

## BOARD HIGHLIGHTS

The December 2013 issue included an overview of Directors' work. It included a diagram that displayed the cyclical nature of the planning process your credit union follows. One of the steps in the cycle provides for a semi-annual review of the progress made toward the attainment of the approved objectives.

In addition to their own review of the current state of affairs, each year directors hear from the external auditor, and every two years they receive the report of an examination conducted by our regulators, the Credit Union Deposit Guarantee Corporation (CUDGC).

Below, you can read some of the findings provided by our CEO, Cory Munden, and comments provided by our regulators. As you might expect, financial performance is of highest importance.

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### **Internal Findings: Summary**

#### Deposit/Loan Growth

Like other co-operatives in the financial sector, one purpose of your credit union is to "create a source of credit for members by making loans to members for provident and productive purposes." This means that most of the money your union has to lend out comes from your deposits. It is important, therefore, that deposits and loans approximately balance. During the six months under review, loans and deposits matched reasonably well and grew in line with budget expectations.

#### Equity Ratio

The Credit Union Regulations, 2009 require credit unions to maintain a level of equity that is not less than 5% of its assets with not less than 3% of its assets in the form of retained earnings. Your directors proposed to members that LECU pursue an equity objective of 8% of assets, with at least 6% in retained earnings. During the term under review, progress toward the goal was favourable. At the end of June, the equity ratio exceeded 6% and retained earnings exceeded 5%.

#### Service

Your credit union also sets levels of satisfaction for employees and members. On surveys distributed to measure both, the results were very pleasing. The ratings for both exceeded the 90% level. A whopping 98% of members said they would refer their friends or family to LECU!

### Corporate Social Responsibility (CSR)

Toward the end of last year, your credit union took full ownership of the **Race to the Sea**. Since then a committee has worked to ensure race activities unfold in fine fashion. The members of the CSR Committee are appreciative of the work of these volunteers, many of whom have been instrumental in maintaining over the years a great standard. The committee is also pleased that earlier sponsors have continued to support the enterprise and that others have come on board. This race is a great means both to showcase the communities in our Southwest Coast area and to highlight healthy pursuits.

### **CUDGC Audit**

Your credit union has recently received from CUDGC, the report of the examination that took place in April. The examiner reported that your credit union exceeded the minimum level of acceptance (80%) in all lending categories, with an average score of 96%. There were minimal variations arising from the various governing documents.

Of special note is the receipt of permission to resume commercial lending, in accordance with regulations, and to continue, in cooperation with the Atlantic Central, a programme of loans greater than \$25,000.