

2022 Annual Report

Uniting
working
people
to build
a just world



Community Savings
the unions' credit union



Community Savings
credit union



CCEC
branch

A Tribute to CCEC

To honour CCEC Credit Union's legacy, an art piece was created for the CCEC branch to pay tribute to CCEC's past and future.

The art recognizes CCEC's strong roots in the Vancouver community and the opportunity to further grow and prosper with Community Savings.

Stronger Together

We are proud to join forces with CCEC Credit Union

Together, we have strengthened our ability to speak out on what matters.

On August 16th, 2022 at a Special General Meeting, CCEC members voted in favour of the special resolution to join Community Savings and write the next chapter in the history of their credit union. An overwhelming majority (94%) of members who attended the meeting supported the decision. Our credit unions officially merged on October 1st, 2022.

CCEC Credit Union has been a beacon for fostering economic democracy in our community for over 46 years. Formed by a group of community organizations, community activists, local co-ops and not-for-profits who were unable to access financial services through mainstream banks and credit unions, we are proud to now work together to continue CCEC's role in our community as a financial partner and social justice advocate, as a joined credit union.

Together, we will carry this legacy forward.



CEO and Board of Directors

Message



Phillip Legg, Chair, Board of Directors



Mike Schilling, President & CEO

Over a year ago, we launched our social purpose statement: uniting working people to build a just world. This clarity of our purpose – at a time when economic uncertainty continues to prevail, when workers’ rights are under attack, and when the cost of living crisis affects every working British Columbian – has enabled us to continue to deliver for our members and working people this year.

It’s no secret that for many working people, the world is not fair when it comes to financial services. In this economic environment, working people in particular are at a disadvantage, and this is clearer than ever this year with rising costs of goods and services and record-breaking inflation. We have seen the wealth gap widen during the pandemic. This is not the just and fair world we are looking to build. Unions are proven to reduce income inequality, and our vocal support of the labour movement remains steadfast. As we look ahead to 2023, we are continually working to shape our products, services and advocacy to make sure working people come first.

We have helped thousands of members understand and navigate through the changing economic climate. This year we are delighted to have been recognized for our work in this space both internally and externally.

Workplace wellness and mental health is a cornerstone of our purpose advocacy. Our internal workplace wellness program was recognized with a Business of Good Workplace Wellness Award from BCBusiness magazine for our dedication to supporting the mental wellbeing of our employees. We are truly passionate about our employees feeling connected, proud and happy at work.

Mental health has also been a key focus for our external advocacy. Workers across Canada have fought long and hard to have physical health and safety taken seriously in the workplace, but action on mental health at work has been consistently overlooked. This year we launched a report with HeadsUpGuys, a program of UBC, to present the results of a Canada-wide research study to gauge the mental health

status of men in the workplace and identify factors that contribute to poor mental health. We are proud of the immense reach and impact of this report, and we will continue to advocate with Members of the Legislative Assembly and other employers to address the gaps identified in workplace mental health programs.

This year, we worked collaboratively with MoveUp to ratify a four year collective agreement. We came to the table with a COLA (cost of living adjustment clause) agreement, which ties negotiated salary increases to inflation; protecting employees from rising costs. We are confident that the agreement will encourage other employers to follow suit and look forward to working with MoveUp and UFCW1518 to help members make the most of their extended rights.

Finally, the backdrop of this year was the merger between Community Savings Credit Union and CCEC credit union. Following a merger vote in August, our two credit unions formally joined together in October, with the merging of banking systems to complete in spring 2023. We know that by leveraging our collective strengths, we will increase our impact advocating for working people and providing financial services where mainstream banks fall short. We are so proud to join together with CCEC.

We would like to thank our members, our board of directors, and team members at Community Savings who helped us drive our purpose forward this year.

We exist to unite working people to build a just world and we're doing just that, every day.

Sincerely,



Phillip Legg
Chair, Board of Directors



Mike Schilling
President & CEO

A Year of Impact

Highlights



Winning recognition for our workplace wellness programs

Community Savings won this year's BCBusiness Award for Workplace Wellness, in recognition of the comprehensive wellness and psychological safety focus at CSCU.

Advocating for mental health support in the workplace

Kirsten L'Anson, VP People and Culture was invited to speak on the Mental Health, Wellness and the Pandemic panel at the Canadian Credit Union Association Conference. Kirsten shared the ways in which Community Savings promotes mental health and wellness for team members at Community Savings.



Supporting communities

CSCU was out in the community proudly supporting socially important events like Surrey Pride, Vancouver Dyke March, Recovery Days BC in New Westminister, and Car Free Days in Surrey and Vancouver.



Standing up for the cannabis industry

Community Savings was recognized with three national awards for its cannabis marketing campaigns by the Canadian Marketing Association and the Canadian Credit Union Association. The awards recognized breakthrough marketing that resulted in 68% growth in cannabis banking accounts.

While the marketing campaigns were cheeky and light hearted, the marketing also raised crucial awareness of the inequitable and unfair treatment cannabis businesses face from mainstream financial institutions. It also highlighted how the lack of access to banking limits the sector's growth in Canada.

Mental Health

An important focus for CSCU

Mental health and workplace wellness is a key focus for our credit union, both internally and for our external advocacy. This year, Community Savings launched a landmark report with HeadsUpGuys, a program of UBC, to look at the workplace factors that contribute to poor mental health for men. The report was released to key stakeholders in September and to the public in October.

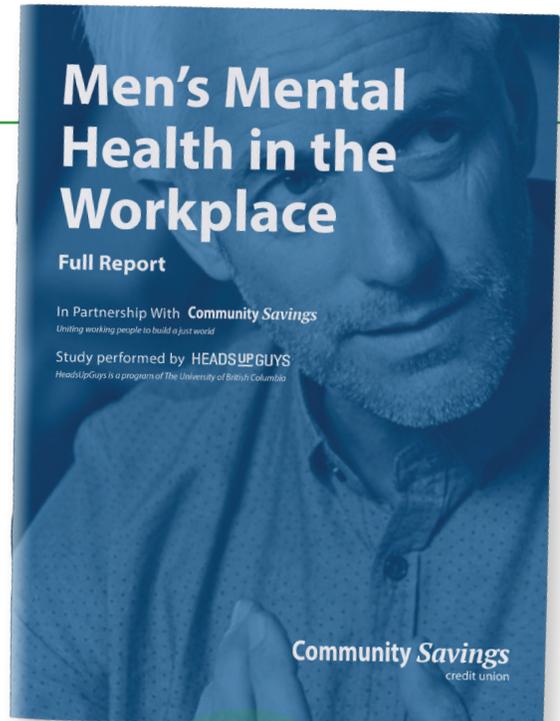
The mental health study found that nearly half of respondents scored above the threshold for probable major depression. The report highlighted the need for stronger mental health support in workplaces. In Canada, men account for roughly 75% of suicide deaths, and suicide is the second leading cause of death for men under 50.

In addition to the concerning results regarding the depression threshold, 1 in 3 participants reported experiencing thoughts of suicide or self-injury at least a few times a week and 55% reported being lonely, a key risk factor for suicide. Alarming, nearly 1 in 4 of those surveyed said they were experiencing psychological pain so intolerable that they could feel themselves falling apart.

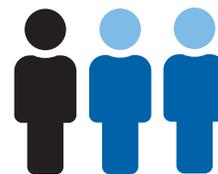
Mental health in the workplace is an integral part of worker well-being. While many workplaces have embraced physical health and safety measures - think hard hats and steel toed boots, or even ergonomic desk set-ups - the same attention has not been paid to mental health.

Community Savings is calling for employers to actively fill the gaps in their workplace mental health programs to support employees' psychological wellness. In direct response to the research, Community Savings launched #RenameSickDays, to change the name to 'health days' to encourage employees to see their health beyond just physical health and proactively support their mental health.

In 2021, CSCU partnered with the BC Women's Health Foundation to report that women's mental health had been heavily impacted by the COVID-19 pandemic. The research was the second piece in a series called Unmasking Gender Inequity, and revealed the most widespread symptoms of mental health challenges during the pandemic.



Putting our purpose into action. Mental health awareness and support is vital for workers.



1 IN 3

Canadian men surveyed reported experiencing thoughts of suicide or self-injury at least a few times a week.

DEPRESSION

49%

Nearly half of the Canadian men surveyed scored above the threshold for probable major depression.



LONELINESS

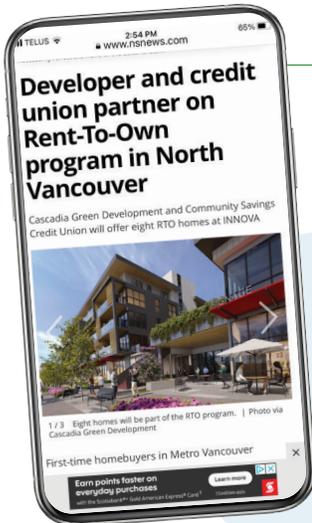
55%

55% reported being lonely.

Our goal is to reduce the harmful stigma of talking about mental health in the workplace.

In The News

Amplifying our social purpose products and advocacy



Addressing the housing crisis
April, 2022

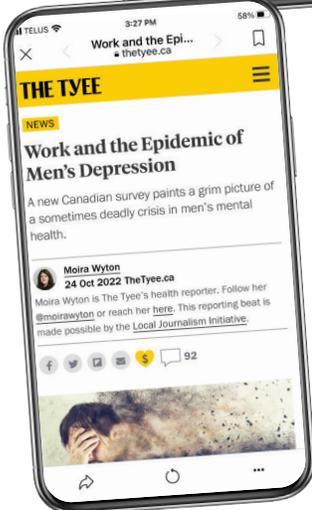
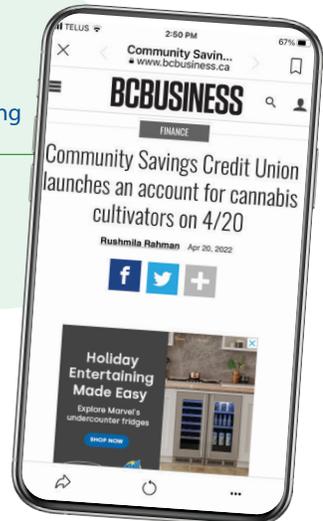
Workplace wellness winner
March, 2022



Pushing for paid sick leave
October, 2022



Supporting cannabis
April 2022



New report looks at men's mental health in the workplace



Mental health advocacy
October, 2022



Cannabis advocacy
April 2022



A Year of Social Action

Supporting workers and our communities

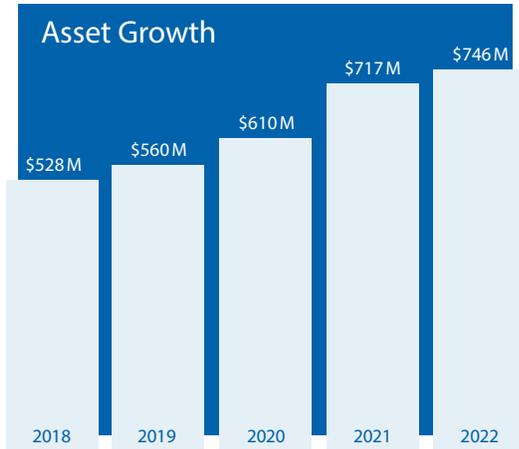


We exist to unite working people to build a just world.



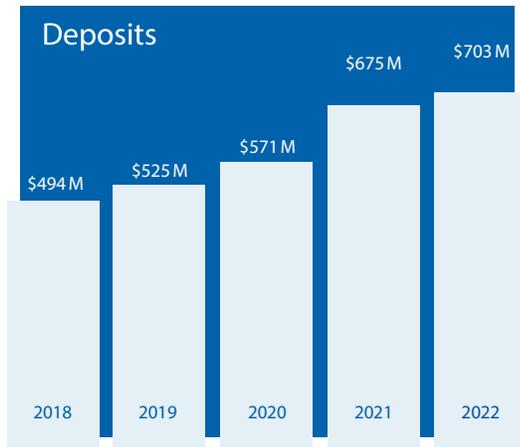
2022 in Review

Financial discussion and analysis



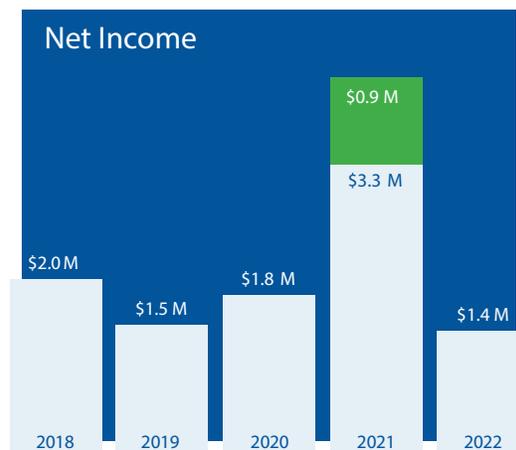
Growth

Community Savings has continued to show consistent and steady growth over the years and throughout 2022 with a 4% increase in assets and deposits. Our consistent track record is driven by our mission to provide the working community with a fair opportunity at a better life, by empowering them with banking products and investments that are always in their best interest. We achieve this by consistently providing excellent service to our members, providing products and services that members need at competitive rates and managing our operations and lending in a productive and efficient manner.

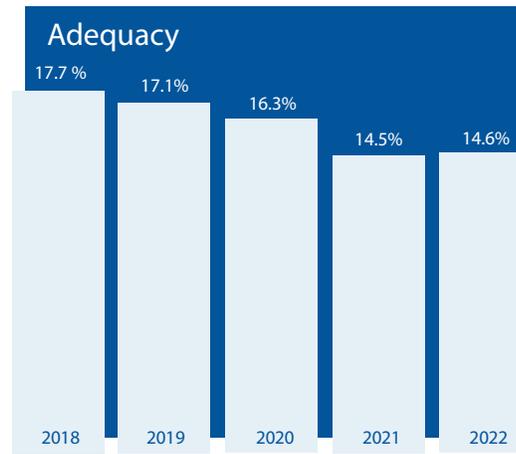
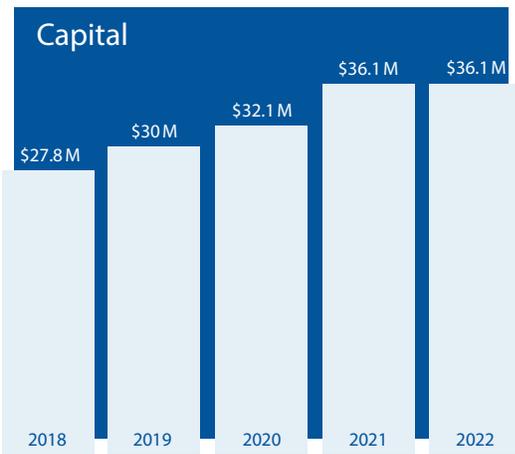


Net Income

Community Savings had strong performance throughout 2022 with net income and profitability in line with previous years; particularly notable in the competitive market with rapidly rising interest rates during the latter half of the financial year.



Light Blue: Net income before gain on sale of investments Green: Gain on sale of investments



Capital

Capital is a measure of the relative financial strength and ability to handle unexpected losses by a credit union. Capital serves as a buffer against credit, operational and market risks. Community Savings’ capital remained stable and strong throughout 2022 at \$36.1m with a capital adequacy ratio at 14.6% which is well above the minimum capital required by the regulator (BC Financial Services Authority) and our internal thresholds.



Financial Margin

Financial margin is the difference between interest earned on loans and investments and interest paid on deposits and other liabilities. Financial margin (net interest income) has grown consistently over the years and continued through 2022 with an increase from \$13.5m to \$14.2m.

Operating Expenses

During 2022, Community Savings made a number of strategic investments including the October 1st merger with CCEC Credit Union, building out our team for future growth, as well as various information technology initiatives including the protection of member data and cyber resilience. As a result, our operating expenses increased in 2022; however, these were covered by our growth and increased financial margin as noted.

2023 Outlook

With elevated inflation levels and significantly rising interest rates throughout 2022, the economic environment remains uncertain as we look forward into 2023. 2023 is anticipated to be another challenging year for the global economy resulting in significant pressures on financial margin. With our laser focus on our key priorities coupled with the strength of our team, we are confident in our ability to meet these challenges, maintain our strong financial position and meet the needs of our growing membership. We look forward to continued success in 2023!



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REPORT OF THE INDEPENDENT AUDITORS ON THE SUMMARIZED FINANCIAL STATEMENTS

To the Members of Community Savings Credit Union

Opinion

The summarized financial statements of Community Savings Credit Union (the Entity), which comprise:

- the summarized statement of financial position as at September 30, 2022
- the summarized statement of comprehensive income for the year then ended
- the summarized statement of changes in members' equity for the year then ended
- the summarized statement of cash flows for the year then ended
- and related note

are derived from the audited financial statements of the Entity as at and for the year ended September 30, 2022 (audited financial statements).

In our opinion, the accompanying summarized financial statements are consistent, in all material respects, with the audited financial statements, in accordance with the criteria disclosed in note 1 in the summarized financial statements.

Summarized Financial Statements

The summarized financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summarized financial statements and the auditor's report thereon, therefore, is not a substitute for reading the Entity's audited financial statements and the auditor's report thereon.

The summarized financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

Management's Responsibility for the Summarized Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on whether the summarized financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standards 810, Engagements to Report on Summary Financial Statements.

Chartered Professional Accountants

Vancouver, Canada
December 8, 2022

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.

COMMUNITY SAVINGS CREDIT UNION

Summarized Statement of Financial Position

September 30, 2022, with comparative information for 2021

	2022	2021
Assets		
Cash and cash equivalents	\$ 48,696,968	\$ 74,368,136
Investments	152,222,546	97,645,848
Loans	537,068,940	540,407,132
Derivatives	-	79,373
Premises and equipment	772,647	970,510
Intangible assets	65,081	312,797
Right-of-use assets	3,226,591	915,712
Income taxes receivable	504,128	-
Deferred income tax assets	436,899	437,572
Other assets	3,428,398	2,006,685
	\$ 746,422,198	\$ 717,143,765
Liabilities and Members' Equity		
Deposits	\$ 702,693,074	\$ 674,625,807
Members' shares	1,111,406	1,142,545
Income taxes payable	-	119,177
Lease liabilities	3,303,060	1,001,038
Other liabilities	3,193,290	4,191,890
	710,300,830	681,080,457
Members' equity:		
Contributed surplus	2,851,000	2,851,000
Retained earnings	34,610,950	33,220,318
Accumulated other comprehensive loss	(1,340,582)	(8,010)
	36,121,368	36,063,308
	\$ 746,422,198	\$ 717,143,765

See accompanying notes to the summarized financial statements.

Approved on behalf of the Board:



Director



Director

COMMUNITY SAVINGS CREDIT UNION

Summarized Statement of Comprehensive Income

Year ended September 30, 2022, with comparative information for 2021

	2022	2021
Interest income:		
Loans	\$ 17,498,010	\$ 17,603,533
Cash and cash equivalents and investments	2,441,031	976,068
	<u>19,939,041</u>	<u>18,579,601</u>
Interest expense:		
Deposits	5,664,729	5,069,323
Lease liabilities	46,953	50,012
	<u>5,711,682</u>	<u>5,119,335</u>
Net interest income	14,227,359	13,460,266
Provision for (recovery of) credit losses	82,765	(290,160)
Non-interest income	2,209,648	3,672,157
Total operating income	16,354,242	17,422,583
Non-interest expense:		
Salaries and benefits	8,708,438	7,964,180
Administrative	4,911,635	3,562,025
Depreciation	1,003,471	889,458
	<u>14,623,544</u>	<u>12,415,663</u>
Income from operations	1,730,698	5,006,920
Distribution to members	5,775	1,313
Income before provision for income taxes	1,724,923	5,005,607
Provision for income taxes:		
Current	333,618	726,293
Deferred	673	136,222
	<u>334,291</u>	<u>862,515</u>
Net income	1,390,632	4,143,092
Other comprehensive income (loss), net of income taxes	(1,332,572)	(134,462)
Comprehensive income	<u>\$ 58,060</u>	<u>\$ 4,008,630</u>

See accompanying notes to the summarized financial statements.

COMMUNITY SAVINGS CREDIT UNION

Summarized Statement of Changes in Members' Equity

Year ended September 30, 2022, with comparative information for 2021

	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)	Total members' equity
Balance on September 30, 2020	\$ 2,851,000	\$ 29,077,226	\$ 126,452	\$ 32,054,678
Net income	-	4,143,092	-	4,143,092
Other comprehensive income	-	-	(134,462)	(134,462)
Balance on September 30, 2021	2,851,000	33,220,318	(8,010)	36,063,308
Net income	-	1,390,632	-	1,390,632
Other comprehensive income:	-	-	(1,332,572)	(1,332,572)
Balance on September 30, 2022	\$ 2,851,000	\$ 34,610,950	\$ (1,340,582)	\$ 36,121,368

See accompanying notes to the summarized financial statements.

Summarized Statement of Cash Flows

Year ended September 30, 2022, with comparative information for 2021

	2022	2021
Cash resources provided by (used in):		
Operating activities	\$ 31,125,144	\$ 17,307,876
Investing activities	(56,161,789)	(29,853,231)
Financing activities	(634,523)	(578,277)
Decrease in cash and cash equivalents	(25,671,168)	(13,123,632)
Cash and cash equivalents, beginning of year	74,368,136	87,491,768
Cash and cash equivalents, end of year	\$ 48,696,968	\$ 74,368,136

See accompanying notes to the summarized financial statements.

Note to the Summarized Statement of Financial Statements.

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, 2022. Those audited financial statements were approved by the Credit Union's Board of Directors on December 8, 2022 and can be obtained at any of our branches. Certain comparative figures have been updated to conform with current year presentation.
2. Subsequent event: Effective October 1, 2022, the Credit Union acquired CCEC Credit Union.

Board of Directors

Community Savings was governed by an 11 person Board of Directors in fiscal 2022. The board increased to 13 directors after the October 1, 2022 merger with CCEC Credit Union. These directors possess a diverse range of experience and expertise but all share a common vision of advocating for the working community. Their guidance is instrumental in Community Savings' ongoing success.



Lynn Bueckert



Bob Dhaliwal



Colleen Jordan (Secretary)



Donalda Greenwell-Baker



Irene Lanzinger (Vice Chair)



Phillip Legg (Chair)



Lee Loftus



Helesia Luke



Kim Novak



Barb Nederpel



Leslie Roosa



Rick Sieb



Dennis Van den Hooff

Governance

Report

Community Savings Credit Union (CSCU) is governed by a Board of Directors elected by the credit union's members. The Board of Directors is responsible under law for the management of the credit union's business and its affairs. It has the statutory authority and obligation to protect and enhance the assets of the credit union in the interests of all members. The duties and responsibilities of the Board are set out in the mandate for the Board and include providing the mission and goal for the credit union, developing a governance system and an overall risk appetite to manage and monitor applicable risks.

Board Committees - Directors are required to serve on committees of the board and are accountable for carrying out legislated and delegated responsibilities as described in each committee's Terms of Reference. These committees include:

Audit Committee

The purpose of the Audit Committee is to review and report on annual financial statements and returns, to review reports of the auditor, review prescribed reports, transactions or matters and liaise between the auditors and Board of Directors.

Board Executive Committee

The Board Executive Committee consists of the Board Chair, the Vice Chair and the Secretary Treasurer. The Board Executive Committee provides guidance and oversight in the effective functioning of the Board of Directors.

Conduct Review Committee

The Conduct Review Committee ensures procedures are designed to prevent conflicts of interest, resolve them if they occur and restrict the flow of confidential information. They are responsible to disclose who provides a service or product arranged by the credit union as may be required by the Financial Institutions Act.

Corporate Governance Committee

The Corporate Governance Committee is charged with creating and promoting corporate governance policies which build practices consistent with the credit union's core values and rules. The committee promotes an environment where good governance is part of the culture of the credit union and to ensure compliance.

Enterprise Risk Management Committee

The role of the Enterprise Risk Management Committee is to manage risk, not eliminate it. The objective of the Enterprise Risk Management Committee is to enhance value and to preserve the long-term sound business and financial operations of the credit union.

Investment and Lending Committee

The purpose of the Investment and Lending Committee is to ensure that the credit union has written investment and lending policies which reflect prudent standards and ensure procedures are followed and reviewed regularly.

IT Governance Committee

The purpose of the IT Governance Committee is to assist the Board of Directors in fulfilling its information technology risk oversight responsibilities. The Committee oversees IT policy and the organization's IT reporting requirements as per the risk appetite statement and enterprise risk management reporting.

Nominations Committee

The purpose of the Nominations Committee is to ensure that there is an appropriate number of nominees for the election of the Board of Directors to oversee and administer the election of the Directors to the Board on behalf of and report to the credit union membership. The Nominations Committee recruits and recommends candidates to ensure the Board has a strategic and diverse mix of relevant skills, attributes, and business knowledge to meet the needs of the credit union's leadership and strategic talent.

Personnel Committee

The Personnel Committee is responsible for ensuring there is a compensation philosophy including guidelines on compensation and overseeing succession planning for the senior executive team. They are also responsible for ensuring sound human resources policies, including policies relating to health and safety, are in place and implemented.

Social Purpose Committee

The function of the Social Purpose Committee is to develop policy regarding the social purpose of the credit union. The committee works with management in selecting potential causes, organizations or projects that match the credit union's social purpose in its corporate giving, volunteerism and day to day operations.

Ad Hoc Committees

Ad Hoc committees fulfill the duties and responsibilities as assigned by the Board of Directors.

Director Compensation

Disclosure

CSCU directors are expected to devote considerable time to fulfill their obligations to oversee the credit union and attend board meetings, annual planning sessions, committee meetings etc. In order to attract and retain qualified directors, to reward them for their professional expertise, and level of contribution expected of them, compensation is set at a rate comparable to other credit unions and financial institutions.

For fiscal year 2022, the compensation received for each director is outlined in the table below, along with their meeting attendance.

Director Name	Role	Directors Fees	Board Meetings Attended	Committee Meetings Attended	Other Expenses	Total
Phillip Legg	Chair	\$10,750	10 of 10	10	\$0	\$10,750
Irene Lanzinger	Vice Chair	\$9,025	10 of 10	16	\$0	\$9,025
Colleen Jordan	Secretary/ Treasurer	\$8,850	8 of 10	21	\$0	\$8,850
Lynn Buekert	Director	\$5,650	8 of 10	10	\$0	\$5,650
Bob Dhaliwal	Director	\$8,050	10 of 10	19	\$0	\$8,050
Lee Loftus	Director	\$7,000	10 of 10	8	\$0	\$7,000
Barb Nederpal	Director	\$4,350	6 of 6	6	\$0	\$4,350
Kim Novak	Director	\$5,600	9 of 10	7	\$0	\$5,600
Leslie Roosa	Director	\$7,950	10 of 10	16	\$0	\$7,950
Rick Sieb	Director	\$7,300	9 of 10	24	\$0	\$7,300
Dennis Van den Hooff	Director	\$6,050	8 of 10	9	\$0	\$6,050
TOTAL		\$80,575				\$80,575

Barb Nederpal joined the Board of Directors on January 20, 2022

CSCU Compensation Philosophy

Community Savings' compensation philosophy applies equally to all employees as compensation is fundamental to our ability to attract, retain, reward and motivate the talented individuals needed for our long-term success. As a financial institution we depend upon highly-skilled individuals who specialize in a broad range of disciplines and as a result, our compensation program allows for attractive salary levels within relevant markets consistent with job content, responsibilities and requirements. In addition, we are proud to be a Living Wage Employer.

Executive Compensation

Program Philosophy and Objectives

One of our key objectives is to provide reasonable and competitive total compensation consistent with market based compensation practices for our executive level positions. CSCU must attract individuals with the necessary skills and experience for each executive level role to achieve the strategies developed by the Board of Directors to support our members.

The executive compensation program is designed to:

- Encourage, attract and retain high caliber executives
- Provide a competitive total compensation package
- Support a "pay for performance" culture through incentives
- Be flexible, and reward individual accomplishments as well as organizational success

Market Position

While our primary comparative markets are other financial institutions, we also understand that the market for executive talent is broader than this group alone. CSCU may rely on other salary survey data outside of this group, when appropriate, for specific competencies. In general, CSCU positions total compensation including benefits is at the 75th percentile of market data.

Governance

The executive compensation program is administered by the Personnel Committee of the Board. The Committee meets to review the program and recommends changes on an as needed basis.

CEO's Office

The CEO's total compensation is based on the guiding philosophy and principles that apply to all employees.

Base Salary

Base salary is determined by the Personnel Committee of the Board of Directors, reviewed annually and compared with a variety of measures and market information. CEO compensation is based on our comparative asset groups across Canada as determined by an annual Central 1 Credit Union Survey of credit union compensation, in which Community Savings participates.

Benefits and Perquisites

The CEO participates in the same comprehensive benefits plan as all other employees which provides medical, dental, disability and insurance coverage. Additional perquisites provided to all employees and the CEO includes staff accounts and staff rates on loans and mortgages.

Retirement Income Program

The CEO participates in Community Savings' RRSP plan where employees are paid a percentage of their base salary into an RRSP. The annual CEO contribution to the RRSP is included in the pension, benefits, perquisites amount shown below.

Short Term Incentive Program

The CEO's short term incentive is based on the achievement of both organizational and individual objectives.

CEO Compensation

For the fiscal year ending September 30, 2022, the total compensation paid to the CEO was \$437,507.73 which represents base salary, bonus, RRSP contributions, benefits and perquisites.

Community Savings

the unions' credit union

Personal & Business Banking

Burnaby

4590 Hastings Street
Burnaby
V5C 2K4

New Westminster

1188 8th Avenue
New Westminster
V3M 2R6

Surrey

7380 King George Blvd.
Surrey
V3W 5A5

Port Coquitlam

111-2020 Oxford Connector
Port Coquitlam
V3C 0A4

Corporate Office

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