

2020 Annual Report

한인신협

2020년도 연차보고서

Sharons Credit Union
2020 Annual Report



SHARONS CREDIT UNION

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We are here for you

The credit union system is all about helping communities that we live

Sharons Credit Union made the holidays a bit cheerier by sharing 30,000 KF94 masks with the Community. The event was sponsored by the National Credit Union Federation of Korea (NACUFOK), donating 30,000 KF94 masks to Sharons Credit Union.

Together, Sharons Credit Union also donated 4,500 Mask straps and 1,400 Portable sanitizers to support the local community where our members live.

"During this time of great uncertainty, we have been humbled and encouraged by Sharons Credit Union for their kind support," said the elderly living in Amenida Senior Community.

John Suk, CEO of Sharons Credit Union, said, "This is a challenging time for us all, but we will continue to stand with our communities. For now, I sincerely thank our employees for all they are doing for the support they are providing to our members."

모두가 잘 사는 세상, 신협은 지역사회와 함께합니다.

한인신협은 코로나 19 장기화로 어려움을 겪고 있는 지역사회를 위해 KF94 마스크 3만장 무료 나눔 이벤트를 실시하였습니다.

마스크 행사는 한국신협중앙회(회장 김윤식)가 해외 거주 중인 한인 동포들의 건강과 안전을 위해 KF94 마스크 3만장을 밴쿠버 한인신협에 지원하며 진행되었으며, 이와 더불어 한인신협에서 마스크 스트랩 4,500개 와 손 소독제 1,400개를 추가 나눔으로 지역사회에 잔잔한 감동을 주었습니다.

아메니다 양로원 거주 한인 어르신은 "코로나로 인해 몸과 마음이 힘든 시기다. 이렇게 신협직원들이 방문해 마스크를 전달해 줘서 따뜻함을 느꼈다"고 감사를 전했습니다.

한인신협 석광익 전무는 "코로나 19의 지속적인 확산으로 어려움을 겪고 있는 지역사회에 조금이나마 도움이 되고자 이벤트를 진행하게 되었다며 "앞으로도 한인신협은 건강한 지역사회를 위해 책임과 역할을 다할것" 이라고 말했습니다.



Report from Board Chair and CEO

Who could have ever imagined that the whole world would go through a time as trying as 2020, a year totally engulfed by COVID-19? The impact of the pandemic was not only unprecedentedly severe but felt by every individual and every sector of the economy. Much like any other business, our operation was not free from the sting of the pandemic and suffered in many ways.

In the midst of this inexperienced environment, the members were continuously so loyal and the staff so faithful that the credit union was able to endure the adverse and remain as healthy as can be. And so, above all, we would like to take this opportunity to thank all the members and staff for their unwavering love toward the credit union.

We may not be able to say we had a great year in 2020 compared to previous years. Still, considering the adverse conditions, we dare say we've put up a good defence in terms of the overall operational result. We've achieved decent asset growth, net operating income and member growth. And most of all, every indication that measures the health of the organization shows a positive sign. Past performance does not warrant future success. However, with the confidence we gained from the previous year to back us up, we can face 2021 with the boldness and determination to make Sharons Credit Union continuously stronger.

In the wake of the COVID-19 outbreak, we estimated our growth for the year at

1.3%, though we'd enjoyed more than 10% growth over the previous several years. The estimation was not far off, and we've closed the year with a total asset of \$521 million. This is \$13 million or 2.6% growth from \$508 million in 2019. However, for the first time since the economic crisis in 2008, we experienced a contraction of the total loan portfolio by about 5%, mostly in residential mortgages. The reason for

this decrease is twofold. One is our initial strategy to curtail mortgage lending at the beginning of the pandemic in order to stay safe in a possible liquidity shortfall, which turned out to be an unfounded fear as it became plentiful instead. It was a prevailing phenomenon throughout the financial market, and every lending institution was eager to deploy excess liquidity with aggressively discounted

rates. We jumped on the bandwagon a little late and lost some time to grow the portfolio, and that is another reason for the shrinkage. We've budgeted an ambitious loan growth this year, and a few strategic promotion plans are in hand to achieve the goal.

The asset growth we've achieved was obviously attributed by the deposit side. We had \$12 million or 2.6% deposit growth, where we've seen \$35.8 million or 42.1% increase in demand deposits and \$23.5 million or 6% decrease in term deposits. We're very pleased to see this particular trend in deposit composition. It is a much larger scale of growth in demand deposits, which we've longed to see for many years.

On the other hand, although the financial margin was the lowest ever affected by the sharp drop of interest rates early in the year, we managed to clear \$2,592,656 net operating income, the same level as 2019. Understanding the unexpected predicament that members face in the middle of COVID-19, the Board agreed this is the most necessary time to help the members and declared generous dividend and patronage refunds in the total amount of \$645,000 or 25% of total net income. This amount was distributed as a 1.3% dividend on share deposits and 7.0% refund on the interest paid on residential and commercial mortgages.

We also did our best to take care of members in trouble because of the virus. Even before the government aids began, we offered 1.99% low-interest relief loans to both individual and business members and allowed monthly loan payment deferrals to those who applied. The collaboration with the government was effectively executed as well, distributing CEBA loans to more than 300 business

members in the amount of over \$12 million. The assistance was not limited to members only but expanded to the community at large by giving out masks, mask straps and portable hand sanitizers.

In terms of our normally active involvement in community support, we regret that we did little in this area throughout the year. It was not because of lack of desire or resources, but simply because community events and activities were scarce, and most of our plans had to be cancelled under the restrictions. We plan to resume all regular supporting programs this year, conditions and restrictions allowing.

Even though in-person meetings were not possible for the majority of the year, the Board met more often than before via virtual means, realizing that close oversight and guidance were needed more than ever in these times. Through these meetings, the Board ensured that the prudent operational procedures and processes were followed to keep the operation in the order, as well as the precautionary sanitization protocols and practices in place to keep the members and staff safe. The Board, as its ongoing duties and mandate, also reviewed and amended all the existing policies, including the Rules of the credit union, and adopted new policies as required, such as the Business Continuity Plan. The Board will continue to exert its best effort to safeguard members' precious assets entrusted to the credit union.

The chaos and calamities that plagued us all are still in effect, and, as a result, insecurities and uncertainties are still plentiful, although the mass preventive vaccinations are now being given and expected to be widely available soon. In the midst of this, our foreseeable future

is indeed very foggy, but we are ready to tackle whatever adversities may await us. Therefore, in 2021, we will pause a bit in growth and concentrate more on keeping ourselves in good shape physically and financially. Maintaining our loan portfolio in a healthy way that is beneficial to members and profitable to the credit union is one of the strategies to achieve the goal. As such, we budgeted for a 4% moderate asset growth while setting a little aggressive 9% increase in loans. To reach the target, we will continue implementing strategic promotions throughout the year.

We've never experienced such an arduous situation of this large a scale and this long a time. What makes us more uneasy is that the future is still ambiguous, and the end of the tunnel is not yet in sight. Even so, our commitment to best serve our precious members is unstoppable and, thus, will be kept at any cost. So remember, we are always here to support you.

Sincerely,



Lee, Howard Hyung Yul
Chair, Board of Directors



Suk, John Kwang Ik
President and CEO



Suk, John Kwang Ik
President and Chief Executive Officer

운영현황 보고서

친애하는 조합원 여러분, 2020년은 코로나 바이러스로 인한 전염병으로 전 세계가 고통을 받았던, 참으로 그 누구도 상상하지 못한 참담함을 겪었던 고통의 한 해였습니다

그 전염병의 여파는 전례에 없이 가혹했을 뿐 아니라 각 개인 개인과 경제 전반에 걸쳐서 큰 타격을 주었습니다. 따라서 저희의 업무 또한 그 타격에서 자유롭지 못해 다른 대부분의 사업체가 그러했듯 여러모의 손실을 감수해야만 했습니다.

그 와중에도 조합원 여러분은 변함없이 저희 조합을 신뢰하고 성원해 주셨고 전 직원은 한마음으로 충성스럽게 조합을 아껴주셨음으로써 우리는 이 난관을 견디어 냈을 뿐 아니라 건강한 기업 체질을 유지 할 수가 있었습니다. 이에 무엇보다도 먼저 이 자리를 빌려 조합원 여러분과 모든 직원 여러분의 조합 사랑하는 마음에 심심한 감사의 뜻을 표합니다.



Howard Lee, Chair, Board of Directors and John Suk, President and CEO

지난해가 그 이전의 여러 해와 견주어 볼 때 괄목할 만한 한 해였다고는 말씀 드릴 수는 없을지 몰라도 그 어려웠던 여건을 미루어 볼 때 우리는 나름대로 그 영업실적에 있어 선방한 일 년 이었다고 감히 말씀드릴 수가 있습니다. 소정의 자산 성장과 영업 순이익 그리고 조합원 증가도 성취하였고 무엇보다도 기업의 건전도를 측정할 수 있는 모든 지표가 긍정적인 수치를 보임은 매우 고무적인 일이라 할 수 있습니다. 과거의 성과가 미래의 성공을 보장하지는 않지만 우리는 지난해의 경험으로 얻는 자신감으로 2021년 한 해도 충분히 견디어 나가며 더욱더 강력한 조합을 만들어 갈 것이라는 확신을 가지고 있습니다.

2019년까지 수년간, 우리는 10% 증반대 이상을 상회하는 고도성장을 이루어 왔지만, 지난해 전염병의 발발과 함께 그 성장 목표를 대폭 하향조정 하여 1.3%의 자산 성장을 계획했습니다. 그 예상은 크게 빗나가지 않아 연말 현재 총자산은 5억2천1백만 달러로 이는 2019년 5억8천만 달러보다 1천3백만 달러 또는 2.6% 성장한 모습입니다. 하지만 2008년 경제 위기 이후 처음으로 우리는 약 5%에 달하는 총대출의 마이너스 성장을 경험했던 한 해이기도 했습니다. 주로 주택담보 대출에서 자산 수축 현상을 보였는데 그 원인으로 두 가지를 들 수 있었습니다. 첫째로 전염병이 시작되던 연초, 혹여 있을지 모를 예금 이탈 현상에 대비하기 위해 대출 승인 절차를 강화하여 대출 신장을 억제하였는데 우려했던 예금 이탈은 없었고 반대로 유동성 자산의 과잉 공급 현상이 일어났습니다. 이는 금융계 전역에 걸쳐 나타난 현상으로 금융기관마다 이 과잉 유동자산을 대출로 전환하기 위해 공격적으로 낮은 대출이자율 적용하여 물게지 시장에 나섰고 우리는 조금 늦게 이 경쟁에 참여함으로써 대출자산을 늘릴 수 있는 기회를 잃었던 것이 두 번째 이유입니다. 금년에 우리는 야심 찬 대출 성장을 계획하고 있고 이를 위해 여러 각도의

홍보와 특별기획 상품도 준비하고 있습니다.

대출이 이러한 상황이므로 지난해의 자산 성장은 당연히 예금 쪽에서 일어났습니다. 예금 총액이 2.6%, 1천2백만 달러 성장하였는데 요구불예금이 42%, 3천5백8십만 달러 증가한 반면 정기예금은 23.5%, 2천3백5십만 달러 감소하여 예치금 구조에 바람직한 모습을 보이기도 했습니다.

한편 연초 중앙은행의 대폭적인 금리 인하로 인해 예대마진이 최저로 떨어진 상황에서도 우리는 2019년과 같은 수준의 2백5십9만 달러의 영업 순이익을 올릴 수 있었습니다. 이에 조합원 여러분이 직면하고 있는 코로나 사태로 인한 어려운 사정을 너무나도 잘 알고 있는 이사회는 그 경제적 곤경을 조금이라도 완화 시켜드려야 한다는 일념으로 총순이익의 25%인 6십4만5천 달러를 출자 배당금과 이용과 배분으로 책정하였습니다. 이 금액은 출자예금에 1.3% 배당으로 또 주택 및 사업용 건물 담보 대출에 지불한 총 이자액의 7% 이자 환부로 조합원 계좌에 입금 완료되었습니다.

COVID 19으로 인한 조합원들의 고통을 덜어 드리는 방안은 그 외 여러 각도로 모색, 실행하였습니다. 정부 지원 발표가 있기 전부터 우리는 개인 및 사업자 조합원들께 1.99%의 저금리 대출을 제공하였고 월 불입금이 어려운 조합원들에게는 모두 불입금을 유예시켜 드리기도 했습니다. 중앙회를 통한 연방정부와의 긴밀한 연계로 사업자 지원 대출인 CEBA 도 효율적으로 운용하여 300여 조합원 이상이 1천2백만 달러 상당의 정부 대출 혜택을 입기도 했습니다. 우리의 지원은 조합원에게만 한정 시킨 것이 아니라 비조합원에게 까지 확산하여 위생 마스크와, 마스크 목걸이 그리고 휴대용 손 소독제를 지점을 방문하는 누구에게나 공급을 하였습니다.

반면 우리가 자랑스럽게 생각하고 있는 지역사회 행사 후원과 우리의 자체 지역사회를 위한 행사는 거의 아무것도 하지 못했던 한 해 이기도 했습니다. 이는 우리가 하기 원치 않았거나 여력이 없었기 때문이 아니라 행사 자체가 없었고 애써 기획했던 행사도 상황상 취소할 수밖에 없었던 연유였던 것은 두말할 나위 없습니다. 사태가 많이 좋아질 것을 예상하며 금년에는 대부분 행사를 정상적으로 시행할 수 있기를 바래 봅니다.

이사회는 대면 회의가 거의 일 년 내내 불가능한 현실이었지만 우리가 당면하고 있는 현실의 심각성을 고려해 볼 때 그 어느 때 보다도 조합 운영상의 지도편달과 감독 관리가 절실히 필요한 때임을 절감하며 오히려 전례에 비해 더 자주 온라인을 통해 회의를 열었습니다. 회의에서는 현 상황을 슬기롭게 대처할 수 있도록 모든 제도와 절차를 완벽하게 준수하고 있는가 하는 운영상의 일뿐 아니라 빈틈없는 보건 관리로 직원과 조합원의 건강 안전에도 만전을 기하고 있는가 확인하기에도 게을리하지 않았습니다. 또한 이사회는 이사회에게 주어진 의무대로 정관을 비롯한 모든 규칙과 규정을 검토하고 정비하였고 새로이 요구되어지는 “사업지속계획안” 같은 새 규정을 채택하기도 했습니다. 이사회는 앞으로도 지속해서 조합에 맡겨진 조합원 여러분의 귀중한 자산을 최고로 안전하게 보호하고 관리하는데 총력을 기울일 것입니다.

우리가 현재 겪고 있는 이 재난으로 인한 불안과 불확실한 미래에 대한 조바심이 조만간 대다수 국민이 예방접종을 받을 수 있을 것 이라는 희망적인 전망임에도 불구하고 쉬이 수그러들 것 같지가 않은 현실입니다. 이러한 가운데 가까운 미래조차도 예측하기 어려운 내일이 불투명한 현실이지만 우리는 앞으로 다가올 어떤 어려움이라도 헤치고 나갈

만반이 준비를 하고 있습니다. 따라서 2021년도에는 그간 추구해 왔던 성장 위주의 전략을 잠시 멈추고 조직의 건전성을 확고히 하는 데 주력을 할 것입니다. 조합원들에게는 더욱 나은 혜택이 주어지고 조합에는 바람직한 이윤이 주어지는 건강한 대출자산을 유지하는 것이 그 한 방안이 되겠습니다. 이에 우리는 4%의 비교적 온건한 자산 성장 계획을 세웠지만, 대출 성장은 9%의 다소 공격적인 계획을 수립하고 이를 달성하기 위해 여러 모의 특별 홍보와 촉진 상품을 일 년 내내 소개할 예정입니다.

이 세대에 이처럼 장기간에 거친 재앙이 전 세계를 덮쳤었던 적은 없었습니다. 더욱이 그 끝이 아직도 불투명하므로 다가올 미래가 불확실하여 우리를 더욱 불안하게 만듭니다. 하지만 귀중한 조합원 여러분에게 최고 양질의 서비스를 제공한다는 우리의 기본 이념은 그 어떤 환경도 바꿀 수가 없고 그 어떤 대가를 치르더라도 반드시 지켜나갈 것입니다. 그러므로 신협이 조합원 여러분을 위하여 존재하고 있음을 잊지 말아 주십시오.

이사장, 이 형 루

전무, 석 광 의

Independent Auditor's Report

ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

TO THE MEMBERS OF SHARONS CREDIT UNION

OPINION

We have audited the consolidated financial statements of Sharons Credit Union, which comprise the Consolidated Statement of Financial Position as at December 31, 2020 and the Consolidated Statements of Comprehensive Income, Changes in Members' Equity, and Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material

respects, the financial position of Sharons Credit Union as at December 31, 2020 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

BASIS FOR OPINION

We conducted our audit in accordance with Canadian generally-accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of Sharons Credit Union in accordance with the ethical requirements that are relevant to our audit of the

financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing Sharons Credit Union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Sharons Credit Union, or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Sharons Credit Union's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally-accepted auditing standards we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide

a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. But not for the purpose of expressing an opinion on the effectiveness of Sharons Credit Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Sharons Credit Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions

may cause Sharons Credit Union to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Sharons Credit Union to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants
Vancouver, British Columbia
March 8, 2021

BDO

TEL (604) 688-5421
FAX (604) 688-5132
vancouver@bdo.ca
www.bdo.ca

BDO Canada LLP
1100 Royal Center
1055 West Georgia Street
Vancouver, BC V6E 3P3, Canada

Summary Consolidated Financial Statements

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31	2020	2019
Assets		
Cash resources	\$ 59,692,394	51,248,007
Liquidity deposits	56,229,801	30,774,095
Investments	2,138,167	2,172,209
Member loans	399,004,337	420,222,038
Property and equipment	2,378,887	2,590,463
Right of use assets	439,593	639,423
Other assets	1,494,541	1,302,558
Total Assets	\$ 521,377,720	508,948,793
Liabilities		
Member deposits	\$ 492,682,586	481,611,191
Accounts payable and other liabilities	1,697,289	1,977,089
Derivative financial instruments	-	14,642
Lease liabilities	470,533	648,122
Member shares	7,166,067	7,091,939
Total Liabilities	\$ 502,016,475	491,342,983
Members' Equity		
Member equity shares	\$ 988,209	945,382
Retained earnings	18,373,036	16,692,798
Accumulated other comprehensive loss	-	(32,370)
Total Members' Equity	\$ 19,361,245	17,605,810
Total Liabilities and Members' Equity	\$ 521,377,720	508,948,793

Approved on behalf of the Board:



Lee, Howard Hyung Yul Director



Yoo, Victor Byungkyu Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31	2020	2019
Interest revenue		
Loans	\$ 14,782,480	16,004,981
Cash resources and investments	1,127,296	1,083,429
	15,909,776	17,088,410
Interest expense		
Deposits	7,869,394	9,111,221
Loan impairment expense (recovery)	224,414	(88,774)
Net financial margin	7,815,968	8,065,963
Other income	2,448,387	2,269,201
Impairment of property held for sale	-	(275,000)
Financial margin and other income	10,264,355	10,060,164
Operating expenses		
Advertising and promotion	178,867	229,416
Cheque and MasterCard processing	138,896	123,591
Community events sponsorship	61,111	91,899
Data processing	679,595	690,918
Depreciation of property and equipment	468,154	415,146
Insurance and dues assessment	405,523	554,492
Lease interest expense	14,490	16,177
Office	427,022	450,970
Other administrative and management fee	472,535	383,843
Patronage refund	524,408	576,548
Professional fees	358,124	340,804
Rent and utilities	434,879	471,703
Repairs and maintenance	26,631	27,862
Salaries and benefits	3,904,591	3,728,805
	8,094,826	8,102,174
Income before income taxes	2,169,529	1,957,990
Income taxes - Current	388,344	343,193
Income taxes - Deferred	3,790	5,883
Provision for income taxes	392,134	349,075
Net income for the year	1,777,395	1,608,915
Other comprehensive loss for the year		
Change in unrealized gains on cash flow hedges	32,370	54,904
Total comprehensive income for the year	\$ 1,809,765	1,663,819

CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' EQUITY

For the year ended December 31	MEMBER'S SHARES	TOTAL ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	RETAINED EARNINGS	TOTAL
Balance at January 1, 2019	828,822	(87,274)	15,262,333	16,003,881
Net income	-	-	1,608,915	1,608,915
Distribution on members' equity shares	-	-	(178,450)	178,450)
Share issuance (redemption) - net	116,560	-	-	116,560
Other comprehensive gain	-	54,904	-	54,904
Balance at December 31, 2019	945,382	(32,370)	16,692,798	17,605,810
Net income	-	-	1,777,395	1,777,395
Distribution on members' equity shares	-	-	(97,157)	(97,157)
Share issuance (redemption) - net	42,827	-	-	42,827
Other comprehensive gain	-	32,370	-	32,370
Balance at December 31, 2020	\$ 988,209	-	18,373,036	19,361,245

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31	2020	2019
Cash provided by (used in)		
Operating Activities	\$	
Income for the year	1,809,765	1,663,819
Adjustment for non-cash items:		
Depreciation of property and equipment	468,154	415,146
Deferred income taxes	3,790	5,883
Provision for loan (gains) losses	224,414	(88,774)
Unrealized (gain) loss on cash flow hedges	(14,642)	(90,511)
Dividend on membership equity shares	(97,157)	(178,451)
Impairment of property held for sale	-	275,000
Interest included on lease payments	14,490	16,177
	2,408,814	2,018,289
Change in other assets	(195,773)	(91,379)
Change in accounts payable and other liabilities	(279,807)	(572,559)
	1,933,234	1,354,351
Change in member activities		
Change in member loans	20,993,293	(43,143,105)
Change in member deposits	11,071,395	62,005,311
	32,064,688	18,862,206
Total cash flows from operating activities	\$ 33,997,922	20,216,557
Investing activities		
Increase in investments	(25,421,664)	(7,786,114)
Purchase of property and equipment	(56,748)	(308,820)
Total cash flows from investing activities	\$ (25,478,412)	(8,094,934)
Financing activities		
Change in membership shares	116,955	1,441,046
(Decrease) increase in demand loan	-	(10,000,000)
Payment of lease liabilities	(192,078)	(156,145)
Total cash flows from financing activities	(75,123)	(8,715,099)
Increase in cash resources	8,444,387	3,406,524
Cash resources, beginning of year	51,248,007	47,841,483
Cash resources, end of year	\$ 59,692,394	51,248,007

Corporate Governance Report

GOVERNING LEGISLATION & REGULATION

The Credit Union is established under legislation of Province of British Columbia. It is regulated by the BC Financial Services Authority (BCFSA). Key legislation that regulates the operations of the Credit Union includes the Financial Institutions Act (FIA), the Credit Union Incorporation Act (CUIA) and applicable sections of the Business Corporation Act (B.C.). It is requirement of the legislation that the Credit Union provides to BCFSA monthly, quarterly and annual reports and filings, and other such reports as may be requested.

In its Governance Guideline issued to BC Credit Unions in September 2013, the Financial Institution Commission (As of Nov 2019, BCFSA replaces the FICOM) notes that it “holds the Board of Directors (board) accountable for the stewardship of a credit union. FICOM relies on the board, as a core oversight function, to take all reasonable steps to ensure the safety, stability and sustainability of its credit union. The successful operation of a credit union contributes to maintaining and enhancing trust and confidence in the province’s credit union system and the economy as a whole.”

¹ Source:
Governance Guideline,
Office of the Superintendent of Financial Institutions Canada, September 2013

BOARD OF DIRECTORS

Sharons Credit Union is a financial co-operative governed by a Board of Directors and accountable to the member of the credit union. The Board of Directors of Sharons Credit Union comprises seven elected or appointed member representatives who serve terms that range from one to three years each. The Board of Directors continues to be committed to the highest standards of Corporate Governance in order to demonstrate its stewardship to members, employees and the communities it serves.

The Board selects the chief executive officer (CEO), establishes the CEO’s accountabilities and evaluates the CEO’s performance. The Board also communicates with members and other stakeholders by reporting its activities through the annual report and the annual general meeting. Directors approve Sharons’ vision and strategy and oversee core business operations while building relationships with members and the community.

The Sharons’ Board always acts in good faith, with due diligence and in the best interest of its members, employees and the communities the Credit Union serves.

BOARD STRUCTURE

SCU’s board of directors is responsible for overseeing and stewarding the credit union’s operations on behalf of members.

It is Sharons Credit Union’s policy that, as a general rule, Committees make recommendation to the Board, which has the decision authority unless otherwise required by law. However, the Board may, from time to time, delegate its decision authority or part thereof to a Committee or an individual, subject to applicable laws.

To assist it with its work, the board has established a number of standing committees, including:

- **Audit & Risk Committee***
- **Conduct Review Committee***
- **Investment & Lending Committee***
- **Governance & Human Resource Committee***
- **Nominating Committee***
- **Real Estate Committee**
- **Community Support Committee**

* Standing Committee

RULES & POLICIES

Like all governing bodies, the SCU’s board of directors is guided by a number of important policies. And as a credit union, SCU has a set of formal rules. The rules and some of the most important policies include:

Sharons Credit Union Rules

All credit unions are required to have a set of rules that govern its conduct. The rules include high-level guidance on how memberships may be acquired or withdrawn, how shares and deposits are treated, how borrowing and lending is conducted, how directors are elected, how general meetings are conducted and more.

Performance Standard for the Board of Directors

All directors of Sharons Credit Union (SCU) shall act in the best interests of the credit union in accordance with their fiduciary duties prescribed by law and the policies of SCU adopted by the Board and the members from time to time. Directors are required to be familiar with these duties and policies, as well as the business and affairs of SCU, in order to be capable of making appropriate contributions and decisions.



Board of Directors

(standing, left to right) Sebastian Jung, Simon Ahn, Howard Hyung Yul Lee, Lisa Lim, Tae In Kwon, Victor Byungkyu Yoo, John Jihan Kim

THE ROLE OF BOARD

A Board’s responsibilities include:

- Defining and approving the credit union’s risk appetite;
- Setting, approving and monitoring the credit union’s strategy and performance and overseeing its planning process; and
- Ensuring that the credit union has the capability and culture to support its risk appetite and achieve its strategy, including:
 - Oversight of the credit union and executive team;
 - Choosing and evaluating the CEO; and
 - Recruitment and renewal of the Board

To fulfill these responsibilities, a board;

- Approves and implements a risk governance framework that effectively monitors activities and progress related to these responsibilities and initiates prompt corrective action when necessary; and
- Implements a framework for accountability and disclosure that effectively informs the credit union’s members and other stakeholders of its risks and progress toward achieving its objectives.

Board is also accountable for representing the interests of members, overseeing the operations of the credit union and representing Sharons Credit Union in the community.

Source: Governance Guideline Office of the Superintendent of Financial Institutions Canada, September 2013

BOARD EFFECTIVENESS

SCU’s Board of Directors has a responsibility to ensure the continuity of the credit union and its subsidiaries to its membership by safeguarding and strengthening itself to meet the credit union’s strategy and oversight of its needs.

The knowledge, experience and skill of each Director and the Board as a whole, are important elements in the success and viability of the credit union. It is important that Directors have appropriate competencies to effectively fulfill their responsibilities to the credit union and its members, thereby, contributing to the performance and sustainability of the credit union system.

The process of recruiting candidates is guided by the Nominating Committee who sets out the general qualifications to be used in the identification of potential candidates as well as the key qualifications and core competencies required for the Board as a whole.

BOARD ASSESSMENT

The Board is committed to effective governance and continuous improvement. Annually, the Governance & Human Resource committee facilitate a Board Assessment process to assess the effectiveness of the Board and Committee, Board Chair and Committee Chair. The Board Chair and Committee Chairs take into consideration the overall results and suggestions derived from the annual Board performance assessment in order to improve the functioning and activities of the Board and Board Committee.

ORIENTATION AND BOARD EDUCATION

Sharons Credit Union recognizes the importance of education and training for directors to ensure effective oversight of the credit union and ensure its directors understand the financial industry and the issues that credit unions face.

New Directors are offered a comprehensive orientation program to familiarize themselves with Sharons’ governance processes and operations. Since 1988, all new directors elected or appointed to a credit union in British Columbia are required to complete mandatory director training. Each Director who is elected or appointed is required to complete Level A of the Credit Union Directors Achievement (CUDA) Program within one year of becoming a director.

The Chair of the Governance & HR Committee, with assistance from the CEO and the Corporate Secretary is responsible for ensuring and coordinating continuous education programs at the Board level. Ongoing director development is provided, comprising a combination of external course offerings, written materials relevant to a director’s role, regular education presentations provided by internal and external experts, and one-on-one session between a director and an internal and external expert on specific subject matters.



HOWARD HYUNG YUL LEE

POSITION

Chair of the Board

Member of Governance & HR Committee
 Member of Audit & Risk Committee
 Member of Real Estate Committee

CURRENT TERM

2018 - 2021

DIRECTOR SINCE

2015

MEETING ATTENDANCE

38

DIRECTOR EDUCATION

- CUDA Level A Completion
 - Strategy: Planning & Oversight
 - Board Performance, Development and Evaluation
 - Risk Oversight
 - Governing Credit Risk
 - The role of the Audit Committee
 - Crisis Management & Recovery System
 - Role Clarity and Risk Ownership around Board Tables
 - Covid-19 & Liquidity Governance*
 - ICAAP Training*
 - Central 1 Member Forum & AGM*
 - Stabilization Central Credit Union AGM*
 - Central 1 Strategic Insights for Credit Union Leaders*
 - BCFSa BC Credit Union Director Joint Forum*
 - AML and Compliance*
- *course completed in 2020

BACKGROUND

Howard Hyung Yul has been a member of the Board of directors at Sharons Credit Union since 2015 and currently holds the position as Chair of the Board. Howard holds a Master’s degree in Finance from the University of Dallas and has experience in the financial service sector. Howard retired from the Korean Airline Vancouver District Office as a District Sales Manager after 25 years of experience. . Howard is a dedicated member contributing years of prized management experience to the Board and effectively brings the directors into a coherent whole. With a high focus on member well-being and community development, Howard is respected as a credible voice for the Board.



VICTOR BYUNGKYU YOO

POSITION

Vice-Chair of the Board
 Chair of Audit & Risk Committee
 Member of Governance & HR Committee
 Member of Investment & Lending Committee
 Member of Nominating Committee

CURRENT TERM

2020 - 2023

DIRECTOR SINCE

2011, AND 2014-2017

MEETING ATTENDANCE

23

DIRECTOR EDUCATION

- CUDA Level A Completion
 - Strategy: Planning & Oversight
 - Board Performance, Development and Evaluation
 - The role of the Audit Committee
 - Crisis Management & Recovery System
 - Commercial Credit-Governance, Delinquency and Risk
 - Role Clarity and Risk Ownership around Board Tables
 - Covid-19 & Liquidity Governance*
 - ICAAP Training*
 - Audit & Risk Chair PRA Training*
 - AML and Compliance*
- *course completed in 2020

BACKGROUND

Victor Byungkyu has been a member of the Board of directors at Sharons Credit Union since 2011. Victor has been a long-time credit union and co-operative supporter. Currently holding his position as Vice-Chair of the Board, Victor is distinguished by his abilities in analytical analysis and financial acumen. Holding years of valued experience as a Chartered Professional Account, Victor's background is deeply rooted in the financial sector having served as an Internal Auditor for financial institutions in Korea. Identifying potential top risks, Victor effectively governs the safety and security of the credit union.



SIMON AHN

POSITION

Member of Audit & Risk Committee
 Member of Investment & Lending Committee
 Member of Conduct Committee

CURRENT TERM

2020 - 2023

DIRECTOR SINCE

2020

MEETING ATTENDANCE

17

DIRECTOR EDUCATION

- New Director Orientation*
 - Foundations of Governance (six modules)*
 - Foundation of Governance in Theory and Action*
 - CUDA Level A Completion*
 - BCFSa BC Credit Union Director Joint Forum*
 - AML and Compliance*
- *course completed in 2020

BACKGROUND

Simon, elected in 2020, is a first-term board member of Sharons Credit Union. Simon has Bachelor's degree in Mechatronics Engineering at McMaster University. As the President of Pro Omnis Telecommunication Ltd, Simon has been involved in the business community for over 10 years. He recognizes the importance of attracting younger generations by meeting their unique expectations and requirements. He is an advocate of exploring new ways to stay technologically current while being mindful of the costs of pursuing such excellence.



SEBASTIAN JUNG

POSITION

Chair of Investment & Lending Committee
 Chair of Real Estate Committee
 Member of Audit & Risk Committee
 Member of Nominating

CURRENT TERM

2019 - 2022

DIRECTOR SINCE

2016

MEETING ATTENDANCE

27

DIRECTOR EDUCATION

- CUDA Level A Completion
 - HR Governance
 - The role of the Audit Committee
 - Crisis Management & Recovery System
 - Commercial Credit-Governance, Delinquency and Risk
 - Role Clarity and Risk Ownership around Board Tables
 - Covid-19 & Liquidity Governance*
 - ICAAP Training*
 - AML and Compliance*
- *course completed in 2020

BACKGROUND

As a Chartered Professional Accountant (CPA, CGA, CA), Sebastian has maintained a long-term relationship with the credit union for 10 years as an external auditor. Sebastian currently holding his position as Chair of the Investment & Lending Committee, and he brings a strong financial knowledge base in risk management and Finance to the credit union. With direct relevant exposure, Sebastian's focus lies in potential risks to the sustainability and profitability of the credit union. Sebastian is a key member of the Board for voicing awareness and knowledge in risk management.



JOHN JIHAN KIM

POSITION

Chair of Conduct Review Committee
 Chair of Nominating Committee
 Member of Governance & HR Committee
 Member of Community Support Committee

CURRENT TERM

2020 - 2023

DIRECTOR SINCE

2001-2011, and 2013-2016

MEETING ATTENDANCE

24

DIRECTOR EDUCATION

- CUDA Level A Completion
 - Strategy: Planning & Oversight
 - Board Performance, Development and Evaluation
 - Governing Credit Risk
 - The role of the Audit Committee
 - Crisis Management & Recovery System
 - Role Clarity and Risk Ownership around Board Tables
 - Covid-19 & Liquidity Governance*
 - ICAAP Training*
 - AML and Compliance*
- *course completed in 2020

BACKGROUND

Jihan has been a member of the Board since 2001 and served as past Board Chair of Sharons Credit Union in year 2016 where he contributes his valuable insight of Greater Vancouver's growth and prospective. As an early Korean immigrant, Jihan has witnessed Vancouver's evolving economic growth since 1968. Jihan has served as President of the Vancouver Korean Society in 1988 Having served as President of the Vancouver Korean Society in 1988 and maintaining his position as Director of the credit union for a decade since 2001. Jihan is recognized for his ability to voice the community perspective and proudly performs his duty as a director of a credit union focused on community growth.



TAE IN KWON

POSITION

Chair of Governance & HR Committee
Member of Conduct Review Committee
Member of Community Support Committee

CURRENT TERM

2018 - 2021

DIRECTOR SINCE

2018

MEETING ATTENDANCE

24

DIRECTOR EDUCATION

- CUDA Level A Completion
 - The role of the Audit Committee
 - Role Clarity and Risk Ownership around Board Tables
 - Covid-19 & Liquidity Governance*
 - ICAAP Training*
 - AML and Compliance*
- *course completed in 2020

BACKGROUND

Tae In has over 36 years of experience as an Engineering Technologist in Telus Communication. His educational background and experience, skills and passion are just some of his attributes that enable him to provide valuable input to the Board. Tae In currently holding his position as Chair of the Governance & Human Resource Committee, and he inherently understands that people are the most important factor in the Credit Union's success, and is energetic in the pursuit of member-driven focus, preferences, and experiences.



LISA LIM

POSITION

Member of Audit & Risk Committee
Member of Investment & Lending Committee

DIRECTOR SINCE

2020

BACKGROUND

Lisa, appointed in Dec. 2020, has been a member of a credit union for more than 32 years. She enjoys the positive impact that the Credit Union has on the development of the communities it serves. Lisa is the founder and Director of Juillet Beauty Centre. Her business management experience has instilled in her a strong corporate community responsibility that aligns with the Cooperative Principles to promote health and economic well-being.

DIRECTOR EDUCATION

New Director Orientation*
*course completed in 2021

COMPENSATION AND ATTENDANCE

Directors spend considerable time and effort carrying out their duties with care and due diligence against a backdrop of potential exposure to financial, reputation and personal risk. In recognition of their service to Sharons Credit Union, directors receive remuneration. The amount is reviewed annually by the Board's Governance & Human Resources Committee.

Sharons Credit Union also recognizes that directors will incur expenses as they carry out their duties during the Board year. The Director Expense Policy sets out the types of expenditure covered by the credit union, and, as contained in that policy, directors are expected to exercise discretion and good judgment in determining what is a reasonable and proper expense to be incurred on behalf of Sharons Credit Union and demonstrate a good example for the use of credit union resources.

ANNUAL RETAINER

BOARD CHAIR

\$7,000

COMMITTEE CHAIR*

\$4,000

BOARD MEMBER

\$3,000

*Standing Committee Chairs

BOARD ATTENDANCE

In keeping with good governance practice of disclosure, the table below summarizes the total compensation received by each Director during 2020:

Director	Meeting Attendance (Jan-Dec 2020)	Meeting Fee	Training Fee	Annual Retainer	Total
Howard HY Lee Board Chair	38	\$6,500.00	\$2,800.00	\$7,000.00	\$16,300.00
Tack Hun Song Served as a Director until August 17, 202	13	\$2,750.00	\$400.00	-	\$3,150.00
Simon Ahn	17	\$3,250.00	\$1,200.00	\$3,000.00	\$7,450.00
Ha Sung Jung Served as a Director until April 19, 2020	6	\$1,250.00	\$200.00	-	\$1,450.00
Sebastian Jung Investment & Lending Committee Chair	27	\$6,250.00	\$400.00	\$4,000.00	\$10,650.00
Jihan Kim Board Vice Chair & Nominating Committee Chair	24	\$5,500.00	\$400.00	\$5,000.00	\$10,900.00
Tae In Kwon Governance & HR Committee Chair	24	\$5,500.00	\$400.00	\$4,000.00	\$9,900.00
Byung Kyu Yoo Audit & Risk Committee Chair	23	\$5,250.00	\$400.00	\$4,000.00	\$9,650.00

Executive Compensation & CEO Performance Management

The Governance & Human Resources Committee, together with the CEO, develop each year corporate and personal objectives that the CEO is responsible for meeting, which objectives are submitted to the Board for review and approval. Every year, the CEO is assessed against these objectives and all other relevant criteria. After a review of the CEO's performance by the Governance & Human Resources Committee, that Committee's chair and the Board Chair meet with the CEO to discuss such review and the Governance & Human Resources Committee chair then reports to the Board on the results of the review and recommendations for Board approval of the CEO's objectives for the following year.

CEO COMPENSATION PHILOSOPHY

The Compensation Philosophy is to help attract, motivate, and retain top-level CEO talent and to reinforce a results-oriented culture to deliver sustained high performance to our members and the community.

The Compensation philosophy is to define the desired market positioning (i.e. to pay at the average or median of the relevant market, or to target at the higher end (e.g. the 75 percentile) for specific reasons/strategies.) Other factors influencing the pay strategy may include: economic conditions, strategic direction, pay mix (base plus variable) and overall ability to pay.

Sharons Credit Union's Employee Compensation Philosophy applies equally to the CEO compensation. The CEO compensation consists of a base salary and benefits and insurance.

The CEO's full compensation package is reviewed by the Board annually based on comparison to a peer group. The Board carefully selects this peer group through a review of the Compensation Survey in Canadian Credit Union System provided by Central 1.

BENEFITS, PENSION AND PERQUISITES

The Health and Wellness Benefits provided to the CEO are consistent with those received by all other employee groups within Sharons Credit Union. The pension plan is also consistent with all other employees where a percentile of the previous year's earning prescribed in the HR Policy is being deposited into a RRSP account with the credit union.

No additional benefits and perquisites are provided to the CEO.

CEO COMPENSATION SUMMARY

The CEO's full compensation package is reviewed by the Board annually based on comparison to a peer group. The Board carefully selects this peer group through a review of the Compensation Survey in Canadian Credit Union System provided by Central 1. Sharons target the 50th percentile for base salary when the annual goal of performance is achieved. For the fiscal year ending December 31, 2020, the CEO earned the total compensation in the amount of \$289,221.04 (which includes Base Salary & Bonus, Vacation, RRSP Pension, Health Benefit, and Car Allowance)

Credit Union Compensation Policies

Compensation for all Sharons Credit Union employee is governed by the Compensation Philosophy set in the credit union's HR Policy. Sharons' compensation practices are as follows:

PENSION PLAN

Plan contributions made by Sharons Credit Union are based on the employee's previous year's salary and years of employment and invested in the term deposit type RRSP at the credit union. Contributions made by employee must be matched with credit union's contributions.

HEALTH AND WELLNESS BENEFIT

Sharons Credit Union provides a comprehensive benefit program. Full-time permanent employees are eligible for full benefits coverage at the end of 6 months employment probationary period. Part-time employees, once eligible (completed probation and continuous work of 1 year period working days), participate in the benefits plan which will be same as a full timer.

BONUS PLAN

The annual Sharons Credit Union bonus plan is set and offered each year at the discretion of CEO and Board of Directors, based on a minimum level of profit being achieved and pay-outs are not guaranteed. Every employee plays an important role in the success of the credit union and through this plan staff is able to share in the success.

ANNUAL BASE SALARY

Salary ranges are developed in accordance with our compensation philosophy. Base salary levels are determined by performance, knowledge, skills, and experience of the employee.

You may contact the Board through our Corporate Secretary by writing to:

EMAIL
governance@sharons.ca

MAIL
Sharons Credit Union c/o Corporate Secretary
1055 Kingsway Vancouver, BC V5V 3C7

Corporate Information

EXECUTIVE & SENIOR MANAGEMENT



JOHN SUK
President and CEO



HAE SOO LEE
Chief Operating Officer



JAY YOON
Chief Financial Officer



JOANNE CHOI
Corporate Secretary



ADRIAN JEON
Vice President, Credit



CHUCK LEW
Vice President, IT



SUSAN KIM
Vice President, Operation

BRANCH MANAGEMENT



YOUNJA CHUNG
Surrey Branch Manager



ANNA RO
Coquitlam Branch Manager



HELEN HWEWON JUN
Langley Branch Manager



SHARON KIM
Vancouver Branch Manager



CRYSTAL YANG
Port Coquitlam Branch Manager



DONGYUP JO
Sharons Insurance Services Ltd., Manager

MISSION STATEMENT

To be an innovative credit union devoted to the members and the community.

VALUES

INTEGRITY

We will operate with the utmost of integrity. Ethical management of members' entrusted wealth is a crucial key point for our prosperous growth.

INNOVATION

We will provide an innovative array of products and services to remain relevant to our members.

TRADITION

The roots of our organization are deeply embedded in the Korean community and we are proud to serve this community. At the same time, our mission to provide optimum financial advice and solutions is extended to all communities.

PROSPERITY

We will assist our members in achieving financial well-being through sharing financial advice and our knowledge in order to lead them toward prosperity.

COOPERATIVE

We instill cooperative thinking in our staff and members. We are stronger together as one.

DEVOTION

We exist to exert our best effort to build a credit union that best accommodates the needs of the members and the community. Our ultimate goal is to make Sharons a credit union of the members, by the members and for the members.

Branch Information

VANCOUVER HEAD OFFICE

1055 Kingsway
Vancouver, BC V5V 3C7

T: 604-873-6490
F: 604-873-6498

COQUITLAM BRANCH

202-403 North Road
Coquitlam, BC V3K 3V9

T: 604-936-5058
F: 604-936-5023

PORT COQUITLAM BRANCH

100-1125 Nicola Avenue
Port Coquitlam, BC V3B 8B2

T: 604-464-4461
F: 604-464-6468

SURREY BRANCH

10541 King George Blvd.
Surrey, BC V3T 2X1

T: 604-582-7272
F: 604-582-7209

LANGLEY BRANCH

19535 Fraser Highway
Surrey, BC V3S 6K7

T: 604-530-6869
F: 604-530-6563

INSURANCE SERVICES

103-403 North Road
Coquitlam, BC V3K 3V9

T: 604-931-1132
F: 604-931-1137

 **Website**
www.sharons.ca

 **Email**
info@sharons.ca

 **Facebook**
facebook.com/sharonscu

 **Instagram**
instagram.com/sharonscreditunion

 **Youtube**
Sharons Credit Union

