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**Cover image top left clockwise:**

- Advisor Nick M. providing members with financial advice.
- SASCU "Leave Your Legacy Project" by Joanne Jankowski.
- 75th Anniversary Legacy Project People Helping People, pg. 5.
- The Shuswap Hut and Trail Alliance Secwepemc Landmarks Project. SASCU donated \$7,500.
- SASCU Community Crew at the Shuswap Hospital Foundation Charity Open. SASCU donated \$3,300



# Message from the Board Chair and CEO



2021 marked SASCU's 75th year in the Shuswap. While much has changed, the values that ignited our founding members continue to fuel SASCU today. These include community, member ownership, and financial education. The pages that follow capture the celebration of the unique membership benefit that has always bound us together:

*Belonging to SASCU means that while doing good for yourself, you are doing good for others.*

Together, with you, we did things differently, and met the challenges in new ways. A few bumps did not throw us—or you—off course. We made big strides in digital services so your relationship with us could keep growing from wherever you were. We gave back to the community in meaningful ways where it mattered most. With so much uncertainty around all of us in 2021, you knew your financial partner was solid and there for you. That is what you can expect from your lifelong financial partner.

## GROWTH, EARNINGS & CAPITAL

Despite the pandemic, we had a good year financially. Our assets (comprised of loans and deposits) surpassed the \$1 billion mark for the first time and earnings before taxes and dividends totaled \$7.4 million, significantly higher than the previous year. Of the 40 credit unions in BC, our asset size has moved us to be the 10th largest.

Further, our profit level has exceeded our expectations and helps fund future years of investments. We need to continually reinvest in the business to meet members' needs and to compete effectively. SASCU Wealth contributed \$961,000 in profit and SASCU Insurance contributed just over \$400,000 to the credit union's profitability while providing meaningful advice to our membership.

Our Commercial team also made a significant contribution to our business members, primarily by providing business advice. All these achievements are a direct result of our membership having trust in us to give them the expert advice and service they need.

**"SASCU Wealth contributed \$961,000 in profit and SASCU Insurance contributed just over \$400,000..."**

SASCU's capital, which includes member shares and equity, now totals \$51.7 million. There are regulatory requirements for capital, and we meet and exceed the standards required.



## GOVERNANCE

As we emerge from the virtual world and return to an in-person environment, our Board is invested in the continued development of SASCU. We have found ways to remain connected and involved and are looking forward to new opportunities.

"...strategic planning work continued during the pandemic and our new Strategic Plan was approved..."

Credit Unions have experienced challenges in the recruitment of new Directors for the Board of Directors. Time commitment and a significant learning curve remain the major obstacles; however, we are pleased to confirm all Board positions have been filled with qualified candidates.

We are pleased that the strategic planning work continued during the pandemic and our new Strategic Plan was approved by the Board in May 2021. We will proudly bring the new plan to the membership, the staff, and the community this Spring.

On behalf of the Board, I would like to acknowledge the hard work and dedication from our Staff and Management to provide great service to our members and produce strong financial results for 2021. I would also like to thank our two retiring directors for their years of service: Frank Popien and Darlene McBain. SASCU's future looks positive as we continue to grow and provide new innovations to our members.

## 2021- A LOOK BACK

2021 marked SASCU's 75th year in the Shuswap. The values that drove our founding members continue to fuel SASCU today: community, member ownership and financial education. Belonging to SASCU continues to mean that while doing good for yourself, you are doing good for others. Some of the initiatives that we are most proud of included the following:

- **Food Banks** – We gave \$21,900 to the food banks, the women's shelter, and the emergency shelter; more than our usual amount due to the severe need caused by the pandemic.
- **Christmas Car Giveaway** – We participated in this fourth annual event to give a refurbished vehicle and a year of insurance to a deserving family. We partnered with Braby Motors, Kal Tire and Fix Auto to give a hand up during the season of giving.
- **Legacy Project** – As part of our 75th anniversary, our Board commissioned a public piece of art that reflects our values and appreciation of the Shuswap community. The project was awarded to a local artist, David Harder, and it will be unveiled in the summer of 2022.
- **Stronger Digital Security** – We worked hard to implement the more secure 2-Step Verification process to safeguard our members' accounts and enable Self-Serve Password Reset.
- **Contact Centre** – COVID-19 has meant an increased need for virtual interactions, whether it be to answer questions or give advice. Our Contact Centre has expanded its delivery to meet this need, using the hours of operation of 8-8 Monday to Friday and 8-4 on Saturday to help our members without requiring a branch visit.



## SPECIAL NOTE – DIVERSITY AND INCLUSION

Guided by our new Strategic Plan principle of creating an inclusive culture that values diversity, SASCU’s Board and Executive Leadership Team undertook training from the Canadian Centre for Diversity and Inclusion. SASCU formally recognized September 30th’s National Day for Truth and Reconciliation and employees had an opportunity for reflection, learning, and awareness of Indigenous peoples and Canadian history.

## 2022 – A LOOK FORWARD

We continue to focus on offering more online services for our members:

- A new and improved digital process for our many members with TFSA’s (Tax Free Savings Accounts)
- Expansion of our Self Serve transfer capability to offer international money transfers
- Online appointment booking with the opportunity to choose an advisor and a location - including a virtual meeting

SASCU’s new Strategic Plan (2021 – 2024) is rapidly bringing life to the work we need to do to meet our vision of being “Our Members’ Lifelong Financial Partner”. Go to [sascu.com/about/governance](https://sascu.com/about/governance) and look under “Resources” to learn more.



**Dave King**  
Board Chair



**Barry Delaney**  
President &  
Chief Executive Officer

## SOME CHOICES MATTER

Everyone has a choice and more than half of our community chooses to bank with a financial institution that has their head office in Salmon Arm.

We can’t forget our community support which reached the milestone of \$2.3 million donated since 2008! We awarded 13 scholarships and seven educational awards for a total of \$26,750 in post-secondary support.

**" SASCU formally recognized September 30th’s National Day for Truth and Reconciliation..."**

SASCU contributes five percent of the previous year’s Net Operating Income to our Community Support program. SASCU approved 63 applications to our Community Support program, and provided over \$200,000 in donations and sponsorships.

Every member is sincerely valued and is welcome to ask questions or provide comments to the CEO directly. My direct telephone number is 250.833.1310 and email address is [barrydelaney@sascu.com](mailto:barrydelaney@sascu.com). I would be happy to speak with you.

# 75th Anniversary



SASCU Opens. Works outside of Farmer's Exchange

Tappen and District Credit Union joined SASCU



SASCU offers the first drive thru teller



Sorrento Branch moved to the Sorrento Shoppers Plaza

1946

1955

1969

1975

1977

1980

1984

1986

The first deposit made at SASCU was \$41.50



SASCU moved to the Strudwick building



Sicamous Branch opened

Sorrento branch is born in September



Anytime banking is born – ATM at SASCU

## CELEBRATIONS

In 2021, SASCU celebrated our 75th anniversary. One way we shared this milestone was by sending birthday cards to every member who turned 75 and local organizations celebrating the same anniversary. Celebrations hit a high note on International Credit Union Day, October 21, with the party going all week long with cupcakes, games, trivia, and the grand reveal of the SASCU Legacy project. Everyone was a winner in-branch and received a 75th anniversary-themed giveaway.

We also created a video to highlight SASCU's impact in the Shuswap. A number of members and staff took part, sharing the unique benefits the credit union has brought to their lives, their community, and their careers. View it here: [www.sascu.com/about/history](http://www.sascu.com/about/history).

Happy  
Birthday!  
75 SASCU





MemberPlus Financial Planning and Investment Services Ltd. introduced

In September, acquired Bank of Montreal branch in Sicamous

SASCU Insurance Services Ltd. opened October 6th



Shuswap Insurance Brokers is acquired



SASCU introduced Internet Banking



60<sup>th</sup> Anniversary art sculpture/public art installed



Opened the Salmon Uptown Branch in Salmon

SASCU celebrates 75 years in the Shuswap

## LEGACY PROJECT

To commemorate 75 years in the Shuswap, SASCU invited proposals for an art installation that reflected their co-operative story. *People Helping People*, an art concept by local artist David J Harder was selected for the location at Sicamous Beach Park. Two steel silhouettes made up of hundreds of smaller silhouettes set on concrete apples paying homage to SASCU's co-operative values and orchardist roots. Members were invited to be part of the legacy project, as the smaller steel silhouettes are developed from those who volunteered to strike a pose. Our members are literally part of this legacy project and will be able to go find their outlined image after the project is completed in the summer of 2022.



# In Our Community

As a co-operative, SASCU's profits stay in our communities. Through our Community Support program, we invest directly in community gathering, community prosperity, and sports and arts for our youth. This commitment of contributing 5% of our Net Operating Income sets us apart as a major supporter in the communities we serve.

Visit [sascu.com/about/community](https://sascu.com/about/community) to learn more.

Building healthy community receives emphasis in SASCU's new strategic plan as we turn our focus towards all audiences in our region, particularly indigenous partnerships, New Canadians, and the underserved. Early objectives of the plan focus on research and education among staff and our leaders to develop clear actions to better serve and partner with these important community groups, plus explore our role in supporting our environment.



SASCU Community Crew members, Kevin and Chris at Music in the Bay

## DONATIONS

In 2021, we supported over 60 organizations with over \$260,000 in donations and sponsorships, including \$22,000 to community food banks and emergency shelters. Learn about more of the groups SASCU supported here:

[dosomegood.ca/business/sascu](https://dosomegood.ca/business/sascu).

## COMMUNITY GATHERING

Here at SASCU we strive to build community connections and strength by supporting opportunities for the community to gather. 2021 was another year of exceptions and there were limited events due to the coronavirus. Fortunately, some events were still able to happen within the provincial health order provisions. Music in the Bay, a weekly summer event in the Sorrento area that showcases local artists was one such event. We look forward to the return of more low cost or free summer outdoor music festivals, sporting events, and celebrations.

**Contributing 5% of our Net Operating Income sets us apart as a major supporter in the communities we serve.**

## COMMUNITY PROSPERITY

SASCU is committed to strengthening opportunities for people of all ages and backgrounds to thrive and ensure a sustainable future in our communities. This often comes in the form of supporting community initiatives that further opportunities for young people to build successful careers here at home; help residents gain new skills and share knowledge; and give a "hand up" to the disadvantaged to participate in our economy. In 2021, this included a \$9,000 donation toward replacing the Shuswap Theatre's HVAC system and sponsorship of the Caravan Farm Theatre Film Festival.

The Makerspace in the Salmon Arm Innovation Centre – Powered by SASCU reopened after closing temporarily due to COVID-19. SASCU Members receive a discount up to 20% on Makerspace memberships.

Learn more: [innovatesa.ca/makerspace/](https://innovatesa.ca/makerspace/).





Grand opening of the SASCU batting cage for the Salmon Arm Minor Baseball Association and the City of Salmon Arm.



James Dyck of Salmon Arm was chosen as the winner of the 4th Annual Shuswap Christmas Car Giveaway.

## YOUTH – SPORTS & ARTS

Getting involved in community events, programs and projects helps youth create meaningful connections, memories, and experiences. We continued to be sponsors of the U9 Salmon Arm Minor Hockey Division, developed an art contest in the Sicamous school district through our youth council, sponsored the Salmon Arm Silverbacks, and helped support the establishment of the SASCU Batting Cage at Klahani Park.

**SASCU gave away \$26,750 in scholarships and awards.**



SASCU is divisional sponsor of U9 - Salmon Arm Minor Hockey. Pictured: Jack McNeil, Photographed by Kristal Burgess

## SCHOLARSHIPS AND AWARDS

SASCU gave away \$26,750 in scholarships and education awards last year. Scholarships emphasize academic achievement while the education awards support those pursuing trades, vocations, or part time academic studies. Recipients demonstrated academic or technical achievement, strong work ethic, and community and school involvement.

## ENDOWMENTS

SASCU has two endowments administered by the Shuswap Community Foundation to further support key areas of environment and youth. The SASCU Youth Endowment funds projects that directly benefit youth, or are developed and led by youth. This year, a Deed of Gift was added to the endowment to strengthen its mandate. The SASCU Community Endowment Fund (SCEF) supports environmental projects in the area to ensure a sustainable future for our community. Last year, funds were awarded to the Shuswap Hut and Trail Alliance Society and the Columbia Shuswap Invasive Species Society.

# 2021 Highlights

## HEALTHY WORKPLACE

We've learned a lot through our experience of the pandemic and in many ways, it has pushed us to adapt and move in new directions faster. We've experienced firsthand the true cost that stress and illness place on both employees and the workplace.

We created a new Healthy Workplace pillar that is measured through our annual Employee Opinion Survey. It will support factors around SASCU's Diversity and Inclusion work, along with highlighting the importance of employee psychological safety, respect, trust, and work life effectiveness.

## FINANCIAL LITERACY

In 2021 we delivered three Wealth Seminars to give specific investment advice to our members. The seminar topics were Taxation & Estate, Protect Your Money, and Financial Strategies for Women.



In 2021, we redesigned our debit cards. Over 3000 cards triggered automatic renewals.

## DIGITIZATION

A significant part of our internal digital work is the implementation of an electronic repository for our forms. Our Support Centre transferred over 5,500 registered deposit contracts into Laserfiche, approximately eight filing cabinets' worth! This is part of SASCU's increasing trend to move toward all electronic files, lessening our use of paper. For example, in 2022 the TFSA agreement process will be fully digitized.

Six different bots, automated programs to complete repetitive administrative tasks, were developed and implemented in 2021. This work is continuing, allowing staff more capacity to move SASCU forward.



By April 2021, the Support team had already scanned 4,330 documents.

## PROCESS IMPROVEMENT

We strive to identify opportunities to improve processes that will help us deliver a seamless, impactful member experience. One such process improvement was posting funds back to member accounts the same day that a utility bill reversal is requested. Previously it took 24 hours.

Another big change undertaken as a result of member feedback was removing the requirement of sole accounts for RRSPs. As of February 1, 2021, Registered Contracts can be opened under new joint accounts.

Interviews were conducted with staff to understand what was getting in the way of better serving members. As a result, improvements were made in calendar syncing, and improved mail handling and communication.

## EMERGENCY RESPONSE

British Columbia suffered many extremes in 2021 from COVID-19, record-breaking heat waves, wildfires, and floods. Throughout it all, SASCU continued to serve our members and provide support to our communities.



SASCU Shade Station at Canadian Mental Health Association Shuswap-Revelstoke!

This year we supported CMHA by providing a shade tent, water and granola bars for those looking to escape the heat, hydrate, and grab a small snack. We also distributed tips on how to "Beat the Heat" and a directory of where to go to cool down.\*

On July 20, wildfires forced our Sicamous branch to temporarily close due to an evacuation alert. We sent our staff home to prepare for a potential evacuation. The branch re-opened the next day.

## SECURITY

As part of our commitment to ensure online security, SASCU upgraded its online banking and app to allow for 2-Step Verification and Password Reset. 2-Step Verification adds an extra layer of security to our members' account(s). Password Reset allows members to reset their password anytime, anywhere.

# Strategic Plan 2021 - 2024

Our new Strategic Plan was approved by the SASCU Board of Directors in May 2021. The foundation of this plan is solid. However, recognizing how much changes over four years, both in terms of industry competitiveness and member expectations, it has built-in flexibility. The Strategic Plan is based on three areas of strategic focus: Member Success, Digital Development, and Our Communities.



## Member Success

### Advice Strategy

- We will build on our strong member relationships by creating a SASCU financial coach program.
- We will deliver personalized experiences that focus on our members' long term financial health.

### Growth Strategy

- We will drive our personal banking, commercial, wealth and insurance operations to deliver a seamless, impactful member experience.
- We will position ourselves to act on appropriate opportunities to expand any of our business operations, whether it be physically or digitally.



# Digital Development

## Member Digital Experience

- We will deliver secure, easy, and reliable tools to simplify our members' experiences.
- We will partner with industry leaders to deliver innovative digital options that attract youth.

## Employee Digital Experience

- We will automate routine tasks to allow staff more time to focus on higher-value work.
- We will become a go-to place for other credit unions to get advice on digital processes and workplace automation.



# Our Communities

## Building Healthy Community

- We will build greater connections with our Indigenous neighbours, new Canadians, and community leaders.
- We will develop products and services that focus on the underserved and that support the environment.

## People & Culture

- We will adopt new approaches to expand our recruitment outreach, building a diverse workforce who have strong development and career advancement opportunities.
- We will foster a positive, engaged and productive culture, ensuring our people have the skills and confidence needed to thrive in our changing environment.

# Corporate Governance



## The SASCU Board of Directors

**Left to right:** Board Chair Dave King, Board Vice-Chair Constance Ladell, Board Secretary David Witt, Director Kelly Bennett, Director Dawn Dunlop, Director Darlene McBain, Director Frank Popien, Director Joan Ragsdale, Director John Schlosar

## BOARD OF DIRECTORS

A democratically elected Board of Directors is just one more way SASCU Credit Union is proudly different than banks. Members elect Directors to three-year terms during annual elections each spring. The nine-member Board's responsibilities include:

- Defining and approving the Credit Union's risk appetite
- Setting, approving and monitoring the Credit Union's strategy and performance and overseeing its planning process; and
- Ensuring the Credit Union has the capability and culture to support its risk appetite and achieve its strategy including:
  - Oversight of the Credit Union and executive team
  - Choosing and evaluating the President & CEO and
  - Recruitment and renewal of the Board

The Board is accountable to the membership and sits independent of management. Each Director serves on two to three committees. The Board Chair, the Board Vice Chair, and the Chair of the Governance Committee set the committees annually, considering what the Credit Union needs, along with individual director availability, background and expertise, and preferences.

The function of committees is to thoroughly analyze issues assigned to them and provide recommendations for Board decisions. Committees may also be useful in planning and controlling and have no authority other than that granted by the Board.



**Audit and Operational Risk Committee:** The committee's primary role is to provide reasonable assurance that the strategic, operational, financial and regulatory objectives of the Credit Union are achieved. The committee ensures the implementation of internal controls to support the enterprise risk management framework, the integrity of financial reporting, and compliance with regulatory matters.

**CEO and Human Resources Committee:** is responsible for the oversight of the performance evaluation and compensation of the President & CEO as well as strategic oversight of the HR function at SASCU.

**Conduct Review Committee:** fulfils the prescribed legal, ethical and functional responsibilities as set out in the Financial Institutions Act (BC) and the BC Financial Services Authority (BCFSA) Governance Guideline for BC credit unions. The Committee's focus is on reviewing transactions with Related Parties (as defined by the Act), implementing procedures to guide the Board in respect of conflicts of interest, and oversight of disclosure obligations to members.

**Credit and Market Risk Committee:** provides effective oversight of the Credit Union's risk management activities related to investment risk, credit risk, liquidity risk, interest rate risk, foreign exchange risk, and capital management. This includes compliance with the Financial Institutions Act and acting as the Investment and Lending Committee as required by the *Financial Institution Act*.

**Governance Committee:** wields the Board of Directors to provide for effective governance of the Credit Union and to evolve governance practices with the needs of the Credit Union. This includes facilitating the Board's own development and succession. The Committee assists the Board in holding Directors and Board Committees accountable for fulfilling their duties.

### **Community Relations and Sponsorship**

**Committee:** provides effective oversight of the Credit Union's risk management activities related to investment risk, credit risk, liquidity risk, interest rate risk, foreign exchange risk, and capital management. This includes compliance with the Financial Institutions Act and acting as the Investment and Lending Committee as required by the *Financial Institution Act*.

**Nominating Committee:** recruits nominees representing a cross-section of community members with appropriate skills for election to the Board of Directors from a community/region served by SASCU Financial, Wealth or Insurance. They oversee the entire nomination and election process to ensure adherence to the Financial Institutions Act and the Credit Union rules.

## **TRAINING AND DEVELOPMENT**

Directors are bound to specific educational requirements plus a general expectation to continuously update their skills and knowledge to effectively carry out their roles and responsibilities. Veteran directors act as mentors, plus background information is made available via a dedicated Board portal to complement the programs available through the Credit Union Director Achievement (CUDA) program. In the first year of office, new directors are required to complete CUDA Level A: Foundations of Governance. In 2018 the SASCU Board made it a requirement for directors to also complete Level B and C of this program to fulfill the requirements to be accredited by Dalhousie University as an Accredited Canadian Credit Union Director (ACCUD by the end of their second term). The ACCUD accreditation has continuing education requirements, which help ensure directors continue to be exposed to the most current thinking about credit union corporate governance in Canada.

## SUMMARY OF BOARD ATTENDANCE AND COMPENSATION

Gross expenses include education such as course registrations and attendance.

NAME	Titles as of 12/31/20	Gross Remuneration	Gross Expenses	Board Meetings Attended/Required	Committee Meetings Attended/Required
KING, Dave	Board Chair	20,880.00	105.61	14 of 14 100%	13 of 11 100%
LADELL, Constance	Board Vice-Chair	13,855.00	166.35	14 of 14 100%	19 of 20 95%
WITT, David	Board Secretary	17,030.00	510.54	13 of 14 93%	15 of 19 74%
BENNETT, Kelly	Director	14,480.00	8.14	14 of 14 100%	18 of 19 94%
DUNLOP, Dawn	Director	8,420.00	82.40	8 of 9 87.5%	6 of 6 100%
MCBAIN, Darlene	Director	13,505.00	553.66	12 of 14 84%	21 of 25 81%
POPIEN, Frank	Director	13,130.00	23.36	14 of 14 100%	19 of 19 100%
RAGSDALE, Joan	Director	13,380.00	4.25	12 of 14 84%	21 of 23 91%
SCHLOSAR, John	Director	13,680.00	77.17	14 of 14 100%	14 of 15 93%

RETIRED DIRECTORS	Date of Retirement	Gross Remuneration	Gross Expenses	Board Meetings Attended/Required	Committee Meetings Attended/Required
JOHNSON, Barry	2021-05-04	\$2,610.00	\$0.00	5 of 5 100%	4 of 4 100%

### INDEPENDENT OVERSIGHT

The Board oversees the management of the organization and is one part of the overall oversight function. SASCU utilizes regular internal audits to ensure compliance with specific regulatory, Board, financial, risk, and operational policies. This includes assessing effectiveness and reliable reporting of control activities. Internal auditors operate independent of management.

### EXECUTIVE

The Executive Leadership Team (ELT) is responsible for developing and implementing the strategy and operational plans to ensure the Board's overall direction is realized. As part of the 2021 strategic planning session, a four year plan (2021 to 2024) was created to move toward fulfilling SASCU's Vision: To be our members' lifelong financial partner. Building off the success of the 2017-2020 Strategic Plan, the Board mapped a new four-year strategic plan with three areas of focus: Member Success, Digital Development, and Our Communities.

### PERFORMANCE & COMPENSATION

The four year strategic plan includes key performance indicators to measure progress around the strategies identified under the three areas of focus: Member Success, Digital Development, and Our Communities. In addition to regular reporting and monitoring, management provides indicators and specific targets with recommendations to the Board as part of the annual strategic planning process. The performance impacts the financial group and the variable portion of individual compensation.

SASCU Credit Union's compensation philosophy is to attract, retain, and motivate highly competent staff using a total compensation approach (base pay, variable pay and benefits) that is:

- Competitive within the marketplace
- Tax-effective for employees and the organization; and
- Reflective of the organization's goals and objectives



The President & CEO compensation package consisting of base salary, variable pay, benefits and perquisites is designed to emphasize the value and impact of the CEO role. The design is consistent with the Credit Union's overall compensation philosophy.

The Credit Union strives for above average performance results and, therefore, provides a competitive base salary targeted to be between the 50th and 75th percentiles of the market. A number of factors impact the actual market position, including experience, background, and the CEO's skill and competency level. Salary progression is impacted by CEO performance, Credit Union performance, and general compensation trends. The variable pay plan is designed with the opportunity to significantly exceed market median through outstanding performance achievements. Benefits and perquisites are competitive with the market.

The market is defined as those organizations with whom SASCU competes for talent. To ensure comparability of market data, consideration is also given to factors such as geographic area, business strategy and an organization's size and complexity (e.g. diversity of business operations, size of business portfolio and number of branches and employees).

## Board Members

### **DAVE KING, BOARD CHAIR**

Board Director (2014 – Current), CUDA Levels A, B & C

- Chair, CEO and Human Resources Committee

### **CONSTANCE LADELL, BOARD VICE CHAIR**

Board Director (2016 – Current), CUDA Level A & C

- Member, Governance Committee & Conduct Review Committee
- Member, CEO and Human Resources Committee
- Member, Audit & Operational Risk Committee

### **DAVID WITT, BOARD SECRETARY**

Board Director (2017 – Current), ACCUD, CUDA Levels A, B & C

- Chair, Nominating Committee
- Member, CEO and Human Resources Committee
- Member, Audit & Operational Risk Committee

### **KELLY BENNETT, BOARD DIRECTOR**

Board Director (2020 – Current), CUDA Level A

- Member, Nominating Committee
- Member, Community Relations and Sponsorships Committee
- Member, Credit and Market Risk Committee

### **BARRY JOHNSON, BOARD DIRECTOR**

Board Director (2015 – 2021), CUDA Levels A, B & C

- Member, Audit and Operational Risk Committee
- Member Credit and Market Risk Committee

### **DARLENE MCBAIN, BOARD DIRECTOR**

Board Director (2019 – Current), CUDA Level A

- Member, Community Relations and Sponsorships Committee
- Member, Governance and Conduct Review Committee
- Member, Credit and Market Risk Committee

### **FRANK POPIEN, BOARD DIRECTOR**

Board Director (2009 – 2013; 2015 – Current), CUDA Levels A, B & C

- Chair, Credit and Market Risk Committee
- Member, Governance and Conduct Review Committee
- Member, Community Relations and Sponsorships Committee

### **JOAN RAGSDALE, BOARD DIRECTOR**

Board Director (2018 - Current), CUDA Level A & B

- Chair, Community Relations and Sponsorships Committee
- Member, Nominating Committee
- Member, Governance and Conduct Review Committee

### **JOHN SCHLOSAR, BOARD DIRECTOR**

Board Director (2000 – 2009; 2012 – Current), ACCUD

- Chair, Credit and Market Risk Committee
- Chair, Audit and Operational Risk Committee

### **DAWN DUNLOP, BOARD DIRECTOR**

Board Director (2021 – Current), CUDA Level A

- Member, Audit and Operational Risk Committee
- Member, Nominating Committee

For further information on the board members go to [sascu.com/about/governance](https://sascu.com/about/governance).

# 2021 Management Discussion and Analysis

This Management Discussion and Analysis report provides a general overview of the credit union's performance and is intended to be read with the 2021 Annual Report and the 2021 Consolidated Financial Statements. Both reports may be viewed online at [www.sascu.com](http://www.sascu.com).

## SUMMARY

A milestone was reached in 2021 with SASCU exceeding \$1 billion in assets. This achievement can be attributed to the continued trust our members hold in SASCU, their local community credit union and financial institution of choice.

Within the consolidated operations of SASCU, there are four lines of business: Retail Banking, Commercial Banking, Wealth Management Services, and Insurance Services. Each of these business lines contribute to the overall earnings of SASCU.

Earnings prior to income taxes of \$7.378 million for 2020 included a one-time investment gain of \$1.526 million. When this is removed, earnings were \$5.851 million for 2020, compared to \$6.695 million in 2021, an increase of 14% over 2020.

Although 2021 saw the continuation of the global pandemic, business activity returned to more normal levels. SASCU saw strong growth in both lending and deposits, and continued focus on investment in our business. Alongside the improving outlook related to the pandemic, SASCU is forecasting 2022 to be another year of strong performance and will continue to invest in areas which benefit our membership.

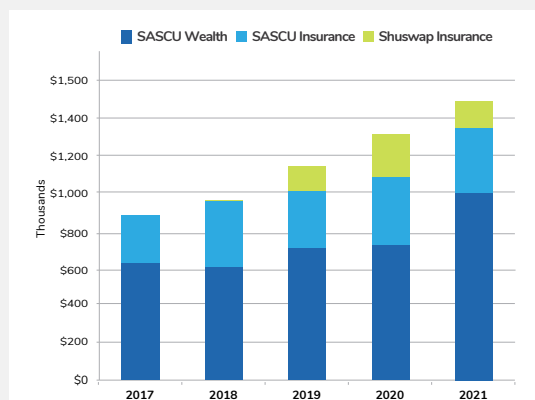
## FINANCIAL MARGIN

Financial margin is the difference between interest earned on loans and investments and interest paid on deposits and other liabilities. It is the largest contributor to earnings. Financial margin in 2021 was \$19.0 million compared to \$16.5 million in 2020, a 15% increase, and is due to the strong lending and deposit growth we experienced.

The Bank of Canada has started increasing rates early in 2022 and is anticipated to raise interest rates six times in 2022 for a total of 1.50%. The impact of these interest rate increases along with forecasted loan and deposit growth will improve financial margin.

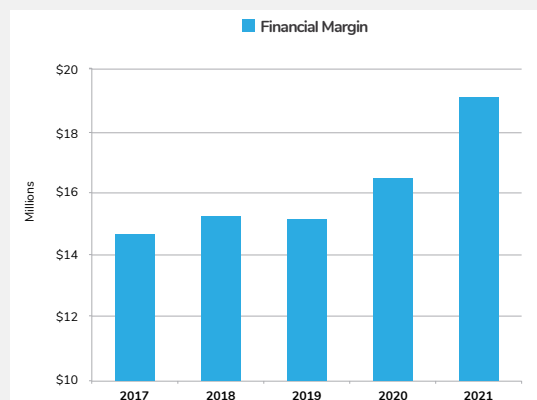
## OTHER INCOME

Other Income includes commission and service fee revenue from our four business lines. In 2020, other income was \$8.7 million which included the one-time investment gain of \$1.5 million. When this is removed, other income was \$7.2 million in 2020 compared to \$7.6 million in 2021, a 6% increase. Member activity slowed at the start of the pandemic. The increase in 2021 reflects a return to more normal member activity.



### SASCU, SASCU Insurance and Shuswap Insurance Income

Combined earnings were up 7% over 2020. In 2021, Wealth earnings were up 34% while insurance earnings were down 22% due to labour shortages and the introduction of Enhanced Care by ICBC.



### Financial Margin

Strong growth in financial margin over 2020 due mostly to strong lending growth.

Our Wealth business offers investment products from third party suppliers, such as mutual funds, for which we receive a commission. In 2021, funds under administration totaled \$247 million up from \$233 million the prior year, a 6% increase.

Our Insurance business acts as brokers of third-party insurance products by offering ICBC insurance, home insurance, and business insurance.

Income earned from these 100% wholly owned subsidiaries for 2021 totaled \$1.4 million, up from \$1.3 million, a 7% increase. Approximately \$1 million of this came from our wealth management division.

## **OPERATING EXPENSES**

Operating expenses were \$19.9 million compared to \$17.8 million in 2020, a 12% increase. In 2020, this area was affected by the pandemic as business activity was slow and operating budgets were not spent. In 2021, business activities and operating expense returned to more normal levels and as a result expenditure increased.

The two areas of note in 2021 are salaries and benefits and general operating and administrative expenses, which increased over 2020 by \$900 thousand and \$1.2 million respectively. In 2020, SASCU reviewed the employee organizational structure to ensure alignment with evolving business needs. The full impact of this change is reflected in the salaries and benefits for 2021. In 2020, general operating and administrative expense included one-time COVID-19 relief, which was not extended to 2021. Other increases include additional expenses to focus on expanding our service delivery channels and moving one-third of our staff to off-site locations.

## **LOANS**

Member loans, net of provision for loan losses, increased to \$760 million in 2021 from \$714 million in 2020, representing growth of 6%. The real estate market was particularly active in 2021, after coming off a more stagnant year in 2020 where loans grew 1%. During the pandemic, additional loan loss provisions were set aside in anticipation of losses. These losses did not occur and the provision for loan losses as a percent of loans stayed steady. The government relief programs put in place to help families and businesses alleviated some of the pandemic's potential impact.

## **DEPOSITS**

Member deposits increased by 10% to \$954 million in 2021 from \$864 million in 2020. This second year of strong deposit growth has been similarly experienced by other financial institutions across Canada and can be attributed to consumers having fewer options as to where they could spend their money. We expect deposits to grow more modestly in 2022 as pandemic restrictions lift and members begin to spend these accumulated savings.

## **CAPITAL**

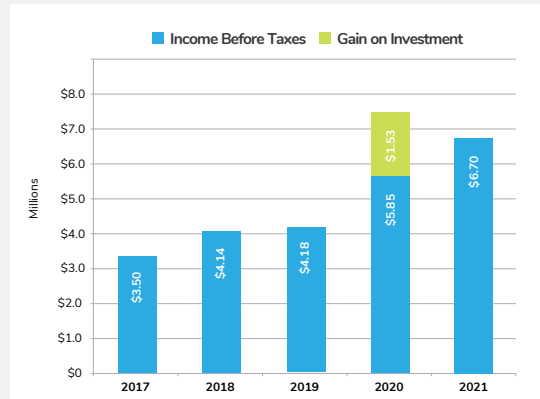
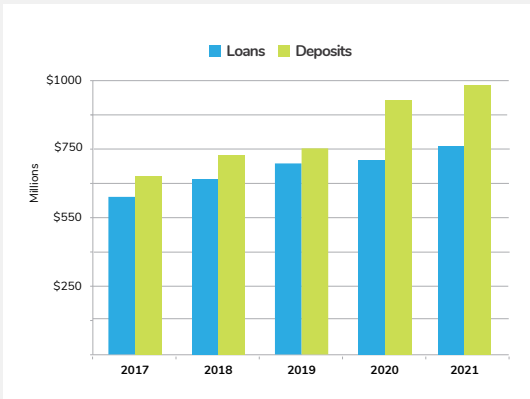
Retained Earnings increased to \$54.2 million in 2021 from \$48.7 million in 2020, an increase of 11%. The provincial regulator for credit unions, the BC Financial Services Authority, requires us to hold a minimum level of capital. Our capital level is strong at 15.86% and is above the minimum regulatory level set at 8% of risk weighted assets. Strong capital levels help fund current and projected member loan growth and investment in the business. Our capital levels are similar to the BC credit union average and are a priority to ensure we can continue to grow.

In January 2021, SASCU's liquidity investments were moved into a portfolio of High-Quality Liquid Assets (HQLA) to meet evolving regulatory needs. These investments are accounted for at fair market value. Any gains or losses are not realized by SASCU unless sold. Unrealized gains or losses are reported in a new line on our financial statements called Accumulated Other Comprehensive Income (loss).

The credit union is exposed to strategic, capital, credit, earnings, market, liquidity, operational and regulatory risks, for which planning, policies and procedures, controls, and monitoring are in place. To support our risk management, we have internal and external audit functions, which are independent of management and report to the Audit and Operational Risk Committee of the Board. In addition, the Board of Directors has established a Risk Appetite framework and management has implemented an Enterprise Risk Management system to effectively monitor and manage key business risks, including emerging risks.



**Jennifer Black**  
Vice President, Finance

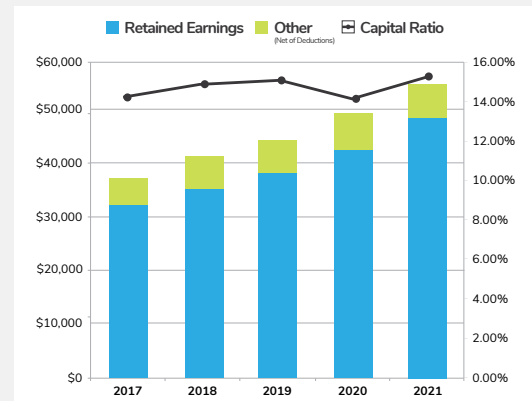
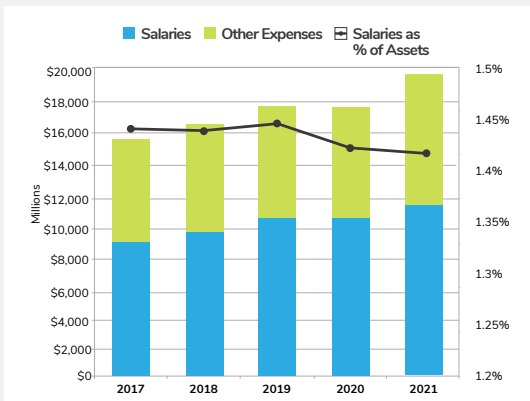


**Growth**

Strong and steady upward trend in loan, deposit and wealth assets under administration.

**Earnings Prior to Income Taxes**

Earnings were higher in 2020 due to a one-time investment gain of 1.53 million. In 2021, strong loan and deposit resumption of business activity increased earnings.



**Operating Expenses**

Operating expenses increase over 2020 as business activities and projects returned to more normal levels.

**Capital**

Strong earnings in 2021 contribute to improving capital position.

# Consolidation Report

## Statement of Consolidated Balance Sheet

	December 31, 2021	December 31, 2020
<b>ASSETS</b>		
Cash	\$ 16,902,136	\$ 27,248,191
Investments	213,956,957	155,136,911
Derivative financial assets	831,982	517,300
Loans to members	760,263,442	713,569,552
Property, plant and equipment	13,401,852	14,034,797
Goodwill and intangibles	4,782,720	5,195,548
Investment property	482,035	503,450
Other assets	2,853,459	2,811,852
	<b>\$1,013,474,583</b>	<b>\$ 919,017,601</b>

<b>LIABILITIES AND MEMBERS' EQUITY</b>		
Accounts payable and accrued liabilities	\$ 4,398,786	\$ 4,833,889
Member deposits	953,812,880	864,242,186
Derivative financial liabilities	831,982	517,300
Member shares	708,834	724,184
Members' equity	53,722,101	48,700,042
	<b>\$1,013,474,583</b>	<b>\$ 919,017,601</b>

## STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME AND MEMBERS' EQUITY

	December 31, 2021	December 31, 2020
Financial income	\$ 24,027,104	\$ 26,052,576
Financial expense	5,073,260	9,568,435
Financial margin	18,953,844	16,484,141
Other income	7,636,914	8,656,255
	<b>26,590,758</b>	<b>25,140,396</b>
<b>Operating expenses</b>		
Distributions to members	13,306	13,622
Employee salaries and benefits	11,315,345	10,406,194
Other	8,566,792	7,342,711
	<b>19,895,443</b>	<b>17,762,527</b>
Income before income taxes	6,695,315	7,377,869
Income taxes	1,142,795	1,235,059
Net income for the year	5,552,520	6,142,810
Members' equity, beginning of year	48,700,042	42,557,232
Accumulated other comprehensive loss	(530,461)	-
Members' equity, end of year	<b>\$ 53,722,101</b>	<b>\$ 48,700,042</b>

## STATEMENT OF CONSOLIDATED CASH FLOWS

	December 31, 2021	December 31, 2020
Cash flows from operating activities	\$ 49,348,614	\$ 114,006,427
Cash flows from investing activities	(59,533,762)	(88,744,540)
Cash flows from financing activities	(160,907)	(11,162,708)
Net increase in cash	(10,346,055)	14,099,179
Cash at beginning of year	27,248,191	13,149,012
Cash at end of year	<b>\$ 16,902,136</b>	<b>\$ 27,248,191</b>

  
Chair of the Board

  
Chair of the Audit Committee

# Summary of Consolidated Financial Statements

## Report of the Independent Auditor on the Summary Consolidated Financial Statements

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To the Members of Salmon Arm Savings and Credit Union

### Opinion

The summary consolidated financial statements, which comprise the summary consolidated balance sheet at December 31, 2021, and the summary consolidated statements of comprehensive income and members' equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Salmon Arm Savings and Credit Union ["the "Credit Union"] for the year ended December 31, 2021.

In our opinion, the accompanying summary consolidated financial statements are a fair summary of the consolidated financial statements, in accordance with the criteria disclosed in Note 1 to the summary financial statements.

### Summary Consolidated Financial Statements

The summary consolidated financial statements do not contain all the disclosures required by international financial reporting standards. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the consolidated financial statements and the auditor's report thereon.

### The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements for the year ended December 31, 2021 in our report dated March 15, 2022.

### Management's Responsibility for the Summary Consolidated Financial Statements

Management is responsible for the preparation of the summary consolidated financial statements in accordance with the criteria disclosed in Note 1 to the summary consolidated financial statements.

### Auditor's Responsibilities

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

*BDO Canada LLP*

Chartered Professional Accountants  
Salmon Arm, British Columbia  
March 15, 2022

## Salmon Arm Savings and Credit Union Note to Summary Consolidated Financial Statements

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December 31, 2021

### Summary Consolidated Financial Statements

The summary consolidated financial statements are derived from the complete audited consolidated financial statements, prepared in accordance with international financial reporting standards as at December 31, 2021.

The preparation of these summary consolidated financial statements requires management to determine the information that needs to be reflected so that they are consistent in all material respects with, or represent a fair summary of, the audited consolidated financial statements.

Management prepared these summary consolidated financial statements using the following criteria:

(a) the summary consolidated financial statements include the statement of consolidated balance sheet, statement of consolidated comprehensive income and members' equity and the statement of consolidated cash flows;

(b) information in the summary consolidated financial statements agrees with the related information in the complete audited consolidated financial statements including comparative information and all major subtotals and totals; and

(c) in all material respects, the summary consolidated financial statements contain the information necessary to avoid distorting or obscuring matters disclosed in the related complete audited consolidated financial statements, including significant accounting policies and the notes thereto.

The complete audited consolidated financial statements of Salmon Arm Savings and Credit Union are available upon request by contacting the management of Salmon Arm Savings and Credit Union.



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Download the SASCU Mobile App today!



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