

# Sunshine Coast Credit Union



**Achieving  
Great Things  
Together**

**2006**  
**ANNUAL**  
**REPORT**



**Sunshine Coast**  
**CREDIT UNION**



**GROWING WITH YOU**  
one member at a time.

*A community based credit union  
with more than 13,900 members  
and \$278 million in assets.*

## **NOTICE OF ANNUAL GENERAL MEETING**

The 66th Annual General Meeting of Sunshine Coast Credit Union will be held on **Wednesday, April 25th, 2007** at **7:30 p.m.** at the:

### **Seniors Activity Centre**

5604 Trail Avenue, Sechelt, B.C.

### **AGENDA**

1. Call to Order
2. Introduction of Officers
3. Adoption of Agenda
4. Appointment of Recording Secretary
5. Adoption of Minutes of the 65th AGM, April 26, 2006
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

### **2006 BOARD OF DIRECTORS**

Brian Beecham\*, Chairperson  
Karen Archer, 1st Vice Chairperson  
Bernard Bennett\*, 2nd Vice Chairperson  
Stan Anderson  
Tim Anderson  
Harris Cole  
Elfie Hofmann\*  
Robert Miller  
Margaret Penney

\* Terms expire at 2007 Annual General Meeting

# CHIEF EXECUTIVE OFFICER'S REPORT



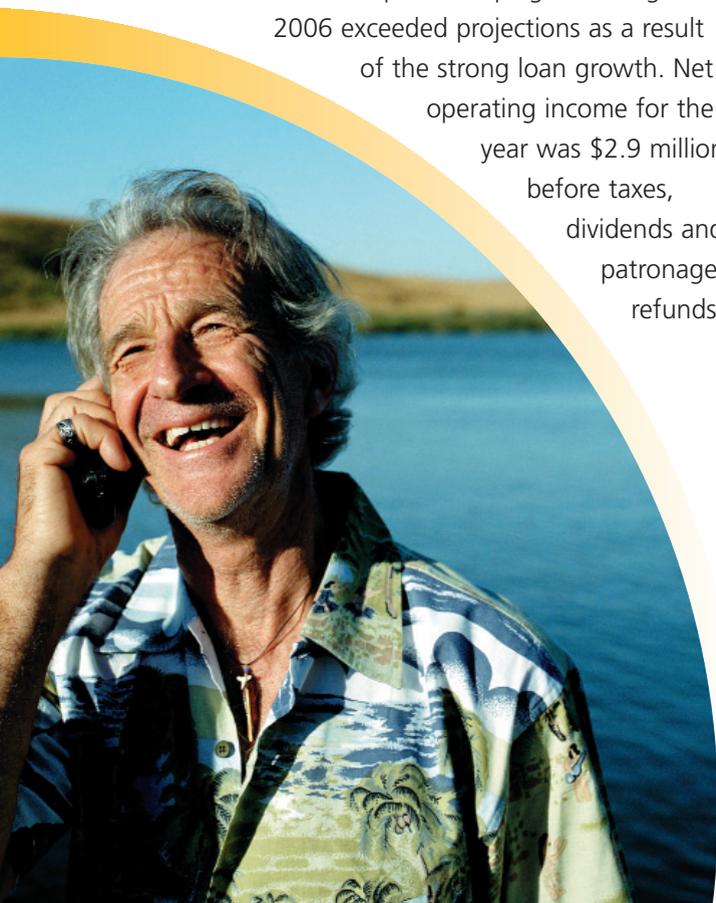
**Dale Eichar**  
C.E.O.

## Growing together.

2006 was a banner year for Sunshine Coast Credit Union. Total assets as of December 31, 2006 amounted to \$278 million, compared to \$255 million in 2005.

Residential mortgage loan growth was particularly strong in 2006 due to the local housing market. This was the main driver of balance sheet growth during the year. Total loans increased by over \$26 million or 12% to \$236 million and exceeded the 2006 budget forecast by \$10 million.

Deposit growth of \$21 million or 8% was achieved. Although deposit growth was not as strong as loan growth, the increase in member deposits also exceeded budget forecasts. This was largely attributable to a very successful fall term deposit campaign. Earnings for 2006 exceeded projections as a result of the strong loan growth. Net operating income for the year was \$2.9 million before taxes, dividends and patronage refunds.



## Special projects.

Two major projects were undertaken during 2006. Both projects have resulted in improved service to members.

A renovation of the Pender Harbour Branch was completed in the fall of 2006. Office space in the branch is now more efficiently utilized and sit-down member service stations have been added.

The construction of a new building in Sechelt which houses both the Sechelt Branch and the Sechelt office of SunCu Financial Services, was completed in February of 2007. The location hosts two ATMs, one of which is a drive-thru. Branch access and parking are greatly improved and the new premises offer an openness and ambiance that is rarely found in the financial services industry. This Branch serves the largest segment of the credit union's membership and is frequently used by members from Pender Harbour and Gibsons. We would like to thank our members for their patience during construction in both locations.

Other accomplishments in 2006 include the systematic implementation of our new logo and colours to familiar credit union items and surroundings, and exposure of our new brand through posters and the media. In August we also launched our redesigned user-friendly website.

## Real people. Real service.

2006 has been a great year for our credit union. I would like to thank our employees and the directors for their significant contributions during the year. On their behalf, I thank our members for their support and continued patronage in 2007.

Dale Eichar  
*Chief Executive Officer*

# CHAIRPERSON'S REPORT

## Over \$780,000 paid to members.

As a result of strong earnings in 2006, Sunshine Coast Credit Union was able to return over \$780,000 in patronage refunds, interest bonuses and share dividends to members. In addition, the level of support provided by the credit union to community projects, sponsorships and charitable donations was at an all-time high in 2006.

## Achieving great things.

Over \$200,000 was put back into the communities we serve, including a contribution of \$100,000 to the Sechelt Aquatic Centre and Gibsons Community Centre and a donation of \$25,000 to St. Mary's Hospital "Back the Cat" project. In 2006 we also made the final of four \$25,000 installments, totaling \$100,000 which was committed to the Sunshine Coast Community Foundation in 2003.

## Your Board at work.

Your Board of Directors met fourteen times in 2006. Numerous committee meetings were also held. The latest best practice in credit union corporate governance, Enterprise Risk Management, was the subject of a recent fall workshop. A primary focus in 2007 will be on fine tuning risk management in a number of key strategic areas.

Directors Karen Archer, Stan Anderson and Harris Cole were reelected to three

year terms at the annual general meeting in April 2006. Brian Beecham was elected to the position of Chairperson, Karen Archer was elected to the position of 1st Vice Chairperson and Bernard Bennett was elected to the position of 2nd Vice Chairperson.

I would like to thank my colleagues on the Board of Directors for their support and contributions over the past year. On behalf of the Board of Directors, I would also like to thank management and staff for their very significant contributions towards making 2006 another successful year.

Brian Beecham, Chairperson  
*Board of Directors*



**Brian Beecham**  
*Chairperson*



## 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, 2006 and for the year then ended on which we expressed an opinion without reservation in our report dated January 23, 2007. 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.

Vancouver, Canada  
January 23, 2007

**GRANT THORNTON LLP**  
Chartered Accountants

## SUMMARIZED CONSOLIDATED BALANCE SHEET

December 31	2006	2005
<b>Assets</b>		
Cash resources	\$ 33,393,377	\$ 39,561,278
Loans	236,778,432	210,116,099
Investments and other	2,656,149	2,679,609
Premises and equipment	5,605,029	2,881,168
	<b>\$ 278,432,987</b>	\$ 255,238,154
<b>Liabilities and equity</b>		
Deposits	\$ 256,269,490	\$ 235,280,295
Payables and accruals	1,965,833	1,451,999
Equity shares	4,656,813	4,569,171
Retained earnings	15,540,851	13,936,689
	<b>\$ 278,432,987</b>	\$ 255,238,154

On behalf of the Board



Brian Beecham, Director



Robert Miller, Director

## SUMMARIZED CONSOLIDATED STATEMENTS OF EARNINGS AND RETAINED EARNINGS

Year Ended December 31	2006	2005
Financial income	\$ 15,027,950	\$ 13,319,384
Financial expense	6,880,580	5,973,634
Financial margin	8,147,370	7,345,750
Provision for credit losses	(244,951)	(140,191)
Other income	2,565,027	2,805,478
Operating margin	10,467,446	10,011,037
Operating expenses	7,559,744	7,302,272
Earnings before patronage dividend and income taxes	2,907,702	2,708,765
Patronage dividend	536,607	488,016
Earnings before income taxes	2,371,095	2,220,749
Income taxes	582,770	476,464
Net earnings	\$ 1,788,325	\$ 1,744,285
Retained earnings, beginning of year	\$13,936,689	\$12,357,871
Net earnings	1,788,325	1,744,285
Dividends on equity shares (net)	(184,163)	(165,467)
Retained earnings, end of year	\$ 15,540,851	\$ 13,936,689

## SUMMARIZED CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended December 31	2006	2005
Cash flows provided by (used in)		
Operating activities	\$ 3,313,410	\$ 2,579,226
Financing activities	20,498,353	15,045,758
Investing activities	(29,979,664)	(24,810,536)
Net decrease in cash resources	(6,167,901)	(7,185,552)
Cash resources, beginning of year	39,561,278	46,746,830
Cash resources, end of year	\$ 33,393,377	\$ 39,561,278

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