



2023
Annual
Report

Celebrating 80 years

Community Savings
credit union



A 80 year commitment to workers

Our roots came from members of the International Woodworkers of America (IWA) union forming its own credit union in 1944. The IWA credit union was established in order to provide fair access to financial services for its members.

As we celebrate our 80th anniversary in 2024, we proudly continue our commitment to build a just world for the working community.





CEO and Board of Directors Message

Phillip Legg
Chair, Board of Directors



Mike Schilling
President & CEO



As we head into our 80th year as a credit union, it is with immense pride that we reflect on the successes of this credit union to date and chart our course for our next 80 years.

In 1944, our credit union was formed by union workers who could not get financing from traditional banks. This credit union origin story of standing up for working people may have started some time ago, but our commitment to the workers of British Columbia continues to be the reason we exist today.

At the heart of our organization, and our growth, is our unwavering commitment to our social purpose - uniting working people to build a just world.

This year, we took a bold step forward with the launch of our campaign on the education savings gap facing BC children. Our research on the uptake of RESPs tells the story of the financial challenges facing BC families – affluent households in BC are twice as likely to hold RESPs, and for households that do not have an RESP, most cited financial difficulties as the main contributing factor. This is why we are the only financial institution in Canada offering a free \$200 RESP account opening bonus. We see a just world as one where all BC children have an equal opportunity to post-secondary education.

The past year has seen Community Savings continue to thrive in its niches. We introduced our cooperative line of business, helping cooperatives with day-to-day banking and financing. Cooperatives allow working people to share in profits and are a key enabler of affordable housing. We also launched Union Asset Management, providing an asset management program that aligns with union values to create returns that matter to union members. Finally, our cannabis membership has continued to grow, as has our advocacy for a fair policy environment for this important Canadian industry.

The completion of the second stage of our merger with CCEC Credit Union was a significant milestone in our year. We are delighted to have fulfilled our merger promise by integrating our banking systems, providing full access to all six of our branch locations and upholding CCEC's focus on financial inclusion and equity.

We are proud not only of what we've accomplished this year, but also how we've done it. Our People & Culture team was shortlisted for the Canadian HR Awards and the Benefit Canada Awards, and received the prestigious Great Employer designation for 2023 by Excellence Canada – these acknowledgements reflect our commitment to create a truly great place to work.

This year, Community Savings played a prominent role at the World Credit Union Conference held in Vancouver. It was an honor to have our team featured on panels on member growth and social purpose, and to have a Community Savings team member carry the Canada flag in to open the conference.

As we reflect on the past year, we express our deepest gratitude to our members, our dedicated board, and the entire Community Savings team. Without your support, none of our achievements would be possible. Together, we look forward to the continued growth of Community Savings Credit Union, shaping a future where our members find financial prosperity and social responsibility.

Thank you for being part of our journey.

Handwritten signatures of Phillip Legg and Mike Schilling in black ink.



We are building a community of communities that is truly led by our social purpose - to build a just world for working people.

Labour organizations

As the unions' credit union, we were formed by union members to serve the working community and support the aims of the labour movement. We have a demonstrated history of providing access to products, services and experiences that have made us a leader in banking services for labour organizations. This year, we are proud to have expanded our union product offering by launching Union Asset Management, which provides fund management that aligns with the values of the labour movement.

Our new Boots & Tools interest-free line of credit was developed hand-in-hand with labour organizations to help apprentices and union members financially during training to get the gear they need, without paying prohibitive interest.



Co-operatives

Community Savings is proud to continue and expand upon CCEC Credit Union's 46-year legacy of providing financial services to co-operatives.

"Thank you so much Community Savings team! You've really helped our new co-op be ready to launch. We couldn't have done it without you!"

The Makehouse, Victoria, BC



Community Savings facilitates all co-operative banking, across industries and sectors, including housing, production, farming and agriculture, cannabis, worker-owned, food and consumer operations. Co-operative housing has been the largest contributor to affordable housing in BC, and we continue to promote and support co-operative housing as a part of our wider advocacy work for affordable housing in BC.



Cannabis Banking

Community Savings' board and leadership asked a simple question back in 2018: on what grounds would we deny something as simple as a bank account to a legal business? This decision, based on our commitment to financial equity, has enabled us to support the cannabis industry in BC that, to this day, still sees big banks closing their doors.

Community Savings is the largest provider of banking services to BC's cannabis sector, across growers, producers, retailers and ancillary businesses. We are a vocal advocate on creating the right policy environment and banking infrastructure for the legal cannabis industry.



World Credit Union Conference

Congratulations to Community Savings' Jo Ha, VP Co-operative Partnerships for joining the 2023 class of International Credit Union Development Educators during the World Credit Union Conference held in Vancouver.

Community Savings was an active participant at the conference as Mike Schilling, President & CEO and Claudia Richard, VP of External Affairs and Communications were panelists.



Out in the Community



Quadra Village Day



Surrey
Pride Day



Spooktacular, Surrey

The Dyke March
Vancouver



Surrey
Pride Day



Hats Off
Burnaby

It was a busy and fun year participating in community events and raising funds for the United Way, Surrey Food Bank, The Union Protein Project and several other community organizations.

We continued the CCEC tradition and sponsored two teens to attend the YES Camp. The Youth Excellence Society is a Vancouver Island based leadership program serving British Columbia teens through overnight summer camps, school workshops and online courses.



Car Free Day
Surrey



Car Free Day, Commercial



Union Protein Project



Sizdah Bedar Festival
Port Coquitlam



Giving BC children a fair chance at post-secondary through education savings

Today, millions of dollars of government education benefits are being missed by the children who need them the most. This year, we set out to understand the extent of the 'RESP gap' in BC – the uptake of RESPs between affluent and non-affluent households - and what we as a credit union can do about it.

Community Savings polled 810 BC parents through the Angus Reid Forum on saving for their child's higher education. Our research showed how BC parents are challenged by financial pressures – and how this pressure is further perpetuating the 'RESP gap'. This gap has knock on effects, because children who have an RESP are more likely to pursue some form of post-secondary education, and are more likely to earn higher wages as a result.

Our data showed that high-income households are more than 50% more likely to have an RESP for their child than low-income households. 79% of BC parents who don't have an RESP say financial barriers are the biggest contributor. The overall impact of this is substantial - low-income families in BC are currently missing out on more than \$280m in free grants without a free RESP account.

"Our data shows that the cost of living in BC is leading parents to make an unfair choice between saving for education and other financial priorities. The RESP divide is unjust. There is a government benefit that isn't reaching families that need it most."

Mike Schilling, President and CEO

Community Savings will continue to focus on how we can increase uptake of RESPs, and advocate for policy change to make these important benefits available to all children in Canada.

Community Savings Credit Union is stepping in to provide all parents with an initial \$200 contribution for every RESP opened. We are here to help parents create a savings plan for RESPs that will pay dividends for their children's futures."



Low-income families in BC are currently missing out on more than **\$280 million** in free grants without a RESP account.

HIGH-INCOME HOUSEHOLDS ARE 50% MORE LIKELY TO HAVE A RESP FOR THEIR CHILDREN VERSUS LOW INCOME HOUSEHOLDS

Financial barriers are the biggest contributors for **79%** of BC parents that do not have a RESP



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

Media Highlights



Journal of Commerce

Impact of Community Benefits Agreements

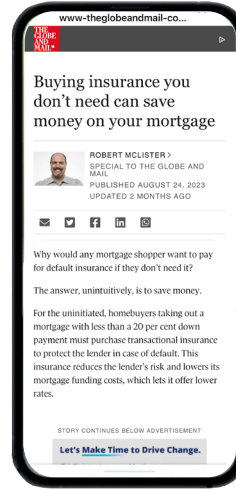
September, 2023



The Globe and Mail

Lowest mortgage rates in Canada

August, 2023



The Globe and Mail

Insurance helping to reduce payments

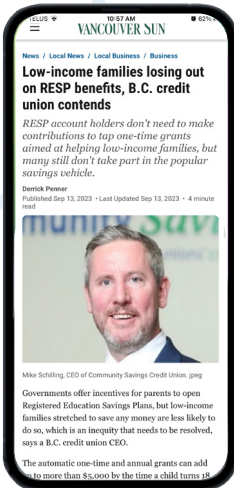
August, 2023



The Globe and Mail

Advocating for fair RESP Access

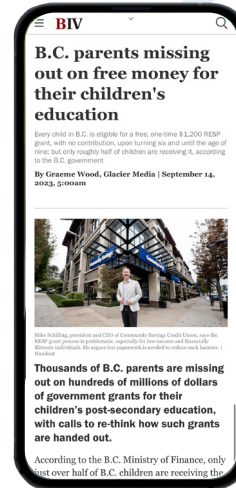
September, 2023



The Vancouver Sun

Helping low income families with RESP

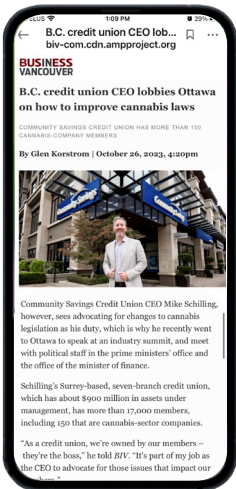
September, 2023



Business in Vancouver

Creating greater access to RESP

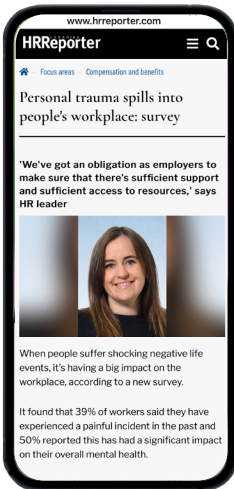
September, 2023



Business in Vancouver

Advocating for the cannabis industry

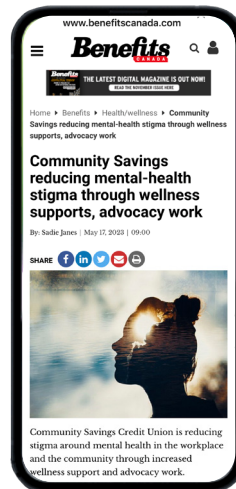
October, 2023



HR Reporter

Providing mental health support to the CSU team

May, 2023



Benefits Canada

Mental health awareness in the workplace

May, 2023



Supporting Workers

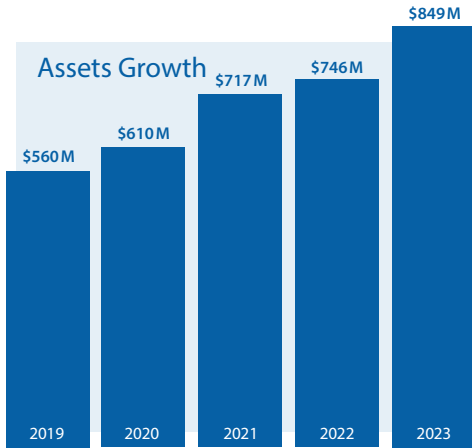


We exist to unite working people to build a just world.



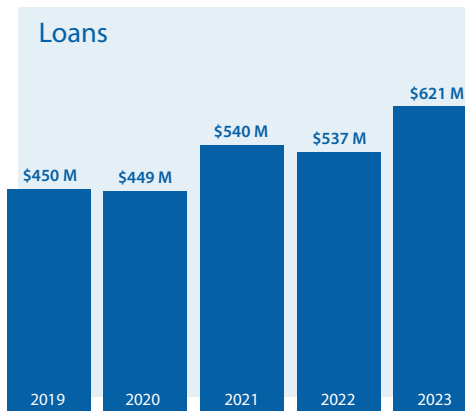
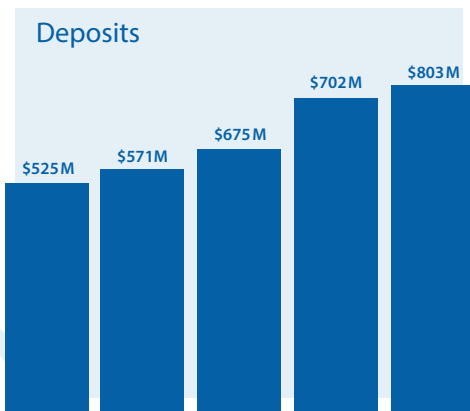


2023 in Review



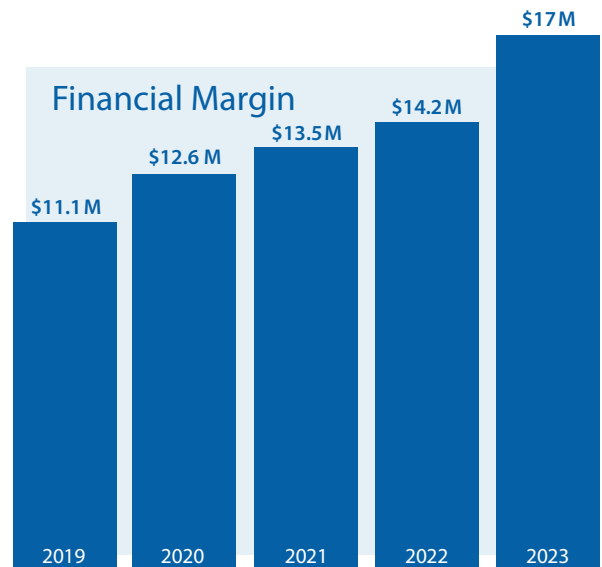
Growth

Community Savings Credit Union has continued to show consistent and steady growth over the years and throughout 2023 with a 14% increase in assets and deposits; a portion of which (6.6%) came from our merger with CCEC Credit Union effective October 1, 2022. 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, products and services that members need with competitive rates and managing our operations and lending in a productive and efficient manner.



Financial Margin

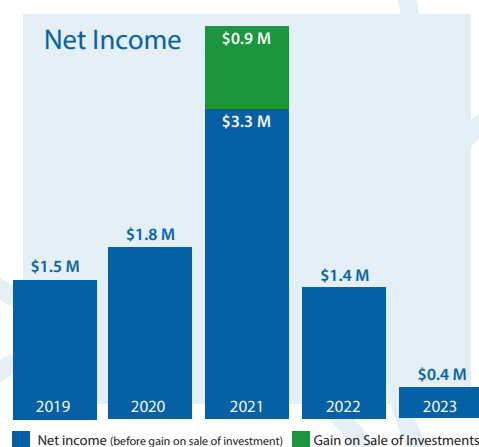
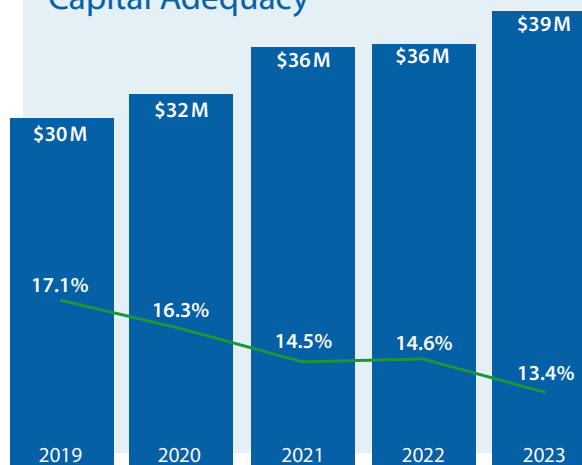
Financial margin is the difference between interest earned on loans and investments and interest paid on deposits and other liabilities. Financial margin (net interest income) has grown consistently over the years and continued through 2023 by closely managing our balance sheet and portfolio mix which resulted in an increase in net interest income from \$14.2m to \$17.0m. Financial margin supports Community Savings' key initiatives to ensure we stay competitive in the industry.



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 2023 and grew to \$39.1m. Merging with CCEC Credit Union contributed to an increase in our contributed surplus/capital of \$2.3m. Community Savings' capital adequacy ratio was 13.43% in 2023 which is well above the minimum capital required by the regulator (BC Financial Services Authority).

Capital Adequacy

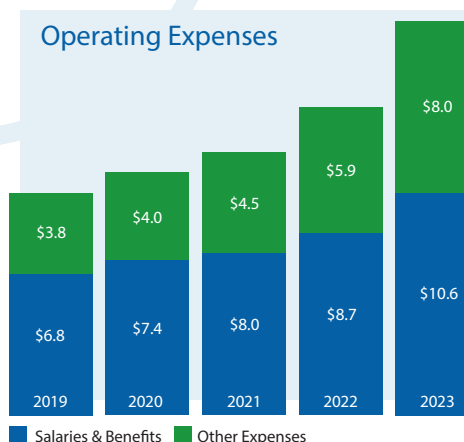


Net Income

Despite this challenging economic environment with rapidly rising interest rates, Community Savings rallied and continued to deliver strong performance throughout 2023 through closely managing our capital, liquidity, investments, margin, and costs while investing in the future of the organization.

Operating Expenses

During 2023, Community Savings made a number of strategic investments including merging with CCEC Credit Union coupled with continued investment in building out our team and infrastructure for future growth to ensure Community Savings remains strong in this competitive landscape.



2024 Outlook

2024 is anticipated to be another challenging year for the global economy resulting in significant pressure on financial margin with continuously increasing costs and regulatory demands. With laser focus on our key strategic initiatives 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 2024!



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**REPORT OF THE INDEPENDENT AUDITOR'S ON
THE SUMMARY FINANCIAL STATEMENTS**

To the Members of Community Savings Credit Union

Opinion

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

- the summary statement of financial position as at September 30, 2023
- the summary statement of comprehensive income for the year then ended
- the summary statement of changes in members' equity for the year then ended
- the summary 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, 2023 (audited financial statements).

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

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary 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 summary 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 Summary Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary 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 7, 2023

COMMUNITY SAVINGS CREDIT UNION

Summarized Statement of Financial Position

September 30, 2023, with comparative information for 2022

	2023	2022
Assets		
Cash and cash equivalents	\$ 114,910,392	\$ 48,696,968
Investments	106,456,126	152,222,546
Loans	620,600,842	537,068,940
Premises and equipment	915,778	772,647
Intangible assets	59,257	65,081
Right-of-use assets	2,915,393	3,226,591
Income taxes receivable	98,272	504,128
Deferred income tax assets	375,979	436,899
Other assets	2,959,275	3,428,398
	\$ 849,291,314	\$ 746,422,198
Liabilities and Members' Equity		
Deposits	\$ 802,971,997	\$ 702,693,074
Members' shares	1,200,906	1,111,406
Lease liabilities	3,057,427	3,303,060
Other liabilities	2,960,978	3,324,895
	810,191,308	710,432,435
Members' equity:		
Contributed surplus	5,164,927	2,851,000
Retained earnings	34,934,247	34,569,204
Accumulated other comprehensive loss	(999,168)	(1,430,441)
	39,100,006	35,989,763
	\$ 849,291,314	\$ 746,422,198

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, 2023, with comparative information for 2022

	2023	2022
Interest income:		
Loans	\$ 27,087,883	\$ 17,498,010
Cash and cash equivalents and investments	7,059,740	2,441,031
	<u>34,147,623</u>	<u>19,939,041</u>
Interest expense:		
Deposits	16,995,016	5,664,729
Lease liabilities	171,378	46,953
	<u>17,166,394</u>	<u>5,711,682</u>
Net interest income	16,981,229	14,227,359
Provision for (recovery of) credit losses	(95,430)	82,765
Non-interest income	2,047,913	2,209,648
Total operating income	19,124,572	16,354,242
Non-interest expense:		
Salaries and benefits	10,626,209	8,708,438
Administrative	6,999,789	4,911,635
Depreciation and impairment loss	1,008,367	1,003,471
	<u>18,634,365</u>	<u>14,623,544</u>
Income from operations	490,207	1,730,698
Distribution to members	-	5,775
Income before provision for income taxes	490,207	1,724,923
Provision for income taxes:		
Current	25,144	333,618
Deferred	100,020	673
	<u>125,164</u>	<u>334,291</u>
Net income	365,043	1,390,632
Other comprehensive income/(loss), net of income taxes	431,273	(1,332,572)
Comprehensive income	<u>\$ 796,316</u>	<u>\$ 58,060</u>

See accompanying notes to the summarized financial statements.

COMMUNITY SAVINGS CREDIT UNION

Summarized Statement of Changes in Members' Equity

Year ended September 30, 2023, with comparative information for 2022

	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)	Total members' equity
Balance on September 30, 2021	\$ 2,851,000	\$ 33,178,572	\$ (97,869)	\$ 35,931,703
Net income	-	1,390,632	-	1,390,632
Other comprehensive loss			(1,332,572)	(1,332,572)
Balance on September 30, 2022	2,851,000	34,569,204	(1,430,441)	35,989,763
Net income	-	365,043	-	365,043
Other comprehensive income	-	-	431,273	431,273
Acquisition CCEC	2,313,927	-	-	2,313,927
Balance on September 30, 2023	\$ 5,164,927	\$ 34,934,247	\$ (999,168)	\$ 39,100,006

See accompanying notes to the summarized financial statements.

Summarized Statement of Cash Flows

Year ended September 30, 2023, with comparative information for 2022

	2023	2022
Cash resources provided by (used in):		
Operating activities	\$ (3,651,906)	\$ 31,125,144
Investing activities	70,632,083	(56,161,789)
Financing activities	(766,753)	(634,523)
Increase/(decrease) in cash and cash equivalents	66,213,424	(25,671,168)
Cash and cash equivalents, beginning of year	48,696,968	74,368,136
Cash and cash equivalents, end of year	\$ 114,910,392	\$ 48,696,968

See accompanying notes to the summarized financial statements.

Notes to Summarized 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 derived from the audited financial statements, prepared in accordance with International Financial Reporting Standards, as at and for the year ended September 30, 2023. Those audited financial statements were approved by the Credit Union's Board of Directors on December 6, 2023 and can be obtained at any of our branches. Certain comparative figures have been updated to confirm with the current year presentation.
2. Subsequent event: Subsequent to year-end, the Credit Union's Vancouver Joyce Street location was listed for sale.



Board of Directors

Community Savings was governed by a 13 person Board of Directors in fiscal 2023. The board increased from 11 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



Donalda Greenwell-Baker



Irene Lanzinger (Vice Chair)



Phillip Legg (Chair)



Lee Loftus



Helesia Luke (Secretary)



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 the annual financial statements and returns. They review reports of the auditor, review prescribed reports, transactions or matters and liaise between the auditors, and the Board of Directors.

Board Executive Committee

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

Governance & Conduct Review Committee

This committee prevents conflict of interest and resolves if they occur, setting out techniques for the identification of potential conflict of interest situations and restricting the flow of confidential information. Ensure all credit union governance policies and framework are adhered to, make corporate governance policies and practices consistent with credit union core values and rules.

Risk & IT Governance Committee

One of the roles of this committee is to manage risk, not eliminate it. The committee will assist the Board of Directors to fulfil information technology risk responsibilities, oversee that policies and reporting requirements are in line with the risk appetite statements and risk management reporting.

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.

Nominations & Elections Committee

This committee recruits and recommends candidates to ensure that the Board has a strategic and diverse mix of relevant skills, attributes and business knowledge to meet the needs of the credit unions leadership and strategic talent. They oversee and ensure that elections for Directors are conducted in a manner that fulfills the CU rules and related legislation.

Ad Hoc Committees

Ad Hoc committees fulfill the duties and responsibilities as assigned by the Board of Directors that may be required from time to time.



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 2023, the compensation received for each director is outlined in the table below, along with their meeting attendance.

Director Name	Role	Board Meetings Attended	Committee Meetings Attended	Directors Fees
Phillip Legg	Chair	8 of 9	6 of 15	\$10,200
Irene Lanzinger	Vice Chair	8 of 9	13 of 18	\$8,300
Helesia Luke	Secretary/ Treasurer	7 of 7	7 of 10	\$6,450
Lynn Bueckert	Director	4 of 9	8 of 11	\$4,350
Bob Dhaliwal	Director	9 of 9	8 of 13	\$8,150
Donalda Greenwell Baker	Director	6 of 7	8 of 10	\$6,800
Colleen Jordan	Director	8 of 9	15 of 17	\$7,450
Lee Loftus	Director	6 of 9	5 of 6	\$6,250
Barb Nederpel	Director	6 of 9	5 of 10	\$4,900
Kim Novak	Director	6 of 9	4 of 11	\$4,900
Leslie Roosa	Director	8 of 9	6 of 9	\$8,100
Rick Sieb	Director	7 of 9	12 of 14	\$5,750
Dennis Van den Hooff	Director	7 of 9	11 of 13	\$6,750
TOTAL				\$88,350



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
- Be flexible to 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 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

The base salary is reviewed annually by the Board Executive Committee. A number of factors are included in that review including settlement patterns secured within bargaining units as well as compensation trends amongst credit unions with similar financial metrics to Community Savings. The review concludes with a recommendation to the Board for any changes to the CEO's compensation.

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, 2023, the total compensation paid to the CEO was \$443,673 which represents base salary, bonus, RRSP contributions, benefits and perquisites.

Community Savings

credit union

Personal & Business Banking

Burnaby

4590 Hastings Street
Burnaby
V5C 2K4

Port Coquitlam

111-2020 Oxford Connector
Port Coquitlam
V3C 0A4

New Westminster

1188 8th Avenue
New Westminster
V3M 2R6

Vancouver - CCEC Branch

2248 Commercial Drive
Vancouver
V5N 4B5

Surrey

7380 King George Blvd.
Surrey
V3W 5A5

Victoria

2750 Quadra Street
Victoria
V8T 4E8

Corporate Office

1600-13450 102nd Avenue, Surrey, V3T 5X3

604-654-2000 or Victoria: 250-385-8431

Toll Free: 1-888-963-2000

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 @community-savings-credit-union-bc

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