



OSOYOOS
CREDIT UNION
together we're better

2021 ANNUAL GENERAL REPORT

Initially Delivered at Annual General Meeting
Wednesday, May 18, 2022

Committed to Community

Osoyoos Credit Union is the financial institution of choice
with competitive products, professional personal service
and a community focus.



Credit Union embraces Market Conduct code

OSOYOOS CREDIT UNION has embraced a new market conduct code — shared among other credit unions in British Columbia — that ensures the work we do to grow out business is fair and ethical.

As our primary motivation at OCU is to provide quality products and services to our members, it only makes sense that we ensure our members are completely satisfied with the level of services they receive.

Our Market Conduct Code is the roadmap to help us do that.

The Code includes best practices we pledge to follow as we market, sell and distribute our products and services. We have committed to the fair treatment of all those who use our services and we reaffirm our commitment to fair sales practices, comprehensive access to banking services, transparency and openness. We will also maintain a reasonable approach to settling complaints.

Our best practices can be summarized in five key principles:

- **Business Practices:** We are committed to providing fair treatment to all our members and customers using our products and services.
- **Fair Treatment and Fair Sales:** Treating members and customers fairly and demonstrating fair sales practices at all times are integral parts of our business practices.
- **Access to Banking Services:** We ensure that all credit union members and customers are granted access to fundamental financial services.
- **Transparency and Disclosure:** The credit union uses plain-language descriptions of products and services in its communications to ensure people make informed decisions.
- **Complaint Handling:** We examine complaints and work to settle them fairly, and we track complaints to help ensure our practices continue to improve.

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The 2021 Osoyoos Credit Union Annual Report is available on the Osoyoos Credit Union's website at ocubc.com

For further information, contact:

Greg Sol, CEO

8312 Main Street

Osoyoos, BC V0H 1V0

Ph. 250.495.6522 | Fax. 250.495.3363



Osoyoos Credit Union is a Living Wage Employer

OSOYOOS CREDIT UNION is proud to announce that we are certified as a Living Wage Employer! A Living Wage Employer is an organization that provides a "living wage rate" to its employees that reflects the "true costs of living in a community and that parents can earn what they need to support their families."

As Living Wage Employers, we not only meet the requirements of providing a "living wage," but we also strive to do business with other social enterprises wherever possible to help reduce poverty in our communities.

In 2021, OCU paid out \$1,742,094 in employee salaries and benefits, income that for the most part was invested back into the community.

That was an increase of \$129,872 (8%) from 2020.



Building begins at home



Our leadership role

Osoyoos Credit Union lived up to its responsibility to be a community leader with staff committing hours of volunteer time and effort — and OCU contributing funding — to various events and fundraisers. That included providing information and encouragement at an Osoyoos Coyotes game, hosting a Hawaii Day in February and participating in a Desert Valley Hospice Society hike.



Investment in our community

Osoyoos Credit Union's Community Giving Fund supports local non-profit organizations and community groups with projects and initiatives that contribute to economic revitalization and improved quality of life, while breaking down barriers in order to help families achieve economic success and enhanced quality of life.

In 2021, OCU delivered \$75,000 in grant funding to 31 organizations in the South Okanagan, West Boundary and Similkameen.

Those organizations were:

- Khalsa Farmer Aid
- Osoyoos Secondary School
- Osoyoos Lawn Bowling Club
- Osoyoos Seniors Centre Assc.
- School after School Society
- West Boundary CSCA
- Osoyoos Museum Society
- Rotary Club of Osoyoos
- Osoyoos & District Arts Council
- Trails to the Boundary
- Desert Valley Hospice Society
- Rock Creek & Boundary Fall Fair
- Rock Creek Medical Clinic
- Osoyoos Lawn Bowling Club
- Desert Park Exhibition Society
- Tour De Cure
- Osoyoos FireFighter Fund Raiser
- Desert Park Exhibition Society
- Cantina Cup Hole Sponsorship
- Royal Canadian Legion
- Town of Osoyoos
- Desert Sun Counselling
- Osoyoos Desert Society
- Lower Similkameen Swim Club
- Osoyoos Food Bank
- Keremeos Food Bank
- Oliver Food Bank
- Rock Creek Food Bank
- Osoyoos Elementary PAC

CEO's Report to the Membership

DON'T KNOW ABOUT YOU, but the COVID-19 reality we continue to experience was not what I was expecting as another Annual General Meeting of the Osoyoos Credit Union approaches.

I think as collective communities we had high hopes – and maybe even expectations – to put the pandemic in our rearview mirror, a little shaken, likely forever changed, but largely ready and eager to return to a “normal” life.

But as I collect thoughts to share in my report, at the core of that examination is how the last two years have impacted how the Credit Union does business – and how conducting that business has changed me, the resilient OCU staff, our board of directors and even our membership.

Last year, I wrote that in the coming years we would look back at 2020 – the first year of the pandemic – as a spark that allowed us to amplify OCU's core values of community, professionalism, accountability and independence.

A year later, I am now pleased to report that, similarly, in the future we'll look back at 2021 and see how deeply those values are entrenched. Despite the handicap of literally working from behind a mask, OCU was positioned to play an even larger role in securing the financial future of its membership and the communities in which they reside.

We've gotten very good at pivoting through change while staying true to our financial, management and ethical commitments.

I mentioned last year how it was not uncommon for our staff to conduct business over the hood of a vehicle or sitting across the living room in a member's home. I still hear story after story about how these out-of-branch interactions are enriching lives, how it is improving community awareness and deepening relationships.

Unique measures and solutions are routinely considered and readily implemented where appropriate to support our members through difficult times. We have forged new partnerships (more on that in a minute) and delivered significant aid to community groups to help them maintain purpose.

The OCU team has embraced this as the new normal and I expect the practice of “getting out of the branch” to conduct business in a more personal setting will continue long after the pandemic is over.

We're embedding that in our culture.

Last year, \$75,000 was approved in grants to various clubs and organizations in our communities, money that helped with fundraising and delivery of diverse programs and services to diverse populations from Rock Creek to Keremeos, Osoyoos to Oliver.

At the heart of our giving program is a commitment to supporting our communities and the organizations that do good work within them. We strive to leverage new opportunities, are committed to education through every station of life and want to ensure increased propensity for our local home.

Our communities of business are growing. After a very successful launch of a community centre in Rock Creek — establishing a hub that includes branch operations but also offers so much more — we now have relationships in two more communities.

Working with the Osoyoos Indian Band and the Lower Similkameen Community Services Society, we now have similar hubs in Oliver and Keremeos as well. These are core service centres for small business and other organizations in the local community. They are gathering places. Repositories of tools. Centres of learning.

The strong partnerships we are fostering with First Nations has proven rewarding and educational. Much like our team is learning more about OCU's members with visits to their homes and businesses, so are we developing improved understanding with our First Nations partners.

There is a new sense of purpose in our reconciliation with First Nations peoples, a deepening understanding and commitment that goes well beyond recognition that we do business within their historic territories.

Within the branch, we've also wrestled with changes to our corporate structure.

The province's newly-minted financial services authority requires a commitment to a new code of market conduct to further protect member interests. Other changes allow us increased flexibility to use technology in ways that provide better service and protect consumers.

We've pledged to follow the Code's best practices as we solicit, promote and market our products and services and we are committed to treating all those who use our services fairly and impartially.

OCU Leadership Through the Years

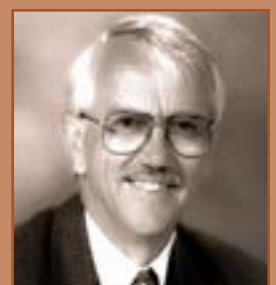


Bill Collins

2004 - 2015

Ronald Robinson

1982 - 2004





That commitment begins at the board level; every member of our team is also expected to support this culture by treating everyone who comes into the credit union — as well as one another — fairly and with respect.

We've quietly made available a slate of new electronic tools to help you conduct your financial servicing. Our websites and apps are improved and more robust, offering new services at the touch of a fingertip. Online, we've added instructional videos, tools and calculators and much more.

I would encourage everyone to visit our website (ocubc.com) and see the wealth of information available. Our team is always happy to help individual members set up and use our smartphone applications and assist with the other online tools we offer.

The team is growing to meet the needs of our ever-expanding membership and obligations. We remain committed to our Living Wage commitment to provide employees with compensation that reflects the "true costs of living in a community and that parents can earn what they need to support their families."

We also strive to do business with other social enterprises wherever possible to help reduce poverty in our communities.

Last year, the Credit Union celebrated 75 years doing business in the Osoyoos community. Now, we're entrenched in the culture of "Seventy-five-plus-one," an intangible but very real recognition of a renewed start to a second 75 years of service.

I am pleased to report your credit union is soundly positioned and uniquely poised to continue our traditions, our commitments to professionalism, accountability and independence.

Finally, I would be remiss if I didn't share some special words about the credit union's board of directors. Despite all the challenges — and hardships — presented through the pandemic, they have remained resolutely engaged in their collective governance role and provided me and the OCU team with the support necessary to conduct all of this work we've undertaken.

This board is the foundation of our purpose and it — and its members — has proven stalwart, capable and firmly entrenched.

I thank all of them, my team and you as members for all the patience, understanding, flexibility and compassion we have shared through the last year.

Together, we truly are better.

— Greg Sol, CEO



Robert Vincent

1968 - 1982

J.J. Mittermaier

1956 - 1968



1946 to 1956

Various managers and treasurers provided leadership to OCU between 1946 and 1956.

Regrettably, their names are not readily available.

Board of Directors

Director Attendance Meetings — 2021

Alan Bajkov — Chair

Hours in meetings: 76 hours, 5 minutes

Committee Assignments: Credit, Governance, Human Resources, Investment Lending, Peer Group, IT Governance, Nomination

Diana Thomas — Vice-Chair

Hours in meetings: 63 hours, 20 minutes

Committee Assignments: Audit, Credit, Governance, Human Resources, Investment Lending, Nomination

Leo Callarec

Hours in meetings: 56 hours, 55 minutes

Committee Assignments: Audit, Community Giving, Conduct Review, Credit, Governance, Investment Lending

Richard Douziech

Hours in meetings: 66 hours, 10 minutes

Committee Assignments: Community Giving, Governance, Investment Lending, Peer Group, IT Governance

Kathryn Gudewill

Hours in meetings: 68 hours, 35 minutes

Committee Assignments: Audit, Credit, Human Resources, Investment Lending, Peer Group, Nomination

Zachary Poturica

Hours in meetings: 40 hours, 50 minutes

Committee Assignments: Audit, Conduct Review, Credit, Peer Group

Althea Raum

Hours in meetings: 73 hours, 35 minutes

Committee Assignments: Audit, Community Giving, Credit, Investment Lending, Peer Group, IT Governance,

JF Launier

Hours in meetings: 12 hours, 5 minutes

Committee Assignments: Community Giving, Investment Lending

Joanne Muirhead

Hours in meetings: 26 hours

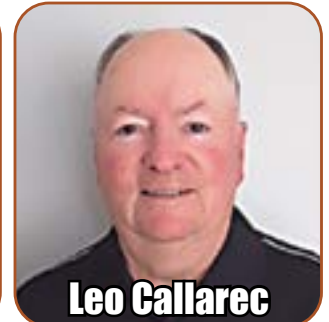
Committee Assignments: Human Resources



Alan Bajkov



Diana Thomas



Leo Callarec



Richard Douziech



Kathryn Gudewill



Zachary Poturica



Althea Raum



JF Launier



Joanne Muirhead

OCU in the Community

Our commitment begins at the top

OSOYOOS CREDIT UNION is governed by a volunteer board of directors elected by membership. Directors are engaged in general and specific duties, including attending regular board meetings and more occasional committee meetings.

Directors serve on a number of committees, including Audit, Community Giving, Conduct Review, Credit, Governance, Human Resources, Investment Lending and Peer Group.

With an emphasis on the local economy, our directors strive to represent those who elected them by meeting members' needs through the friendly and local resources an independent credit union can provide.

In 2021, despite sessions held via online services, all directors attended the Osoyoos Credit Union's Annual General Meeting and a strategic planning session.



Message from the OCU Board Chair

HELLO EVERYONE – It's a pleasure to provide comments on behalf of the Board of Directors for the 2021 calendar year

The Board of Directors has had a very busy year encouraging and supporting change at the Osoyoos Credit Union.

We begin each year by updating and continuing our education. Some courses are mandated by our regulator and others are personal education goals. Each course completed gives the Directors and Board the resources to make better informed

decisions on behalf of the members.

We have completed our expansion to Rock Creek and are currently continuing with our growth strategy by expanding into Oliver and Keromeos. We are very excited to have the opportunity to provide our services to members in those communities and expand our membership and community involvement.

The Board of Directors continues its commitment to representing all of our members. Whether it is during a Board or committee meeting, a strategic planning session, meeting with auditors, meeting

with our peers throughout the province or a casual conversation with our members, we always have your best interest in mind.

The Board of Directors would like to thank you, our members, for allowing us the opportunity to represent you.

The Board of Directors would also like to thank our wonderful staff. They have committed to the many changes in technology, regulations and education. They have been working hard to make Osoyoos Credit Union "the financial institution of choice".

— Alan Bajkov, OCU Board Chair

Director Attendance

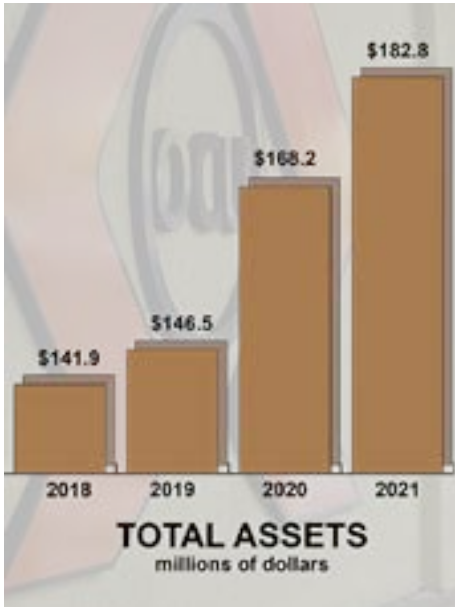
	<i>Annual General Meeting</i>	<i>Board of Directors</i>	<i>Strategic Planning</i>	<i>Audit</i>	<i>Community Giving</i>	<i>Conduct Review</i>	<i>Credit</i>	<i>Governance</i>	<i>Human Resources</i>	<i>Investment Lending</i>	<i>Peer Group</i>	<i>IT Governance</i>	<i>Nomination</i>	
Alan Bajkov	☑	14	☑				1	4	6	1	2	4	2	76.0 hours
Diana Thomas	☑	14	☑	2			2	1	3	5			1	63.5 hours
Leo Callarec	☑	13	☑	1	2	1	1	4		2			1	57.0 hours
Richard Douziech	☑	12	☑		3			4		1	2	4		66.0 hours
Kathryn Gudewill	☑	14	☑	2			1		6	5	1		1	60.5 hours
Zachary Poturica	☑	14	☑	2		1	4				1			41.0 hours
Althea Raum	☑	13	☑	2	2		1			3	2	4		73.5 hours
JF Launier	☑	5			0					2				12.0 hours
Joanne Muirhead	☑	6	☑						5					26.0 hours

Notations under Committee assignments represent number of meetings attended, not hours spent in meetings. Directors Launier and Muirhead joined the board in May 2021 and were eligible to attend eight Board of Directors meetings.



Business Analysis

HIGHLIGHTS



ALTHOUGH financial institutions provide information in table format, the numbers do not always provide the full story of an organization's performance.

This business analysis is a supplement to the provided financial statements, offering an improved view of Osoyoos Credit Union's performance in 2021 and additional explanation where warranted.

In January 2021, the credit union made changes to its accounting policies, with interpretations modified for:

- share-based payments;
- business combinations;
- fair value measurement;
- property, plant and equipment;
- intangible assets;
- recognition and measurement of financial instruments; and,
- investment property.

Adoption of these amendments had no effect on the Credit Union's financial reporting.

For additional explanation of these changes, please contact OCU staff to arrange for a personal consultation.

Financial Performance

The Credit Union's total assets increased to \$182,830,859 in 2021, up from \$168,208,666 — almost nine percent — the previous year. The substantial increase in total assets is a recurrent trend for OCU. Total assets have increased more than \$40 million over the last three years.

Member Loans

The largest portion of the asset increase is structured on loans to members, mostly in mortgages. Outstanding member loans — mortgages, and consumer and commercial loans — increased to more

than \$109.7 million in 2021, up from \$97.7 million in 2020.

The vast majority of OCU's lending is considered low-risk.

Investments

OCU's investments increased to \$58.2 million in 2021 from \$55.7 million the previous year.

A significant portion of the credit union's investment capital was redistributed from term deposits to portfolio investments (stocks, bonds and other financial instruments.)

The result was a decrease in deposits held with other financial institutions from \$18.7 million in 2020 to \$7.1 million in 2021 with a corresponding increase to \$48.9 million from \$34.3 million in portfolio investments

Cash Position

The Credit Union's cash position — defined as cash on hand, deposits with Central 1 Credit Union Ltd. and balances held within investment portfolios — was stable over the last year.

Member Deposits

Member Deposits increased to \$169.6 million, up from \$156.2 million in 2020.

Demand Deposits account for \$95.8 million of total deposits. Term deposits totaled \$44.6 million.

Registered plans are included in Member Deposits. These include retirement savings plans, retirement income funds, educational savings plans, and TFSA's.

Administrative Expenses

The Credit Union's administrative expenses in 2021 increased \$229.811 from 2020, the largest increases coming in professional fees and data processing. Advertising and promotion declined almost \$35,000.

76

Number of Years
OCU has operated in Osoyoos

3,792

Number of Members
in 2021

472

Member Organizations
in 2021

Business Analysis



With the success of a branch/community service centre in Rock Creek, Osoyoos Credit Union in 2021 added additional satellite locations in Oliver and Keremeos. The new locations are partnerships with First Nations.

Operational Expenses

Operational expenses of note include:

- Amortization of Tangible Assets — a depreciation — of more than \$150,000 from 2020
- Employee Salaries and Benefits (up to \$130,000).
- Interest Paid on Deposits \$1,099,029
- Data Processing \$343,784
- Professional Fees \$268,252

- Repairs and Maintenance \$125,405
- Directors Fees \$42,517
- Travel Expenses \$69,305
- Real Estate Rental \$24,000
- Donations \$8,000

Net Income

Net income for 2021 totaled \$1,081,783 in 2021, up from \$647,397 in 2020.

Term Deposits

Due by Mar. 31, 2022	—
Due April 1 - Dec 31, 2022	4,500,000
Due more than one year	2,542,925
Accrued Interest	48,689
Total	7,091,614

Portfolio Investments

Commercial Bonds	48,808,247
Accrued Interest	180,102
Total	48,988,349

Equity Investments

Central 1 Shares (Class A)	51,749
Central 1 Shares (Class E)	35
Central 1 Shares (Class F)	—
Stabilization Credit Union Shares	141
CUPP Services Ltd.	43,194
Truvera Mortgage Investment	2,021,000
West Boundary Community Services	1,000
Total	2,117,119

Liquidity reserve deposit

The Credit Union must maintain liquid reserve deposits at 8% of total member deposits at December 31 each year. The deposits can be withdrawn only if there is sufficient reduction in the Credit Union's total member deposits or upon withdrawal of membership from Central 1.

At maturity the liquidity reserves are reinvested at market rates for various terms.

\$169.7m

Member Deposits
in 2021

\$182.8m

Osoyoos Credit Union
Assets in 2021

\$1.095m

Comprehensive Income
in 2021



Auditor's Report

TO THE MEMBERS OF OSOYOOS CREDIT UNION:

Opinion

We have audited the financial statements of Osoyoos Credit Union (the "Credit Union"), which comprise the statement of financial position as at December 31, 2021, and the statements of income, comprehensive income, changes in members' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Credit Union as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Credit Union in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material

misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Credit Union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Credit Union or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Credit Union's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Credit Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Credit Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Credit Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Kelowna, British Columbia
March 16, 2022 Chartered Professional

MNP LLP

Accountants

Financial Position



Osoyoos Credit Union Statement of Financial Position

As of December 31, 2021, with comparative information for 2020

	2021	2020
Assets		
Cash	11,423,207	11,499,046
Investments (Note 5)	58,232,082	55,678,833
Members' loans receivable (Note 15)	109,681,756	97,697,760
Income taxes recoverable (Note 6)	-	3,295
Advances to related party	70,000	70,000
Property, plant and equipment (Note 7)	2,340,100	2,588,986
Intangible assets (Note 8)	230,430	127,056
Other assets (Note 9)	514,626	127,020
Investment property (Note 10)	338,658	416,670
	182,830,859	168,208,666
Liabilities		
Member deposits (Note 11)	169,674,096	156,281,074
Income taxes payable (Note 6)	158,738	-
Other liabilities	668,782	517,282
Derivative financial instruments	19,807	-
Deferred tax liabilities (Note 6)	82,428	93,352
Patronage dividends payable (Note 12)	18,310	6,795
Member shares (Note 12)	1,037,537	1,215,449
	171,659,698	158,113,952
Members' equity		
Member shares (Note 12)	139,467	158,524
Retained earnings	11,017,973	9,936,190
Accumulated other comprehensive income	13,721	-
	11,171,161	10,094,714
	182,830,859	168,208,666

Statement of Comprehensive Income

	2021	2020
Net Income	1,081,783	647,398
Other Comprehensive Income		
Items that will be reclassified subsequently to profit or loss		
Unrealized gains on portfolio investments, net of tax	30,684	-
Unrealized losses on derivative financial instruments, net of tax	(16,963)	-
Other comprehensive income, net of income tax	13,721	-
Total comprehensive income	1,095,504	647,398

Notes included in the Independent Auditor's Report — not attached to this document — are an integral part of these financial statements.

OCU MANAGEMENT is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards and ensuring that all information in the annual report is consistent with the statements.

This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report.

The Audit Committee has the responsibility of meeting with management, internal auditors, and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues.

The Committee is also responsible for recommending the appointment of the Credit Union's external auditors.

MNPLP is appointed by the members to audit the financial statements and report directly to them.

The external auditors have full and free access to, and meet periodically and separately with, both the Committee and management to discuss their audit findings.



Financial Position

Statement of Cash Flows

For the year ended December 31, 2021

	2021	2020
Cash provided by (used for) the following activities		
Operating activities		
Interest received from members' loans	3,473,630	3,282,986
Interest and dividends received from investments	1,980,901	1,374,193
Fees, commissions and miscellaneous income received	711,300	766,859
Cash paid to suppliers and employees	(3,529,275)	(2,922,541)
Interest paid on deposits	(1,330,428)	(1,550,388)
Patronage and dividends paid	(485)	(15,730)
Income taxes paid	(75,922)	(52,950)
	1,229,721	882,429
Financing activities		
Net change in member deposits	13,761,365	21,155,169
Net change in member shares	(196,969)	(86,435)
	13,564,396	21,068,734
Investing activities		
Net change in members' loans receivable	(11,981,553)	(12,834,101)
Purchases of investments	(2,721,172)	(2,680,153)
Purchases of property, plant and equipment	(42,383)	(110,566)
Purchases of intangible assets	(183,847)	(73,208)
Proceeds on disposal of investment property	58,999	-
	(14,869,956)	(15,698,028)
Increase (decrease) in cash resources	(75,839)	6,253,135
Cash resources, beginning of year	11,499,046	5,245,911
Cash resources, end of year	11,423,207	11,499,046

Statement of Changes in Members' Equity

For the year ended December 31, 2021

	Member shares	Retained earnings	Accumulated other comprehensive income	Total equity
Balance December 31, 2019	224,743	9,288,792	-	9,513,535
Comprehensive income	-	647,398	-	647,398
Net change in member shares	(66,219)	-	-	(66,219)
Balance December 31, 2020	158,524	9,936,190	-	10,094,714
Comprehensive Income	-	1,081,783	-	1,081,783
Net change in member shares	(19,057)	-	-	(19,057)
Unrealized gains on portfolio investments, net of tax	-	-	30,684	30,684
Unrealized losses on derivative financial instruments, net of tax	-	-	(16,963)	(16,963)
Balance December 31, 2021	139,467	11,017,973	13,721	11,171,161

Notes included in the Independent Auditor's Report — not attached to this document — are an integral part of these financial statements.



Member Deposits

The Credit Union had the following member deposits at end of year:

Demand Deposits	2021	2020
	95,876,929	76,545,863
Term Deposits	2021	2020
	44,580,161	51,792,020
Registered Plans	2021	2020
	28,728,999	27,092,822
Dormant Accounts	2021	2020
	38,828	28,421
Non-equity Shares	2021	2020
	28,099	32,524
Accrued Interest	2021	2020
	421,080	789,424

The Credit Union has available to it, through Central 1, a \$750,000 CAD and \$250,000 USD demand operating line of credit secured by a demand debenture and the general assignment of book debts.

The outstanding balance at December 31, 2021 was nil.

Financial Position



Capital Management

In managing its capital, the Credit Union's primary objective is to ensure it maintains adequate liquidity to meet its financial obligations, make necessary capital purchases and support ongoing business.

The Credit Union monitors and assesses its financial performance to ensure it is meeting its objectives.

The Financial Institutions Act (British Columbia) requires the Credit Union to maintain, at all times, a capital base which is adequate in relation to the business carried on.

The level of capital required is based on a prescribed percentage of the total value of risk weighted assets, each asset of the Credit Union being assigned a risk factor based on the probability that a loss may be incurred on the ultimate realization of that asset.

The Credit Union considers its capital to include membership shares (member shares and investment shares), and undivided earnings.

There have been no changes in what the Credit Union considers to be capital since the previous period.

Administrative Expenses

	2021	2020
Advertising and Promotion	126,854	161,755
Annual General Meeting	1,547	2,583
Bank Charges	77,679	73,550
Data Processing	343,784	289,783
Education and Travel	69,304	37,638
Insurance	26,846	24,346
Investment Property Expense	43,854	14,035
Office	57,882	34,854
Other Expenses	282,523	238,845
Professional Fees	268,254	186,468
Scholarships	8,000	5,500
Telephone	27,011	34,370
	1,333,538	1,103,727

Statement of Income

For the year ended December 31, 2021

	2021	2020
Interest revenue		
Interest on member loans	3,469,859	3,302,038
Interest on investments and deposits	1,894,021	1,329,843
	5,363,880	4,631,881
Interest expense		
Interest on member deposits	1,099,029	1,647,693
Net interest income	4,264,851	2,984,188
Impairment losses (recovery) on member loans (Note 16)	(6,215)	24,982
Financial Margin	4,271,066	2,959,206
Other Income	721,480	561,858
	4,992,546	3,521,064
Operating expenses		
Amortization of intangible assets (Note 8)	66,377	65,068
Deposit insurance	83,710	61,733
Depreciation of property, plant and equipment (Notes 7, 10)	266,291	115,136
Director and committee expense	42,517	34,608
Distribution to (recovery from) members (Note 12)	12,000	(86,460)
Employee salaries and benefits	1,742,094	1,612,222
Occupancy and equipment	149,405	128,627
Operating and administrative expense (Note 14)	1,333,538	1,103,727
	3,695,932	3,034,661
Operating income	1,296,614	486,403
Other income (expense)		
Gain on disposal of property, plant and equipment	2,016	-
Gain arising on fair value of derivative financial instrument	149	237,350
Loss on disposal of investment property	(12,343)	-
Income before income taxes	1,286,436	723,753
Provision for (recovery of) income taxes (Note 6)		
Current	215,577	59,261
Deferred	(10,924)	17,094
	204,653	76,355
Net income for the year	1,081,783	647,398

Notes included in the Independent Auditor's Report — not attached to this document — are an integral part of these financial statements.



Financial Position

Additional Consumer Items of Interest

Member Loans

Osoyoos Credit Union has the following commitments to its members in loans, unused lines of credit and letters of credit, and off-balance sheet loans granted through the Canada Emergency Business Account, which are guaranteed by the Government of Canada

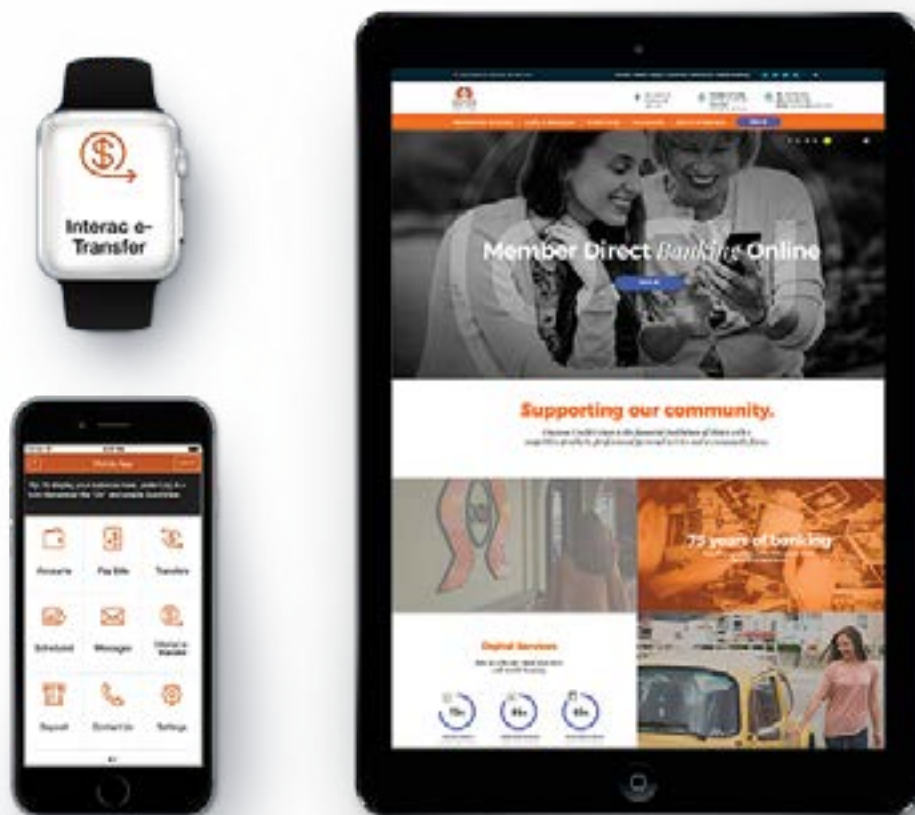
	2021	2020
Unadvanced Loans	4,094,127	4,227,656
Unused Lines of Credit	18,722,894	17,282,984
Letters of Credit	68,189	75,500
Off-balance sheet loans granted through Canada Emergency Business Account	2,840,000	2,050,000
	25,725,210	23,636,140

Consumer Mortgages

	12-month ECL	2021 Lifetime ECL (not credit impaired)	Lifetime ECL (Credit impaired)	Total
Low Risk	74,502,246	-	-	74,502,246
Medium Risk	-	216,178	-	216,178
Default	-	-	-	-
Total gross carrying amount	74,502,246	216,178	-	74,718,424
Less Loss Allowance	38,113	291	-	38,404
Total Carrying Amount	74,464,133	215,887	-	74,680,020

Consumer Loans

	12-month ECL	2021 Lifetime ECL (not credit impaired)	Lifetime ECL (Credit impaired)	Total
Low Risk	9,018,778	-	-	9,018,778
Medium Risk	-	474,695	-	474,695
Default	-	-	2,630	2,630
Total gross carrying amount	9,018,778	474,695	2,630	9,496,103
Less Loss Allowance	1,641	219	2,630	4,490
Total Carrying Amount	9,017,137	474,476	-	9,491,613



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Our Vision

**We are the heart of Co-operative Finance,
creating enduring legacies.**

Our Mission

**We are the heart of Co-operative Finance,
creating enduring legacies and fulfilling dreams through accountability,
professionalism, independence, and community spirit.**