

2020

ANNUAL REPORT



Report from the Board Chair & CEO

One of the most important roles of any Credit Union Board is to set the strategic direction and work with Management to best forecast the opportunities and challenges ahead. To say that no one could have predicted the impact that COVID would have on our business and community is an understatement. However, the community of Prince George proved to be resilient and we were able to grow our loan and deposit business, along with our mutual funds portfolio while maintaining a high service level for our members. With a focus on our expenses, we were able to improve profits over the course of the year. We hope that 2021 proves to be a transition out of 'lockdown' and into branch visits, community events, and more face-to-face time.

Despite COVID, your Board continued to meet regularly, through virtual formats, and remained diligently committed to oversee the operations of Spruce Credit Union.

We'd like to thank the Board for the continued dedication to set the strategy and oversee the operations of your credit union. We had four Board seats available and four qualified applicants so we are pleased to share that the following individuals have been acclaimed as Directors of your Board with the following terms:

- | | |
|---------------------|-----------------------|
| Chris Matte—2 Years | Reg Foot—3 Years |
| Dan Denis—3 Years | Jason Kennedy—3 Years |

Thank you to all staff & management for your dedication to serving our members during these very challenging circumstances. Your resilience has been remarkable as you adjusted to the many changes and continued to help members with a safe in-branch experience.

We extend our deepest gratitude to members for your loyalty and respecting the COVID protocols that have been put in place for the safety of our community. We value the trust you put in us and we will continue to preserve the human connection (in all the ways that we can) for your banking needs.


Reg Foot
Board Chair


Ken Dickson, CCE, CPA, CGA
Chief Executive Officer

Report of the Independent Auditor on the Summarized Financial Statements

To the Members of Spruce Credit Union:

Opinion

The summary financial statements, which comprise the summary statement of financial position as at December 31, 2020, and the summary statements of comprehensive income and changes in members' equity and cash flows for the year then ended are derived from the audited financial statements of Spruce Credit Union (the "Credit Union") for the year ended December 31, 2020.

In our opinion, the accompanying summary financial statements are a fair summary of the audited 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 audited financial statements and the auditor's report thereon.

The Audited Financial Statements & Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated March 18, 2021.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of the summary financial statements.

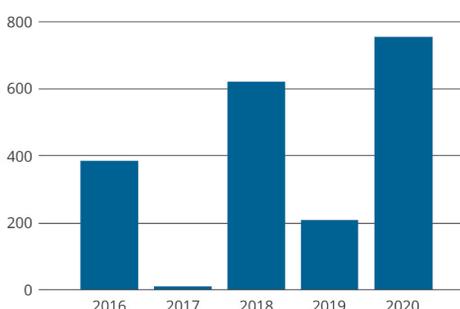
Auditor's Responsibility

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

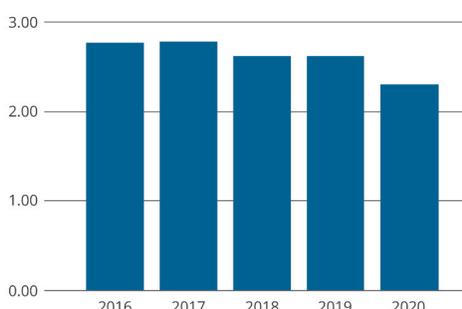

Chartered Professional Accountants



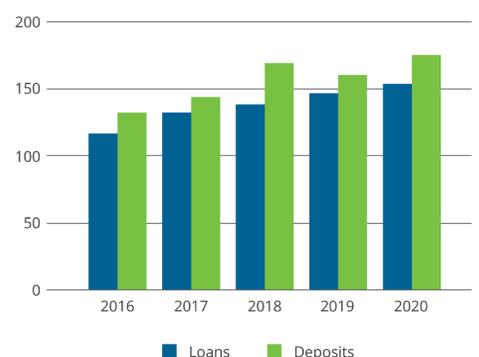
Net Income (\$ 000)



Operating Expenses (% of assets)



Member Loans & Deposits (\$ 000,000)



Spruce Credit Union
Summary Statement of Financial Position
As at December 31, 2020

	2020	2019
Assets		
Cash and cash equivalents	16,385,348	3,735,678
Investments	15,383,670	19,921,332
Loans to members	153,244,906	146,546,812
Income taxes recoverable	-	9,036
Property and equipment	2,150,793	2,291,866
Intangible assets	966,886	1,143,981
Other assets	187,069	249,827
	188,318,672	173,898,532
Liabilities		
Deposits from members	173,756,384	158,656,586
Income taxes payable	195,311	-
Borrowings	3,005,452	4,500,000
Accounts payable and accrued liabilities	667,060	733,194
Lease liability	272,134	294,085
Deferred income tax liability	99,000	137,000
Membership shares	211,131	217,954
	178,206,472	164,538,819
Members' equity		
Retained earnings	10,112,200	9,359,713
	188,318,672	173,898,532

Approved on behalf of the Board



Director



Director

Spruce Credit Union
Summary Statement of Comprehensive Income & Members' Equity
For the year ended December 31, 2020

	2020	2019
Interest income	6,432,195	6,524,370
Interest expense	2,111,639	2,391,802
Net interest margin	4,320,556	4,132,568
Provision for credit losses	209,801	192,818
Net interest income	4,110,775	3,939,750
Other operating income	1,294,002	1,115,375
Total operating income	5,404,757	5,056,125
Total operating expenses	4,484,021	4,855,937
Income before income taxes	920,736	200,188
Income tax expense (recovery)	168,249	(2,024)
Comprehensive income	752,487	202,212
Members' equity, beginning of year	9,359,713	9,157,501
Members' equity, end of year	10,112,200	9,359,713

Spruce Credit Union
Summary Statement of Cash Flows
For the year ended December 31, 2020

	2020	2019
Cash provided by (used for) the following activities		
Operating activities	1,520,789	579,342
Financing activities	13,615,412	(4,852,078)
Investing activities	(2,486,531)	(2,155,543)
Increase (decrease) in cash and cash equivalents	12,649,670	(6,428,279)
Cash and cash equivalents, beginning of year	3,735,678	10,163,957
Cash and cash equivalents, end of year	16,385,348	3,735,678

Note: Readers are cautioned that these summarized financial statements do not include all the disclosures required for complete and fair presentation.

Financial Statements

A full set of audited financial statements are available by calling our branch at 250-562-5415 or at www.sprucecu.bc.ca/Personal/AboutUs/FinancialStatements

Should you have any questions, please feel free to contact our CEO, Ken Dickson at kendickson@sprucecu.bc.ca or by calling the branch.

70th Annual General Meeting—Join Us!

Wednesday, May 12, 2021

Virtual Meeting Starts at 6:00 pm

Email dmatheson@sprucecu.bc.ca to register.

Agenda

Call to Order	Report of the Directors
Introduction of Presenters, Directors & Guests	Report of CEO
Ascertainment of Quorum	Presentation of Financial Statements
Appointment of Recording Secretary	Report of the Auditors
Moment of Silence	Appointment of Auditors
Appointment of Parliamentarian	Nominating Committee Report
Adoption of Agenda	New Business
Approval of Minutes (69th AGM)	Good and Welfare
Business Arising Out of Minutes	Adjournment

Member Share Dividends

A 3.00% interest dividend, based on your minimum monthly membership share balances in 2020, was declared and paid effective January 1, 2021.

Preserving the Human Connection in Banking

Spruce Credit Union continues to identify opportunities to increase our presence in the community that align with our values. Our team participated in 'Random Acts of Kindness' to round out 2020 – giving without expectation – a wonderful activity to lift the spirits of our team and community.

Spruce Credit Union & Interior Savings Discuss Merger Opportunity

After many years of success serving geographic markets in the interior of BC, Interior Savings Credit Union and Spruce Credit Union are in discussions about a potential merger of our two credit unions.

With a strong alignment on a commitment to our communities, employee engagement and development, and providing continued value to members built on trust and strong relationships, the merger of our two credit unions could enable opportunities in all these areas, through scale and combined resources.

Combined, the two credit unions have over 150 years of joint experience serving the Prince George region as well as the Thompson Okanagan region. Collectively, we could provide a network of 23 branch locations and 16 insurance locations, to a combined 77,000 members, spanning across 16 communities. Combined total assets under administration would be approximately \$3.7 billion as of November 30, 2020. Both credit unions are working diligently to complete a thorough assessment of the opportunity.

As the assessment and due diligence progresses, members will be provided with periodic updates through our regular member communication channels.



Preserving the human connection in banking

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