

Bow Valley Credit Union

2019 Q2 Financials



growing together

Bow Valley Credit Union Ltd.

Balance Sheet (unaudited)

| | April 30, 2019 | October 31, 2018 |
|--|----------------|------------------|
| Assets | | |
| Cash | \$ 2,018,088 | \$ 11,535,553 |
| Investments and accrued interest | 28,735,889 | 31,964,387 |
| Loans to members and accrued interest | 301,198,200 | 296,693,768 |
| Derivative financial assets | 40,496 | 130,848 |
| Other assets | 401,765 | 189,022 |
| Income taxes receivable | - | - |
| Deferred income tax asset | 6,722 | 6,722 |
| Property and equipment | 7,843,571 | 8,026,333 |
| Intangible assets | 37,193 | 44,267 |
| | \$ 340,281,924 | \$ 348,590,900 |
| Liabilities | | |
| Member deposits and accrued interest | \$ 313,474,830 | \$ 322,076,583 |
| Loans payable | 726,721 | - |
| Accounts payable and accrued liabilities | 606,519 | 736,390 |
| Derivative financial liabilities | 40,496 | 130,848 |
| Income taxes payable | - | 200,340 |
| Deferred income tax liability | - | - |
| | \$ 314,848,566 | \$ 323,144,161 |
| Capital and Retained Earnings | | |
| Allocation Distributable | \$ - | \$ 395,938 |
| Common Shares | 3,175,113 | 2,964,658 |
| Investment Shares | 4,295,593 | 4,472,891 |
| Retained Earnings | 18,002,652 | 17,613,252 |
| Accumulated Other Comprehensive Income | - | - |
| | 25,433,358 | 25,446,739 |
| | \$ 340,281,924 | \$ 348,590,900 |

Bow Valley Credit Union Ltd.

Statement of Comprehensive Income (unaudited)

| | Six Months Ended April 30, 2019 | Six Months Ended April 30, 2018 |
|--|------------------------------------|------------------------------------|
| Financial Income | | |
| Interest On Member Loans | \$ 5,594,811 | \$ 5,023,136 |
| Investment | 370,746 | 460,976 |
| | <u>5,965,557</u> | <u>5,484,112</u> |
| Financial Expense | | |
| Interest on member deposits | 1,936,195 | 1,359,929 |
| Interest on borrowings | 42,077 | 686 |
| | <u>1,978,272</u> | <u>1,360,615</u> |
| Financial margin before profit share | 3,987,285 | 4,123,497 |
| Profit Share | 0 | 0 |
| Financial margin | 3,987,285 | 4,123,497 |
| Charge for loan impairment | 228,694 | 344,964 |
| Financial margin after charge for loan impairment | 3,758,591 | 3,778,533 |
| Other Income | 831,656 | 740,887 |
| Gross Margin | 4,590,247 | 4,519,420 |
| Operating Expenses | 4,060,932 | 3,626,229 |
| Income before income taxes | 529,315 | 893,191 |
| Provision for income taxes | | |
| Current | 275,299 | 174,708 |
| Net income and comprehensive income | \$ 254,016 | \$ 718,483 |

Bow Valley Credit Union Ltd.

Statement of Retained Earnings (unaudited)

| | Six Months Ended April 30, 2019 | Six Months Ended April 30, 2018 |
|--|------------------------------------|------------------------------------|
| Retained Earnings, beginning of period | \$ 17,613,253 | \$ 16,690,387 |
| Add: Net Income | 254,016 | 718,483 |
| Deduct: Prior year end adjustments | - 135,384 | - |
| Retained earnings, end of period | \$ 18,002,652 | \$ 17,408,870 |

Bow Valley Credit Union Ltd.

Statement of Accumulated Other Comprehensive Income (unaudited)

| | Six Months Ended April 30, 2019 | Six Months Ended April 30, 2018 |
|---|------------------------------------|------------------------------------|
| Accumulated Other Comprehensive Income, beginning of period | \$ - | \$ - |
| Add: Unrealized Gains/(Losses) Investments | - | - |
| Accumulated Other Comprehensive Income, end of period | \$ - | \$ - |

Bow Valley Credit Union Ltd.

Statement of Cash Flows (unaudited)

| | Six Months Ended April 30, 2019 | Six Months Ended April 30, 2018 |
|---|------------------------------------|------------------------------------|
| Cash flows from operating activities: | | |
| Net income | \$ 254,016 | \$ 718,483 |
| Adjustments for: | | |
| Change in non-cash items: | | |
| Net interest income | (3,987,285) | (4,123,497) |
| Provisions for impaired loans | 228,694 | 344,964 |
| Provisions for deferred income taxes | 0 | 0 |
| Depreciation | 165,037 | 180,081 |
| Loss on disposition of property and equipment | (11,866) | 0 |
| | <u>(3,351,404)</u> | <u>(2,879,969)</u> |
| Changes in other assets: | | |
| Changes in other assets | (212,743) | (761,420) |
| Changes in accounts payable and accrued liabilities | (129,871) | 74,778 |
| Changes in income taxes payable and receivable | (200,340) | 34,760 |
| | <u>(542,954)</u> | <u>(651,882)</u> |
| Changes in member activities (net): | | |
| Changes in member loans | (4,308,320) | (6,438,934) |
| Changes in member deposits | (8,601,753) | 12,941,221 |
| | <u>(12,910,073)</u> | <u>6,502,287</u> |
| Cash flows related to interest: | | |
| Interest received on member loans | 6,035,927 | 4,945,587 |
| Interest received on investments | 371,251 | 452,935 |
| Interest paid on deposits | (1,936,195) | (1,380,425) |
| Interest paid on borrowings | (42,077) | (686) |
| | <u>4,428,906</u> | <u>4,017,411</u> |
| Cash flows from financing activities: | | |
| Issuance of common and investment shares | 8,825 | 28,371 |
| Redemption of common and investment shares | (408,349) | (504,211) |
| Tax recovery on investment share dividends | 0 | 0 |
| Repayment of loan payable | 0 | 0 |
| | <u>(399,524)</u> | <u>(475,840)</u> |
| Cash flows from investing activities: | | |
| Proceeds from sale of investments | 2,808 | 2,202,456 |
| Purchase of investments | 3,225,185 | (6,928,914) |
| Additions to intangible assets | 0 | 0 |
| Additions to property and equipment | 29,591 | (32,302) |
| | <u>3,257,584</u> | <u>(4,758,760)</u> |
| Net increase (decrease) in cash | (9,517,465) | 1,753,247 |
| Cash, beginning of period | 11,535,553 | 7,896,427 |
| Cash, end of period | \$ 2,018,088 | \$ 9,649,674 |

Bow Valley Credit Union Ltd.

Notes to the Financial Statements

For the Six Months Ended April 30, 2019

1) Basis of Presentation

The interim financial statements of Bow Valley Credit Union Ltd. ("the Credit Union") have been prepared by management in accordance with International Financial Reporting Standards accepted in Canada. The interim financial statements have been prepared following the same accounting policies and methods of computation as the financial statements for the fiscal year ended October 31, 2018. The disclosures provided below are incremental to those included with the annual financial statements. Certain information and note disclosure normally included in year-end financial statements prepared in accordance with International Financial Reporting Standards are not included. The interim financial statements should be read in conjunction with the financial statements and the notes in the Credit Union's annual report for the year ended October 31, 2018.

In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements.

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