverty and allows employees not just to subsist, but to have access to the types of things that make for a decent quality of life: the ability to contribute to communities, and be healthy and active social citizens. Our competitive salaries go well beyond the Living Wage, which aligns with our vision of building financially healthy communities. It means strong local economies, sustainability, and fostering a dedicated, skilled, and healthy workforce. We believe our members would expect nothing less of us in caring for our employees.





# Impact Stories

The stories that bring our impact to life

Every holiday season since 2019 EDAS qathet has been distributing carefully curated gift bags to vulnerable people in the region. These bags, filled with essentials like toiletries, warm hats and scarves and adorned with personalized handmade cards and homemade treats, carry more than just tangible items; they are a demonstration that someone cares.

The initiative involves a curriculum that is incorporated year-round into all the grades at Henderson Elementary School and selected grades at five other local elementary schools. Children from across the community help make the cards and decorate the bags in the months leading up to the holidays. Students in the Culinary Arts Program at Brooks Secondary School bake the shortbread cookies, and dozens of community volunteers help decorate the cookies. Local businesses, including First Credit Union, donate funds and provide volunteer aid. Community organizations and churches help to raise additional funds and put EDAS in touch with community members who become recipients of the bags.

**For the full story, visit our impact blog at [firstcu.ca](https://www.firstcu.ca)**



**Everybody Deserves a Smile**

Cumberland is renowned on Vancouver Island for its abundance of trails, attracting outdoor enthusiasts seeking adventure on mountain bikes or on foot. Despite the simplicity of these activities, maintaining and promoting the trails is complex. In 2008, UROC was established to preserve access to a diverse trail network. With 2,500 members, UROC advocates for mountain biking by building and maintaining trails, organizing events, and fostering a positive biking community. They also cultivate relationships with landowners and community groups. In 2023, UROC collaborated with landowners and First Credit Union to develop a bike skills park in an unused quarry, catering to beginner and intermediate riders, filling a crucial gap in Cumberland’s trail offerings.

**For the full story, visit our impact blog at [firstcu.ca](https://firstcu.ca)**



# United Riders of Cumberland

Anyone who lives on the coast should be familiar with the story of salmon and their incredible, mysterious end-of-life journey. This is when salmon make their way—sometimes thousands of kilometres—back to their birthplace to spawn.

As a keystone species, salmon contribute vital nutrients to ecosystems. Promoting an understanding of how important salmon are and how to protect them is one of the fundamental goals of the Powell River Salmon Society (PRSS), who has focused on education, enhancement, and watershed monitoring to ensure sustainable salmon stocks since 1982. Operating three local facilities, including the Alex Dobler Salmon Centre and Duck Lake Hatchery, PRSS releases over a million juvenile salmon annually. However, funding remains challenging. Partnerships with community organizations are crucial for the continued success of PRSS.

For a number of years First Credit Union has helped support PRSS's community engagement and education activities, and in 2023 they provided a \$2500 donation, and sponsored a \$1500 tent that can be used at community events.

**For the full story, visit our impact blog at [firstcu.ca](https://www.firstcu.ca)**



## **Powell River Salmon Society**

On a special day once a year, First Credit Union (FCU) branches across Vancouver Island, Bowen Island, Hornby Island, Texada Island, and the Sunshine Coast close their doors a few hours early. Employees head out into their communities armed with an array of unexpected implements such as drills and hammers, garden tools, garbage bags and cleaning supplies.

Community Impact Day has grown since its inception in 2015. Employees participate in various projects based on community needs. Over the years, they have painted, built and maintained trails, worked in community gardens, cleaned beaches, and so much more. In 2023, the Comox Valley branch partnered with LUSH Valley's Tsolum Garden Project, aiding in garden maintenance and expansion. The collaboration not only benefited LUSH Valley but also raised awareness about its year-round efforts in food security and community wellbeing. The decision to close branches early does not come lightly, but at its heart Community Impact Day is a tangible demonstration of First Credit Union's commitment to community.

**For the full story, visit our impact blog at [firstcu.ca](https://firstcu.ca)**



## Community Impact Day



# Financial Performance



## Auditor's Report & Consolidated Financials

## **To the Members of First Credit Union:**

### **Opinion**

We have audited the consolidated financial statements of First Credit Union (the “Credit Union”), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of loss, comprehensive income (loss), changes in members’ equity and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Credit Union as at December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Credit Union in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Credit Union’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Credit Union or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Credit Union’s financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Credit Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Credit Union’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Credit Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Credit Union to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*MNP LLP*

Chartered Professional Accountants  
Kelowna, BC March 14, 2024

**MNP**  
LLP

**A complete set of financial statements is available at [firstcu.ca](https://firstcu.ca)**

## Consolidated Statement of Financial Position

Summary of the Consolidated Statement of Financial Position as at December 31, 2023

ASSETS	2023	2022
Cash and cash equivalents	\$18,738,170	\$15,993,098
Investments	\$51,373,575	\$51,345,559
Member loans receivable & accrued interest	\$575,845,098	\$575,913,473
Income taxes recoverable	\$76,647	\$179,204
Property, plant and equipment	\$9,945,814	\$11,009,916
Intangible assets	\$1,301,020	\$1,207,894
Other assets	\$ 9,346,254	\$7,449,217
Investment in associate	-	\$2,848,691
	<b>\$666,626,578</b>	<b>\$665,947,052</b>
<b>LIABILITIES</b>		
Member deposits & accrued interest	\$596,570,078	\$600,528,365
Income taxes payable	-	-
Trade payables & accrued liabilities	\$1,543,134	\$1,721,501
Secured borrowings	\$24,220,376	\$17,052,905
Borrowings	-	\$3,000,000
Lease liabilities	\$779,709	\$873,892
Deferred tax liabilities	\$857,236	\$343,658
Derivative financial instruments held for risk management	-	-
Patronage dividends payable	\$52,967	\$52,680
	<b>\$624,023,500</b>	<b>\$623,573,001</b>
<b>MEMBERS' EQUITY</b>		
Member shares	\$1,853,273	\$1,875,848
Retained earnings	\$33,625,348	\$33,646,275
Contributed surplus	\$7,814,972	\$8,459,684
Accumulated other comprehensive loss	(\$690,515)	(\$1,607,756)
	<b>\$42,603,078</b>	<b>\$42,374,051</b>
	<b>\$666,626,578</b>	<b>\$665,947,052</b>

## Consolidated Statement of Comprehensive Income

Summary of Consolidated Statement of Comprehensive Income for the year ended December 31, 2023

	2023	2022
Interest income	\$24,224,748	\$19,419,232
Interest expense	(\$12,661,783)	(\$5,540,110)
Net interest income	\$11,562,965	\$13,879,122
Recovery of (provision for) credit losses	\$823	(\$175,171)
Other income	\$3,417,799	\$3,721,488
Net interest & other income, after recovery of (provision for) credit losses	\$14,981,587	\$17,425,439
Operating expenses	(\$15,474,288)	(\$14,917,934)
Operating income (loss)	(\$492,701)	\$2,507,505
Distribution to members	-	-
Other items	\$472,582	(\$2,704,491)
Net income (loss) before income taxes	(\$20,119)	(\$196,986)
Income taxes	(\$594,947)	(\$397,564)
Net income (loss)	(\$615,066)	(\$594,550)
Fair value gains (losses) on investments, net of tax	\$917,241	(\$1,293,932)
<b>Total comprehensive income (loss)</b>	<b>\$302,175</b>	<b>(\$1,888,482)</b>

## Consolidated Statement of Cash Flows

Summary of the Consolidated Statement of Cash Flows for the year ended December 31, 2023

	2023	2022
Cash provided by operating activities	\$3,533,020	\$2,542,758
Cash provided by (used for) financing activities	(\$3,968,943)	(\$6,370,096)
Cash provided by (used for) investing activities	\$3,180,995	(\$11,831,403)
Increase (decrease) in cash & cash equivalents	\$2,745,072	(\$15,658,741)
Cash & cash equivalents, beginning of year	\$15,993,098	\$31,651,839
Cash & cash equivalents, end of year	\$18,738,170	\$15,993,098

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about what we do**



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