

# ANNUAL REPORT 2011



**NORTHERN SAVINGS**  
CREDIT UNION

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THE HEART OF OUR  
CORE BUSINESS  
IS STRENGTHENING  
AND GROWING OUR  
NORTHWEST BC  
COMMUNITIES AND  
MEMBERS, AND  
OUR ORGANIZATION.



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# WE ALL DESERVE A LITTLE TLC...

Northern Savings is proud to be part of a worldwide cooperative movement that has a rich history of building strong communities around the world and in our own backyard.

Giving back to the community is a fundamental credit union attribute; however, without our members' support, we would not be able to give so altruistically. In 2011, we were able to provide our communities with some well-deserved TLC, here are just a few examples of how we gave back.

## Goalgetters Soccer School

Northern Savings has been a proud sponsor of the Goalgetters Soccer School for boys and girls aged 3–18 for more than 20 years. This school, established in 1975, was the first soccer school sanctioned by the BC Soccer Association and has the most experience of any soccer camp in Canada.

The soccer camps, which are held during the summer months in Prince Rupert, Terrace, and on Haida Gwaii, feature one week of instruction by professional teachers and qualified coaches. The uptake of the program is huge — in 2011, we had 290 registrations from all of our community locations!



## Mount Moresby Adventure Camp

Northern Savings was pleased to support Mount Moresby Adventure Camp in 2011, through our Community Reinvestment program. The funds provided by Northern Savings helped to secure funds from other streams and partners, which made the five week program possible.

Northern Savings' contribution helped send 116 Haida Gwaii youth to the Forest Stewardship Outdoor Education Program. This weeklong course, set in an outdoor classroom, gave youth the chance to participate in a variety of dynamic activities designed to foster literacy, healthy living, and environmental stewardship.

With the assistance of Haida weavers, carvers, singers/drummers, and knowledge keepers, the camp was able to connect students to the culture and history of the islands. The curriculum also included earth sciences, fine arts, physical education and survival skills.

## Success By 6®

Success By 6® is an early childhood development initiative dedicated to providing all children with a good start in life (Success By 6, 2012). With the belief that it takes a community to raise a child, Success By 6 has formed effective partnerships with Credit Unions of BC, United Way, and the Province of BC.

Northern Savings is a lead partner and advisor in directing local Success By 6 initiatives. We are pleased to support Success By 6 in numerous ways throughout our communities. In Prince Rupert, staff volunteered at the Children's Festival and other events; the branch in Terrace collected books for children in need, and in Haida Gwaii we assisted in developing vital projects such as training a trainer for safe car seat installation, and organizing lectures on childhood anxiety and sexual abuse. We look forward to continuing to work with Success By 6 and its partners for years to come.



## We are friends of Shames

In 2011, through Northern Savings' Community Reinvestment program, a corporate donation of \$7,500 was made to the Friends of Shames, My Mountain Co-op (MMC). MMC was formed to purchase the Shames Mountain ski area, which has provided a recreational playground for the residents of Northwest BC for the past 20 years.

Northern Savings' Terrace branch manager, Grace Makowski states, "we felt that MMC has the same values and principles as the credit union, from the leadership roles taken on by numerous members of the community, to MMC's focus on providing an environmentally sound recreational area which will benefit our communities now and for generations to come."



# MESSAGE FROM THE BOARD & INTERIM CEO



The past year was another successful one, with a focus on delivering outstanding service and working with our communities to become financially resilient. In 2011, we were able to achieve our business objectives through improved technology, capable employees, strong Board and management support, and dedicated members.

Technology is an ever changing entity that continues to keep us on our toes. Staying apprised of the technological advances is one thing, but taking action is another. In 2011, several improvements were added to our electronic banking services including: INTERAC Email Money Transfers, Me-to-Me Transfers, upgrades to our online forms, as well as improved navigational experiences for our online banking site.



**Nirmal Parmar**  
1st Vice Chair



**Bill Nicholls**  
Interim CEO & VP Finance

Your feedback is vital to us; therefore, in 2011 we conducted a Member Survey. This survey was an enormous success, as we were able to hear from a significant representation of our membership. The survey results proved that our member satisfaction is high, and our service experience has improved in comparison to previous years. We continue to review the survey responses, determining the areas that may require attention, with the intention of providing exceptional products and services that fit the unique needs of our membership.

One of our largest assets is our employees. All of our business units contributed to the financial success of Northern Savings in 2011. We have created a culture that focuses on strengthening and growing our Northwest communities, and we continue to ensure our employees share this vision. We are thrilled to report that in 2011, our employees provided more than 650 volunteer hours throughout our communities.

The Board realizes that providing good governance and stewardship to you requires constant improvement; thus, the Board has developed a committee structure where Board members can utilize their individual skills in the following areas: Governance, Audit, Investment and Lending, Conduct Review, Credit, Human Resources, and Community Reinvestment. Our Board of Directors and management continue to successfully manage the operations of Northern Savings Credit Union, achieving key financial ratios. We are proud to deliver strong capital and liquidity ratios — demonstrating our strength as a financial institution.

As we review our financial results for 2011, we see that the balance sheet and income statement reflect the new and varied changes associated with the required implementation of International Financial Reporting Standards (IFRS). The primary impacts on financial statements were in the areas of securitization, building depreciation, loan losses and retained earnings. These changes in standards provide a more comprehensive picture of our financial performance which needs to be considered when making comparisons to previous years.

We remain optimistic about the many opportunities that are being explored in the Northwest region. The nature of the industries that are expanding and developing will add industrial diversity to our region, thus, creating new opportunities for our community members and business owners. For Northern Savings, we will continue to leverage our cooperative advantage, which allows us to align ourselves with like-minded organizations and credit unions. These relationships enable us to benefit from cost sharing services, and to work cohesively in building stronger communities.

We thank each of our members, customers, employees, and Directors — who remain passionate and committed to Northern Savings.

Nirmal Parmar

Bill Nicholls

## BOARD OF DIRECTORS



**Richard Forssell**  
Prince Rupert



**Don Scott**  
Prince Rupert



**Larry Hope**  
Prince Rupert



**Flora D'Angelo**  
Prince Rupert



**Gerry McNish**  
Prince Rupert



**Ed Lavoie**  
Terrace



**Frieda Dams**  
Terrace



**Nirmal Parmar**  
Terrace



**Douglas-Mark Louis**  
Queen Charlotte



**Ken Rea**  
Masset

## SENIOR MANAGEMENT



**Bill Nicholls**  
Interim CEO & VP Finance



**Brad Best**  
Senior VP Support Services  
& CEO CUTASC



**Sharon Stromdahl**  
Senior VP Member Services



**Janet Mirau**  
VP Marketing & Business  
Development



**Ellen Little**  
VP Human Resources



## 2011 BOARD SPONSORSHIP RECIPIENTS

The Board of Directors of Northern Savings Credit Union thanks all applicants for their submissions. In 2011 we provided a total of \$60,000 in sponsorships to the following community organizations:

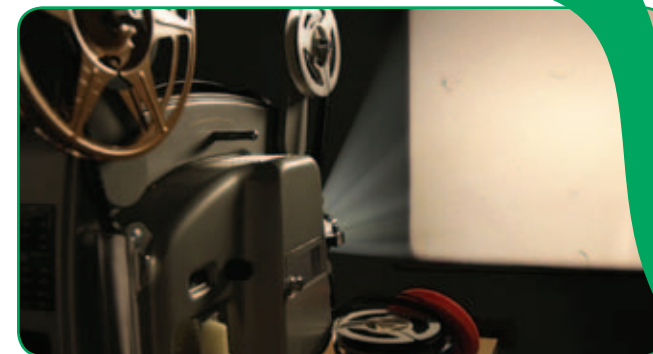


### Masset

- Tluu Xaadaa Naay Dancers
- Xaad Kil Gwaaygangce
- K'altsidaa K'ah
- Haida Heritage Society
- Masset Roller Hockey League
- Canadian Jr. Rangers
- Tahayghen Elementary School
- George M. Dawson Secondary School
- Chief Matthews School
- Port Clements Elementary School
- Masset Soup Kitchen  
Haida Gwaii Healthy Communities
- Animal Helpline

### Prince Rupert

- Loyal Order of the Moose
- Navy League of Canada  
Prince Rupert Branch
- City Recreation & Community Services
- Prince Rupert Amateur Swim Club
- Prince Rupert Halloween Fest Society
- AFFNO (Association des Francophones  
et Francophiles du Nord-Ouest)
- Kaien Anti-Poverty Society
- Prince Rupert Fellowship Baptist Church



### Queen Charlotte

- Skaadgaa Naay Elementary School (PAC)
- Tlell Fall Fair
- Skaadgaa Naay Elementary School
- Queen Charlotte City Child Centre Society

### Terrace

- Shamrock 4H Club
- Terrace Women's Resources Society
- World Community Film Festival
- Terrace Community Literacy
- Kalum Community School Society
- Terrace 3 Breed Classic
- Caledonia Dry Grad Committee
- Volunteer Terrace
- Ksan House Society
- Terrace Child Development Society
- Caledonia High School Rugby
- Terrace 747 Air Cadets
- Terrace & District Arts Council
- Northwest Science & Innovation Society

# THE NUMBERS

## REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

### To the Members of Northern Savings Credit Union

The accompanying summary consolidated financial statements, which comprise the summary consolidated statement of financial position as at December 31<sup>st</sup>, 2011, and the summary consolidated statements of earnings, changes in members' equity and cash flows for the year then ended, are derived from the audited consolidated financial statements of Northern Savings Credit Union as at December 31<sup>st</sup>, 2011. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated February 29<sup>th</sup>, 2012. Those consolidated financial statements, and the summary consolidated financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those consolidated financial statements.

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of Northern Savings Credit Union.

### Management's responsibility for the summary consolidated financial statements

Management is responsible for the preparation of a summary of the audited consolidated financial statements in accordance with Article 128 of the Financial Institutions Act of B.C.

### Auditors' responsibility

Our responsibility to express an opinion on the summary consolidated financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard (CAS) 810, "Engagements to Report on Summary Financial Statements."

### Opinion

In our opinion, the summary consolidated financial statements derived from the audited consolidated financial statements of Northern Savings Credit Union for the year ended December 31, 2011 are a fair summary of those consolidated financial statements, in accordance with Article 128 of the Financial Institutions Act of B.C.

Grant Thornton LLP  
Chartered Accountants

Vancouver Canada  
February 29, 2012

## SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Year Ended	December 31 2011	December 31 2010	January 01 2010
		(unaudited)	(unaudited)
<b>Assets</b>			
Cash and cash equivalents	\$ 79,323,951	\$ 76,697,430	\$ 21,862,956
Receivables	2,348,820	3,053,260	2,119,253
Investments	96,309,417	62,108,566	62,030,868
Loans	662,912,287	703,605,979	653,758,706
Property and equipment	15,242,178	15,316,270	14,152,484
Intangible assets and other assets	1,746,552	2,657,261	3,227,447
	<b>\$ 857,883,205</b>	<b>\$ 863,438,766</b>	<b>\$ 757,151,714</b>
<b>Liabilities and members' equity</b>			
Deposits	\$ 717,557,316	\$ 703,491,305	\$ 583,111,573
Payables and other liabilities	6,449,110	5,165,177	10,394,425
Borrowings	-	-	20,000,000
Other borrowings	101,982,075	126,502,092	118,404,685
Contributed earnings	950,936	950,936	950,936
Retained earnings	30,943,768	27,329,256	24,290,095
	<b>\$ 857,883,205</b>	<b>\$ 863,438,766</b>	<b>\$ 757,151,714</b>

On behalf of the board,



Director



Director



## SUMMARY CONSOLIDATED STATEMENTS OF EARNINGS

Year Ended December 31	2011	2010
		(unaudited)
Financial income	\$ 33,110,307	\$ 34,581,888
Financial expense	18,609,687	18,101,578
Financial margin	14,500,620	16,480,310
Provision for credit losses	(660,756)	(1,500,000)
Other income	9,706,295	8,874,435
Operating margin	23,546,159	23,854,745
Operating expenses	19,114,623	20,037,275
Earnings from operations	4,431,536	3,817,470
Distributions to members	126,030	121,619
Earnings before income taxes	4,305,506	3,695,851
Income taxes	690,994	656,690
Net earnings for the year	<b>\$ 3,614,512</b>	<b>\$ 3,039,161</b>

## SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' EQUITY

Year Ended December 31, 2011	Contributed Surplus	Retained Earnings
Balance at January 1, 2010 (unaudited)	\$ 950,936	\$ 24,290,095
Net earnings (unaudited)	-	3,039,161
Balance on December 31, 2010 (unaudited)	950,936	27,329,256
Net earnings	-	3,614,512
Balance on December 31, 2011	<b>\$ 950,936</b>	<b>\$ 30,943,768</b>

## SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended December 31	2011	2010
		(unaudited)
Cash derived from (applied to)		
Operating activities	\$ 8,142,035	\$ (518,341)
Investing activities	19,007,703	67,276,998
Financing activities	(24,523,217)	(11,924,183)
Net increase in cash resources	2,626,521	54,834,474
Cash resources, beginning of year	76,697,430	21,862,956
Cash resources, end of year	<b>\$ 79,323,951</b>	<b>\$ 76,697,430</b>

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



## BRANCH LOCATIONS

### Head Office

138 Third Avenue West  
Prince Rupert, BC V8J 1K8  
Phone: 250.627.3600

### Masset Branch

1663 Main Street  
Masset, BC V0T 1M0  
Phone: 250.626.5231

### Prince Rupert Branch

138 Third Avenue West  
Prince Rupert, BC V8J 1K8  
Phone: 250.627.7571

### Queen Charlotte Branch

110 Causeway Street  
Queen Charlotte, BC V0T 1S0  
Phone: 250.559.4407

### Terrace Branch

4660 Lazelle Avenue  
Terrace, BC V8G 1S6  
Phone: 250.638.7822

### Northern Savings Financial Services Ltd.

**Masset**  
1663 Main Street  
Masset, BC V0T 1M0  
Phone: 250.626.3199

**Prince Rupert**  
138 Third Avenue West  
Prince Rupert, BC V8J 1K8  
Phone: 250.627.3612

**Queen Charlotte**  
110 Causeway Street  
Queen Charlotte, BC V0T 1S0  
Phone: 250.559.4778

**Terrace**  
4660 Lazelle Avenue  
Terrace, BC V8G 1S6  
Phone: 250.635.0515

### Northern Savings Insurance Agency Ltd.

138 Third Avenue West  
Prince Rupert, BC V8J 1K8  
Phone: 250.627.1123

### Paragon Insurance Agencies Ltd.

4660 Lazelle Avenue  
Terrace, BC V8G 1S6  
Phone: 250.635.6371

### Cadboro Bay Insurance Agency Ltd.

2571 Cadboro Bay Road  
Victoria, BC V8R 5J1  
Phone: 250.477.1355

### Mortgage and Investment Group Ltd.

**Victoria**  
200 – 775 Topaz Avenue  
Victoria, BC V8T 4Z7  
Phone: 250.383.9101  
Toll Free: 1.866.910.9101

**Kelowna**  
201 – 2141 Springfield Road  
Kelowna, BC V1Y 7X1  
Phone: 250.448.8530

### Northern Savings Deposit Agency Ltd.

318 6325 – 204th Street  
Langley, BC V2Y 3B3  
Phone: 604.514.3029

### CUTASC

(CU Technical and Administrative  
Services Corporation)  
138 Third Avenue West  
Prince Rupert, BC V8J 1K8

