



FROM
COMMUNITY
COMES
STRENGTH
2008 Annual Report



YEAR IN REVIEW 2008

Credit unions have a history of providing an alternative to banks by advocating equality, equity and mutual self-help. They are places where people work together to achieve a better life for themselves and their families, thereby creating strong communities—and from communities comes strength.

Two significant Community Investment Program contributions were made in 2008. NDCU gave \$50,000 to benefit the community facility and playground at the new Crawford Bay LEED gold status school. Leona Keraiff, treasurer for the East Shore Facilities Planning Committee, was

Nelson & District Credit Union has a proven record of developing innovative banking solutions that enrich our member's lives, while constantly forging innovative alliances with community organizations to improve options for our members and our communities.

Nelson & District Credit Union believes in wellness. Whether for communities, families or the workplace, wellness enriches lives, a concept staff members embrace. Your credit union has a dedicated team who address the importance of a balanced approach to wellness needs

Nelson & District Credit Union is dedicated to the future of our organization and our communities by making a commitment to youth that far surpasses the efforts made by other financial institutions. Youth are the future of our communities and the credit union system!



Nelson & District Credit Union has grown over the years from a modest beginning to a thriving community-based financial co-operative. We believe investing in people is the key to our success.

The attention our Community Investment Program receives makes us proud our sponsorship activities are enriching lives. Our commitment to this program highlights the importance we place on responding to the needs of our members and our communities. Since the inception of the program, your credit union has invested \$1.75 million to ensure a solid foundation for community social infrastructure.

pleased to receive sponsorship from the credit union and comments, "This generous support honours our efforts to create these wonderful facilities, which our school and all East Shore residents will share!"

NDCU also contributed \$25,000 to initiate an endowment with the LeRoi Foundation to benefit Rossland community initiatives in perpetuity. Foundation Chair, Forrest Drinnan, states, "Our success is based on the strong support of our local community members and organizations. Nelson & District Credit Union continues to be a local organization focused on the needs of the community, and we are thankful for this spirit of giving that credit unions are known for."

Innovation is a characteristic the credit union system embraced in 2008 to bring about solutions, like Unlimited Deposit Insurance, TFSA's and Mobile Banking, while also forging relationships with students in need. Nelson & District Credit Union, Selkirk College and the Credit Union Foundation of BC joined together to establish a \$15,000 endowment at Selkirk College to provide an annual bursary for students.

Rose Moore, foundation administrator, explains, "By working together with Nelson & District Credit Union, the Credit Union Foundation is able to help students continue and complete their education goals. Investing in their futures contributes to the community as a whole."

and have identified aspects of wellness that would benefit staff and harmonize with the strategies of the credit union. In 2008, the team surveyed peers on aspects of our wellness program. Seventy-five per cent of staff responded, with 100 per cent affirming the benefits of this initiative. This support makes it easy for this respected team to continue a program that keeps the wellness of staff a priority.

Karol Draper, East Shore Community Branch staff and wellness team member describes the team's philosophy. "To succeed one needs to find something to hold on to, to motivate and inspire. This is what the wellness team has given to staff through fun and engaging activities."

With that statement comes our responsibility to develop resources that offer support. In 2008, our youth services specialist visited 19 classes and presented to over 400 students on the importance of being financially literate.

Our youth website, www.zippitydodog.com, is a resource that helps develop financial literacy. Get ready for a new look and tools in 2009.

At your credit union, we are able to respond to the demands of a growing and evolving community. We strive to offer solutions that best serve our members and programs that benefit staff. These are the reasons we say, Logically. Locally.

OPERATIONAL HIGHLIGHTS FOR 2008

Nelson & District Credit Union had a solid financial year in 2008. Our asset base grew by \$8.9 million to \$157.9 million. We also continued to grow our membership base to over 12,000 strong!

Our conservative approach to financial performance and investing proved its value this fall during the global financial crisis. We follow a simple co-operative model: we raise deposits from our members and lend them out to other members to buy homes and cars, operate small businesses and invest in RRSPs. We don't borrow from global markets or invest in international assets, like our competitors. We like to call our model "100-mile banking."

As a result, NDCU is well capitalized and has sufficient liquidity to weather the economic downturn. In addition, the province of British Columbia, as part of their economic stimulus package in November 2008, provided an unlimited guarantee of all deposits at credit unions in BC. This underscores the strength of our provincial credit union system.


Our earnings were strong again in 2008, and we are conservatively budgeting a break-even year in 2009, given the economic slowdown. Our solid 2008 earnings enabled NDCU to grant \$284,000 to community groups in our local area, bringing our total giving under the Community Investment Program to \$1.75 million. We are proud of our communities and pleased to be able to support the numerous community groups and volunteers.

Our union contract with our staff expired in 2008, and we are hoping to complete negotiations for a new contract shortly. NDCU has always been considered an employer of choice, offering excellent wages and benefits, a fun and challenging workplace and an environment where colleagues are respected. We will continue to be a top employer.





Tom Murray, Senior Manager - Operations




Doug Stoddart, CEO




Linda MacDermid, Chair

REPORT FROM THE CEO AND CHAIR

Nelson & District Credit Union had a successful year in 2008, with assets growing by 6%. Earnings from operations were strong for the first three quarters of the year and dropped in the fourth quarter. Retained earnings now exceed \$10 million and capital adequacy is over 20%. We are in a good position to weather the current economic downturn.

This past year saw the continuation of NDCU's Community Investment Program, after a review by the Board of Directors. The East Shore community received \$50,000 to assist in the completion of facility and playground infrastructure at the new Crawford Bay LEED gold status school. In Rossland, we contributed \$25,000 to start a Rossland Community Fund with the LeRoi Foundation. Yes, it was a good year with 33% of NDCU's net income returned to communities through our Community Investment Program. Members earned a 7% dividend on their equity shares.

However, one of NDCU's challenges is lending money. We raise funds from the community through member's investments and funnel the funds back to community businesses and members through loans and mortgages.

At this time, the Kootenay real estate market is very slow, and NDCU is looking for an avenue to invest these funds in our communities. Do you have a friend or neighbour that has a mortgage maturing? Now is the time to tell them about NDCU's great rates, exceptional personal service and commitment to community.

As stated above, "it was a good year." A big thank you goes to the staff who ensure the member's needs are met, to the management team who support the staff, and to the Board of Directors who provide strategic direction, governance and oversight. To the members, your support holds together the foundation of the credit union, and from community comes strength. Without you, we are not relevant!

MESSAGE TO MEMBERS

The accompanying condensed consolidated financial statements have been prepared from the consolidated balance sheet of Nelson & District Credit Union as at December 31, 2008, and the consolidated statements of income and comprehensive income, and changes in members' equity for the year then ended. Readers are cautioned that these condensed financial statements do not include all the disclosures necessary for complete and fair presentation. Complete audited financial statements for the year ended December 31, 2008, together with the auditor's report thereon, are available at any branch of Nelson & District Credit Union or on our website at www.nelsoncu.com/2008AnnualReport_Audited.pdf

Doug Stoddart, CEO

John R. Yowek, CGA, Controller

DIRECTOR DISCLOSURE

2008 Board Meeting Attendance Record			
Director	Representative Area	Board Meetings Attended	Percentage Attended
Marjorie Bailey	Nelson Director	11 of 11	100%
Andy Chute	Nelson Director	11 of 11	100%
John Edwards	East Shore Director	10 of 11	90%
Linda MacDermid	Rossland Director	11 of 11	100%
Mark Martin (resigned Nov. 2008)	At Large Director	8 of 9	88%
Christine McCandlish	At Large Director	11 of 11	100%
Colin McClure	Nelson Director	10 of 11	90%
Gordon Player	Rossland Director	11 of 11	100%
Bernie Swendson	Nelson Director	10 of 11	90%
Lorne Westnedge (appointed Dec. 2008)	At Large Director	1 of 1	100%



CONDENSED CONSOLIDATED BALANCE SHEET

as at December 31, 2008

ASSETS

Cash and term deposits
Loans (net of allowance for doubtful loans)
Other investments
Property, plant and equipment
Other assets

	2008	2007
Cash and term deposits	\$ 41,973,679	\$ 31,230,412
Loans (net of allowance for doubtful loans)	108,596,068	109,996,815
Other investments	3,527,983	3,914,016
Property, plant and equipment	3,370,035	3,465,096
Other assets	440,431	330,356
	<u>\$ 157,908,196</u>	<u>\$ 148,936,695</u>

LIABILITIES and MEMBERS' EQUITY

Members' Deposits
Demand
Term
Registered

Members' Deposits		
Demand	\$ 80,707,063	\$ 71,600,803
Term	39,861,575	41,770,015
Registered	24,191,805	22,944,029
	<u>144,760,443</u>	<u>136,314,847</u>

Other liabilities

Other liabilities	931,846	1,245,725
	<u>145,692,289</u>	<u>137,560,572</u>

Members' Equity
Equity shares
Contributed surplus
Retained earnings

Members' Equity		
Equity shares	1,251,710	1,282,464
Contributed surplus	762,796	762,796
Retained earnings	10,201,401	9,330,863
	<u>12,215,907</u>	<u>11,376,123</u>

\$ 157,908,196 \$ 148,936,695

Approved by the Directors:

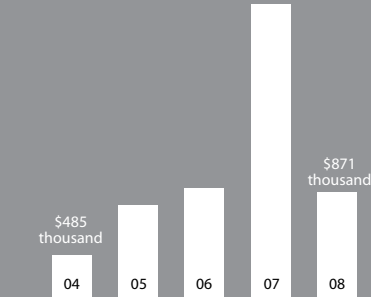
CONDENSED CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS

for the year ended December 31, 2008

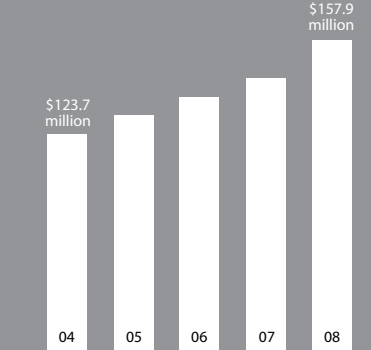
	2008	2007
Financial income	\$ 7,868,145	\$ 7,788,003
Financial expense	2,683,125	2,440,283
Financial margin	<u>5,185,020</u>	<u>5,347,720</u>
Other income	<u>1,661,154</u>	<u>1,723,696</u>
	<u>6,846,174</u>	<u>7,071,416</u>
Operating expenses		
Provision for losses on loans	165,957	244,371
Salaries and employee benefits	2,869,539	2,768,926
Other administrative expenses	2,503,630	2,262,394
	<u>5,539,126</u>	<u>5,275,691</u>
Earnings before dividends, community investment and taxes	<u>1,307,048</u>	<u>1,795,725</u>
Distribution to members	78,000	72,537
Community investment	283,985	285,516
Income taxes	74,525	434,817
Net Income from continuing operations	<u>870,538</u>	<u>1,002,855</u>
Discontinued operations		
Gain on sale of discontinued operations	-	2,095,629
Earnings from discontinued operations	-	10,666
Future income tax expense	-	(399,000)
Net Income	<u>870,538</u>	<u>2,710,150</u>
Retained earnings, beginning of year	<u>9,330,863</u>	<u>6,620,713</u>
Retained earnings, end of year	<u>\$ 10,201,401</u>	<u>\$ 9,330,863</u>

Complete consolidated financial statements including notes are available at any branch of Nelson & District Credit Union or on our website at www.nelsoncu.com/2008AnnualReport_Audited.pdf

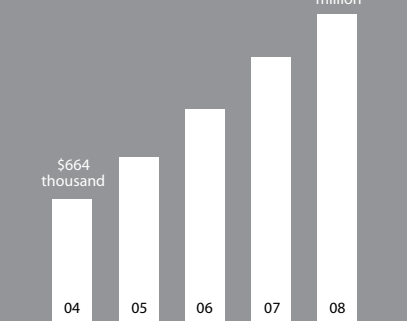
Net Income



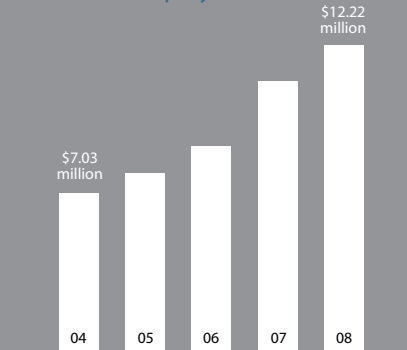
Assets



Cumulative Investment In Our Communities



Members' Equity



accounts that enrich your life



planning that enriches your life



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controlled sources and recycled wood or fiber
Groupe de produits issu de forêts bien gérées,
de sources contrôlées et de bois ou fibres recyclés

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Nelson & District

CREDIT UNION  *Logically. Locally.*

enrichingyourlife@nelsoncu.com

Allard Insurance

AGENCIES LTD  *Logically. Locally.*

thehike@nelsoncu.com

Nelson Community Branch

501 Vernon Street, Nelson
250.352.7207

Personal & Business Banking
Wealth Management

www.aspiretrio.ca

Rossland Community Branch

2071 Columbia Avenue, Rossland
250.362.7393

Personal & Business Banking
Wealth Management

www.nelsoncu.com

East Shore Community Branch

16030 Hwy 3A, Crawford Bay
250.227.9221

Personal & Business Banking
Wealth Management

www.zippitydodog.com

