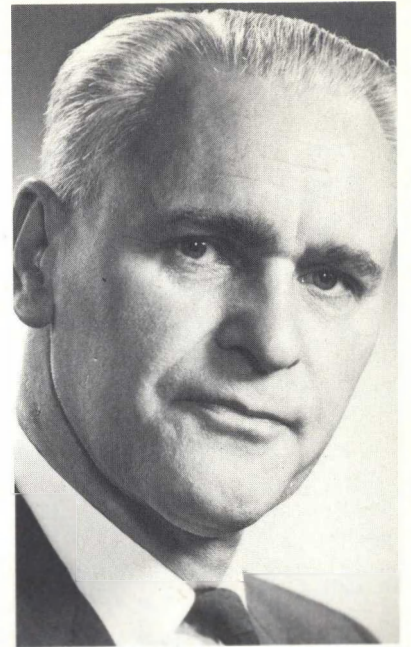




25th Annual Report Vancouver City Savings Credit Union—1970





A. L. GLADU, *President*

BOARD OF DIRECTORS

President:

A. L. GLADU

Vice-President:

J. H. LUCAS

M. BETTS

H. MacLEAN

H. McCONNELL

J. R. MONTGOMERY

S. W. PARSONS

R. S. PERRY

L. S. WIDDIFIELD

Honorary Director:

G. M. PAYTON

Credit Committee:

R. S. PERRY, *Chairman*

M. BETTS

H. MACLEAN

General Manager:

D. W. BENTLEY

Auditors:

CAMPBELL, SHARP, NASH & FIELD

Offices:

96 East Broadway
5606 Victoria Drive
2626 East Hastings Street
3295 West Broadway
2222 Marine Drive, West Vancouver



25TH ANNUAL REPORT

Vancouver
City Savings
Credit Union
1970

Report of the BOARD of DIRECTORS

This report and the financial statements will indicate that 1970 was another exceptional year for VanCity, as it was for many financial organizations. It was a year of changes. In the early part of the year, interest rates were high on both savings and loans and these already high rates were increased even more during the first half of the year. But in the last quarter particularly, dramatic reductions in rates were announced on a number of occasions. Because we are affected by the actions of the major financial institutions, we had no alternative but to follow suit.

In April, 1970, we introduced savings rates equal to or better than those being paid by competitors in the industry. These rates were maintained until January, 1971. Your directors are constantly aware of rates since improving service depends on our ability to attract new savings. We are equally aware that lending rates must be sound to enable VanCity to pay the deposit rates, provide adequate reserves and cover operating costs. Accomplishing this objective has taken much time and study. We feel the results now placed before you are good, therefore, we are happy to present this 25th annual report.

A major highlight of 1970 was the opening of a new Hollyburn branch in West Vancouver. Early in 1970, we were asked by the Hollyburn Credit Union to consider purchasing their assets of approximately \$200,000. On August 1, 1970, we completed the transaction and continued business from their existing premises. We are very pleased to report that the assets of that office increased to almost \$1,000,000 in the remaining five months of that year. Such remarkable growth far exceeded our expectations and is proof of our ability to provide needed service in locations outside the City of Vancouver.

Also in 1970, much attention had to be given to the problem of inadequate premises at our main location — 96 East Broadway, and our first branch at 40th and Victoria Drive. Because of increasing dollar volume as well as rapidly growing membership the existing premises became quite unsatisfactory. The possibility of remodelling and enlarging both offices was given much consideration. This proved to be impractical and uneconomical. Costs were found to be too high since occupancy could only be assured for another three or four years at our normal rate of growth. Conse-

quently we authorized the purchase of property at 1030 West Broadway to which our main office will move in April, 1971, and at 5590 Victoria Drive, into which that branch will move in May, 1971. Both offices are modern in design and will be a credit to VanCity as an organization and to the area in which they are located. Both have ample parking, modern vaults with safety deposit box facilities and up to date security systems. While operating costs will be higher initially, we are convinced the investments are sound, and that members will benefit greatly, over the next ten years, from having these premises.

The branch offices at 2626 East Hastings and at 3295 West Broadway also showed remarkable growth. The Hastings premises will be satisfactory for years to come with relatively minor changes. The rented premises, however, at 3295 West Broadway will be adequate for only two more years if growth continues as at present. Therefore, in late 1971 or early in 1972, your directors will be seeking a new location for this branch.

The above developments are conclusive evidence of

the fact that branch operations are successful. There are many areas of Greater Vancouver where members and prospective members wish us to locate. Because of the high costs involved in opening and establishing a new branch, we cannot undertake this type of development as rapidly as we wish. However, your board is constantly alert to the matter and we certainly anticipate opening another branch in 1972.

We believe that in 1970 VanCity became the largest credit union in Western Canada and second or third largest in all Canada. Such outstanding growth in less than 25 years has been attributable to — firstly, the very loyal support of members, and secondly, the effort and attention given by employees, for which we thank them.

This support and encouragement gives us, as we hope it does you, a great feeling of pride in VanCity. Because the VanCity concept knows neither race nor creed, political persuasion nor social status, but only a desire to serve its members well, its future as a financial instrument of people should be very great indeed.



Members:

During 1970 we welcomed 5,172 new members — a remarkable 1,800 more than joined in 1969. Part of the exceptional increase was due to the purchase of the following five credit unions:

J. B. H. & C.	229 members
Hollyburn	515 members
B. C. Unity	44 members
Canadian Marine Officers	132 members
Vancouver Machinists	345 members

Each of them approached us voluntarily when they decided to stop their own operations.

Our branches serve the following number of members:

96 East Broadway	8,429
5606 Victoria Drive	3,193
2626 East Hastings	2,907
3295 West Broadway	1,854
Hollyburn	696
	<hr/>
	17,079

Savings:

Exclusive of accrued interest, members increased their savings by \$7,791,782, an exceptional 36.5% over 1969. Over half of this growth took place in the last three months when our interest rates were substantially higher than those of other institutions. Nevertheless, it is indicative of the regard in which VanCity is held as a sound organization in which people can have complete confidence in placing their savings. By location, the growth was as follows:

	Savings Dec. 31/70	Savings Dec. 31/69	Increase	Percent Increase 1970	Percent Increase 1969
96 East Broadway	\$16,790,824	\$13,560,527	\$3,230,297	23.8	21.1
40th & Victoria	4,573,050	3,219,679	1,353,371	42.0	13.5
East Hastings	4,241,255	3,070,582	1,170,673	38.1	25.8
West Broadway	2,611,940	1,524,630	1,087,310	71.3	30.3
Hollyburn	950,131	—	950,131	100.0	—
Totals	<u>\$29,167,200</u>	<u>\$21,375,418</u>	<u>\$7,791,782</u>	<u>36.5</u>	<u>21.1</u>

We are particularly pleased that all savings plans grew in 1970 although one year deposits and our demand non-chequing deposits (Plan 24) proved to be the most popular by far.

We hesitate to predict similar growth in 1971, and expect a more normal year with perhaps a 10% to 20% increase.

Loans:

At December 31, 1970, these totalled \$27,599,504, a 19% increase of \$4,423,529 over 1969. This increase is quite acceptable because our supply of funds was insufficient to meet loan requests in the first half of the year resulting in an increase of only \$754,000 by June 30th.

By location growth was as follows:

	Loans Dec. 31/70	Loans Dec. 31/69	Increase	Percent Increase
96 East Broadway	\$12,601,000	\$12,194,176	\$ 406,824	3.3
40th & Victoria	4,537,135	3,516,019	1,021,116	29.0
East Hastings	6,603,754	5,173,849	1,429,905	27.6
West Broadway	3,064,986	2,291,931	773,055	33.7
Hollyburn	792,629	—	792,629	100.0
Totals	<u>\$27,599,504</u>	<u>\$23,175,975</u>	<u>\$4,423,529</u>	<u>19.1</u>

It is significant to note that our first and second mortgages accounted for \$4,077,698 of the total increase while consumer loans went up only \$345,831. As we have reported on many previous occasions, it is quite evident our members seek mortgage financing far more than consumer loans.

During 1970, there were 3,942 loans approved totalling \$14,029,192 compared to 3,736 last year amounting to \$11,375,316. Well over half the total amount approved in both years is represented by first mortgages.

Unfortunately our delinquent loans increased by \$57,260 to \$128,766 due to economic conditions and much higher unemployment. However, they are still less than 1/2% of outstanding loans. There is no doubt as to the soundness of our loan portfolio although we are aware that careful administration is required to maintain our high standards.

We wrote off \$27,241 of uncollectible loans and recovered \$3,151 of loans previously written off. Our guarantee (bad debt) reserve, now at \$702,933 has kept pace with the loan growth.

Your directors take pride in noting that since incorporation in 1946, 51,251 loans totalling \$81,196,253 have been made against which net write offs have been only \$116,431, just over 1/10 of 1%.

Assets and Liabilities:

On December 31, 1970, our assets as the financial statements show were \$31,214,820, a 19% growth over last year.

Because our members' savings increased substantially more than their loans, our borrowings from outside sources were reduced by \$3,042,958 to only \$279,336, the lowest amount since 1962.

Assets are used for the benefit of members as follows:

	Percent 1968	Percent 1969	Percent 1970
Loans to members	83	88	88
Liquidity purposes	14	10	9
Property, equipment & other items	3	2	3
	<u>100</u>	<u>100</u>	<u>100</u>

The money to provide these assets came from:

	Percent 1968	Percent 1969	Percent 1970
Loans from outside sources and accounts payable	10	13	2
Members' savings including surplus for distribution	88	85	96
Protection reserves	2	2	2
	<u>100</u>	<u>100</u>	<u>100</u>

Operations:

Gross revenue at \$2,643,793 was 23% higher than in 1969, an increase of \$496,975. However, during the year, cost of money which includes the dividend on shares and interest on deposits and borrowings rose 28% in the amount of \$351,236. This cost has risen from 50c out of each income dollar in 1966 to 61c in 1970. Fortunately our expenses have declined in the same five-year period from 40c out of each income dollar to 29c as the following table shows:

	1966	1967	1968	1969	1970
Insurance on shares and loans	14c	12c	10c	08c	08c
Salaries and related costs	15c	13c	12c	11c	11c
Other expenses	11c	10c	11c	10c	10c
	<u>40c</u>	<u>35c</u>	<u>33c</u>	<u>29c</u>	<u>29c</u>

In our report last year we projected a likely increase in overhead costs since comparison with similar organizations showed our costs to be substantially less than average. Your directors are, therefore, particularly pleased that such costs have not increased as has been the case in most businesses. However, even though great care is taken to control expenses, we are certain they will rise in 1971.

1970 Income Dollar:

WHERE IT CAME FROM		WHERE IT WENT	
Interest on loans	.90	To members:	
Income on investments	.06	Dividends and interest	
Refund of insurance premiums	.02	on deposits	.53
Other	.02	Insurance savings	
	<u>1.00</u>	and loans	.08
		Reserves	.09
			<u>.70</u>
		Interest on borrowings	.09
		Expenses	.21
			<u>\$1.00</u>



Loans

Savings and Loan Protection:

A very important and costly feature of our operations is the insurance coverage maintained on members' shares and loans. Unfortunately, 75 of our members passed away in 1970. Because of the insurance coverage, \$63,405 of loans issued to 27 members was repaid and \$49,513 was added to estates of the bereaved families.

We continue to participate in the national insurance pool through Co-operative Life Insurance Company. Since this pool began 11 years ago, Credit Unions in this Province have benefitted substantially. The B.C. claims ratio of 72% compares to a national average of only 62%.

In addition to life savings and loan protection many of our younger members, at very reasonable premium costs, can now obtain excellent coverage up to \$30,000 through "Buy of your life."

Recommendations:

Your directors have already, by virtue of the authority given them two years ago, declared and authorized payment of a 5% dividend calculated on the minimum quarterly share balances. Add to this the life savings insurance which is the equivalent of a $\frac{3}{4}$ % dividend and the effective return is $5\frac{3}{4}$ %. This is $2\frac{1}{4}$ % - $2\frac{3}{4}$ % higher than rates paid on similar type savings by our major competitors.

We recommend that the remaining surplus be distributed as follows:

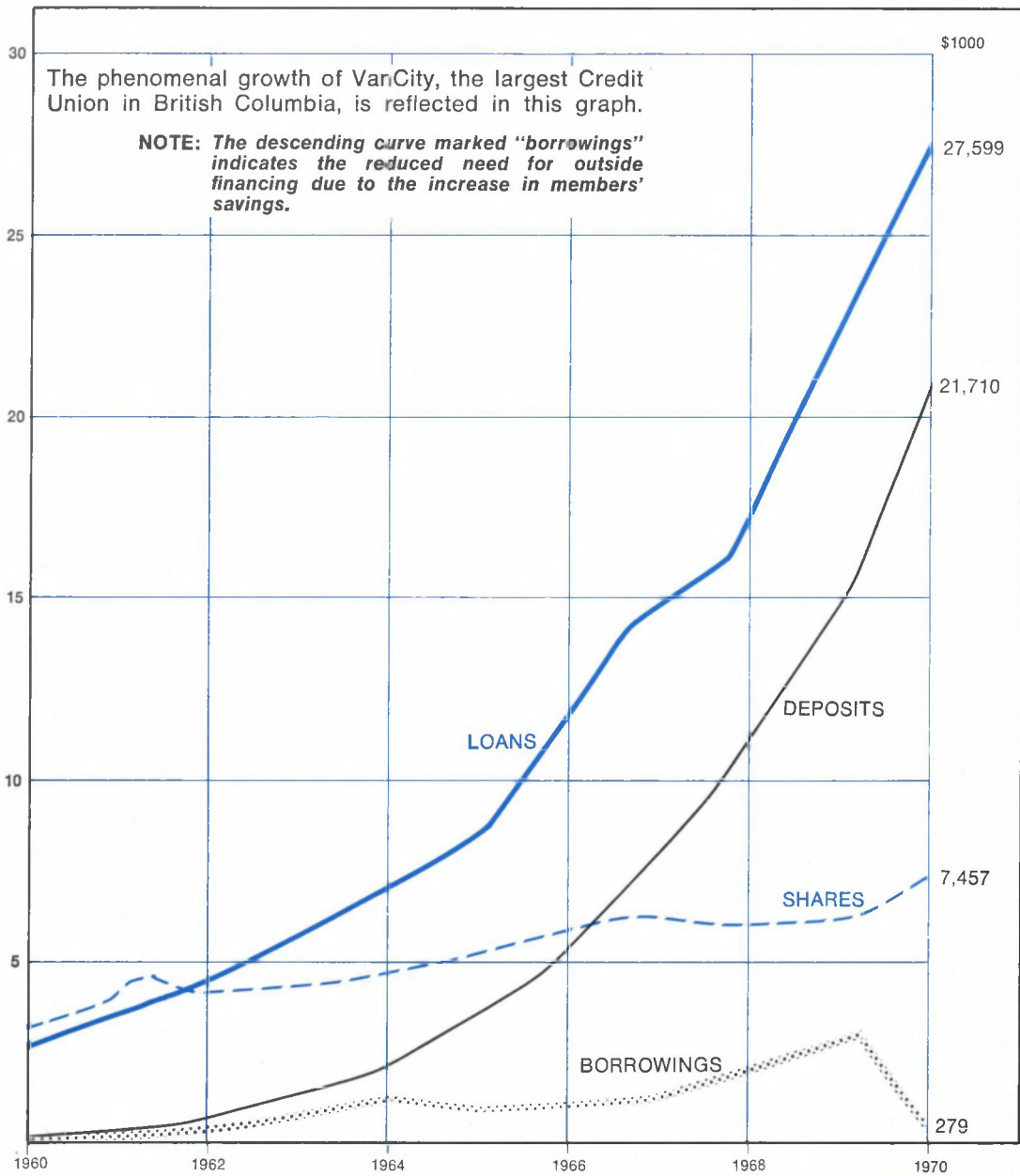
To endowment loans bonus reserve	\$15,000
To contingency reserve	20,000
To education reserve including provision for 25th anniversary	97,000

Although we are responsible for all facets of VanCity's operations, two matters are of paramount importance:

- (a) *the safety and liquidity of members' savings now totalling nearly \$30,000,000 necessitating the building of reserves even beyond the minimum legal requirements;*
- (b) *the growth and development of VanCity to make it an even more effective financial organization in this community.*

This requires an educational and promotional budget of sufficient size to inform present and potential members of our various existing services and to permit research and development of new services.

Our spectacular growth, much greater than most other Credit Unions in Canada and the United States, can be attributed to our vigorous promotional and informative campaigns over the past ten years.

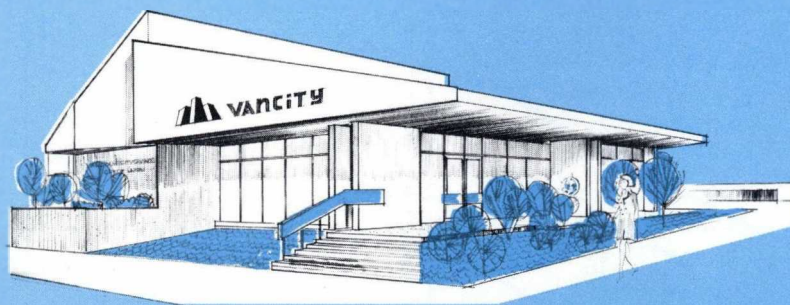


EXPANSION is the keynote... at VANCITY



96 EAST BROADWAY

Presently housed in the Credit Union Building, VanCity's big move in 1971 will be to 1030 West Broadway, just off Oak Street. This modern, new main office will include a high security vault with safe deposit box facilities. It is in a central location, convenient to public transportation and there will be a large parking lot for members right alongside.



VICTORIA DRIVE

This first branch office was opened with very little fanfare on August 15, 1957. Long time members have seen it develop from humble beginnings in cramped quarters on 41st Avenue to the present premises at 40th and Victoria Drive. Soon this office will move again; this time into a bright new building right across 40th Avenue from the present location. It will contain high security vault, safe deposit box facilities, and have ample parking facilities. This continuing expansion is due to the loyal support from a steadily growing membership.





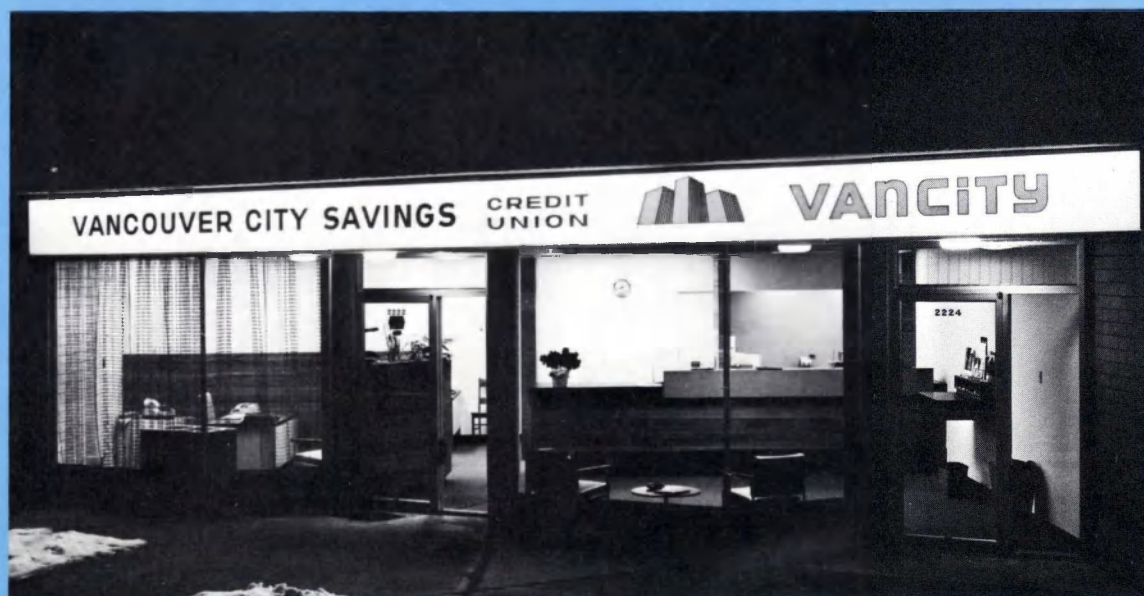
EAST HASTINGS

This doorway is very familiar to more than 2900 VanCity members of a half dozen different ethnic origins. An ever-increasing number of newcomers to Canada choose VanCity to service their financial needs and help them to become established. Bi-lingual employees at East Hastings are a great help to many members not yet fluent in our language.



WEST BROADWAY

During its fifth year of operation this bustling office showed a record 71% growth in the face of fierce competition. We are particularly proud of this achievement in the light of the economic slowdown and the increasing discrimination of the public in financial matters. This is proof positive that VanCity's broad range of services and benefits are equal to those of any other institution and better than most.



HOLLYBURN

After only five months of operation in our first office outside the City of Vancouver it was necessary to move into larger premises. The spectacular growth of this office was one of the highlights of 1970. It substantiates the belief that VanCity's modern services are needed and can be provided outside our City.

The Seventies:

As our report has indicated, 1970 was an exceptional year. This is probably due in large part to the fact that our growth in the last half of the year was more rapid than ever experienced in past years. Because of this unprecedented growth our staff and physical facilities were taxed to the utmost.

We are aware that as any organization becomes larger it must become more sophisticated. It becomes more complex each day to properly service people's needs and to compete with other capable organizations having vast resources for planning and promotion.

In facing this problem your directors decided that even more planning is essential. Late in 1970, therefore, we established a "Strategic Planning Committee" made up of:

DR. WHATA WINIATA *of the Faculty of Commerce and Business Administration, U.B.C.*

DR. JAMES FORBES *also of the Faculty of Commerce and Business Administration, U.B.C.*

W. J. WRIGHT — *Legal Advisor to VanCity.*

L. S. WIDDIFIELD — *Director of VanCity.*

D. W. BENTLEY — *General Manager of VanCity.*

This committee was asked to "study and bring forward recommendations on how VanCity might organize to accomplish effective short, intermediate and long range planning" and to submit its report by December 31, 1970.

Their report is grouped under three major headings:

1. *The extent and sources of VanCity's growth over the past decade.*

2. *Planning and organizing for developments in VanCity over the next several years.*

3. *Items requiring further study.*

The committee found VanCity had an eight-fold increase in assets from the end of 1960, a rate much higher than the economy of the City of Vancouver, the Province of British Columbia or the Canadian economy. Statistics showed that total production, personal disposable income and savings multiplied about two times in the course of the sixties. However, the report also showed that compared to two specific financial institutions in Vancouver our performance although high, was less impressive.

They noted that VanCity had many constraints to face in enlarging its loan and mortgage portfolio.

These are: *liquidity constraint*
legal constraint
risk constraint
facilities constraint
competitive price constraint
expertise constraint
operational efficiency constraint
image constraint

They pointed out that VanCity must be able to cope with the constraints in ways that minimize their inhibiting influences.

As a financial institution VanCity's responses will be through interest payments, convenience, safety, attractiveness of facilities and utilization of funds left with it by member depositors.

The committee also stated clearly that if VanCity is to be involved in the process of attempting to meet the wide range of members' needs it will want to give attention to the following areas:

(a) Housing in its broadest possible terms.

The financing of single dwelling units, the construction and ownership of multiple dwelling units, the provision of housing for the family and the retired as well as the moderately circumstanced, the acquisition or development of a realty company and other dimensions of this area should be explored.

(b) Recreation.

The financing or development of recreational facilities and programs should provide increasing opportunities to serve members as the work-week and work-life shortens and the personal resources given to recreation expand.

(c) Education.

This is an area in which VanCity is only lightly involved. Conducting seminars, financing educational institutions on commercial terms or supporting an educational body such as a centre for research on personal finance are items which VanCity might choose to critically analyze.

(d) Environment.

Increasing concern is expressed over the environment in which we live. VanCity's members are involved. The allocation of funds on commercial terms and as grants for the purpose of improving atmospheric and other environmental conditions is an activity to which VanCity might give some consideration.

(e) Transportation.

This, like housing and education, is a necessity in Vancouver. VanCity should seek ways to more fully service the needs of its members in this area in areas

not only of financing but of adequacy of transportation facilities.

(f) Ancillary services.

Safety deposit box facilities, counselling on and managing pension and retirement planning, wealth management and other services are required by members. VanCity might choose to study the ways in which these services affect the behaviour and welfare of its members.

In addition to the foregoing, the report recommended a study of:

1. *VanCity's relationship with the B.C. Central Credit Union and the possibility of co-ordinating some of our planning activities with them.*
2. *The practice of insuring shares and loans.*
3. *Our relationship with and exposure to the financial and social community.*
4. *Branch development and the implications to management and member services.*

Your board believes the report of the "Strategic Planning Committee establishes the base from which later important developments will take place. Because the report has only recently been received, we know it must be considered in depth before decisions are made. We believe, however, it is another important milestone in the history of VanCity.

We know that new times demand new measures. The world advances and in time outgrows the laws that in our father's day were best. If Credit Unions are to be viable they must change and redesign their operations and services to fit new conditions. We are certain that VanCity has the strength and flexibility to adapt to these inevitable changes and will continue to grow and prosper.

Assets

BALANCE SHEET — As at December 31, 1970

(With comparative figures for 1969)

	1970	1969
Cash and short term deposits	\$ 2,361,295	\$ 2,210,733
Loans (Notes 1 and 2)	\$27,599,504	23,175,225
Deduct: Allowance for loans in default	128,765	71,146
	<u>27,470,739</u>	<u>23,104,079</u>
Other amounts receivable	12,168	1,285
Investment in shares of related organizations — at cost	566,100	521,100
Provincial Credit Union Share and Deposit Guarantee Fund — value of equity	357,428	248,655
Branch premises and equipment — at cost less amounts written off (Note 4)	445,568	140,441
Prepaid expenses	1,522	13,621
	<u>\$31,214,820</u>	<u>\$26,239,914</u>

Note 1: LOANS — Included in loans to members are loans to directors, officers and employees totalling \$79,499.

Note 2: LOANS — Included in loans to members is an advance of \$237,604 (\$1,577,951 — 1969) to V.C.S. Housing Development Ltd., a wholly-owned subsidiary of Vancouver City Savings Credit Union. The underlying security for this advance is mortgages held by the subsidiary in "The Meadows" condominium housing project. The earnings of this subsidiary to December 31, 1970 have been fully reflected in these statements.

Note 3: COMMITMENTS — The credit union, through its subsidiary, V.C.S. Housing Development Ltd., has in January, 1971 entered into contracts aggregating \$253,800 for the construction of two branch premises.

Note 4: SALE OF PREMISES — Included in branch premises and equipment is a property with a book value of \$32,330 for which the credit union has accepted an offer to purchase for \$70,000. The effective date of the sale is to coincide with completion of new premises under construction.

Liabilities

	1970	1969
Loans payable — B.C. Central Credit Union	\$ 178,126	\$ 3,322,294
— Co-operative Trust Company	101,210	
Accounts payable, acceptances and accrued charges	152,041	221,059
	<u>431,377</u>	<u>3,543,353</u>
Reserves		
Education reserve	4,630	5,594
Endowment loan bonus reserve	19,454	10,644
Guarantee reserve	\$ 702,933	
Deduct: Allowance for loans in default	128,765	574,168
Contingency reserve	100,000	70,000
	<u>698,252</u>	<u>561,003</u>
Members' Accounts		
Deposits withdrawable on demand	\$ 8,641,735	6,116,368
Time deposits	13,068,507	8,395,023
Interest accrued on deposits	452,103	317,599
Members' shares — less unpaid thereon	7,456,957	6,864,026
Undistributed earnings — per statement	465,889	442,542
	<u>30,085,191</u>	<u>22,135,558</u>
	<u>\$31,214,820</u>	<u>\$26,239,914</u>

Approved on behalf of the Board:
 J. H. LUCAS, *Director*
 J. R. MONTGOMERY, *Director*

Submitted as part of our report dated January 30, 1971.
 Campbell, Sharp, Nash & Field, Chartered Accountants.

STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 1970

(With comparative figures for 1969)

Revenue:

Interest on members' loans	
Investment income	
Refund on savings and loan insurance	
Chequing service and other income	

1970	1969
\$ 2,393,071	\$ 1,894,199
155,810	172,545
43,961	40,677
50,951	39,397
<u>2,643,793</u>	<u>2,146,818</u>

Less: Interest paid on:

Borrowed money	
Members' deposits	

225,998	215,842
1,103,199	781,076
<u>1,329,197</u>	<u>996,918</u>
<u>1,314,596</u>	<u>1,149,900</u>

Expenditure:

Insurance protection on savings and loans	
Salaries and benefits	
Office expenses, premises, supplies	
Dues, meetings, travel and other	
Clearing charges	

203,999	175,510
289,895	231,626
190,052	158,258
44,393	38,655
24,719	19,589
<u>753,058</u>	<u>623,638</u>

Excess of revenue over expenditure

Deduct: Transfer to guarantee reserve	
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561,538	526,262
139,128	115,880

Balance of net income for the year — carried to undistributed earnings

<u>\$ 422,410</u>	<u>\$ 410,382</u>
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STATEMENT OF UNDISTRIBUTED EARNINGS

FOR THE YEAR ENDED DECEMBER 31, 1970

(With comparative figures for 1969)

Balance at December 31, 1969

Deduct: Share dividends paid	
Transfer to endowment loan bonus reserve	
Transfer to education reserve	
Transfer to guarantee reserve	
Transfer to contingency reserve	
Honoraria	

Add: Net transfer from credit unions purchased	
Balance of net income for the year — per statement of income	

Balance at December 31, 1970 — to Balance Sheet

1970	1969
<u>\$ 442,542</u>	<u>\$ 364,357</u>
268,015	249,546
11,000	7,300
75,000	57,000
25,000	
30,000	20,000
300	300
<u>409,315</u>	<u>334,146</u>
33,227	30,211
10,252	1,949
<u>422,410</u>	<u>410,382</u>
<u>\$ 465,889</u>	<u>\$ 442,542</u>

SCHEDULE OF GUARANTEE RESERVE

FOR THE YEAR ENDED DECEMBER 31, 1970

(With comparative figures for 1969)

Balance at December 31, 1969

Add: Additional transfer from 1969 earnings

Deduct: Uncollectible loans written-off	
Decrease in value of Provincial Credit Union Share and Deposit Guarantee Fund	

Add: Balance of guarantee reserves of purchased credit unions	
Collections on loans previously written-off	
Transferred from income for the year ended December 31, 1970 — per statement of income	

Balance at December 31, 1970

1970	1969
<u>\$ 545,911</u>	<u>\$ 459,007</u>
25,000	
<u>570,911</u>	<u>459,007</u>
27,241	25,389
8,263	12,830
<u>35,504</u>	<u>38,219</u>
<u>535,407</u>	<u>420,788</u>
25,247	6,368
3,151	2,875
<u>139,128</u>	<u>115,880</u>
<u>\$ 702,933</u>	<u>\$ 545,911</u>

SCHEDULE OF EDUCATION RESERVE

FOR THE YEAR ENDED DECEMBER 31, 1970

(With comparative figures for 1969)

	1970	1969
Balance at beginning of year	\$ 5,594	\$ 8,710
Add: Transfer from undivided earnings	75,000	57,000
Annual membership dues	14,518	14,330
Transferred from purchased credit unions	2,676	323
	<hr/>	<hr/>
	92,194	71,653
	<hr/>	<hr/>
	97,788	80,363
	<hr/>	<hr/>
Deduct: Expenditures:		
Advertising — Radio and television	35,326	26,348
Newspapers and periodical	11,703	7,410
Pamphlets, magazines, circulars, etc—		
Enterprise	\$ 1,866	
Member mailings and postal drops	15,150	
Pamphlets and calendars	8,898	
Annual report	2,315	
Signs and posters	1,653	
	<hr/>	
	29,882	25,797
Education salaries and expense	12,499	12,158
Scholarships	1,500	1,200
Sundry promotional expenses	2,248	1,856
	<hr/>	<hr/>
	93,158	74,769
	<hr/>	<hr/>
Balance at end of year	\$ 4,630	\$ 5,594

AUDITORS' REPORT

To the Members,
Vancouver City Savings Credit Union,
Vancouver, B.C.

January 30, 1971.

We have examined the balance sheet of the Vancouver City Savings Credit Union as at December 31, 1970 and the statements of undistributed earnings and of income for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the allowance for loans in default has been calculated in accordance with the provisions of Section 34(5)

of the Credit Unions Act, and we consider that the procedures adopted by the credit union are adequate for the safety of its creditors and shareholders and the credit union is in sound financial condition.

In our opinion the accompanying balance sheet, and statements of undistributed earnings, and of income, are properly drawn up in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, so as to present fairly the financial position of the credit union as at December 31, 1970 and the results of its operations for the year ended on that date, according to the best of our information and the explanations given to us and as shown by the books of the credit union.

Campbell, Sharp, Nash & Field
Chartered Accountants.



THE PROVINCIAL SHARE AND DEPOSIT GUARANTEE FUND
protects the investment of all individuals in every credit union
in British Columbia.

This protection makes credit unions one of the safest places
where anyone can save or invest.