

# 2006 Annual Report

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TO YOUR FINANCIAL FUTURE...

## 2006 Board of Directors



Ed Berukoff



Ron Boese  
Vice Chair



Cindy Corrigan



Jean-Ann Debreceni



Imelda Engels  
Secretary



Don Holt  
Chair



Dean McKerracher



Mike Pang



Jean Samis



East Kootenay  
**Community  
CREDIT UNION**

Insurance Services • Financial Planning

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## EAST KOOTENAY COMMUNITY CREDIT UNION

Consolidated Statement of Earnings  
and Retained Earnings

For the Year Ended December 31, 2006

	2006	2005
<b>FINANCIAL INCOME</b>		
Interest from Loans	\$ 7,076,110	\$ 6,034,976
Interest from Investments	436,818	542,745
	<u>7,512,928</u>	<u>6,577,721</u>
<b>FINANCIAL EXPENSES</b>		
Interest on Deposits	2,591,907	2,010,280
Interest on Borrowed Funds	382,209	125,835
	<u>2,974,116</u>	<u>2,136,115</u>
<b>FINANCIAL MARGIN</b>	4,538,812	4,441,606
<b>OTHER REVENUES (EXPENSES)</b>		
Service Fees and Commissions	2,339,454	2,538,489
Processing and Handling Fees	(172,040)	(215,389)
Losses on Loans and Property for Resale	<u>(94,860)</u>	<u>(46,756)</u>
<b>OPERATING MARGIN</b>	6,611,366	6,717,950
<b>OPERATING EXPENSES</b>	(5,889,948)	(5,824,551)
<b>EARNINGS BEFORE DISTRIBUTIONS AND TAXES</b>	721,418	893,399
<b>REWARDS TO MEMBERS</b>	(202,098)	(231,235)
<b>INCOME AND CAPITAL TAXES</b>	<u>(95,552)</u>	<u>(67,233)</u>
<b>NET EARNINGS FOR THE YEAR</b>	423,768	594,931
<b>RETAINED EARNINGS - BEGINNING OF YEAR</b>	<u>6,672,300</u>	<u>6,077,369</u>
<b>RETAINED EARNINGS - END OF YEAR</b>	\$ 7,096,068	\$ 6,672,300

This condensed financial report is taken from the consolidated financial statements. A copy of the full financial statement, prepared by ADAMS REDDING WOOLEY, Certified General Accountants, is available to all members at any branch of East Kootenay Community Credit Union or at [www.ekccu.com](http://www.ekccu.com)

## AUDITORS' REPORT

**To the Members of East Kootenay Community Credit Union**  
We have audited the Consolidated Balance Sheet of the East Kootenay Community Credit Union as at December 31, 2006 and the Consolidated Statements of Earnings and Retained Earnings and Cash Flows for the year then ended. These financial statements are the responsibility of the Credit Union's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the East Kootenay Community Credit Union as at December 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles, except that management has not provided segmented information disclosure, as described in the summary of significant accounting policies. As required by the Financial Institutions Act of British Columbia, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

ADAMS REDDING WOOLEY Cranbrook, BC  
Certified General Accountants February 2, 2007

## EAST KOOTENAY COMMUNITY CREDIT UNION

Consolidated Balance Sheet  
December 31, 2006

	2006	2005
<b>ASSETS</b>		
CASH AND TERM DEPOSITS	\$ 15,634,391	\$ 12,953,437
MEMBERS' LOANS	127,229,420	111,838,479
OTHER	787,562	629,098
INVESTMENTS	502,270	467,483
PREMISES AND EQUIPMENT	3,073,172	3,171,472
	<u>\$ 147,226,815</u>	<u>\$ 129,059,969</u>
<b>LIABILITIES AND MEMBERS' ACCOUNTS</b>		
MEMBERS' DEPOSITS	\$ 126,726,443	\$ 113,304,287
MEMBERS' SHARES	2,568,241	2,200,912
LOAN PAYABLE	9,539,035	6,001,161
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	1,297,028	881,309
RETAINED EARNINGS	7,096,068	6,672,300
	<u>\$ 147,226,815</u>	<u>\$ 129,059,969</u>

APPROVED ON BEHALF OF THE BOARD:

"DON HOLT" Director

"MIKE PANG" Director



*Partners  
in our  
Communities!*



# 2006

## Year in Review



Jody Burk  
CEO



Don Holt  
Chairman of the Board

Continuing with the long term direction established in 2001, by East Kootenay Community Credit Union (EKCCU) Board of Directors, we have continued 2006 with a balanced focus and direction. The specific benchmarks for that strategic direction include financial return, member service satisfaction, staff satisfaction and member loyalty. A major focal point in 2006 was our financial return, growth and business development activities in our new Fernie branch.

The Fernie branch celebrated its second birthday in 2006 and continues to be a major initiative that impacts our organization both positively and negatively. The positive effect is the great effort of our staff are putting into service levels, the new members that are dealing with the branch, and the multiple lines of business we are gaining from the Fernie marketplace. The negative effect from Fernie is the continued investment in the new branch's operating expenses. However, we are on track to meet our original five-year business plan for the branch. The growth, revenue and expenses are within acceptable levels for a new branch in its second year of operation. We are now serving more than 1,000 members in Fernie.

### Financial

The continued low interest rate market was a negative factor in 2006. Our financial margin as a percentage of assets dropped significantly due to an increasing prime rate and increased competitive pressures on mortgage and deposit rates. While the overall financial revenue increased our financial expense increased at a higher rate and resulted in a low 2% increase in financial margin. We continued to gain significant loan growth last year with over 13% growth. Our residential mortgages grew 10% and our commercial mortgages and loans grew 10%. A focus on lines of credit services to our members resulted in a 65% increase in commercial lines of credit and 8% increase in personal. The loan growth was spread throughout the three branches.

The assets of EKCCU grew by 14% to \$147,226,815, down slightly from 15% in 2005. However over \$3 million of commercial loans, which are not held on our balance sheet, were sold to another credit union within BC in order to reduce our commercial lending risk. Deposit growth grew by 12%, in large part to demand deposit growth and increased borrowing position with Credit Union Central of BC to \$9.5 million.

A focus on holding our operating expenses took place in 2006 with a small increase of 1% from 2005.

Earnings before distributions and taxes were \$721,418. Retained earnings, a measure of financial strength, grew by 6% and capital requirements meet regulatory requirements.

### Member Service Satisfaction

Utilizing the information gathered in our member opinion survey from 2004, we continued to focus on product and service improvements. We surveyed our members near the end of 2006 and received very positive feedback on the quality of our services and products. **Ninety-eight percent of members surveyed would recommend EKCCU to their families or friends.**

### Staff Satisfaction

In 2005 we undertook an in-depth organizational survey that indicated the level of staff satisfaction in all of our business units. The response rate was above average; some areas were excellent, some needed improvements, and some needed a total review. Through a focused effort of staff and managers at all branches, we have implemented a number of new changes and initiatives. We continue to focus on improving other areas that were identified in the 2006 member survey. We are committed to "being an organization where employees and the employer share responsibilities for job satisfaction through engagement".

### Member Loyalty

Continued focus in 2006 on increasing the number of products and services members use of the credit union, insurance, and financial planning areas were promoted. Patronage discounts for member loyalty to members in our loan and insurance areas and preferential products in our financial planning area were very successful. In 2006 management worked on the merger of our Insurance Agency with Insurance agencies from Nelson & District Credit Union as well as Kootenay Savings Credit Union. The merger was complete in 2007 and will allow for increased products and services for personal and commercial insurance clients, as well as ensure our price and coverage are second to none.

### Directors

Training for directors continues to be a high priority for our board, with seven directors completing their CUDA (credit union Director Achievement Program) modules. Jean Samis and Cindy Corrigan, who were elected in April 2006, have both completed the first year courses required as directors. There are nine required and four elective modules to complete the CUDA program. Board members have been active in attending Regional Credit Union Meetings as well as Semi-Annual and Annual General Meetings for Credit Union Central of BC. This is in addition to the significant number of regular or special board and committee meetings required of directors.

### Partners in our Communities

We remain a strong community supporter with over \$40,000 in donations being invested in our communities during this past year from Credit Union community giving.

Our sponsorship of the Credit Union Puck Toss at the Kootenay Ice hockey games for 2006 raised \$2,300 for the Rocky Mountain Rams and \$2,014 for KidSport. Donations from the Community Bond campaign raised over \$2,000 for community groups.

Many of our staff and directors invest time and participate in executive/director capacities in community organizations such as:

- ACT
- Advisory Board – Mechanical Trades – COTR
- Canadian Cancer Society – House to House Canvas
- Canadian Cancer Society – Relay For Life
- Canadian Museum of Rail Travel
- Champions of the Ice
- Coal Discovery Centre
- Community Volunteer Income Tax Program
- Council of Partners for East Kootenay
- Cranbrook and District Foundation
- Cranbrook Community Theatre
- Cranbrook Golf Course
- Cranbrook Society of Community Living
- Cranbrook Women's Resource Society
- Crime Stoppers
- Director, Regional District Board
- East Kootenay Regional Hospital Board
- East Kootenay Volleyball Club
- Elkford Curling Club
- Elkford Projects Society
- Elkford Search and Rescue
- Elkford Women's Task Force
- Fernie Chamber of Commerce
- Festival of Performing Arts
- Girl Guides of Canada
- JCI Kootenay (Local Chapter of the International Junior Chamber of Commerce)
- Key City Theatre – Volunteer
- Kidney Foundation of Canada
- Kootenay Children's Train Society
- Elkford District Council - Mayor
- One-to-One Reading
- Option for Sexual Health Clinic
- Rocky Mountain Housing Society
- Rotary Clubs of Cranbrook
- Sparwood Chamber of Commerce
- Sparwood Pony Club
- Success by Six
- Trans Rockies Mountain Bike Race: Pancake Breakfast

In closing, we thank our members for their continued patronage; our employees, whether they be in the Credit Union, Insurance or Financial Planning, (working in Cranbrook, Elkford or Fernie) for the quality, personal service they provide our members and clients; our management for their dedicated efforts and excellent operating results; our directors for their support and commitment to our Credit Union.



## Our Staff



### Cranbrook Branch

Tatiana	Kathy
Jen	Harminder
Diane	Sharon
Amber	Denise
Bobbi	Novia
Noreen	Jenna
Lise	Lori
Gisele	Amelie
Katherine	Cindy
Ellen	Tanya
Lois	

### Fernie Branch

Andy	Cara
Eric	Noreen
Melanie	Rhonda
Jody	Emily

### Elkford Branch

Sandra	Maureen
Cindy	Christine
Robin	Shawna
Melody	Maureen
Genny	

### Insurance

Kim	Rhonda
Christine	Carol
Tammy	Julie
Leah	

### Financial Planning

Gerry	Robert
Heather	Terry

### Administration

Jody	Doreen
Beth	Marilyn
Jane	Alan
Lela	Brian
Sandra	Nola
Corinne	Ruth
Michelle	Wendy
Tammy	Cherie

### Commercial

Ken	Jodi	Tomoe
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