



Vancouver City Savings
Credit Union

30th
Annual Report
1975

Vancouver City Savings Credit Union 30th Annual Report 1975

In Memoriam



DONALD W. BENTLEY
General Manager
1955-1975

VanCity suffered a grievous loss from the sudden passing of Don Bentley on December 13, 1975, at the age of 55 years.

BOARD OF DIRECTORS

President: S. W. PARSONS

Vice-President: D. G. CAMPBELL

Directors: M. BETTS

J. H. CORSBIE

A. L. GLADU

S. B. MARSH

J. C. NEAVE

R. S. PERRY

S. SUTHERLAND

General Manager: D. W. BENTLEY

(Deceased December 13/75)

Auditors: CAMPBELL, SHARP, NASH & FIELD

Offices:

1030 West Broadway

5590 Victoria Drive

2510 East Hastings Street

3395 West Broadway

4205 Main Street

6330 Fraser Street

1548 Marine Drive, West Vancouver

4371 East Hastings Street, North Burnaby

Report of the Board of Directors

Your Directors present this 30th Annual Report with both sorrow and pride. It is a pleasure to announce 1975 was another successful year for our Credit Union, but this satisfaction is tempered by the loss of Don Bentley who passed away suddenly on December 13, 1975, at the age of 55 years. Our late General Manager was a vital force in VanCity for twenty years. It is impossible to fully measure the tremendous contribution made by his dedication to the welfare of VanCity and its members. A "Don Bentley Memorial Fund" has been established with a donation of \$10,000 to the Credit Union Foundation of British Columbia and the Head Office building at Broadway and Oak Street has been named the "Don Bentley Building" in his memory.

In 1975 membership grew by 9,091 members and assets climbed to a record high of \$271 million. This growth, in both membership and assets, gives some indication of the increasing support your credit union is receiving from the community it serves. It is also noted, with pride, that VanCity continues to be the largest credit union in Canada; as members we have all contributed and, therefore, all share in this success story.

Financial growth for its own sake has never been an objective but it does provide economies of scale which can contribute to providing better and more efficient credit union services. This is an advantage in meeting the aggressive competition, especially for the saving dollar. VanCity must first attract deposits in order to provide the financial assistance requested by members and thus properly fulfill its primary function: "To provide members the best savings service with the highest possible return and the best credit service at the lowest possible cost consistent with sound operating principles."

The Canadian economy experienced a further round of inflation in 1975, and in the third quarter of the year controls were imposed on wages and prices. It is hoped these measures will be successful in containing inflation and bring some stability to our economy.

Credit Unions maintained their substantial rates of growth all across Canada. In British Columbia it is expected that credit union assets will increase by approximately twenty-two percent, to an estimated total of \$1.6 billion. Membership also continues to increase, and there are now more than 600,000 credit union members in our Province.

In 1970 your Directors established a "Strategic Planning Committee" which was asked to study and bring forward recommendations on how VanCity might organize to accomplish short, intermediate and long-range planning. One of the recommendations related to ancillary services and it suggested that VanCity study ways and means of providing counselling on, and managing of, pension and retirement planning, financial management and other services that might be required by members.

Early in the year we introduced our own Registered Retirement Savings Plan and Registered Home Ownership Savings Plan for members. They were carefully designed to be simple and straightforward programmes that would provide a good return to members without any commission or administrative charges, withdrawal restrictions or other features that subscribers to other plans consider undesirable. By providing for a quarterly adjustment in interest rates the return to members will always relate to the current money market. Because of the abnormal fluctuations in interest rates during the past

Report of the Board of Directors continued

few years, we believe this to be the fairest procedure for both members and VanCity when dealing in long term deposits. The enthusiastic response by members to both programmes during the year bears out this belief.

The Committee also stated clearly that close attention should be given to housing in its broadest possible terms, including 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 housing.

In keeping with this recommendation, land was purchased in Surrey, Port Coquitlam and Burnaby for the construction of single unit family housing for members. The Surrey development at 113th Avenue and 135th Street, which is convenient to Whalley shopping area, is well underway and it is hoped members can be advised that completed units are available for purchase by the spring of 1976. The Port Coquitlam and Burnaby developments will follow later in the year. In addition 43 suites in a self-owned apartment block located at Arbutus and Second Avenue in Vancouver will be on sale early in February. This four storey unit in the Kitsilano area has been carefully designed to make the best possible use of space without sacrificing quality or convenience. The accommodation is expected to appeal to younger people as starter units and to older couples as retirement homes.

High ratio mortgages will be available and, for a reasonable length of time, in all cases VanCity members will have exclusive rights to purchase.

The high cost of adequate housing continues to be a serious problem, particularly for lower income families but there is little that can be done to meet that particular need without active and co-ordinated participation by governments at all levels. However, we will continue efforts to provide a worthwhile housing service in other areas.

By the end of December, virtually all accounts and records had been transferred over to our own GEAC computer system. On-line terminals in every VanCity office provide immediate access to our central computer and transactions are recorded instantaneously at the time they are made. This means that records and accounts are always up-to-date. Our computer system employs the latest technology and is one of the most advanced in use by any financial institution in Canada. It has been a significant undertaking and because we were breaking new ground in being first in developing such a system, it was not accomplished without some difficulties and problems. We regret that both members and staff have been inconvenienced from time to time during the transition period. Major problems have now been resolved and continuing improvements and refinements will be made as we learn from practical experience. Our whole purpose is to provide a more efficient service to members at less cost and we are satisfied this will prove to be the case.

Membership

Just ten years ago, 1965, membership stood at 9,910 after twenty years of operation. During 1975 we welcomed 15,330 new members and our total membership at December 31st was 56,361. Growth did not quite match that during the exceptional year of 1973 but can be considered satisfactory in light of conditions prevailing. It is gratifying to report that our newer branches in North Burnaby, at 26th and Main Street and 47th and Fraser Street made major contributions to the over-all result. Total membership is distributed among branches as follows:

	1975	1974	1973
1030 West Broadway	26.2%	29.0%	33.3%
5590 Victoria Drive	18.0%	19.6%	21.5%
2510 East Hastings	15.5%	16.2%	17.0%
3395 West Broadway	15.9%	16.0%	16.0%
4205 Main Street	4.7%	3.7%	—
6330 Fraser Street	4.5%	1.6%	—
1548 Marine Drive, West Vancouver	7.3%	6.9%	7.0%
4371 East Hastings, North Burnaby	7.9%	7.0%	5.2%
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Small credit unions continue to experience difficulties coping with the increasing complexities involved in providing financial services. While total credit union membership in our province continues to increase steadily, the number of credit unions has been declining. At the voluntary request of 97 Evergreen Credit Union members, we purchased their assets and welcomed them into VanCity in 1975.

We are also pleased to report an increase of 843 in our junior membership to a total of 3,950. Communication with students by means of our annual essay contest and through a number of schools contributes to this worthwhile growth.

Assets

A 36% increase of \$72,000,000 over 1974, the greatest dollar increase in our history. It is our intention and hope that we can continue to earn that support from our members.

Members' savings are the principal source of any credit union's assets and are used mainly to meet the needs of borrowing members. The following tables show how this basic philosophy continues to be followed in VanCity with 97% of assets held in loans to members and liquidity reserves:

Source of Assets	1965	1974	1975
Members' savings	87%	90%	92%
Outside sources	11%	8%	6%
Protection reserves	2%	2%	2%
	<u>100%</u>	<u>100%</u>	<u>100%</u>

Use of Assets	1965	1974	1975
Members' loans	86%	87%	82%
Liquidity purposes	11%	11%	15%
Investment in Provincial Share & Deposit Guarantee Fund	1%	1%	1%
Premises equipment, etc.	2%	1%	2%
	<u>100%</u>	<u>100%</u>	<u>100%</u>

Savings

The increase of \$73,000,000 over the previous year is the biggest in our history. All savings plans contributed to this growth but our own Plan 24 showed the most remarkable increase; more than 100% to bring the total to over \$48 million. This strengthens our belief that Plan 24 is the finest passbook savings programme available. Although the interest rate was at times less than that paid on non-chequing savings accounts by our competitors, the real advantages to depositors from calculating interest on a daily basis is gaining increasing recognition. More people are realizing that interest

rates alone are not the sole deciding factor when considering a savings programme.

Early in 1974 your Directors decided on a policy of maintaining a strong liquid position, because it was recognized that short term deposits constitute the majority of members' savings. Our liquidity has always been higher than that required under the Credit Unions Act and we plan to continue that policy. We believe it is important to ensure financial soundness although such a policy does have the effect of reducing earnings.

Interest rates on savings did not reach the high levels of 1974, nor did they fluctuate as widely or as often. We anticipate a modest decline during the early part of 1976 followed by a rise in rates beginning in the late summer or early fall of the year.

Loans

By year-end loans to 14,146 members had increased by 30% or \$50,000,000 over 1974. Despite the high cost of housing and historically high loan interest rates, the demand by members for mortgage financing was heavy throughout the year and could not always be met. In keeping with established policy, small loans received priority and then loans to provide members housing, including purchases or renovations. Larger loans were severely restricted throughout the year, 2,737 real estate loans totalling \$85,843,650 were approved together with 6,486 personal loans totalling \$14,138,029.

The following comparison shows a larger number of loan approvals in 1975 but for a slightly lower dollar total than during the record year of 1973:

Loan Approvals	Number	Amount
1975	9,223	\$ 99,981,679
1974	7,528	66,821,801
1973	8,012	106,099,067

Uncollectible loans totalling \$37,955 were written off in 1975 compared to \$43,500 in 1974 and \$23,000 in 1973. \$11,044 was recovered on loans written off in previous years. This performance can be considered acceptable when related to the total amount of loans in force. The financial statements show an allowance for overdue loans of \$284,712 or $\frac{1}{8}$ of 1% of the outstanding total. This is unusually low, it may go somewhat higher in future years.

This important area continues under good control and these impressive statistics are indicative of the excellent record established by VanCity members over the years and the sound lending and collection policies of our Credit Union.

In order to conform to the new Credit Unions Act proclaimed in 1975, all reserves are now included in "Retained Earnings." In addition to the allowance for overdue loans, we are pleased to report an increase of \$1,324,734 in reserves, bringing retained earnings to a total of \$5,841,494. This represents 2.6% of total loans in force compared with 1.8% in 1974 and 1.6% in 1973.

Operations

Gross revenue of \$25,200,000 represented a 32% increase of \$6,200,000 over 1974. Net earnings declined substantially in 1974 and this condition carried over into the early part of 1975. However, a marked improvement was evident during the second half of the year as high interest short term deposits were renewed at lower rates and outside borrowing was practically eliminated. A large, efficient credit union enjoys certain economies of scale but it is unlikely that expenses can be held at present low levels, especially in our existing inflationary economy. Constant care must be exercised to see that operating margins do not fall below the minimum required to ensure a sound operation while endeavouring to provide to members the best possible savings and loan service. The following schedule showing the increasing benefits enjoyed by members over the years is indicative of our success in this respect:

DISTRIBUTION OF INCOME:

	1965	1974	1975
Interest on deposits and dividends on shares	53%	68%	71%
Premiums paid on behalf of savings and borrowing members	8%	3%	2%
Direct member benefits	61%	71%	73%
Reserves for members' protection	9%	5%	5%
TOTAL MEMBER BENEFITS	70%	76%	78%
Interest on borrowings	9%	9%	6%
Income tax	—	1%	2%
Salaries and related costs	11%	8%	7%
Other expenses	10%	6%	7%
	100%	100%	100%



Consolidated Balance Sheet and Financial Statements

Assets

	1975	1974
MEMBER BORROWINGS		
Loans to members	\$220,136,868	\$171,079,408
Accrued interest thereon	1,739,024	1,155,565
	<u>221,875,892</u>	<u>172,234,973</u>
less: allowance for doubtful loans	284,712	126,893
	<u>221,591,180</u>	<u>172,108,080</u>
CASH AND SHORT TERM DEPOSITS (Note 4)	31,174,947	15,404,596
BONDS AND SECURITIES, issued or guaranteed by Canada, British Columbia or B.C. Municipalities, at cost, plus accrued interest (market value \$6,040,032; 1974 — \$1,997,083)	6,347,200	2,144,354
INVESTMENTS, at cost		
Shares, B.C. Central Credit Union	3,910,100	3,676,100
Debenture, Credit Union Reserve Board	1,458,877	1,456,902
Debenture, Cupac Services Ltd.	5,000	5,000
LAND, BUILDINGS AND EQUIPMENT, at cost less accumulated depreciation (Note 5)	6,186,264	3,752,829
OTHER ASSETS	106,752	2,135
	<u>\$270,780,320</u>	<u>\$198,549,996</u>

On behalf of the Board
 J. H. CORSBIE, *Director*
 A. L. GLADU, *Director*

Notes to the Consolidated Financial Statements

1. PRINCIPLES OF CONSOLIDATION

The consolidated statements include the assets, liabilities, and operating results of the credit union and its wholly owned subsidiaries:

V.C.S. Properties Ltd.
 V.C.S. Housing Developments Ltd.
 V.C.S. Condominium Developments Ltd.

The subsidiary companies' principal objects are the ownership of the credit union's branch premises, the ownership of rental housing, and development of housing for resale to credit union members.

Certain projects have been undertaken in partnership with others. In respect of these projects the consolidated financial statements include the net assets representing the credit union's share of the project.

2. CHANGES IN ACCOUNTING POLICIES

Legislative changes have required significant changes in the accounting policies of the credit union.

a) Federal income tax law requires that for 1975 and subsequent years interest on loans be recorded as income as it accrues. In previous years the credit union recorded such income only in the year interest was paid. Accordingly, and in order that the financial statements will more fairly present the financial position and results of operations, the credit union has adopted the accrual method of accounting for interest income and has restated the comparative figures by recording the accrued interest at January 1, 1974 as an adjustment to retained earnings and has reflected the increase in accrued income during 1974 in the statement of earnings.

b) The Credit Unions Act of British Columbia has altered the requirements with respect to reserves and retained earnings.

In the past the credit union created through appropriations of earnings certain statutory and other reserves to which were charged certain expenses, principally provision for losses; and distributions to members were charged to retained earnings. This accounting treatment is no longer required and the credit

union has consolidated all such reserves into retained earnings. Such expenses and distributions have been reflected in the statement of earnings.

In addition the Credit Unions Act has defined the amount of statutory reserves which are to be held before distributions can be made to members. This information is presented in the statement of retained earnings.

These changes have been given retroactive effect in the comparative figures for 1974. Their effect on earnings is summarized below and their effect on the opening retained earnings at January 1, 1974 is provided in the statement of retained earnings:

	1975	1974
Earnings as determined before accounting changes described above	\$1,509,630	\$1,500,314
Effect of accounting changes		
Increase in reported interest income through increase in amount of accrued interest	583,459	263,311
	<u>2,093,089</u>	<u>1,763,625</u>
Items previously charged to various reserve accounts and retained earnings		
Endowment bonus expense	14,014	18,178
Education expense		150,000
Increase in provision for doubtful loans	184,730	71,879
Dividends payable to members	735,169	569,229
Earnings as reported	<u>\$1,159,176</u>	<u>\$ 954,339</u>

3. INCOME TAXES

The credit union claims for income tax purposes the maximum reserves permitted in respect of loans and certain other assets. This claim for income tax purposes exceeds the provisions for losses recorded in the accounts resulting in a reduction of income taxes currently payable. This reduction in taxes will become payable

Balance Sheet

December 31, 1975

Liabilities and Members' Equity

	1975	1974
MEMBER SAVINGS		
Deposits withdrawable on demand	\$ 57,022,432	\$ 29,263,584
Term deposits	169,891,216	128,267,611
Accrued interest on deposits	6,067,757	4,294,528
Members' shares	14,224,672	12,386,496
Provision for dividends	735,169	569,229
	<u>247,941,246</u>	<u>174,781,448</u>
NON-MEMBER DEPOSITS, including accrued interest	11,585,367	3,000,000
LOANS PAYABLE		
B.C. Central Credit Union, secured by assignment of debts receivable	3,817,310	14,829,540
Mortgages on rental housing	217,709	226,752
CURRENT LIABILITIES		
Accounts payable and accruals	500,760	473,481
Corporation income taxes payable	224,184	96,996
DEFERRED INCOME TAXES (Note 3)	652,250	467,200
RETAINED EARNINGS	5,841,494	4,674,579
	<u>\$270,780,320</u>	<u>\$198,549,996</u>

when either the total of these assets falls below the balances at December 31, 1975 or there is a change in tax legislation permitting such reserves. The credit union has accordingly made provision against the occurrence of such a liability under Deferred Income Taxes.

The provision for income taxes for the current year comprises:

	1975	1974
Credit Union — taxes currently payable	\$ 251,921	\$ 123,736
— deferred income taxes	184,000	105,000
Subsidiaries — deferred income taxes	(1,750)	6,110
	<u>\$ 434,171</u>	<u>\$ 234,846</u>

4. CASH AND SHORT TERM DEPOSITS

Cash and short term deposits comprise the following amounts:

	1975	1974
Cash on hand, at bank and at B.C. Central Credit Union	\$ 1,389,697	\$ 908,727
Demand and short term deposits with B.C. Central Credit Union, due in 1976	20,400,000	10,900,000
Term deposits with chartered banks: due in 1976	9,189,000	3,399,619
due beyond 1976	196,250	196,250
Cash and short term deposits	<u>\$31,174,947</u>	<u>\$15,404,596</u>

5. LAND, BUILDINGS AND EQUIPMENT

	Cost	Accumulated Depreciation	1975 Net	1974 Net
Branch Premises				
Land	\$ 778,124	\$	\$ 778,124	\$ 661,175
Buildings	2,231,986	205,212	2,026,774	1,881,075
Leasehold improvements	188,044	102,149	85,895	124,774
	<u>3,198,154</u>	<u>307,361</u>	<u>2,890,793</u>	<u>2,667,024</u>

Branch Premises (Cont'd)	Cost	Accumulated Depreciation	1975 Net	1974 Net
Office equipment and furniture	987,947	442,600	545,347	433,518
Total credit union premises and furnishings	4,186,101	749,961	3,436,140	3,100,542
Member Housing				
Rental property				
Land	105,900		105,900	107,346
Buildings	537,379	2,838	534,541	544,941
Property for development and resale	2,109,683		2,109,683	
Total member housing	2,752,962	2,838	2,750,124	652,287
LAND, BUILDINGS AND EQUIPMENT	<u>\$6,939,063</u>	<u>\$ 752,799</u>	<u>\$6,186,264</u>	<u>\$3,752,829</u>

Branch premises and office equipment are depreciated over the estimated useful life of the asset, and leasehold improvements are amortized over the term of the lease but not exceeding five years. The sinking fund method is used in depreciating rental housing.

Total depreciation written during the year amounts to \$311,704 (\$191,542 — 1974).

6. DIRECTORS' REMUNERATION

The directors in their capacity as directors received no remuneration during the years ended December 31, 1975 and 1974.

7. LOANS TO DIRECTORS, OFFICERS AND EMPLOYEES

The outstanding amount of loans to 79 directors, officers and employees at December 31, 1975 was \$773,190 and none of these loans was in arrears at that date. (At December 31, 1974, 84 loans aggregated \$698,626.)

Consolidated Income Statement

for the year ended December 31, 1975

	1975	1974
REVENUE		
Interest on members' loans	\$20,979,381	\$17,254,761
Investment income	3,774,986	1,528,202
Refund on savings and loan insurance	130,657	127,657
Chequing service and other income	354,623	171,501
	<u>25,239,647</u>	<u>19,082,121</u>
EXPENDITURE		
Interest costs on borrowed money	489,271	1,725,505
members' deposits	17,262,882	12,285,826
non-members' deposits	831,184	19,926
	<u>18,583,337</u>	<u>14,031,257</u>
Administrative and other	6,656,310	5,050,864
salaries and benefits	1,775,885	1,434,610
office expenses, premises and supplies	1,322,991	900,210
advertising, meetings, travel and other	429,492	252,333
clearing charges	106,174	81,240
provision for losses on loans	184,730	71,879
insurance protection on savings and loans	494,508	534,000
	<u>4,313,780</u>	<u>3,274,272</u>
EARNINGS BEFORE DISTRIBUTIONS TO MEMBERS AND INCOME TAXES	<u>2,342,530</u>	<u>1,776,592</u>
DISTRIBUTION TO MEMBERS		
Dividends on shares	735,169	569,229
Endowment bonuses	14,014	18,178
	<u>749,183</u>	<u>587,407</u>
EARNINGS BEFORE INCOME TAXES	1,593,347	1,189,185
Income taxes (Note 3)	434,171	234,846
CONSOLIDATED NET EARNINGS FOR THE YEAR	<u>\$ 1,159,176</u>	<u>\$ 954,339</u>

Consolidated Statement of Retained Earnings

for the year ended December 31, 1975

	1975	1974
BALANCE OF CONSOLIDATED RETAINED EARNINGS, at beginning of year		\$ 1,263,908
Adjustment to record interest accrued on member loans at January 1, 1974		892,254
		<u>2,156,162</u>
less: dividends and rebates of loan interest applicable to 1973 paid in 1974		872,659
		<u>1,283,503</u>
RESERVE ACCOUNTS AT JANUARY 1, 1974		
Guarantee reserve, less \$87,095 allowance for doubtful loans		2,201,797
Endowment loan bonus reserve		15,630
Contingency reserve		<u>202,060</u>
RETAINED EARNINGS, beginning of year, restated	\$ 4,674,579	3,702,990
CONSOLIDATED NET EARNINGS FOR THE YEAR	1,159,176	954,339
TRANSFER FROM PURCHASED CREDIT UNIONS	<u>7,739</u>	<u>17,250</u>
RETAINED EARNINGS, end of year	<u>\$ 5,841,494</u>	<u>\$ 4,674,579</u>
RETAINED EARNING, at December 31, 1975 appropriated as follows:		
Statutory reserve requirements in accordance with Section 106 of the Credit Unions Act	\$ 3,903,432	
Reserve set aside by the credit union for contingencies	240,000	
Endowment loan bonus reserve	35,000	
Additional reserves set aside by directors	1,663,062	
	<u>\$ 5,841,494</u>	

Auditors' Report

To the Members,
Vancouver City Savings Credit Union.

We have examined the consolidated balance sheet of Vancouver City Savings Credit Union as at December 31, 1975, and the consolidated statements of earnings and retained earnings for the year then ended. 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 these consolidated financial statements present fairly the financial position of the credit union and its wholly owned subsidiary companies as at December 31, 1975, and the results of their operations for the year then ended in accordance with generally accepted accounting principles applied, after giving retroactive effect to the change to full accrual accounting for interest income and the consolidation of reserve and retained earnings accounts as referred to in Note 2 to the consolidated financial statements, on a basis consistent with that of the preceding year.

In accordance with Section 78 of the Credit Unions Act we further report that:

- 1) We consider the procedures adopted by the credit union are adequate for the safety of its creditors and members and the credit union is in sound financial condition.
- 2) The information presented in Note 7 to the consolidated financial statements with respect to loans made to directors, officers and employees is correctly stated.

CAMPBELL, SHARP, NASH & FIELD
Chartered Accountants

Vancouver, Canada
February 5, 1976.

Distribution of Surplus

Under the provisions of the Credit Unions Act your Directors were pleased to authorize payment of a 7% share dividend, calculated on minimum quarterly balances; totalling \$735,169. This was after providing for statutory reserves of \$1,324,734 and income taxes of \$434,171. In addition \$14,014 was transferred to the endowment loan bonus reserve which was necessary to meet amounts due to members as their contracts mature.

In this difficult economic climate we believe it is essential that reserves be increased when possible to ensure the continuing soundness and stability of our Credit Union. It is gratifying to report that total reserves or retained earnings now stand at \$5,841,494 compared to \$4,674,579 in 1974.

Your Directors are convinced that VanCity must continue to provide an adequate budget for member information and development. There is no doubt that VanCity's substantial growth during the past

ten years to become Canada's largest Credit Union and, indeed one of the largest in the world, has been mainly due to the development of original and beneficial services to members and the active promotion of the Credit Union to members and the community at large. Because of rising costs in all areas of printing, mailing and advertising, we must be prepared to continually increase our allocation to this vital area of our operations. We expect expenditures during the coming year to increase significantly.

Finale

We continue to operate in an unusually volatile economic climate that is part of an ever-changing society with ever-changing needs. For example, we are presently in the midst of a most unusual worldwide condition of high inflation rates coupled with high unemployment. Government leaders and prominent economists throughout the world are struggling with this dilemma. History and past experiences are proving to be of little help in providing a solution. Although VanCity is a large Credit Union, it forms only a part of the national financial marketplace and it is essential that we be alert to changes as they occur and that we adjust quickly.

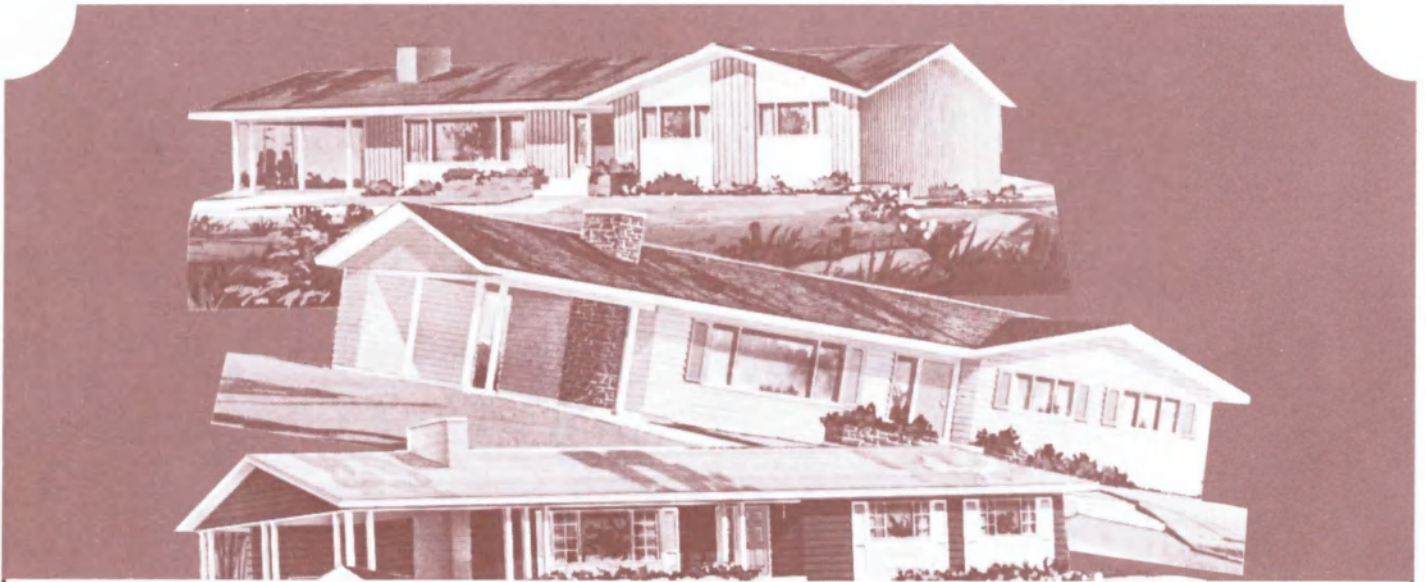
Because of the steady growth of credit unions in Canada and the record of their achievements in providing needed and beneficial services to more than six million Canadians, they have become recognized by governments as responsible, community oriented organizations performing an increasingly important service. The new B.C. Credit Unions Act was proclaimed in 1975 and considerably broadens the whole area of providing new member services. This new Act is now under careful study in order to determine policies for the best course of action to follow in order to take advantage of this legislation for the maximum benefit of members.

Housing needs will continue to receive increasing attention and it may be practical to develop our own

real estate facility. It is also possible we may be able to provide a worthwhile service to members in the area of recreation and travel. As ancillary services to standard financial programmes, VanCity will endeavour to respond to members' needs in the fields of money management, estate planning and other services required by members.

1975 was a successful year for VanCity, thanks to loyal support from its 57,000 members. It is because of such enthusiastic support during VanCity's thirty years of operation that our Credit Union has attained the impressive status it presently enjoys. The valuable contribution made by management and staff in implementing Board policies and providing efficient service is also sincerely acknowledged, for it is due to their efforts that VanCity continues to successfully fulfill its proper role as a people's organization concerned only with serving the needs of members.

1976 will no doubt present many new challenges for we are presently living through an unsettled economic and social period in history. Nevertheless, by continuing to be alert and responsive to changing needs and conditions, we are confident that your Directors and Management can fulfill their responsibilities, and with continued support from present and future members our Credit Union cannot help but prosper to the benefit of members and our community.



Vancity Housing Projects

One of the recommendations contained in VanCity's Strategic Planning Report which was approved at the 25th Annual General Meeting, was concerned with the provision of housing.

A visible result of this recommendation is a three-storey apartment block at Second Avenue and Arbutus. Construction was commenced in October 1975 and was completed by the time this report was printed. There are forty-three units in the building and all except the penthouses have now been sold under the Strata Titles Act. VanCity members were given exclusive right to purchase for thirty days before the apartments were offered to the general public.

Other projects in hand or being planned include the construction of houses in Surrey, Port Coquitlam and Burnaby. It is expected that the Surrey development will be completed in the Spring of 1976. Others are scheduled for 1977.

Artist's rendering of the VanCity project at Second Avenue and Arbutus.





The Electronic Age

The computer is now an accepted part of contemporary society . . . also an indispensable part. It helps us to provide services that would be otherwise impracticable if the work had to be performed manually instead of electronically.

A simple example of such a service is PLAN 24. Imagine the tremendous amount of arithmetic involved in calculating the interest due on 33,468 accounts on any one day!

Everyday tasks are performed more efficiently and with a minimum of delay. It is difficult to realize the gigantic amount of work involved but here are a few of the statistics of the jobs performed by the VanCity staff in 1975 with the aid of GEAC . . .

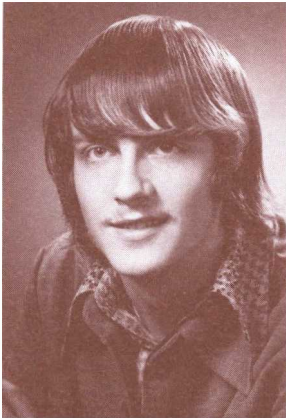


- deposited \$2.1 million per day
- supplied personalized cheques to 12,158 members
- cleared 3,300 cheques per day
- processed 2.9 million transactions including
 - 1,551,215 through chequing accounts
 - 636,098 through Plan 24
 - 190,899 through loan accounts
- handled a total cash flow exceeding \$500 million
- increased personal chequing accounts by 2,812
- handled 8,221 more Plan 24 accounts
- serviced 3,410 more borrowing members
- carried 47,846 term deposits on their books
- attended to 2,869 members with safe deposit boxes
- processed an average of 17,687 transactions per employee
- increased full time staff by 21 employees
- recorded 35,430 social insurance numbers
- opened 3,931 R.R.S.P. and 1,645 R.H.O.S.P. accounts
- increased membership by 9,091 to 56,361.



Essay Contest Winners 1975

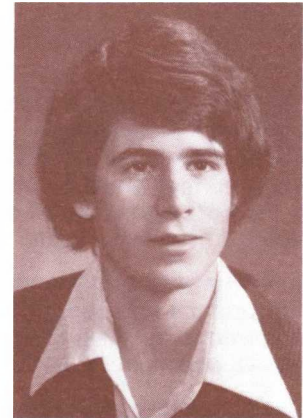
"Canada's Penal System"



TOM BULMER
U.B.C.



FIONA McQUARRIE
*Carson Graham Senior Secondary
School
North Vancouver, B.C.*



JOHN SIMONSON
*Kitsilano Secondary School
Vancouver, B.C.*

... prisons today act as a reinforcement or reward for committing crime rather than as a deterrent. Society says prison "will teach him a lesson." The criminal says "I'll teach you." It has become obvious to me that an abnormal environment yields abnormal behaviour ... it is this that I feel must be realized in reforming criminals and in reforming the Canadian penal system.

TOM BULMER

Canada's penal system is probably one of the least effective in the world ... it seems Canada's prisons are not serving the purposes they were created for ... that is to punish the offender, deter others from committing the same crime and to rehabilitate the offender.

I neither support nor oppose capital punishment but I believe that a society that expects people to obey its laws should be willing to enforce them. If they are not willing to enforce them then the law should be changed.

FIONA McQUARRIE

One of the major faults of our judicial system is that it looks only at the criminal and not the victim. Miscreants involved in non-violent crimes ... should be out working to provide restitution to victims.

Ultimately society must determine which crimes are sufficiently serious to warrant incarceration ... must decide whether the function of the penal system is to rehabilitate or punish.

JOHN SIMONSON

I feel that the present system ... has not proven to be adequate or effective ... I believe that the system itself is at least partially responsible for the high crime and recidivist rates ... so long as all levels of this system continue to emphasize punishment and security there will be no substantial decrease in the crime rate in Canada ... the Canadian penal system must become the Canadian Correctional System.

MAVIS J. A. PEDDIE
U.B.C.



***The Provincial Share
and Deposit Guarantee Fund***

protects the shares and deposits of all individuals
in every credit union in British Columbia.

