

Class A Shareholders:

May 8, 2018 at 7 pm
Town Centre Hotel
Powell River, BC

Auditors' Report

Summary Consolidated Financial Statements

To the Members of First Credit Union:

The accompanying summary consolidated financial statements, which comprise the summary consolidated balance sheet as at December 31, 2017 and the summary consolidated statements of income and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of First Credit Union for the year ended December 31, 2017. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated March 27, 2018.

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of First Credit Union.

Management's Responsibility for the Summary Consolidated Financial Statements

Management is responsible for the preparation of these summary consolidated financial statements in accordance with International Financial Reporting Standards.

Auditors' Responsibility

Our responsibility is to express an opinion on these summary consolidated financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard (CAS) 810, Engagements to Report on Summary Financial Statements.

Opinion

In our opinion, the summary consolidated financial statements, derived from the audited consolidated financial statements of First Credit Union for the year ended December 31, 2017 are a fair summary of those financial statements, in accordance with International Financial Reporting Standards.

Powell River, BC | March 27, 2018

Del Mistro Dunn

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A partnership of incorporated professionals

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Balance Sheet

Summary of the Consolidated Balance Sheet as at December 31, 2017

ASSETS	2017	2016
Cash	\$22,016,613	\$43,947,582
Treasury Deposits	\$12,401,902	\$5,196,802
Income Taxes Recoverable	\$116,696	-
Investments and Other Assets	\$3,137,169	\$3,060,320
Investment in joint venture	\$9,186,676	\$9,895,439
Derivative assets held for risk management	\$680,842	-
Loans and notes receivable (net of allowance)	\$332,875,915	\$295,253,507
Property, plant and equipment (net of amortization)	\$5,286,503	\$5,130,695
Intangible assets (net of amortization)	\$35,051	\$52,576
	\$385,737,367	\$362,536,921
LIABILITIES		
Accounts Payable	\$1,419,283	\$1,064,434
Demand Deposits	\$171,819,724	\$159,276,699
Accrued Interest and Dividends	\$1,293,236	\$1,364,003
Income Taxes Payable	-	\$131,944
Deferred Income Taxes	\$153,135	\$120,257
Term Deposits	\$83,907,823	\$87,482,854
Registered Savings Plan Deposits	\$63,613,184	\$59,541,413
Secured Borrowings	\$31,648,415	\$21,153,027
Capital Lease Obligations	\$4,311	10,432
	\$353,859,111	\$330,145,063
MEMBERS' EQUITY		
	\$31,878,256	\$32,391,858
	\$385,737,367	\$362,536,921

Statement of Net and Comprehensive Income

Summary of the Consolidated Statement of Net and Comprehensive Income and Retained Earnings for the year ended December 31, 2017

	2017	2016
Financial Income	\$10,770,294	\$9,870,326
Financial Expenses	\$3,399,972	\$3,255,688
Financial Margin	\$7,370,322	\$6,614,638
Provision for Credit Losses	(\$116,221)	(\$338,258)
Other Income	\$3,599,045	\$6,996,874
Operating Margin	\$10,853,146	\$13,273,254
Operating Expenses	(\$9,022,896)	(\$12,182,910)
Gain on Investments	\$589,423	11,278,197
Income (Loss) from Joint Venture	(\$737,800)	(\$353,417)
Net Income Before Income Tax	\$1,681,873	\$12,015,124
Provision for Income Tax	\$309,662	\$1,268,988
NET AND COMPREHENSIVE INCOME	\$1,372,211	\$10,746,136
Retained Earnings, Beginning of Year	\$26,361,550	\$15,968,716
	\$27,773,761	\$26,714,852
Dividends and Patronage	(\$362,855)	(\$440,101)
Amortization of Contributed Surplus	\$7,257	\$86,799
RETAINED EARNINGS, END OF YEAR	\$27,378,163	\$26,361,550

Statement of Cash Flows

Summary of the Consolidated Statement of Cash Flows, December 31, 2017

	2017	2016
Cash Flows From (Used In) Operating Activities	(\$22,577,091)	\$458,747
Cash Flows From Financing Activities	\$8,602,943	\$1,024,970
Cash Flows From (Used In) Investing Activities	(\$751,721)	\$13,377,578
Net Increase (Decrease) in Cash and Cash Equivalents	(\$14,725,869)	\$14,861,295
Cash and Cash Equivalents, Beginning of Year	\$49,144,384	\$34,283,089
CASH AND CASH EQUIVALENTS, END OF YEAR	\$34,418,515	\$49,144,384

A complete set of financial statements is available from First Credit Union.

Please contact your nearest branch for details.

