



**NORTHERN SAVINGS**  
CREDIT UNION

# ANNUAL REPORT 2010



The heart of our core business is strengthening and growing our Northwest BC communities and members, and our organization.

# 70 YEARS STRONG

March 21, 2010 marked the 70<sup>th</sup> anniversary of Northern Savings Credit Union. Northern Savings stays true to the same cooperative principles that were established back in 1940 - community-based, member-owned, and democratically governed.

From its modest beginnings as Prince Rupert Fishermen's credit union, Northern Savings quickly joined forces with other northern credit unions to become a strong, full-service, financial service provider. Braving recession and the unpredictable economy - Northern Savings has always remained dedicated to the northwest communities it serves.

Today, Northern Savings offers a full range of personal and commercial banking services, as well as insurance, financial advising, and investment services through its online channels and its branch locations in Prince Rupert, Masset, Queen Charlotte, and Terrace. Additionally, Northern Savings owns and operates a wholesale mortgage centre, deposit agency, an insurance agency in Southern BC, and an information technology company that provides services to other credit unions and small businesses throughout the province. The credit union employs over 200 people to serve its 20,000-plus members and holds assets of \$743 Million.

# WE CELEBRATED OUR 70<sup>TH</sup> ANNIVERSARY BY GIVING BACK

70 was the lucky number during Credit Union week. We celebrated our 70<sup>th</sup> by giving back to the communities we serve. We held a weeklong celebration in which staff performed good deeds for members and community groups.

## All four of our Northern Savings' branch locations participated in the following good deeds:

Giving away cash prizes of up to \$70 to 70 lucky members;

Contributing 70 minutes of community service (e.g. garbage pickup, volunteering at an animal shelter, hosting Bingo at a Seniors Centre, etc.); and

Giving members gifts.

Queen Charlotte members receive a \$70 good deed!



Branches dropped off 70 cupcakes to local groups.

## As well as:

Dropping off 70 cupcakes to local groups (seniors centres, fire halls, police departments, etc.);

Donating 70 items to local community groups (70 blankets to the Transition House, 70 pounds of pet food to the SPCA, etc.); and

Our staff had a fabulous time participating in the good deeds and would like to thank all the people and local businesses that helped support us through the exhilarating week.

Masset Branch Manager, Lareina Grosse, donating pet food to the Masset Animal Helpline.



# A WORD FROM THE CHAIR & CEO

2010 marked 70 years of continuous service for Northern Savings Credit Union. As one of the first credit unions in British Columbia to be incorporated under the Credit Union Act, Prince Rupert Fisherman's Credit Union's legacy lives on. Today we are proud to serve our members in Haida Gwaii, Prince Rupert, Terrace and our customers in southern British Columbia. Members can be proud to be part of Northern Savings as we continue to grow and reinvest in the communities we serve.



**Richard Forssell**  
Chair

Community reinvestment continues to be a strong part of Northern Savings. Through our Board Sponsorships, grants, and donations we contributed more than \$200,000 back to community organizations in 2010. In 2010, Northern Savings supported initiatives such as: Board Development Workshops, The Northern Fresh Food Initiative - to improve capacity for locally developed food in the region, Haida Gwaii Higher Education Society, as well as significant resources to literacy, including "B is for Basketball" a children's book based on the region's passion for basketball.



**Bill Nicholls**  
Interim CEO

Our financial results reflect a challenging year as we began to feel the effect of rising interest rates. In order to comply with the upcoming implementation of the International Financial Reporting Standards (IFRS) in 2011, a series of significant structural changes in the credit union financial system took place which also

significantly reduced earnings in comparison to prior years. Our balance sheet remains strong as we have high cash reserves and strong retained earnings as well as positive business growth over the year.

The Board and Management continue to develop strategic solutions to address the slow northern regional economy. There is much optimism regarding the future of Northern Savings and our communities, as we learn more about large scale projects associated with Rio Tinto Alcan, The Prince Rupert Port Authority, Ridley Terminals, The Port of Kitimat, a bio-fuel facility in Terrace, the Northwest Transmission Line and much more on the horizon.

On a sad note, 2010 also marked the sudden passing of our long time CEO, Michael J. Tarr. In addition to his distinguished 23 year career as CEO of Northern Savings, Mike had also previously served Kaien Consumers Credit Union as Board Chair. Mike represented the North Coast Region on the provincial and national stages, receiving many awards and accolades for his service. He will be truly missed.

Our goal is to stay strong and true to our cooperative values for another 70 years. In order to do this, we need to reflect on the ever-changing financial landscape. For 2011, Northern Savings is committed to ensuring our business units are stable and operating efficiently. Additionally, the Board of Directors is continuing its pursuit of finding a new leader for the credit union.

We recognize that our most important assets are our members; by investing and borrowing in their local credit union, our members strengthen our communities. We would like to thank the Board of Directors for their unrelenting support and diligence. We also commend our dedicated employees, who continue to provide the trusting and caring service that has become the hallmark of Northern Savings.

Sincerely,

RICHARD FORSELL

BILL NICHOLLS

## Report of the independent auditor on the summary consolidated financial statements

### To the Members of Northern Savings Credit Union

The accompanying summary consolidated financial statements, which comprise the summary consolidated balance sheet as at December 31, 2010, the summary consolidated statements of earnings, comprehensive income, retained earnings, and accumulated other comprehensive income, and cash flows for the year then ended, are derived from the audited consolidated financial statements of Northern Savings Credit Union as at December 31, 2010. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated February 17, 2011. Those consolidated financial statements, and the summary consolidated financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those consolidated financial statements.

The summary consolidated financial statements do not contain all the disclosures required by Canadian generally accepted accounting principles. Reading the summary consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of Northern Savings Credit Union.

### Management's responsibility for the summary consolidated financial statements

Management is responsible for the preparation of a summary of the audited consolidated financial statements in accordance with Article 128 of the Financial Institutions Act of B.C.

### Auditors' responsibility

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

### Opinion

In our opinion, the summary consolidated financial statements derived from the audited consolidated financial statements of Northern Savings Credit Union for the year ended December 31, 2010 are a fair summary of those consolidated financial statements, in accordance with Article 128 of the Financial Institutions Act of B.C.

Vancouver, Canada  
February 17, 2011

GRANT THORNTON LLP  
Chartered Accountants



# THE NUMBERS

## Summary consolidated balance sheet

December 31	2010	2009
<b>Assets</b>		
Cash resources	\$ 133,953,745	\$ 78,786,256
Loans	574,066,104	530,624,866
Receivables and intangibles	16,286,070	19,935,659
Investments and other	5,213,648	5,555,752
Premises and equipment	14,233,875	13,262,847
	<b>\$ 743,753,442</b>	<b>\$ 648,165,380</b>
<b>Liabilities and members' equity</b>		
Deposits	\$ 704,889,714	\$ 583,982,684
Borrowings	-	20,000,000
Payables and accruals	5,614,520	10,856,220
Contributed surplus	950,936	950,936
Retained earnings	32,298,272	32,375,540
	<b>\$ 743,753,442</b>	<b>\$ 648,165,380</b>

On behalf of the board,



DIRECTOR



DIRECTOR

## Summary consolidated statements of earnings, comprehensive income, retained earnings and accumulated other comprehensive income

Year Ended December 31	2010	2009
Financial income	\$ 29,455,769	\$ 26,404,433
Financial expense	16,565,679	17,339,741
Financial margin	12,890,090	9,064,692
Provision for credit losses	(1,500,000)	(950,000)
Other income	9,960,343	21,980,030
Operating margin	21,350,433	30,094,722
Operating expenses	21,098,892	19,136,281
Earnings from operations	251,541	10,958,441
Distributions to members	121,619	258,827
Earnings before income taxes	129,922	10,699,614
Income taxes	207,190	1,505,753
Net (loss) earnings	<b>\$ (77,268)</b>	<b>\$ 9,193,861</b>
Net (loss) earnings	\$ (77,268)	\$ 9,193,861
Other comprehensive loss, net of tax	-	(82,735)
Comprehensive (loss) income	<b>\$ (77,268)</b>	<b>\$ 9,111,126</b>
Retained earnings, beginning of year	\$ 32,375,540	\$ 23,181,679
Net (loss) earnings	(77,268)	9,193,861
Retained earnings, end of year	<b>\$ 32,298,272</b>	<b>\$ 32,375,540</b>
Accumulated other comprehensive income, beginning of year	\$ -	\$ 82,735
Net changes	-	(82,735)
Accumulated other comprehensive income, end of year	<b>\$ -</b>	<b>\$ -</b>

## Summary consolidated statement of cash flows

Year Ended December 31	2010	2009
Cash flows provided by (used in)		
Operating activities	\$ 765,999	\$ (7,722,705)
Financing activities	127,852,471	238,597,484
Investing activities	(73,783,996)	(237,922,031)
Net increase (decrease) in cash resources	54,834,474	(7,047,252)
Cash resources, beginning of year	21,862,956	28,910,208
Cash resources, end of year	<b>\$ 76,697,430</b>	<b>\$ 21,862,956</b>

A complete set of financial statements is available from the credit union.

## BOARD OF DIRECTORS



**Richard Forssell**  
Prince Rupert



**Bill Greene**  
Prince Rupert



**Don Scott**  
Prince Rupert



**Douglas-Mark Louis**  
Queen Charlotte



**Ed Lavoie**  
Terrace



**Flora D'Angelo**  
Prince Rupert



**Frieda Dams**  
Terrace



**Gerry McNish**  
Prince Rupert



**Ken Rea**  
Masset



**Larry Hope**  
Prince Rupert



**Nirmal Parmar**  
Terrace

## SENIOR MANAGEMENT



**Bill Nicholls**  
Interim CEO  
& VP Finance



**Brad Best**  
Senior VP  
Support Services



**Ellen Little**  
VP Human  
Resources



**Janet Mirau**  
VP Business  
Development  
& Marketing



**Sharon Stromdahl**  
Senior VP  
Member Services



**Tony deViveiros**  
VP Risk  
Management

### Head Office

138 Third Avenue West  
Prince Rupert, BC V8J 1K8  
P: 250.627.3600

### Prince Rupert Branch

138 Third Avenue West  
Prince Rupert, BC V8J 1K8  
P: 250.627.7571

### Terrace Branch

4660 Lazelle Avenue  
Terrace, BC V8G 1S6  
P: 250.638.7822

### Masset Branch

1663 Main Street  
Masset, BC V0T 1M0  
P: 250.626.5231

### Queen Charlotte Branch

110 Causeway Street  
Queen Charlotte, BC V0T 1S0  
P: 250.559.4407

## Northern Savings Financial Services

### Masset

1663 Main Street  
Masset, BC V0T 1M0  
P: 250.626.3199

### Prince Rupert

138 Third Avenue West  
Prince Rupert, BC V8J 1K8  
P: 250.627.3612

### Terrace

4660 Lazelle Avenue  
Terrace, BC V8G 1S6  
P: 250.635.0515

### Queen Charlotte

110 Causeway Street  
Queen Charlotte, BC V0T 1S0  
P: 250.559.4778

### Northern Savings Insurance Agency Ltd.

138 Third Avenue West  
Prince Rupert, BC V8J 1K8  
P: 250.627.1123

### Paragon Insurance Agencies Ltd.

4660 Lazelle Avenue  
Terrace, BC V8G 1S6  
P: 250.635.6371

### Cadboro Bay Insurance Agency Ltd.

2571 Cadboro Bay Road  
Victoria, BC V8R 5J1  
P: 250.477.1355

## Mortgage and Investment Group

### Victoria

735 Market Street  
Victoria, BC V8T 2E2  
P: 250.383.9101

### Kelowna

201 - 2141 Springfield Road  
Kelowna, BC V1Y 7X1  
P: 250.448.8530

### Northern Savings Deposit Agency Ltd.

318 6325 - 204th Street  
Langley, BC V2Y 3B3  
P: 604.514.3029

### CUTASC

(CU Technical and Administrative  
Services Corporation)  
138 Third Avenue West  
Prince Rupert, BC V8J 1K8

[www.northsave.com](http://www.northsave.com)



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