

Annual Report

Community Savings Credit Union

2013


Community Savings™
the unions' credit union

For People.

Not Profit.

COMMUNITY SAVINGS

was started in 1944 with the purpose of supporting union members to reach their financial dreams. Today we continue to honour that tradition and **advocate for organized labour** and a **fair living wage** for all British Columbians.

We are run by our members for our members. We stand for people, not profit. Our mission is to provide our members a fair opportunity at a better life, by empowering them with banking products and investments that are always in their best interest.

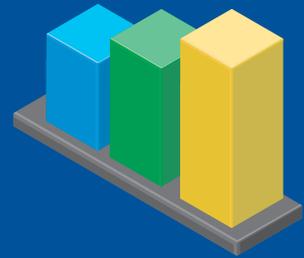
We live up to our name by supporting our local communities. We believe in a **buy union and buy local philosophy** which keeps job growth and our economy healthy. We ensure that **we donate a portion of our profits back to the communities** we live in and put our money where it belongs - back in the hands of our members.

We believe as a member of our credit union, you belong to a community - we're not just a place you do your banking. As a member, you own a part of the credit union and get a say on how we do business. Unlike banks who are accountable only to shareholders, **we are accountable to you.** When we profit, those profits are given back to members through improving products, services and are given to our communities.

BUYING LOCAL

HAS A SUBSTANTIAL **POSITIVE** EFFECT ON OUR LOCAL ECONOMY.

IF British Columbians shifted **10%** of their spending to local businesses it would create:



31,000
IN NEW
JOBS



\$940M
IN ANNUAL
WAGES

2.6X The amount of money is **recirculated** into our **local economy** when we make our purchases from **local companies**

Recirculation of cash into our local economy for every \$100 spent:



Reduced carbon footprints



Local businesses reduce the need to transport goods long distances as they are more likely to work with other local producers and suppliers.

Improved public infrastructure



Community owned companies are more likely to contribute to provincial taxes leading to improved public infrastructure and services.

Increased charitable giving



Research shows that companies are more likely to give to local charitable causes if they are owned and operated locally.

Sources:

"The Power of Purchasing"(LOCO, Columbia Institute, Sauder School of Business) May 2013

"Independent BC: Small Business and the British Columbia Economy"(Civic Economics) February 2013

WE BUY LOCAL.
WE WORK LOCAL.

Message From The President & CEO

This has been a great year for creating new opportunities and overcoming challenges. Our team answered resoundingly to anything that came our way. Coming from a fiscally strained year, through careful planning, hard work and dedication, our team was able to turn this year into a positive one and is much stronger for it both financially and operationally.

We are just as focused on our values today as when we started in 1944 and are looking to reinforce our relationships with local unions, their members and the labour movement. While it has always been our priority, in 2012 we created a policy that ensures we live up to the name of "The Unions' Credit Union," and I'm happy to say that we are committed to a buy union, buy local philosophy, and are always looking for opportunities to advocate for the labour movement. Ethically, I believe this makes us a much stronger credit union and we stand by the vision of a thriving middle class with fair living wage for all British Columbians.

Operationally this year we have worked tirelessly to improve internal controls and processes with the help of our auditors and consultants. These checks and balances will not only help increase our financial performance but ensures the highest level of accountability that we can provide to our members.

While the core of our operations remains in the Lower Mainland and Victoria, we recognize that there are union members in all four corners of this province. Exploration to increase the scope of where

we do business is underway so we may reach out to these potential members and offer services tailored to the hardworking people of BC and help them reach their financial goals.

We are also looking to broaden our horizons in the coming years by creating new business opportunities and products that compliment the core services of our credit union. The recent addition of a mortgage broker division to Community Savings is a prime example of such an opportunity, which has grown significantly since its creation. By creating these new opportunities and bringing in alternative sources of revenue it allows us to better serve our members.

We are investing significant time and energy into preparing for the future and how the banking industry will evolve with new technological advances and changes in our members needs. With the rapid evolution of these new technologies we are committed to creating a credit union that is more accessible to our members and that will be responsive to their changing needs. Examples of technology already implemented such as improved internet banking and e-statements increase accessibility, lower costs and decrease environmental impacts of doing business. This year we are launching a new mobile app and electronic "deposit anywhere" services. Investment in new technologies and innovation will play a key role in keeping our credit union relevant for the future.

I thank all of our staff and Board of Directors for their tireless dedication to improving how we do business. Most importantly, I thank our members for choosing us as their financial institution. Looking forward, I see a strong future that is made possible with your support.

Respectfully,



Doug Eveneshen
President & Chief Executive Officer



Message From The Board of Directors

The past year was a year of dedication by your Board of Directors to create a stronger credit union by developing the skills it needs to be successful for the future. The Community Savings team has worked tirelessly with the Board to overcome past challenges and I'm happy to say that their performance has been superb.

As always, it is our priority to support the working families of British Columbia and ensure that the decisions made at Community Savings are in the best interest of our members. We have strong roots that go back many years and we stand by our core values of being the "The Unions' Credit Union."

We will remain true to our roots and our history as we move forward. Creating financial security for families has always been at the forefront of what we stand for. We are dedicated to continuing to advocate for labour and we stand for equality for all British Columbians including a fair living wage.

Our support for community is fundamental to what we do and we continually strive to give back through charitable donations, event sponsorship and even through physical time and effort. Our organization will continue to remain committed to making the communities we live in a better place to live, raise a family, and work.

The continued growth and stability of Community Savings has been an important factor that the Board focused on in the past year. Long-term planning and improvements in our governance have been important to our year and will allow us to prepare for a prosperous future.

The Board is the voice of the membership as well as the guiding hand at the credit union with a balanced diversity of knowledge, experience and expertise. With this breadth of knowledge we make informed decisions and ensure that we have the skills around the table necessary to provide oversight and guidance to your credit union.

Planning for the future is paramount to the success of the credit union. Our discussions are forward thinking and thought provoking. While we may not be able to predict the future, we can certainly make preparations for the changes and opportunities that lay ahead for our organization.

I'd like to thank my fellow board members and the Community Savings staff for their dedication and support to our organization. Their efforts make Community Savings much stronger and are key to our success.

Respectfully,



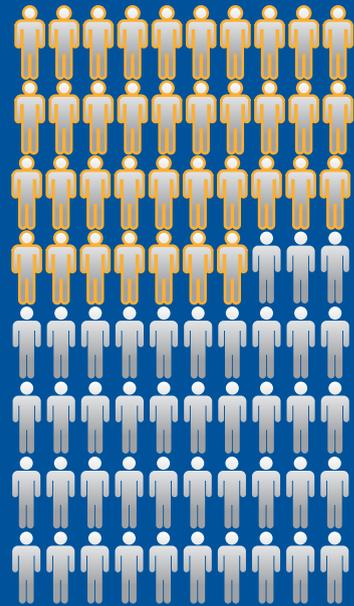
Colleen Jordan
Chair, Board of Directors



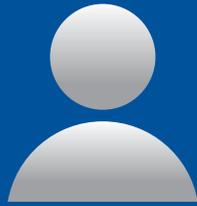
THE YEAR AT A GLANCE

SEPTEMBER 30, 2012 - SEPTEMBER 30, 2013

EIGHTY TWO
EMPLOYEES



THIRTY SEVEN
Participate in our
HEALTHY LIVING PROGRAM



11,932 MEMBERS



1 HEAD OFFICE
6 BRANCHES

\$ 439,724,961
TOTAL ASSETS HELD
≈ \$10M INCREASE

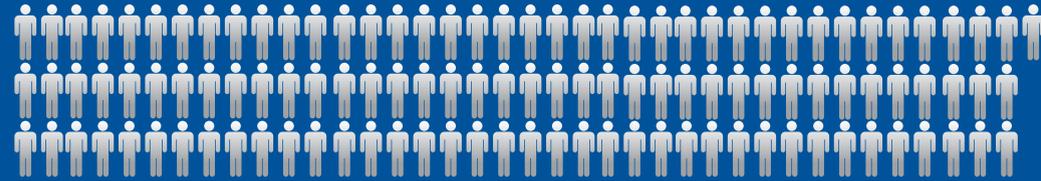
1,620,964
TRANSACTIONS
HANDLED

77,000+
BILLS PAID

376,338+
ONLINE BANKING
LOG-INS



1.2+ MILLION
TOTAL HOURS OF CSCU WORK EXPERIENCE



115 NET
NEW MEMBERS
TO OUR CREDIT UNION



FULLY
UNIONIZED WORKFORCE



442% GROWTH IN
MORTGAGE
BROKER
FUNDED MORTGAGES



\$40,000+
IN COMMUNITY
DONATIONS



3,200
DING FREE ATMs
IN CANADA



49,000
UNIQUE VISITORS TO
comsavings.com

THE YEAR IN REVIEW



FINANCES & OPERATIONS: 2013 was a return to profitability for Community Savings Credit Union. A focus on costs while seeking to strengthen our member service and delivery was a challenge during the year. We had experienced many one-time expenses in our fiscal year ending September 30, 2012 which put downward pressure on our earnings for that year. Through a collaborative effort with all staff we accomplished our goals for this year and succeeded with growth in total assets, loans, deposits and, most importantly, new members.

Although it was necessary to defer financing for commercial construction projects during the year,

we have now returned to this market and are pursuing opportunities to support these members. Another successful contributor to our growth this year has been the full year experience of our newly formed mortgage broker division. The mortgage broker division has assisted in mortgage origination for our branches and providing opportunities to bring new members to the credit union.

Loan loss provisions saw a small recovery this year as lending practices were improved and the portfolio was well managed. Additional revenue was also achieved by lengthening the term of our liquid resources to insure that we realized a better return on our idle funds. All this occurred while we remained committed to our core values and to the support we provide to our communities where we live and work.

SUPPORT FOR UNIONS: Union organization membership at Community Savings has also experienced growth, in both number and deposits, as we continually strive to exceed expectations in specialized service and competitive pricing. Our union development team with dedicated Union Liaison Officers and support staff is unique among Canadian credit unions. We “walk the talk” in support of the values and objectives of the labour community. Community Savings is proud to speak out about the inequities and injustice working families experience in today’s economy.

In collaboration with the Canadian Centre for Policy Alternatives, we developed a widely disseminated report that clearly demonstrated the reality of the “Disappearing Middle Class”. The report illustrated current statistics and enumerated measures, like the “Living Wage”, that could reverse this alarming trend. We also acted in support of union organization members when we became the lone Canadian financial institution to publicly condemn the practice of offshore outsourcing and the inappropriate utilization of the Federal Government’s Temporary Foreign Worker program. Nationwide media attention led to many positive interactions and a renewed interest in credit union membership.

This year we shall continue to advocate for labour initiatives, like the CUPE BC inspired “Buy Local” or “10 % Shift” campaign. This program demonstrates a common sense approach that brings together local business and working people in support of a common cause benefitting everyone.

COMMUNITY INITIATIVES: Community Savings proudly donated over \$40,000 as well as volunteered time back to our local communities in initiatives that focused on disadvantaged families, neighborhood rehabilitation, safe & healthy housing, and supporting the union movement.

LOOKING FORWARD: There are many things to consider for the future of Community Savings. Increasing our reach across the province and improving accessibility with technology are fundamental pieces to this outlook. By implementing these new initiatives we will keep our credit union relevant to both our current and prospective members.

Report of the Independent auditor on the SUMMARIZED FINANCIAL STATEMENTS

To the Members of Community Savings Credit Union

The accompanying summarized financial statements of Community Savings Credit Union, which comprise the summarized statement of financial position as at September 30, 2013, and the summarized statements of comprehensive income, changes in members' equity and cash flows for the year then ended, are derived from the audited financial statements of Community Savings Credit Union as at and for the year ended September 30, 2013. We expressed an unmodified audit opinion on those financial statements in our report dated December 12, 2013.

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

Management's Responsibility for the Summarized Financial Statements

Management is responsible for the preparation of the summarized financial statements in accordance with the basis described in note 1.

Auditors' Responsibility

Our responsibility is to express an opinion on the summarized 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 summarized financial statements derived from the audited financial statements of Community Savings Credit Union as at and for the year ended September 30, 2013 are a fair summary of those financial statements, in accordance with the basis described in note 1.



Chartered Accountants
December 12, 2013
Vancouver, Canada

COMMUNITY SAVINGS CREDIT UNION

Summarized Statement of Financial Position
September 30, 2013, with comparative information for 2012

	2013	2012
Assets		
Cash and cash equivalents	\$ 31,537,567	\$ 32,745,688
Investments	44,723,904	36,879,554
Loans	360,091,681	356,039,666
Derivatives	86,322	-
Premises and equipment	1,653,311	2,002,676
Intangible assets	284,309	385,892
Income taxes receivable	56,477	305,110
Deferred income tax assets	319,452	362,174
Other assets	971,938	867,909
	<u>\$ 439,724,961</u>	<u>\$ 429,588,669</u>
Liabilities and Members' Equity		
Deposits	\$ 414,720,343	\$ 405,009,406
Members' shares	1,482,976	1,538,377
Other liabilities	2,287,483	3,004,989
	<u>418,490,802</u>	<u>409,552,772</u>
Members' equity:		
Contributed surplus	2,851,000	2,851,000
Retained earnings	18,369,319	17,184,897
Accumulated other comprehensive income	13,840	-
	<u>21,234,159</u>	<u>20,035,897</u>
	<u>\$ 439,724,961</u>	<u>\$ 429,588,669</u>

See accompanying note to the summarized financial statements.

Approved on behalf of the Board:


Colleen Jordan
Director


Lionel Railton
Director

COMMUNITY SAVINGS CREDIT UNION

Summarized Statement of Comprehensive Income (Loss)

Year ended September 30, 2013, with comparative information for 2012

	2013	2012
Interest income:		
Loans	\$ 14,967,752	\$ 14,949,681
Cash and cash equivalents and investments	761,406	1,284,104
	15,729,158	16,233,785
Interest expense:		
Deposits	5,839,433	6,020,149
Borrowings	32,857	-
	5,872,290	6,020,149
Net interest income	9,856,868	10,213,636
Recovery of (provision for) credit losses	5,625	(502,078)
Non-interest income	1,645,148	1,502,357
Total operating income	11,507,641	11,213,915
Non-interest expense:		
Salaries and benefits	6,513,554	7,517,469
Administrative	3,207,509	3,541,709
Depreciation	490,759	432,669
	10,211,822	11,491,847
Income (loss) from operations	1,295,819	(277,932)
Distribution to members	14,860	14,412
Income (loss) before provision for income taxes	1,280,959	(292,344)
Provision for (recovery of) income taxes:		
Current	53,815	(47,403)
Deferred	42,722	(36,113)
	96,537	(83,516)
Net income (loss)	1,184,422	(208,828)
Other comprehensive income, net of income taxes:		
Hedging reserve - cash flow hedges:		
Net unrealized gain, net of income taxes	13,840	-
Total other comprehensive income, net of income taxes	13,840	-
Comprehensive income (loss)	\$ 1,198,262	\$ (208,828)

See accompanying note to the summarized financial statements.

COMMUNITY SAVINGS CREDIT UNION

Summarized Statement of Changes in Members' Equity

Year ended September 30, 2013, with comparative information for 2012

	Contributed surplus	Retained earnings	Accumulated other comprehensive income	Total members' equity
Balance on September 30, 2011	\$ 2,851,000	\$ 17,393,725	\$ -	\$ 20,244,725
Net loss	-	(208,828)	-	(208,828)
Other comprehensive income:				
Hedging reserve- cash flow hedges:				
Net unrealized gains	-	-	-	-
Balance on September 30, 2012	2,851,000	17,184,897	-	20,035,897
Net income	-	1,184,422	-	1,184,422
Other comprehensive income:				
Hedging reserve- cash flow hedges:				
Net unrealized gains	-	-	13,840	13,840
Balance on September 30, 2013	\$ 2,851,000	\$ 18,369,319	\$ 13,840	\$ 21,234,159

See accompanying note to the summarized financial statements.

COMMUNITY SAVINGS CREDIT UNION

Summarized Statement of Cash Flows

Year ended September 30, 2013, with comparative information for 2012

	2013	2012
Cash provided by (used in):		
Operating activities	\$ 1,056,712	\$ 1,079,047
Investing activities	(11,863,239)	(37,841,328)
Financing activities	9,598,406	(18,141,948)
Decrease in cash and cash equivalents	(1,208,121)	(54,904,229)
Cash and cash equivalents, beginning of year	32,745,688	87,649,917
Cash and cash equivalents, end of year	\$ 31,537,567	\$ 32,745,688

See accompanying note to the summarized financial statements.

Community Savings Credit Union: Note to the Summarized Financial Statements

Year ended September 30, 2013

1. Basis of presentation: These summarized financial statements have been prepared in accordance with section 128(4) of the Financial Institutions Act and are derived from the audited financial statements, prepared in accordance with International Financial Reporting Standards, as at and for the year ended September 30, 2013. Those audited financial statements were approved by the Credit Union's Board of Directors on December 12, 2013 and can be obtained at any of our branches.



One of Community Savings' core values is to support the communities we work in. We donated over \$40,000 back to our local communities during 2012/2013 and strive to grow in philanthropic initiatives. Staff at the credit union also took on their own initiatives such as the assembly of winter care packages for the homeless, and the sponsorship of families during the Christmas season. We look to reach out to those who need a helping hand during tough times and our staff take a personal sense of pride in helping our communities.

2012/2013 Donations

Baobab Empowerment Society	Habitat for Humanity
Beacon Community Services	Kiwanis House
Big Knits Inc.	Kwantlen Polytechnic University
BC Professional Fire Fighters Burn Fund	Labour Community Christmas Dinner
Burnaby Community Connection	Nourish Foundation
Burnaby Lakers Lacrosse	Quadra Village Days
Burnaby Fire Fighters Charitable Society	Royal Columbian Hospital
Canadian Centre for Policy Alternatives	Protein for People
Capital City Volunteers	Ride to Conquer Cancer
CLC Winter School	Ride to Live
Covenant House	Rotary Club of Burnaby-Deer Lake
CUPE BC 10% Shift	Salvation Army
Enver Creek Secondary School	Surrey Hospice Society
Family Support Institute	Terry Fox Foundation
Food Banks of BC	UFCW "Light The Night Walk"
Gilmore Elementary School	United Way of Lower Mainland
	West End Business Association

UNION YES ✓

The majority of the Community Savings' Board of Directors are known leaders within the labour movement. Each board member is an advocate for hard-working people who strive to create a secure life for their families. The board works together with a common vision for the future of the credit union and the working community.

COMMUNITY SAVINGS BOARD OF DIRECTORS

Formed in 1944 originating as the I.W.A. Credit Union, Community Savings has evolved over the years to take many different shapes and forms but has always stood for the hardworking people of British Columbia. Community Savings is member-owned, which means that as a member you have a say in how your credit union is run. By voting for your Board of Directors, you play an integral role in shaping the future direction of this dynamic and caring organization. This is an opportunity for you to ensure that the people in board leadership have the values that are consistent with Community Savings and represent you well. All eligible members also have the opportunity to run for election to the Board of Directors if they so choose. Every year, a number of Board positions become available for a three-year term.

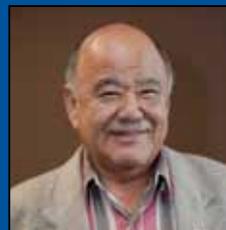
Colleen Jordan *(Chair)*

Has spent 15 years as Secretary-Treasurer of CUPE BC Division. Among other directorships she is currently in her fourth- term on Burnaby City Council.



Gary Kroeker *(Secretary Treasurer)*

Has held positions with the IUOE at both the local and international levels including General Vice-President. He was also on the Executive Board for the BC Federation of Labour.



Ken Isomura *(Vice-Chair)*

Held many union roles including Labour Staff Representative for the United Way, and member of the Executive Committee for the IWA during his 35-year career in the forestry industry.



Ken Bauder

Was the Secretary-Treasurer of the ILWU Canada and also worked for the Provincial Government in the Ministry of Labour.

Brian Cochrane

Is currently the Business Manager, Chair of Pensions & Benefits, and Training Association trustee for the IUOE, Local 115. Brian is also a Director for the Transportation Career Development Association.



Phillip Legg

Served as Director of Research and Legislation for the BC Federation of Labour. Currently, he's the Worker Representative on the Board of Directors for WorkSafe BC.



Jagdeep Singh Sivia

Is active in the construction business. As president of Maskeen Development Ltd. and member of the Canadian Home Builders Association, he brings a wealth of knowledge to the board.



Dave Wilson

His experience ranges from the International Brotherhood of Electrical Workers, UFCW, to the Telecommunications Worker's Union, to his current role as President of the Union Label Trades Council.



Mary Derksen (La Plante)

Was the Financial Secretary for the Hospital Employees Union for 22 years prior to joining the Community Savings' Board of Directors.



Trevor Oram

Has served as a Business Agent as well as President of the B.C. Ferry and Marine Workers Union during his 35 year career with the BC Ferry Corporation.



Lionel Railton

Held several titles during his time with the IUOE, Local 115 including President. Currently, Lionel is the International Representative for the IUOE.





“I’m always welcomed

with a *smile*”

- Patricia Robertson, Member since 2000

Suite 1600 - 13450 102 Ave. Surrey, BC V3T 5X3

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Community Savings[™]
the unions' credit union