



# Annual Report 2014

## CREDIT UNION SYSTEM

NEWFOUNDLAND AND LABRADOR





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## CHIEF EXECUTIVE OFFICER'S MESSAGE

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Dear Stakeholder

Please find enclosed an overview of the financial performance of the Newfoundland and Labrador Credit Union System for 2014 and combined and individual audited financial information for the year ended December 31, 2014.

2014 was another good year for the Newfoundland and Labrador Credit Union System. Asset growth exceeded 6.6%, audited net income exceeded 4.4 million dollars after dividends and rebates of 1.3 million dollars, liquidity remained strong and net delinquency remains low at 0.37%. System capital at 5.72% exceeded the minimum regulatory capital requirement of 5%. Credit unions are encouraged to continue to grow their capital positions greater than the minimum required by regulation.

Bill Langthorne  
Chief Executive Officer  
CUDGC

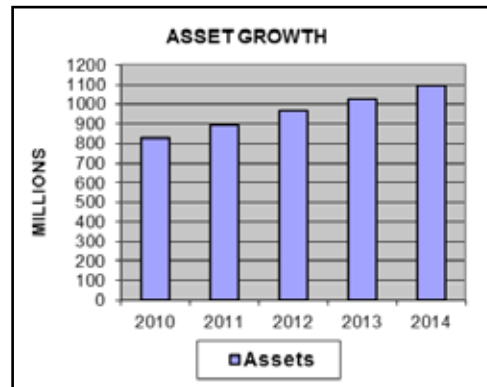
# FINANCIAL PERFORMANCE

## Credit Union & Branches

As at December 31, 2014 there were 9 credit unions with 38 service locations.

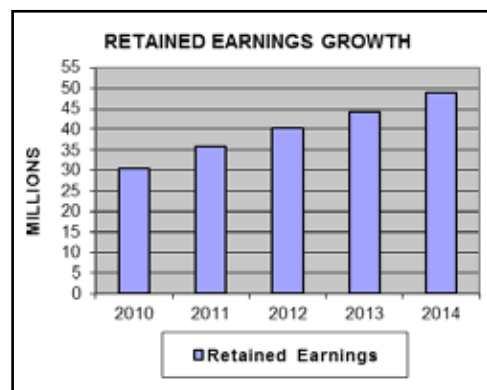
## Assets

The Credit Union system continued to experience asset growth in 2014. Assets were \$1.093 billion at the end of 2014 compared to \$1.025 billion in 2013, a growth rate of 6.6% in 2014 as compared to 6.2% in 2013.



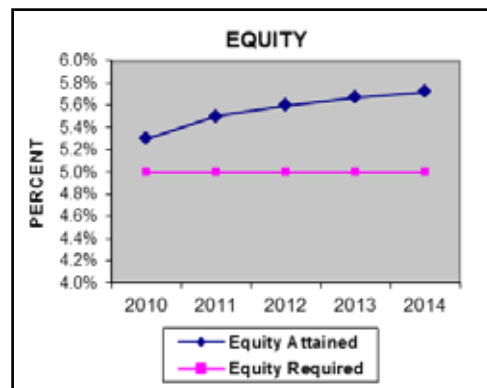
## Earnings

System earnings at the end of 2014, net of dividends and rebates, were \$4,466,208 (42bp) as compared to \$4,222,534 (42bp) in 2013. Total system retained earnings at December 31, 2014 was \$48.9 million compared to \$44.4 million in 2013.



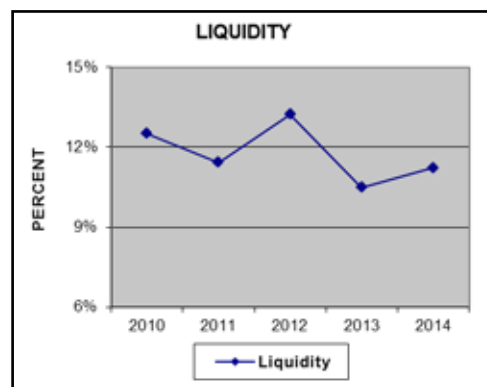
## Equity

Total system equity comprising shares and retained earnings at the end of 2014 was \$62.5 million or 5.72% compared to \$58.1 million or 5.67% at the end of 2013.



## Liquidity

System liquidity was at 11.21% compared to 10.47% in 2013. The system's utilization of lines of credit is well managed. All credit unions were compliant with statutory liquidity as at December 31, 2014.

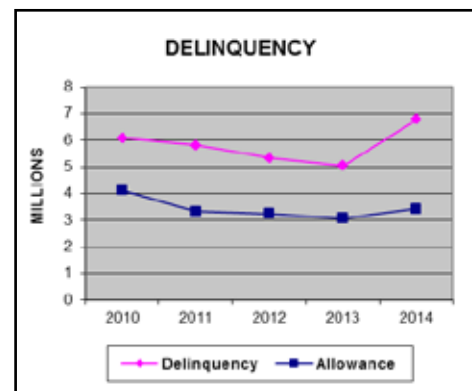
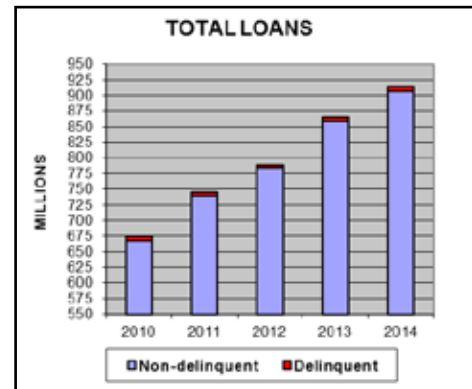


# FINANCIAL PERFORMANCE

## Delinquency

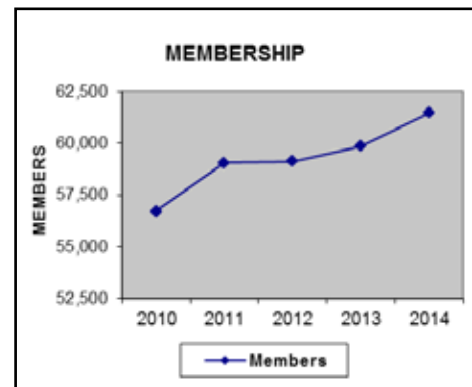
Credit Union delinquency continued to be well managed in 2014. Total delinquency represented by loans overdue 31 days or more was \$6.8 million or 0.74% of total loans as compared to \$5.0 million or 0.59% of total loans in 2013.

The net delinquency represented by deducting specific and non-specific loan loss provisions from total delinquency was at 0.37% in 2014 compared to 0.23% in 2013.



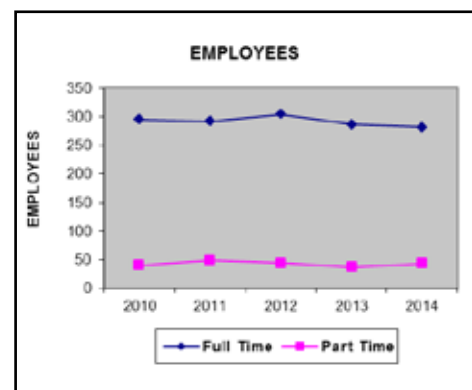
## Membership

Membership grew by 1,620 or 2.7% in 2014. Presently there are 61,469 members obtaining services from credit unions. This represents approximately 12% of the population of Newfoundland and Labrador.



## Employees

The credit union system experienced a net increase of 2 employees in 2014, a decrease of 4 full time jobs and increase of 6 part time jobs. At the end of 2014 there were a total of 325 credit union employees with 194 employed in credit union locations outside of St. John's and surrounding area. The salaries and benefits paid in 2014 totaled \$20,158,510 as compared to \$20,173,672 in 2013, a decrease of \$15,162 or 0.08%. Approximately \$9.2 million was paid to employees living and working outside St. John's and surrounding area.



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*Audited Information*

**CREDIT UNION SYSTEM**

*Year Ended December 31, 2014*

# COMBINED BALANCE SHEET

NEWFOUNDLAND AND LABRADOR CREDIT UNION SYSTEM  
 Year Ended December 31, 2014  
 (based on audited financial statements)

	2014	2013
<b>Assets</b>		
Cash	\$33,248,806	\$36,528,032
Investments	105,761,781	87,912,218
Loans (Net of Allowance)		
2014-(\$3,420,544)	910,309,382	861,248,977
2013-(\$3,069,959)		
Other Assets	7,362,295	7,036,941
Fixed Assets	<u>36,185,990</u>	<u>32,660,722</u>
Total Assets	<u><u>\$1,092,868,254</u></u>	<u><u>\$1,025,386,890</u></u>
<b>Liabilities</b>		
Borrowings	132,969	3,148,548
Payables	10,255,497	9,675,190
Members Deposits	<u>1,019,964,556</u>	<u>954,469,867</u>
Total	<u>1,030,353,022</u>	<u>967,293,605</u>
<b>Member Surplus</b>		
Shares	13,642,487	13,678,306
Retained Earnings (Deficit)	<u>48,872,745</u>	<u>44,414,979</u>
Total	<u>62,515,232</u>	<u>58,093,285</u>
Total Liabilities and Member Surplus	<u><u>\$1,092,868,254</u></u>	<u><u>\$1,025,386,890</u></u>

Certain comparative figures have been reclassified to conform with the Financial Statement presentation



# COMBINED STATEMENTS OF EARNINGS AND RETAINED EARNINGS

NEWFOUNDLAND AND LABRADOR CREDIT UNION SYSTEM  
Year Ended December 31, 2014  
(based on audited financial statements)

	<b>2014</b>	<b>2013</b>
Total Financial Revenue	\$48,051,745	\$46,984,300
Total Financial Expense	<u>13,502,322</u>	<u>13,285,869</u>
Financial Margin	34,549,423	33,698,431
Other Income	<u>12,933,329</u>	<u>11,917,020</u>
Gross Margin	47,482,752	45,615,451
Total Operating Expenses	40,682,187	39,297,988
Income Before Dividends & Taxes	6,800,565	6,317,463
Dividends	1,262,079	1,036,504
Taxes	<u>1,072,278</u>	<u>1,058,425</u>
Net Income	\$4,466,208	\$4,222,534
Retained Earnings (Deficit) & Other Reserves Beginning of Year	44,414,979	40,192,444
Prior period Adjustment	(8,442)	1
Retained Earnings (Deficit) & Other Reserves End of Year	<u>\$48,872,745</u>	<u>\$44,414,979</u>

Certain comparative figures have been reclassified to conform with the Financial Statement presentation

## BALANCE SHEET BY CREDIT UNION

NEWFOUNDLAND AND LABRADOR CREDIT UNION SYSTEM  
 Year Ended December 31, 2014  
 (based on audited financial statements)

Credit Union	Cash and Cash Equivalents \$	Investments \$	Loans \$	Allowance For Doubtful Loans \$	Net Loans \$	Other Assets \$	Fixed Assets \$	Total Assets \$
Community	1,731,730	8,967,523	48,854,158	356,930	48,497,228	46,384	1,002,190	60,245,055
Eagle River	6,430,286	21,477,798	100,386,391	270,660	100,115,731	632,019	3,389,608	132,045,442
EasternEdge	808,950	5,205,983	59,622,083	369,319	59,252,764	70,703	2,700,094	68,038,494
Hamilton Sound	1,779,118	6,236,018	35,973,354	239,068	35,734,286	75,897	1,427,158	45,252,477
Leading Edge	4,409,123	8,741,978	77,812,728	539,093	77,273,635	184,848	1,475,723	92,085,307
Nfld. & Labrador	11,213,339	38,645,153	465,945,595	805,505	465,140,090	5,671,917	18,183,568	538,854,067
Public Service	3,338,194	3,623,469	45,811,708	107,725	45,703,983	95,810	1,434,899	54,196,355
Reddy Kilowatt	528,243	5,805,894	48,774,898	255,898	48,519,000	156,999	5,598,247	60,608,383
Venture	3,009,823	7,057,965	30,549,011	476,346	30,072,665	427,718	974,503	41,542,674
<b>TOTAL SYSTEM</b>	<b>33,248,806</b>	<b>105,761,781</b>	<b>913,729,926</b>	<b>3,420,544</b>	<b>910,309,382</b>	<b>7,362,295</b>	<b>36,185,990</b>	<b>1,092,868,254</b>

Certain comparative figures have been reclassified to conform with the Financial Statement presentation

# BALANCE SHEET BY CREDIT UNION

NEWFOUNDLAND AND LABRADOR CREDIT UNION SYSTEM  
 Year Ended December 31, 2014  
 (based on audited financial statements)

Borrowings	Payables	Member Deposits	Total Liabilities	Share Capital	Retained Earnings (Deficit) & Other Res.	Member Surplus (Deficiency)	Total
\$	\$	\$	\$	\$	\$	\$	\$
0	394,105	54,195,483	54,589,588	421,882	5,233,585	5,655,467	60,245,055
0	1,644,459	122,086,296	123,730,755	1,753,943	6,560,744	8,314,687	132,045,442
0	296,469	64,014,637	64,311,106	1,039,927	2,687,461	3,727,388	68,038,494
0	121,877	42,604,144	42,726,021	604,427	1,922,029	2,526,456	45,252,477
0	691,224	85,540,910	86,232,134	1,152,823	4,700,350	5,853,173	92,085,307
0	5,817,297	506,276,362	512,093,659	6,621,584	20,138,824	26,760,408	538,854,067
0	696,498	48,055,345	48,751,843	476,300	4,968,212	5,444,512	54,196,355
132,969	489,180	56,120,910	56,743,059	1,178,590	2,686,734	3,865,324	60,608,383
0	104,388	41,070,469	41,174,857	393,011	(25,194)	367,817	41,542,674
132,969	10,255,497	1,019,964,556	1,030,353,022	13,642,487	48,872,745	62,515,232	1,092,868,254

Certain comparative figures have been reclassified to conform with the Financial Statement presentation

# STATEMENTS OF EARNINGS AND RETAINED EARNINGS

## NEWFOUNDLAND AND LABRADOR CREDIT UNION SYSTEM

Year Ended December 31, 2014

(based on audited financial statements)

Credit Union	Total Financial Revenue \$	Total Financial Expense \$	Financial Margin \$	Other Income \$	Gross Margin \$	Member Security \$	General \$	Personnel \$
Community	2,702,649	608,344	2,094,305	677,218	2,771,523	96,218	834,223	911,839
Eagle River	6,107,257	1,073,171	5,034,086	2,632,169	7,666,255	406,673	2,667,161	2,702,233
EasternEdge	2,919,062	1,112,387	1,806,675	609,457	2,416,132	123,351	879,989	836,666
Hamilton Sound	2,844,311	877,814	1,966,497	859,128	2,825,625	101,427	961,994	1,162,347
Leading Edge	4,655,075	1,192,890	3,462,185	1,490,263	4,952,448	167,903	1,378,279	1,944,531
Nfld. & Labrador	21,434,154	6,469,723	14,964,431	4,215,887	19,180,318	1,019,975	4,913,070	9,708,578
Public Service	2,425,753	468,150	1,957,603	529,079	2,486,682	94,318	784,194	1,151,921
Reddy Kilowatt	2,793,371	1,339,240	1,454,131	680,709	2,134,840	173,018	624,042	760,575
Venture	2,170,113	360,603	1,809,510	1,239,419	3,048,929	105,073	799,757	979,820
<b>TOTAL SYSTEM</b>	<b>48,051,745</b>	<b>13,502,322</b>	<b>34,549,423</b>	<b>12,933,329</b>	<b>47,482,752</b>	<b>2,287,956</b>	<b>13,842,709</b>	<b>20,158,510</b>

# STATEMENTS OF EARNINGS AND RETAINED EARNINGS

NEWFOUNDLAND AND LABRADOR CREDIT UNION SYSTEM  
 Year Ended December 31, 2014  
 (based on audited financial statements)

Occupancy	Provision For Loan Loss (Recovery)	Total Operating Expenses	Income Before Dividends And Taxes	Dividends	Taxes	Net Income	Ret. Earnings (Deficit) & Other Res. Beginning of Year	Ret. Earnings (Deficit) & Other Res. End of year
\$	\$	\$	\$	\$	\$	\$	\$	\$
189,853	0	2,032,133	739,390	161,825	97,215	480,350	4,753,235	5,233,585
368,875	70,460	6,215,402	1,450,853	497,201	162,714	790,938	5,769,806	6,560,744
98,422	162,720	2,101,148	314,984	0	33,380	281,604	2,405,857	2,687,461
239,202	284,070	2,749,040	76,585	0	11,405	65,180	1,856,849	1,922,029
340,839	267,100	4,098,652	853,796	280,053	93,392	480,351	4,219,999	4,700,350
1,487,293	208,161	17,337,077	1,843,241	123,000	463,006	1,257,235	18,881,589	20,138,824
67,077	21,052	2,118,562	368,120	0	57,071	311,049	4,657,163	4,968,212
54,566	148,451	1,760,652	374,188	200,000	0	174,188	2,512,546	2,686,734
203,017	181,854	2,269,521	779,408	0	154,095	625,313	(650,507)	(25,194)
<b>3,049,144</b>	<b>1,343,868</b>	<b>40,682,187</b>	<b>6,800,565</b>	<b>1,262,079</b>	<b>1,072,278</b>	<b>4,466,208</b>	<b>44,406,537</b>	<b>48,872,745</b>

## CREDIT UNION BRANCHES

<b>Credit Union</b>	<b>Branches</b>
Community Credit Union Ltd.	Marystown Witless Bay Hermitage
Eagle River Credit Union Ltd.	L'Anse au Loup Mary's Harbour Cartwright St. Anthony Port Saunders Happy Valley - Goose Bay Deer Lake
Eastern Edge Credit Union Ltd.	Mount Pearl
Hamilton Sound Credit Union Ltd.	Carmanville Triton Gander
Leading Edge Credit Union Ltd.	Corner Brook Doyles Jeffrey's St. Georges Port Aux Basques
Newfoundland & Labrador Credit Union Ltd.	Freshwater Road, St. John's Water Street, St. John's Torbay Road, St. John's Mount Pearl Conception Bay South Carbonear Clarenville Gander Grand Falls Corner Brook Stephenville Labrador City
Public Service Credit Union Ltd.	St. John's
Reddy Kilowatt Credit Union Ltd.	St. John's
Venture Credit Union Ltd.	Eastport Gambo Glovertown Catalina Twillingate



