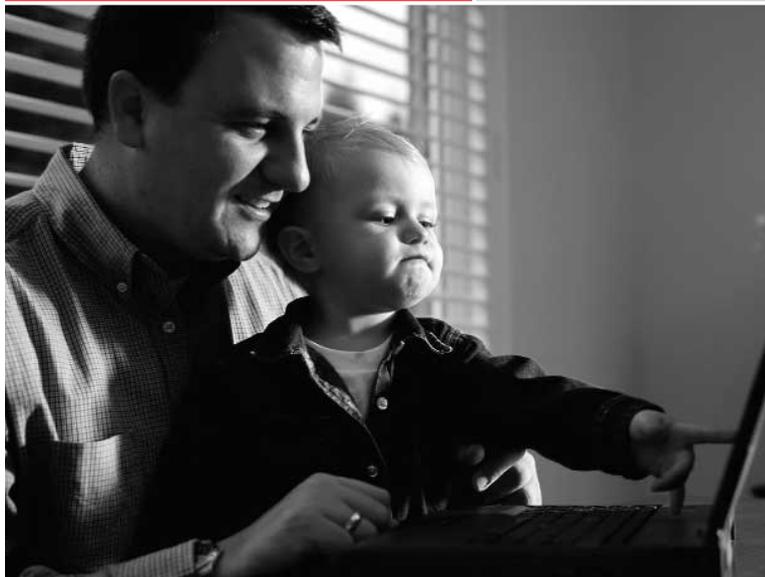


# Sunshine Coast Credit Union



# 2002 ANNUAL REPORT



# NOTICE OF ANNUAL GENERAL MEETING

The 62nd Annual General Meeting of Sunshine Coast Credit Union will be held on **Thursday, May 1st, 2003** at **7:30 p.m.** at the:

**Sechelt Seniors' Activity Centre,  
5604 Trail Avenue, Sechelt, B.C.**

## A G E N D A

1. Call to Order
2. Introduction of Officers
3. Adoption of Agenda
4. Appointment of Recording Secretary
5. Adoption of Minutes of the 61st AGM, May 1, 2002
6. Business Arising Out of the Minutes
7. Directors' Report
8. Auditors' Report
9. Chief Executive Officer's Report
10. Adoption of Reports
11. Report on Attendance
12. Directors' Election Results
13. New Business
14. Appointment of Auditors
15. Motion to Authorize the Directors to Set the Audit Fee
16. Good and Welfare
17. Adjournment

## 2002 BOARD OF DIRECTORS

Bernard Bennett, Chairperson  
Tim Anderson, 1st Vice Chairperson  
Brian Beecham, 2nd Vice Chairperson  
Karen Archer\*  
Harris Cole\*  
Rick Gamache  
Joan McKean  
Margaret Penney  
Ray Williston\*

\* Terms expire at 2003 Annual General Meeting

## REPORT OF THE CHIEF EXECUTIVE OFFICER

2002 was a notable year for Sunshine Coast Credit Union for many reasons, but most significant was the exceptional growth in the credit union's assets. Overall growth for the year exceeded 15%, bringing total assets to \$185 million, up from \$161 million at the previous year-end. This remarkable achievement has only been surpassed once in the past decade, in 1994 when an asset growth of 25% was achieved. The principal driver of the balance sheet growth was member deposits. In addition to some very attractively priced deposit campaigns, it could reasonably be assumed that the turmoil in the stock markets was a factor in this flight of funds to a risk adverse environment at the credit union. Notwithstanding that factor, very respectable levels of growth were also experienced in loans to members. Total loans increased 9.7% in 2002.



Balance sheet growth was also a driver of the credit union's financial margin during the year. Earnings before taxes and dividends amounted to \$1.6 million. The return on assets, net of taxes and dividends, was \$1.2 million, which brought the total retained earnings of the credit union up to \$9.7 million. As a result, Sunshine Coast Credit Union's capital adequacy ratio exceeded 16% at year-end (the minimum legislated requirement is 8%).

A detailed review of service fees charged by the credit union was conducted for the 2002 Planning Session. This was the first major review in five years. After careful consideration by the Board of Directors and management, new service charges and fees were approved, effective January 1, 2003. These new fees reflected increased costs for the credit union to provide specific services and to ensure charges fairly represent the cost of providing them.

Our members will be pleased to learn that

**...we remain very competitive compared to the chartered banks and we did not implement charges for in-branch services that are common to other major financial institutions...**

We are committed to providing our members with a high level of in-branch service, despite trends to the contrary within the financial services sector. Nevertheless, many of our members are embracing electronic services such as debit cards, telephone banking and Internet banking. In order to meet their needs, we developed an

e-Chequing electronic package account in 2002 for those members who need the convenience of banking from home or work.

**...Log-ins to our Internet on-line banking service in 2002 reached 14,000 per month...**



SunCu Financial Services Inc., through an alliance with Cumis Insurance's MemberCare Division, provided a comprehensive selection of life and disability insurance products to members and clients in 2002. As a result, SunCu's insurance revenues were five times higher than in the previous year, which helped offset the lower revenues generated from mutual funds due to poor stock market performance. Total revenues for SunCu increased from \$168,000 in 2001 to \$195,000 in 2002.

Over 2000 businesses and organizations are members of Sunshine Coast Credit Union. In recognition of the importance of businesses to the local economy and to the future of the credit union, services to this sector are a key component in our business plan and operational budget. I am pleased to report that commercial loan growth of 20% was achieved in 2002.

Last year our staff and management worked very hard to achieve our corporate goals and objectives. Their efforts are reflected in these outstanding results. I would also like to thank our staff for the excellent service level they provided to members. In addition, the Board of Directors did an excellent job representing the interests of members and providing direction and leadership to the organization. I would like to congratulate them on their efforts and thank them for their support throughout the year.

Dale Eichar, C.E.O.



**Commerce**  
**e-commerce**  
Electronic Transaction      **e-trading**  
Online Shopping

We are  
committed  
to providing a high level of  
**in-branch service**  
as well as the latest in  
**electronic services**  
for those who enjoy the  
convenience of banking  
on their own time and  
from their own location.

**e-Chequing**

electronic  
package  
accounts



## REPORT OF THE BOARD OF DIRECTORS

In 2002, a mail survey was conducted by Points of View Research & Consulting Ltd. which randomly selected members for their opinions on how well the credit union was meeting their needs. We are pleased to report, once again, that overall excellence of service was rated good or excellent by 84% of respondents; courtesy and friendliness of staff was rated good or excellent by 92% of respondents; 91% rated the credit union good or excellent in corporate responsibility; and, 94% rated the credit union good or excellent in community involvement.



**...Overall, the survey indicated that members were very satisfied with the manner in which Sunshine Coast Credit Union and its wholly owned subsidiary, SunCu Financial Services Inc., were meeting their financial needs...**

I would like to thank participating members for providing us with this important feedback.



This past year has been another successful year for Sunshine Coast Credit Union. Earnings exceeded budgetary objectives, which prompted the Board of Directors to approve the following dividend payments:

<b>Class D Voluntary Equity Shares</b>	<b>7%</b>
<b>Class C Transaction Equity Shares</b>	<b>5.5%</b>
<b>Class B Membership Equity Shares</b>	<b>3.5%</b>

The credit union has issued \$2 million in equity shares to members. Class D Shares total \$1.7 million of the total issued equity shares.

Your credit union continued its support of many community activities, organizations, and events with 77 organizations and events receiving financial support totalling over \$61,093. The benchmark for corporate giving set by the Canadian Centre for Philanthropy is 1% of pre-tax income. Sunshine Coast Credit Union's corporate giving amounted to 4% in 2002. In addition to community support through charitable donations, our bursary program to all three secondary schools on the Coast, and sponsorships, many of our credit union employees volunteer their time to support local organizations and community events. Your Board of Directors would like to thank each and every one of you for the valuable time you give and your efforts.

Christmas Cash entered its 10th year with 407 interest free loans granted, totalling \$351,287. Our communities reap many benefits from programs such as this.

**...Since 1993 over 3500 Christmas Cash loans have been granted and over 3 million dollars remained on the Coast and were spent at participating merchants...**

I would also like to take this opportunity to thank our staff and management for their contributions to the excellent results achieved during the year and for their impressive commitment to personal development. Over 55% of the credit union's employees are enrolled in professional studies programs and courses. This says a lot about their level of commitment to this organization and the membership.

On behalf of your Board of Directors, I would like to thank the credit union's members for their continued patronage in 2002. I also thank my colleagues on the Board of Directors for their support and contributions throughout the year.

Bernard Bennett,  
Chairperson, Board of Directors

## AUDITORS' REPORT ON SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS

### To the Members of Sunshine Coast Credit Union

The accompanying summarized consolidated balance sheet and consolidated statements of earnings and retained earnings and cash flows are derived from the complete consolidated financial statements of Sunshine Coast Credit Union as at December 31, 2002 and for the year then ended on which we expressed an opinion without reservation in our report dated January 14, 2003. The fair summarization of the complete consolidated financial statements is the responsibility of management. Our responsibility, in accordance with the applicable Assurance Guideline of The Canadian Institute of Chartered Accountants, is to report on the summarized consolidated financial statements.

In our opinion, the accompanying consolidated financial statements fairly summarize, in all material respects, the related complete consolidated financial statements in accordance with the criteria described in the Guideline referred to above.

These summarized consolidated financial statements do not contain all the disclosures required by Canadian generally accepted accounting principles. Readers are cautioned that these statements may not be appropriate for their purposes. For more information on the credit union's financial position, results of operations and cash flows, reference should be made to the related complete consolidated financial statements.

New Westminster, Canada  
January 14, 2003

**GRANT THORNTON LLP**  
Chartered Accountants

## SUMMARIZED CONSOLIDATED BALANCE SHEET

December 31	2002	2001
<b>ASSETS</b>		
Cash resources	\$ 37,879,408	\$ 26,526,291
Loans	143,478,585	130,625,300
Investments and other	1,951,848	1,424,690
Premises and equipment	2,225,935	2,269,071
	<b>\$ 185,535,775</b>	\$ 160,845,352
<b>LIABILITIES AND EQUITY</b>		
Deposits	\$ 172,732,073	\$ 150,202,526
Payables and accruals	1,067,838	596,805
Equity shares	2,026,138	1,557,861
Retained earnings	9,709,727	8,488,160
	<b>\$ 185,535,775</b>	\$ 160,845,352

On behalf of the Board

 , Director  , Director

## SUMMARIZED CONSOLIDATED STATEMENT OF EARNINGS AND RETAINED EARNINGS

Year Ended December 31	2002	2001
Financial income	\$ 10,723,796	\$ 10,181,862
Financial expense	4,963,389	5,399,029
Financial margin	5,760,407	4,782,833
Provision for credit losses	(146,000)	(328,000)
Other income	2,057,526	1,914,020
Operating margin	7,671,933	6,368,853
Operating expenses	6,040,238	5,370,590
Earnings before income taxes	1,631,695	998,263
Income taxes	300,000	189,000
Net earnings	1,331,695	809,263
Dividends on equity shares (net)	(110,128)	(57,682)
Retained earnings, beginning of year	8,488,160	7,736,579
Retained earnings, end of year	\$ 9,709,727	\$ 8,488,160

## SUMMARIZED STATEMENT OF CASH FLOWS

Year Ended December 31	2002	2001
Cash flows provided by (used in)		
Operating activities	\$ 1,728,187	\$ 2,526,293
Financing activities	22,884,252	16,093,318
Investing activities	(13,259,322)	(8,327,500)
Net increase in cash resources	11,353,117	10,292,111
Cash resources, beginning of year	26,526,291	16,234,180
Cash resources, end of year	\$ 37,879,408	\$ 26,526,291

A complete set of financial statements is available from the credit union.