



Clear Choices

The Sunshine Coast – A Great Place to Live



Sunshine Coast Credit Union – The Best Place to Bank

Local photography by Helga Martens

Credit Union Deposit Insurance

Deposits are 100% guaranteed. Protection provided by the Credit Union Deposit Insurance Corporation of British Columbia.

*Sunshine Coast
Credit Union* **2008**
ANNUAL REPORT



It's the best place to live.



Together, we can keep it that way.



Notice of Annual General Meeting

The 68th Annual General Meeting of Sunshine Coast Credit Union will be held on **Wednesday, April 29th, 2009** 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 67th AGM, held April 30, 2008
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

2008 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 the 2009 Annual General Meeting.*

CEO REPORT

Financial Highlights:

Sunshine Coast Credit Union ended the year with \$312 million in assets, an increase of \$21 million or 7% over the previous year. Growth in loans to members amounted to \$15 million or 6%, ending 2008 at \$270 million and members' deposits increased by \$18 million to \$287 million. Growth in total assets in 2008 exceeded the previous year by a wide margin, but growth in residential mortgages was lower, due to the soft housing market on the Coast. Deposit growth on the other hand was fairly robust, which resulted in an increase in surplus liquidity. The 100% deposit guarantee that was legislated for B.C. credit unions in the fall is expected to have a positive effect on Sunshine Coast Credit Union's deposit retention and future deposit growth.

Net operating income for 2008 was lower than in the previous year due to higher operating expenses, and lower interest rates which caused the spread between deposit and loan rates to shrink. The Credit Union also incurred costs during the year in preparation for a major technology upgrade in the form of a banking system conversion. Notwithstanding the foregoing, the Board of Directors and Management were pleased with 2008 earnings, which exceeded budget projections by 12% and amounted to 83 basis points of average assets.

In view of the approaching technology upgrade, estimated to cost \$1 million over a two year period, and the current economic climate, a decision was made to retain earnings in 2008, in lieu of disbursing a patronage refund/bonus to members. As a result, earnings net of taxes and dividends amounted to \$2.5 million. Dividends totalling \$152,211 for 2008, were credited to members' accounts in January 2009 as follows: Class B Membership Equity Share Dividend, 2.24%; Class C Transaction Equity Share Dividend, 3.08%; Class D Voluntary Equity Share Dividend, 3.08%. Retained earnings of the Credit Union as of December 31, 2008 totalled \$18.8 million.

Operations Highlights:

We are embarking on a journey to enhance the service and advice we provide to members. With so many choices available in financial services we believe our members are looking for trustworthy, easily understood information and financial advice, and we aim



to provide just that! Our journey involves improvements to technology, premises, organizational structure, products, employee education and member information and communication. This year Sunshine Coast Credit Union took big steps forward on this journey with the following financial service enhancements:

- renovations to the Gibsons Branch, for improved member privacy, comfort and convenience
- Wealth Management services added to the Pender Harbour Branch
- CHIP Card enabled Automated Banking Machines installed in the Pender and Gibson Branches (Sechelt's ABMs are also CHIP Card ready)
- preparations underway for an upgrade to state-of-the-art banking system technology
- added convenience through new products such as mobile banking and e-statements – choices that will help soften our environmental footprint
- a new Student Account, specially designed for members ages 18 - 24, pursuing post-secondary education
- preparations for the new Tax Free Savings Account
- ongoing training programs to equip employees with information and knowledge to ensure the best interests of our members
- added expertise to our team in the areas of Wealth Management, Marketing and Communications and Credit Management
- paperwork and processes streamlined to save time for members and employees
- information seminars provided on life cycle products

The journey towards advisory service excellence will continue in 2009 and beyond. We look forward to checking in with our members for feedback on how we are doing.

Dale Eichar, *Chief Executive Officer*

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DIRECTORS' REPORT

In 2008 our local economy experienced economic contraction for the first time in many years. The outlook going forward is that we are in for more challenging times, the likes of which haven't been seen in at least a generation or more. It is in adverse circumstances such as these that the benefits of prudent financial management and enterprise risk management are clearly seen. Over the years we have worked hard to build a strong capital base and a low-risk balance sheet that will enable us to continue to provide members with the financial services they deserve in the future.

In March 2008 a member survey was mailed to 2600 members, with 447 members responding. It provides us with a great deal of information, including satisfaction and comparison ratings with other financial institutions, product and services usage and awareness, competition, and household information and demographics. We are pleased to report that your Credit Union continues to receive very high ratings from members. For example, 94% rated overall excellence of service excellent/good; 97% rated courtesy and friendliness of staff excellent/good; and 93% rated corporate responsibility excellent/good. On behalf of the Board of Directors, I would like to thank those members who took the time to respond to the survey.

An Employee Opinion Survey was conducted by TCS Performance Strategies Inc. Your Board of Directors and Management are pleased to report that the survey ratings were very favourable both from the perspective of industry comparisons, and previous



Employee Opinion Survey results. In addition, the very high response rate indicates that SCCU employees are engaged with their organization and that the results are highly representative of what SCCU employees believe and feel about their employment relationship. These results support one of the Credit Union's key business philosophies, principles and values, which is to be a fair and equitable employer.

Sunshine Coast Credit Union continues its support of community events, sponsorships and charities. In 2008, financial support totaling \$67,000 was provided to worthwhile local non-profit events and organizations, including: \$5000 for the Pender Harbour Jazz Festival; \$2000 for the Salmonid Enhancement Society; \$2000 for Sprockids; \$2500 for the Fibre Arts Festival; \$3500 for the Family Arts Festival in Sechelt; \$3000 for the Cedar Grove Accessible Play Park; \$5000 for the Gibsons Community Initiatives Association and \$3750 in secondary school bursaries.

Directors Tim Anderson, Robert Miller and Margaret Penney were re-elected to three year terms at the Annual General Meeting in April 2008. The Board of Directors elected myself, Brian Beecham, as Chairperson, Karen Archer as 1st Vice-Chairperson and Bernard Bennett as 2nd Vice-Chairperson.

2008 marked our 68th year of service and commitment to the Sunshine Coast. I would like to thank Staff and Management for their significant contributions during another successful year. On behalf of the Board of Directors and Management I would also like to thank our members for continuing to make the Credit Union their financial institution of choice.

**Brian Beecham, Chairperson
Board of Directors**

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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, 2008 and for the year then ended on which we expressed an opinion without reservation in our report dated January 23, 2009. 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 summarized 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, 2009

GRANT THORNTON LLP
Chartered Accountants

SUMMARIZED CONSOLIDATED BALANCE SHEET

December 31	2008	2007
Assets		
Cash resources	\$ 33,962,402	\$ 26,684,025
Loans	269,817,660	255,547,366
Investments and other	1,855,028	2,465,920
Premises and equipment	6,713,002	6,743,816
	\$ 312,348,092	\$ 291,441,127
Liabilities and equity		
Deposits	\$ 286,718,514	\$ 268,460,834
Payables and accruals	835,666	1,505,973
Borrowings	1,350,000	-
Equity shares	4,553,530	4,615,231
Retained earnings	18,773,746	16,890,436
Accumulated other comprehensive income (loss)	116,636	(31,347)
	\$ 312,348,092	\$ 291,441,127

On behalf of the Board



Brian Beecham, Director



Bernard Bennett, Director

SUMMARIZED CONSOLIDATED STATEMENTS OF EARNINGS AND RETAINED EARNINGS

Year Ended December 31	2008	2007
Financial income	\$ 16,206,818	\$ 16,361,629
Financial expense	8,032,683	7,962,281
Financial margin	8,174,135	8,399,348
Provision for credit losses	(71,881)	(517,330)
Other income	2,789,650	2,757,888
Operating margin	10,891,904	10,639,906
Operating expenses	8,381,140	7,856,146
Earnings before dividend and income taxes	2,510,764	2,783,760
Dividend	10,314	656,977
Earnings before income taxes	2,500,450	2,126,783
Income taxes	475,242	559,458
Net earnings	\$ 2,025,208	\$ 1,567,325
Retained earnings, beginning of year	\$ 16,890,436	\$ 15,540,851
Net earnings	2,025,208	1,567,325
Dividends on equity shares (net)	(141,898)	(217,740)
Retained earnings, end of year	\$ 18,773,746	\$ 16,890,436

SUMMARIZED CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended December 31	2008	2007
Cash flows provided by (used in)		
Operating activities	\$ 2,140,468	\$ 1,936,911
Financing activities	19,301,306	12,183,601
Investing activities	(16,116,822)	(25,275,800)
Net increase (decrease) in cash resources	5,324,952	(11,155,288)
Cash resources, beginning of year	3,737,989	14,893,277
Cash resources, end of year	\$ 9,062,941	\$ 3,737,989

A complete set of financial statements is available from the Credit Union.