

*Come bank where you belong*



*Auto Workers Community*  
**Credit Union**

**Annual Report 2008**

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# Annual General Meeting 2009

## AGENDA

1. Canadian National Anthem
2. Chairperson's Welcome and Report on Registration of Members and Guests
3. Adoption of the Minutes of the 71st Annual Meeting
4. Report of the Board of Directors
5. Chief Executive Officer
6. Report of the Audit Committee
7. Report of the External Auditor
8. Report of the Credit Committee and Loan Officer
9. Unfinished Business
10. New Business
  - By-Law Amendments
  - Resolutions
  - Social Responsibility Report
  - Distinguished Service Award
  - Announcement of Election Results
  - Other
11. Installation of Officers
12. Guest Speaker: Carol Hunter, *Executive Director*, Canadian Co-operative Association
13. Adjournment

# Minutes from 2008

## Annual General Meeting

April 22, 2008

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The 71st Annual Meeting of the Members of the Auto Workers Community Credit Union Limited was held at the Canadian Auto Workers Union Hall, 1425 Phillip Murray Avenue, Oshawa, Ontario, on Tuesday, April 22, 2008.

There being a quorum present, President Don Nicholls called the meeting to order at 7:00 p.m. A moment of silence was observed for the 200 deceased Members who passed away during our fiscal year 2007; deceased Director Bob Cannons; Local 222 Past President Abe Taylor and our employee Keith Webster were given special mention.

President Nicholls welcomed the 79 Members and 6 Guests to the 71st Annual Meeting. He then introduced the Head Table of Owen Fine our External Auditor with the firm of Tinkham & Associates; Rose Catulli, Chief Financial Officer, (C.F.O.); John Wade, Chairperson of the Audit Committee; Brent Reid, Chief Executive Officer, (C.E.O.); and Dave Sitaram Vice-President. He also welcomed special guests to the Meeting: Rob Wellstood of Kawartha Credit Union; John Redko, President, CAW Local 222 Retired Workers Chapter; Shailesh Godse, Credential Securities, Andrew Poprawa, and John Hutton, DICO; and Colin Harris from CUMIS. The remainder of the Board and Credit Committee were also introduced.

President Nicholls compared AWCCU with a free-enterprise financial institution on the basis of democracy; he outlined the challenges in the Ontario economy and the role of the Credit Union.

### **REGISTRATION**

There were 79 Members and six Guests registered.

### **ADOPTION OF THE MINUTES**

It was Moved by D. Hottot, seconded by V. Pilkey that we approve the Annual Meeting Minutes of the 70th Annual Meeting, April 24, 2007 as circulated. Carried.

### **REPORT OF THE BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER**

Once again this year President Don Nicholls and C.E.O. Brent Reid presented a joint report to the Membership:

#### **Message from the President and the Chief Executive Officer**

On behalf of the Board of Directors and the Management of Auto Worker Community Credit Union, we are pleased to report on the activities and growth of your Credit Union during its 70th year of operation.

Your Board of Directors represents the democratic segment of the Credit Union. It is what makes a financial co-operative unique from free enterprise financial institutions. The Board serves as the membership's representatives in the management of the Credit Union. It is a role we take very seriously, and it is important that we share with you what we have been doing this past year as well as give you a general overview from the perspective of the volunteers who serve you.

Collectively, your Board of Directors meets on a monthly basis. In addition, there are three Board Committees which also meet on a monthly basis; Audit, Business Development and Executive. The Corporate Governance Committee meets on a quarterly basis. We also have two ad hoc committees, the Building Committee and the Opportunities Committee. The Building Committee has worked extremely hard with Management, our Contractors and Architects to create our new flagship building. This is an accomplishment in which we take great pride. The Opportunities Committee explore areas where there are opportunities to work with other cooperative organizations through sharing resources. Each of these Committees has a responsibility outlined in their Terms of Reference; collectively they provide meaningful input and recommendations upon which the Board renders its final decisions.

In October, the Board and Management Team conducted an Annual Planning Session with the objective of setting the overall direction of the Credit Union for 2008 and beyond. Out of this session came our Annual Plan and our Annual Budget which will drive the Credit Union towards reaching its goals in 2008.

The past year also saw the introduction of the long awaited new Credit Unions Act and over the next few months a number of new regulations will come into effect. We have been carefully reviewing the new Credit Unions Act and Regulations to determine the impact on our Credit Union. It is expected that the new Act and its Regulations will come into effect during the summer of 2008. The new Act will no longer provide any legislative support for a Credit Committee. Accordingly, our Credit Committee will no longer exist once the legislation receives its final approval. During this period of transition, your Board has requested that the current members of the Credit Committee remain in office as constituted without the requirement to seek re-election in 2008 in order to maintain stability on the Committee. Under New Business we will be seeking the concurrence of the Membership for this action. We would like to thank all past and present members of the Credit Committee for their endeavours. In particular, we would like to extend our appreciation to Mike Simon, Bart MacNeill, Don Tibble, Gord Tripp and Leo Vachon, who have been members of our Credit Committee for the past number of years. Thank you for your dedicated service to the membership of Auto Workers Community Credit Union. We look forward to calling upon your expertise in the future. As a result of this change to the Act, the Board of Directors will be creating a new-subcommittee of the Board to handle the appeal process formerly handled by the Credit Committee.

The Board thoroughly reviewed all Policies over a ten month period in 2007. In addition to our review, our Internal Auditor, Rick Belsby reviewed the statutory compliance issues contained within our policy review. We are pleased to advise that our policies were found to be in order; they provide an excellent framework for our corporate governance.

Your Board continues to obtain ongoing training and development wherever possible. We attend the Professional Development Day sponsored by Credit Union Central of Ontario; the Ontario Credit Union Directors Forum as well as strive to complete the Credit Union Director Achievement modules. We also seek opportunities to learn from our Management Team and from each other, leveraging individual experiences into collective learning. We truly operate as a cohesive team.

In our opening remarks, we mentioned that the existence of our democratically elected Board of Directors is one of the factors that make us different and unique from our free enterprise competition. Another major difference is that you, the Membership, have the right to elect who you would like to serve on this governing body. Election results are important, but so is the process. Unfortunately, we are seeing a disturbing trend towards fewer numbers of members exercising their right to vote in our annual election. This year, approximately two hundred fewer members cast a ballot in this year's election from the previous year. It is important that you exercise your right to vote and encourage other members to do the same. Furthermore, we have seen a decline in attendance at our Annual Meetings. Despite the fact that there has been a marked decrease in terms of the level of Member participation in the democratic process, there has been a healthy increase in Member support for the Credit Union's products and services. Your Board and Management will be working with the Membership over the year with the goal of increasing Member participation in the Credit Union's democratic process.

Congratulations to Dave Sitaram and Bill Taverner who have been re-elected to the Board of Directors for a three (3) year term. We are pleased to welcome to the Board our former Youth Director, Michael Whibley, who was also elected to the Board. We are confident that Mike will continue to bring a fresh and youthful perspective to the Credit Union's operation. We would also like to extend our sincere thanks and appreciation to Pat Blackwood who has served on the Board since 1993. During his lengthy tenure, Pat held positions as Committee Chairperson, Vice-President and President. Pat could always be counted on to put forth his best efforts at all times. His leadership, level of commitment, enthusiasm, and dedication to the Credit Union and our members will continue to be a model for all of us to follow. Thank you Pat, you will be truly missed.

Congratulations are also in order to Vice President, Dave Sitaram, who was returned as President of the Canadian Co-operative Association. Dave has also been elected as a Director to Central One – the name of the new organization formed through the amalgamation of Credit Union Central of Ontario and B.C. Central.

### **Financial Results**

New accounting standards as prescribed by the Accounting Standards Board of Canada came into effect for in January 2007. The changes were prompted by a global response to a wave of questionable accounting practices that emerged primarily amongst a number of large U.S. companies several years ago. The intent of these new standards is to bring greater transparency to financial reporting and required us to realign our balance sheet accordingly. A summary of what these changes, and their impact will be discussed in more detail in the report from our Auditor.

We continued to experience solid increases in a number of areas. Our assets grew by \$13.8 million to approximately \$267 million, an increase of 5.5%. Our loan portfolio increased by \$7.9 million, which represents a 4% increase and our Members' deposits increased by 6% to just over \$13 million.

The Board was pleased to approve a payment of \$490,274 on Investment Shares and \$178,947 on Patronage Shares for the year. These dividends were processed in February and will have appeared on your statement. We also increased our "General Reserve" by \$120,000. This reserve is our "cushion" to help absorb fluctuations in the allowance requirement for doubtful loans. We felt this was a prudent step in light of the slowing economy. In addition, we added \$173,564 to reserves after paying \$166,161 in taxes. This brings our regulatory capital to 7.9% and our risk weighted capital to 22.2%. These amounts are well above the legislated minimum amounts of 4.5% and 8% respectively and are indicative of the financial stability of your Credit Union.

### **Electronic Signature**

We have implemented a new electronic signature verification process with the objective of enhancing service efficiency and providing an additional level of security with respect to confirming member identification at the counter. You may have already been requested to provide the electronic signature on a recent visit to one of our branches.

### **Cheque Imaging**

You may have heard or read about changes being introduced in terms of how cheques will be presented and cleared through various financial institutions. Essentially, the current paper-based process will be handled electronically. This will significantly speed up the cheque clearing process since only electronic files will be shared, and the transfer of paper based cheques from one organization to another will be eliminated. For our Members, there will be no noticeable change, however behind the scenes cheque clearing will be done expeditiously and with greater efficiency.

## **Chipcard**

In a continuous effort to enhance security, improve service and maintain confidentiality, the credit union system in Canada is participating in a pilot program in the Kitchener Waterloo area designed to test a "Chipcard" program. A chipcard is a Member card with a built in micro-chip that adds an additional level of security above and beyond the magnetic strip on the reserve side of your MemberCard. This state of the art technology has been utilized in Europe and has proven successful in deterring fraud and criminal activities surrounding the operation of a debit card system. Although the expected roll out of the chipcard program in Ontario is still a few years away, we are closely monitoring developments to ensure that we will be ready to adopt the new technology in order to maintain the best security possible for debit card operation. In the meantime, we make every effort to ensure that our members are protected from fraud and continue to provide the membership with bulletins via our newsletter about how you can take steps to protect your identity and your account.

## **Renovation Project**

As reported at last year's Annual General Meeting, the building renovation project at 322 King Street West commenced in early 2007. This building has served our membership well for the past 40 years; however, the time had come to update and modernize the building to better serve our membership and ensure it was environmentally and energy efficient. An energy audit was conducted to ensure that any modifications would be both environmentally and financially responsible.

Our primary goal for embarking on a renovation project of this magnitude was to enhance the layout of the Credit Union with the objective of improving member service and convenience. Over the years we have seen a number of additions and alterations, but none as extensive and wide sweeping as this renovation project. The building was in desperate need of an external facelift and a more functional interior design. Clearly, we had outgrown the need for a huge banking hall that was designed back in the days when large numbers of members would visit the branch each week to stand in long line-ups in order to cash their cheques. At the same time, if you were interested in applying for a loan or discussing investment options, you would have to head up to the second floor to meet with a credit or investment specialist. With all the wasted space on the main floor, there was simply not enough room to bring all of our Sales and Service staff together on one floor. In addition, the building's office windows were leaking and allowing heat and cooling to escape, having long outlived their normal life expectancy. The walls, ceilings, floor coverings, heating and cooling systems had been patched, repaired and modified many times over the years to reflect interior changes that had been completed.

Today, we are delighted to report that the renovation project is now complete. Although the building has not expanded in size, the updates and changes that have been made over the past year are massive. In keeping with our goal, the main floor has been completely redesigned in order to streamline all member dealings on to one floor. Regular banking transactions, investments and lending services are now centrally located on the main floor ensuring that our services are much more convenient and readily accessible to everyone. In addition, our building has achieved greater energy efficiency, is environmentally friendly, and is both inviting and functional.

Over the years, the Main Branch had grown substantially, serving more than 14,000 members with business totalling approximately \$400 million. The major renovation was long overdue and we can now take great pride in the facilities that we have to serve all of our member owners.

## Marketing and Community Activities

Social responsibility is a key component of the mandate of the Board of Directors and the Management of the Credit Union.

In 2007, we continued to support the Ontario Credit Union Charitable Foundation. The Foundation supports over 25 Ontario charitable organizations across the province, including Food Banks, the Special Olympics, Hospitals, Libraries, Community Education and a host of health care programs and initiatives. Together with the Charitable Foundation, the Credit Union funded the construction of a new playground for the Durham Children's Aid Society's new building located on Taunton Rd by the Oshawa Airport. As a result of this initiative, thousands of children in care will now benefit from the playground and enjoy "just being a kid" during an often difficult period of time in their young lives.

We continue to be an avid supporter of the Co-operative Young Leaders Program, which last year provided 40 young people across Ontario, with the opportunity to develop their leadership capability, and increase their knowledge and awareness of the co-operative movement in a residential camp setting. Last summer, we were pleased to sponsor five future leaders from your Credit Union to participate in this important initiative.

On the international front, we provided financial assistance for an initiative focused on youth living in Ghana, Africa, promoting the value of accumulating savings in local community credit unions and raising educational awareness about HIV/AIDS. Through our partner, the World Council of Credit Unions, we provided emergency relief to victims following a serious earthquake that hit the central coast of Peru in August 2007. In addition, last year AWCCU through the Canadian Cooperative Association was proud to send Mary McGee and other credit union professionals from across the system to Uganda, with the objective of providing training to local leaders in credit union development.

Much closer to home, AWCCU is proud to continue its partnership with the City of Oshawa by being a main sponsor of the Canada Day family friendly celebrations at Lakeview Park. We also are pleased to be a title sponsor for Mosport International Speedway in Bowmanville. Watch for opportunities through the CuViews newsletter and our website for "free" tickets to Speedway events.

The upcoming year promises to be an exciting and challenging one for the Credit Union. We would like to express our heartfelt thanks and appreciation to the Staff and Management for all their efforts and hard work this past year. We are very fortunate to have an extremely committed team of individuals who are dedicated to providing superior customer service to our Members.

We would also like to thank the Board for their guidance and support. This dedicated group provides many hours of their time to ensure the Credit Union is a financial co-operative worthy of being your primary financial institution.

We also wish to acknowledge the work done by the volunteers of the Credit Committee who also give generously of their time to serve you, the Members.

It has been our pleasure to serve you. We wish to thank you, our Members, for your continued support of the Credit Union and the co-operative values that it represents.

Respectfully submitted,

Don Nicholls  
*President*

Brent Reid  
*Chief Executive Officer*

Vice-President D. Sitaram Moved on behalf of the Board of Directors, Seconded by P. Campbell to receive the combined Report of the Board of Directors and Chief Executive Officer. Carried.

V. Pilkey congratulated the Board and Management on their support for the playground at the Children's Aid Society.

A Member asked about the card swipe at the building.

A question was posed on the cost of the renovations. The reply given was \$2.9 Million.

It was noted that later on the Agenda there would be a request to concur with the Credit Committee's terms of office.

## REPORT OF THE AUDIT COMMITTEE

The Audit Committee of Auto Workers Community Credit Union is a committee of the Board of Directors and operates under Section 125 of the Credit Unions and Caisses Populaires Act of 1994. The Committee is elected annually by the Board of Directors and consists of: John Wade, Chairperson; Myrna Caverly, Bill Taverner, and Joe Worona.

The Committee's Terms of Reference are defined by the 17 duties of the Audit Committee specified in the Regulations to the Credit Unions Act. Based upon those duties the Committee is pleased to report the following activities for 2005:

- Reviewed the monthly internal financial statements of the Credit Union and the associated notes and schedules monitoring the results for compliance with the Generally Accepted Accounting Principles (GAAP), capital reserve requirements, liquidity and interest rate risk requirements as outlined by the Act, Regulations and our Government Regulators.
- Monitored our Credit Union's performance relative to budgeted targets and our Annual Business Plan
- Reviewed all of our Policies and Procedures and controls of the Credit Union which relate to legislative compliance with a particular focus on credit management, investments, interest rate risk management, liquidity management, corporate governance, conflict of interest and capital management as these Policies are specified in the Act or by DICO.
- Maintained a reasonable understanding of internal controls so as to help ensure the safeguarding of the Credit Union's assets. We worked closely in this area with the Internal Auditor in ensuring that a high level of internal control is in place at the Credit Union.
- Served as the Board's liaison with the Internal Auditor and reviewed all of the Internal Auditor's Quarterly Reports, Work Plan and overall mandate. We held regular meetings with the Internal Auditor to discuss audit findings and recommendations as well as reviewing all material internal control issues. We reviewed Management's responses to all internal audit recommendations.
- We served as the principle communications link between the External Auditor and the Board of Directors and in particular reviewed the terms of engagement, the scope of the annual audit, the Auditor's Management Letter and the Credit Union's Financial Statements prior to the receipt of Board approval. We also hosted a committee-of-the-whole meeting with our External Auditor at which the total Board of Directors were present to review the year-end Financial Statements. At the same meeting an in-camera session with the External Auditor was held.
- The Audit Committee reviewed our Disaster Recovery Plan in conjunction with the Internal Auditor in order to ensure reasonable back-up measures are in place.
- Based on its findings the Audit Committee reports to, and makes recommendations to the Board of Directors with respect to the matters outlined above regarding policy, internal controls, compliance with the Credit Unions Act and Regulations and DICO's By-Law No. 5. The committee follows up on all issues to ensure that all of our recommendations are implemented.

The Audit Committee is once again pleased to report to the Membership that all aspects of its annual mandate have been achieved, and that all significant recommendations of the Committee have either been implemented or are in the process of being implemented. In addition we report that there are no matters that the Audit Committee believes should be reported to the Membership and there are no issues that are required to be disclosed pursuant to the Credit Unions Act or the Regulations. The Committee is also pleased to report that it received full co-operation from Management and both the External and Internal Auditors in completing all of the required activities during fiscal year 2007.

Respectfully submitted,

John Wade, *Chairperson*  
Myrna Caverly  
Bill Taverner  
Joe Worona

It was moved by J. Wade on behalf of the Audit Committee and seconded by D. Tebble to receive the Report of the Audit Committee. Carried.

## REPORT OF THE EXTERNAL AUDITORS

O. File, our External Auditor from the firm of Tinkham & Associates presented the Auditor's Statement:

### Auditors Report

To the Members of

AUTO WORKERS COMMUNITY CREDIT UNION LIMITED

We have audited the balance sheet of Auto Workers Community Credit Union Limited as at December 31, 2007 and the statements of income comprehensive income, member's equity, and cash flows for the year then ended. These financial statements are the responsibility of the Credit Union's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Credit Union as at December 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

***Tinkham & Associates LLP***  
CHARTERED ACCOUNTANTS  
Licensed Public Accountants

TORONTO, Ontario

January 23, 2008

R. Catulli, Chief Financial Officer presented the Financial Statements noted in the Auditor's Report.

During the year, the Credit union's assets increased by \$13.8 million. Total assets as at December 31, 2007 were \$267 million which is an increase of 5.5%. The Credit Union experienced \$7.9 million growth on our loan portfolio increasing total loans to \$224 million. Our Member deposits totalled \$208 million at year end which is an increase of 6%.

### Statement of Income

During the year the credit union earned interest income of \$13.3 million and paid \$6.4 million to members on their deposits.

Financial margin for the year was \$7.9 million. Other revenue for 2007 totalled \$2.4 million.

Operating Expenses for the year totalled \$9.5 million. Operating expenses include:

Amortization of capital assets ... Currency costs ... Data processing costs ... Insurance ... Marketing & development ... Occupancy costs ... Provision for loan losses ... and Salaries and benefits

Net income before dividends & patronage return was \$1 Million.

The Credit union declared a 5.19% dividend on investment shares, and a 3.95% dividend on patronage shares.

Dividends for the year totalled 667 thousand dollars.

Net income for the year after tax was \$174 thousand. Retained earning at December 31st, 2006 was \$7.3 million bringing our regulatory capital to 7.9%.

It was moved by R. Gay, and seconded by H. MacInally to receive the Auditor's Report and the Audited Financial Statements for the period January 1 to December 31, 2007, and the Report of the C.F.O. Carried.

## REPORT OF THE CREDIT COMMITTEE AND LOAN OFFICERS

Auto Workers Community Credit Union

The Credit Committee meets on a weekly basis. We review rejected loans and credit applications for Restricted Parties (Board of Directors, Credit Committee and Loan Officers). On occasion we will hear an appeal from a member whose loan was turned down. If we feel the appeal has merit we can recommend that management review the members request. Twice a year we hold a meeting with management to review loans that are recommended to the board for charge off as bad debt.

Your Credit Committee is proud to report the loans portfolio performed well over the past year. Overall we saw an increase in lending activity over last year. Losses from non-performing loans were kept well within the recommended guidelines.

### CREDIT STATISTICS FOR 2007:

Loans	620	\$ 6,495,285
Bridge Financing	24	\$ 2,962,241
Lines Of Credit	517	\$ 3,219,878
MeritLines	218	\$ 13,766,884
Mortgages	261	\$ 27,906,390
Commercial - Loans	27	\$ 2,706,377
- Mortgages	7	\$ 2,610,750
- Line of Credit	35	\$ 3,030,892
<b>Total</b>	<b>1,709</b>	<b>\$ 62,698,697</b>
Total Rejected Requests	575	\$ 21,461,881
Total Credit Requests	2,284	\$ 84,160,578

There were 20 accounts totaling \$174,776 that were delinquent in excess of 90 days as of December 30, 2007.

On behalf of the Credit Committee I would like to thank the staff for the quality service you provide to our membership.

Co-operatively submitted,

Mike Simon, Chairperson  
Bart MacNeill, Don Tebble,  
Gord Tripp, Leo Vachon

The Report was presented and highlighted by Committee Chairperson, Mike Simon. It was Moved by M. Simon, on behalf of the Credit Committee and Seconded by R. MacNeill that we receive the Report of the Credit Committee and Loan Officers. Carried.

## UNFINISHED BUSINESS

There was none noted.

## DISTRIBUTION OF SURPLUS

It was reported that the following Dividends have been paid:

Investment Shares	5.19%
Patronage Shares	3.95% (weighted average)

## CORPORATE SOCIAL RESPONSIBILITY

Vice-President Dave Sitaram highlighted the Report as follows:

### Commitment to Our Community

AWCCU recognizes that strong communities are the foundation for the quality of life and positive environment Durham Region people deserve. AWCCU invest in the dreams that help our members and communities succeed. For us, investing in people goes way beyond business relationships. It's an essential part of who we are. Cash donations, sponsorships, scholarships and bursaries are all part of giving back to the community.

AWCCU contributes a minimum of 4% of pre-tax, pre-dividend net income to charities and community programs. A few of the charities we support throughout Durham Region are:

- Canadian Cancer Society
- Denise House
- Salvation Army
- Sunrise Youth Group
- United Way
- Canadian Cancer Society
- Friends of the Second Marsh
- Credit Counseling Service of Durham Region
- Canadian Institute for the Blind
- Big Brothers and Sisters
- Ontario Credit Union Charitable Foundation
- Crime Stoppers

AWCCU along with the Ontario Charitable Foundation teamed up and donated \$19,000 for the construction of a brand new playground for the children and families that use the Durham Children's Aid Society. The CAS has thousands of children visiting the facilities each year and with AWCCU support children will now have the opportunity to have fun and enjoy being a child on this new playground. The CAS has been growing considerably over the years due to a steady increase in the need for child protection services and as a result they have moved into a new 105,000 sq/ft building at 1320 Airport Blvd. in Oshawa.

Every year we contribute to various youth programs in the community and for years have donated a \$2,500 scholarship to help full time students of Durham College. We realize that education is becoming more expensive every year and any kind of financial support that we can give students will make a difference.

We also send six youth between the ages of 14 and 18 to attend the Co-operative Young Leaders Camp which is a quality program intended to develop our future co-op leaders. It provides opportunities for the youth to strengthen their self-confidence, solve problems, define personal goals and become an active member of the co-operative and credit union sector, all while having fun!

Our largest community initiative is our involvement as the presenting sponsor of the Oshawa Canada Day at Lakeview Park. The Canada Day event has been a part of the community for the past 26 years and AWCCU has committed to support its growth and continue its success into the future. In 2006 AWCCU started the first of many years as Title Sponsor for Oshawa Canada Day. AWCCU staff volunteer their time to give away prizes throughout the day and this allows them to get in touch with the community on a personal level outside of the branch. Canada Day attracts families, youth and people of all ages throughout the day who come down to enjoy the festivities, music, activities and a fireworks presentation to conclude the event.

Another initiative is our Title Sponsor for the Mosport Speedway in Bowmanville. The Mosport Speedway has been part of the Bowmanville community for 45 years and has hosted just about every class of road racing on its famed 4 km circuit, including F1, Indy Cars, sports cars, stock cars endurance racing, motorcycles, motorcross, showroom stock, historic vintage racers, "Big Rig" trucks and karts.

## BY-LAW AMENDMENTS

It was Moved by P. Blackwood, Seconded by D. Hughes that we approve the following By-Law Amendments:

All changes are indicated in **bold**; all deletions are underlined.

2:04 Each member of the Credit union has one vote at a membership meeting or for a mail-in ballot **or electronic form of voting.**

## 7.15

### MAIL BALLOTING

#### Interpretation

in this section 7:15

"Form of Ballot: means a written, **electronic** or printed form that, upon completion and execution by a member becomes a ballot;

#### Voting By Mail Ballot

##### Mandatory Solicitation Ballot

The board shall, concurrently with or prior to sending notice of a meeting of members, send **either** a form of ballot together with a prepaid envelope addressed to the Elections Officer **or notification of the availability of an electronic ballot** to each member who is entitled to cast a ballot.

##### Form of Ballot

- (iv) provision for sealing or otherwise retaining confidentiality of the ballot containing the member's votes, while permitting the member's name, address and actual or electronic signature to remain visible on a portion of the ballot;

instructions that the ballots may be mailed by prepaid ordinary mail or registered mail; or may be personally delivered to the Credit Union;

##### Formal Validity

Ballots, to be valid must:

be on the pre-printed form designated by the Credit Union;

- (g) (ii) under the supervision of the Elections Officer and with access to a complete list of members, their addresses and signature cards, verify that the persons purporting to be a member of the Credit Union, and whose name is listed on the ballot as the member voting the ballot, is a member qualified to vote at the meeting and following such verification, **keep** separate the portion of the ballot on which the members' name, address and signature is marked from the sealed portion of the ballot upon which the member's votes are indicated.

**And amend any other By-Law which refers to balloting to include the possibility of electronic voting.**

Carried by the required two thirds.

## RESOLUTIONS

It was Moved by P. Blackwood, Seconded by J. Redko that we re-affirm the following Resolution:

### RIGHTS AND RESPONSIBILITIES OF MEMBERSHIP

We are Members and co-owners of the Auto Workers Community Credit Union. This is our financial co-operative and these are our Rights and Responsibilities as Member-Owners.

#### **Right to be treated with dignity and respect.**

We are more than “customers” and should be treated as such by all staff, management and elected officials.

#### **Right to fair pricing.**

Our prices are set to reflect costs, ensure a financially sound Credit Union, and to provide benefits. There are no hidden prices nor special unadvertised deals. All service charges and penalties will be published well in advance of their implementation.

#### **Right to efficient, high-quality service.**

Our staff strive to provide the highest quality personal service and correct problems quickly and efficiently. As Member-Owners, we should expect and accept nothing less.

#### **Right to communicate directly to elected officials.**

The Board of Directors are fellow Members elected to represent our interests. We may contact them at any time on Policy matters.

#### **Right to an equal vote.**

At our Annual Meeting and other Members’ meeting, each Member has an equal vote.

#### **Right to run for office.**

Every member has the right to stand for election to the Board of Directors. Candidate information kits are made available to Members on a timely basis.

#### **Right to socially responsible behaviors and policies.**

Our Credit Union operates within a broader community and will work with others to help solve common social and economic problems.

#### **Responsibility to use and promote our Credit Union.**

The more business we bring to the Credit Union, the stronger it becomes and the more we all benefit. We will always look to the Credit Union as our provider of financial products and services and will recommend other do the same.

#### **Responsibility to participate in the democratic process.**

We will make every effort to exercise our voting rights during the mail-in ballot process and to attend Annual Meetings and to participate in other activities designed to solicit our input.

#### **Responsibility to treat Credit Union employees with dignity and respect.**

The staff are fellow Members and deserve the same dignity and respect that we demand as service user.

#### **Responsibility to stay informed of Credit Union policies.**

We will make every effort to read the materials provided that explain Credit Union policies, procedures and services.

Carried.

It was Moved by W. Stacey, Seconded by B. McCloskey that we concur with the following Resolution:

THAT the Terms of Office for the current Credit Committee be grandfathered until such time as they become redundant under the new Credit Unions Act.

Carried.

## ELECTIONS REPORT 2008

Elections were held for three (3) vacant positions on our Board of Directors. The ballots were counted on February 21, 2008.

A total of 828 ballots were cast which represents 4.9% of our total membership. Thirty-eight (38) ballots were spoiled or blank.

The results of the election are as follows:

<b>Candidate</b>	<b>Votes</b>
David Sitaram	575
Bill Taverner	510
Michael Whibley	478
Robert (Bart) MacNeill	448
Leo Vachon	359

Accordingly, David Sitaram, Bill Taverner and Michael Whibley have been elected to the Board of Directors for a three-year term.

Respectfully submitted,

Janet Letros, *Elections Officer*

It was Moved by J. Letros, Seconded by P. Blackwood, that the Report of the Election Committee be received and the ballots be destroyed. Carried.

## DISTINGUISHED SERVICE AWARD

The DISTINGUISHED SERVICE AWARD SELECTION COMMITTEE is composed of:

Dave Sitaram, Chairperson

Don Nicholls, Secretary and

Dennis Hughes, who is a Distinguished Service Award recipient himself.

The Committee was established at an Annual Meeting of the Membership in 1999 and to date has selected 51 recipients of the Distinguished Service Award. Today's recipient will be the 52nd choice for this honour.

Don Nicholls presented the 2008 Distinguished Service Award:

This year's inductee joined the Credit Union when he started in General Motors in 1973. He has held many elected union positions too numerous to mention.

As a 15-year Director of Auto Workers Community Credit Union he held such positions as member and Chairperson of various Committees, the always difficult position as a member of the Negotiating Committee, Vice-President and one term as President.

When asked what were the most memorial things of his tenure as a Director he listed: . . . being Vice-President with our first female President, Jackie Finn . . . The Share Offering during our problem with Confederation Life . . . the ability and determination to return Dividends and Rebates to the Membership . . . and, getting youth involved on our Board of Directors.

Indeed, one of the reasons for not seeking re-election was to provide an opening on the Board to provide one of our Youth Directors the opportunity (successfully, I might add), to be a full elected Director of our Credit Union.

PAT BLACKWOOD has served his position and the Auto Workers Community Credit Union well, and today we are pleased to recognize the 52nd recipient of the Distinguished Service Award.

Pat Blackwood addressed the Membership.

### **NEW BUSINESS**

Questions were posed re: Insured Savings Account ... beneficiary or estate . . . status.

It was agreed that an article will appear in a future issue of CuViews to explain.

### **CO-OPERATIVE YOUNG LEADERS PROGRAM**

Katie Gooder, Associate Director introduced the 2007 participants who addressed the Membership: Kristen Reynolds, Erica Cavallari and Scott Anderson

### **INSTALLATION OF OFFICERS**

Past President of the Board, and Distinguished Service Award Recipient, Pat Blackwood administered the Oath of Office to all Credit Union Officers including the Associate Director.

*"Do you hereby pledge on your honour to perform to the best of your ability your duties as an officer of this Credit Union, mindful of the democratic collective self-help ideals of the organization and the dominant authority of the membership; to treat with confidence all information in your possession respecting the accounts, loans or other personal matters of all members; that you will consider all Credit Union money as a sacred trust and pledge to keep operational expenses to a minimum consistent with efficiency; to treat employee problems with a co-operative rather than corporate attitude while recognizing at all times the role of the employee as separate from policy; to hand over any properties or records of the Credit Union to your successor at the end of your term and at all times to conduct yourself as becomes an officer of this Credit Union, keeping in mind all policy resolutions of our Credit Union our Credit Union by-laws, and the provisions of The Credit Unions and Caisses Populaires Act, and Regulations thereunder?"*

The Officers responded: "I do".

Vice-President D. Sitaram introduced our guest speaker for the evening:

Mary McGee has been a part of the cooperative system since her university days. As a resident and employee of a housing cooperative, she learned first hand that the concept of "people helping people" was a strong platform for both corporate and personal success, in a wide variety of industries – housing, finance, agriculture and retail.

Since those early days, Mary has worked for 18 years in the credit union system alongside members, staff and boards, promoting the cooperative spirit while focusing on marketing, operations and business development initiatives. Her career includes 14 years at Kawartha Credit Union and 4 years at Auto Workers Community Credit Union.

In the summer of 2007 and again in March 2008, Mary was selected by the Canadian Cooperative Association as one of a team of 10 credit union coaches to work in Uganda, providing training and support for local managers on the initiatives of rural financial cooperatives in this war torn region. Her personal experiences in Uganda, with grassroots credit unions are the topic of this evening's thought provoking presentation.

**ADJOURNMENT**

There being no further business President Nicholls declared that the 71st Annual Meeting of the Auto Workers Community Credit Union is now adjourned.

He thanked the Management, Staff and Volunteers for everything that makes an Annual Meeting a success. He also thanked the CAW Family Auxiliary for the supper and the Members in attendance for coming.

The Meeting adjourned at 8:40 p.m.

dn/ \_\_\_\_\_  
President

  
\_\_\_\_\_  
Secretary

# Vision

Our vision is to be Durham Region's financial institution of choice by the year 2015.

We will accomplish our vision by:

- Providing superior and innovative products and services that add real value to our members.
- Offering attractive rates and rewarding members for their patronage.
- Attracting and retaining highly skilled, engaged and dedicated employees committed to putting forth their best endeavors.
- Creating a workplace culture that values and respects the diverse perspectives and talents of individuals through empowerment.
- Actively reaching out to the broader community.
- Fostering a sales and service culture characterized by excellence.

We recognize that fulfilling our vision requires working together and living the co-operative values of the credit union system.

# Mission

To be the primary source of financial products and services for our Members. To provide equitable returns to all segments of our membership through a democratic system characterized by:

- Service excellence
- Security of deposits
- Community involvement
- Commitment to the Co-operative Principles

# Values

**MEMBERS** Members always come first. We strive to anticipate their needs and exceed their expectations each and everytime.

**PEOPLE** Our employees put forth their best endeavors and look for ways to be innovative and creative in all that they do. We value their individual skills, talents, perspectives and contributions. We value positive attitudes, approaching tasks with energy and enthusiasm. We celebrate our successes.

**COMMUNITY** We contribute to our community through policies and programs that support social, economic and environmental well being. We encourage our employees to be actively involved in the communities in which they live and work.

# 2008 Board of Directors



Don Nicholls  
President



Dave Sitaram  
Vice President



Dave Broadbent



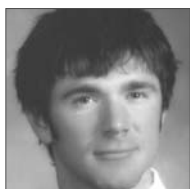
Myrna Caverly



Ron Gay



Katie Gooder  
Youth Director



Bob Gorman



Bill Taverner



John Wade



Mike Whibley



Joe Worona

# Message from the President and the Chief Executive Officer

## On behalf of the Board of Directors and the Management of Auto Workers Community Credit Union, we are pleased to report on the activities and outcomes of your Credit Union in 2008.

On behalf of the Board of Directors and Management of Auto Workers Community Credit Union, we are pleased to report on the activities and outcomes of your Credit Union in 2008.

The primary responsibility of your Board of Directors is to uphold its fiduciary and corporate governance responsibilities that are of critical importance to AWCCU. We wish to share the key initiatives that the Board has undertaken consistent with good corporate governance practices.

- Setting long-term strategic direction is one of the most important responsibilities of our Board. The process begins at the Annual Planning Session where general principles and guidelines are formulated. The Chief Executive Officer and the Management Team prepares the strategic plans and budgets. The Board holds the CEO accountable for directing all resources towards our long term goals and operational success.
- Setting policies is critical to ensuring effective decision making. Our Board conducts an annual review of all the policies required by DICO as well as a review of a significant number of Internal and Operational Policies. In addition, our Internal Auditor performs an annual review of policies and provides recommendations to the Board.
- The Board completes an annual evaluation of CEO performance and monitors Key Result Areas and Targets on a monthly basis. The CEO sets annual performance plans with Managers and conducts quarterly performance reviews to ensure plans and activities are on track. By establishing goals and expectations at the staff level aligned with corporate goals, the annual performance planning process is complete. Regular performance feedback, at all levels of the organization is a critical component of the process.
- The Board is committed to performing Annual Board Assessments and providing ongoing support to Directors in their development through CUDA Modules, Professional Development workshops, and internal training provided by our Chief Financial Officer.

### OVERVIEW

Without question, 2008 presented a number of serious external challenges driven by global market events. As a financial co-operative our mandate is to earn a reasonable profit in order to

enhance services to members and ensure stable growth, while being able to prosper in a competitive market. Although our structure is very different than a bank, we are a financial institution and therefore not immune to today's economic challenges.

The significant downturn in the U.S. economy has impacted our largest employee group – CAW Local 222 employees. As a result, we experienced reductions in payroll deposits, savings, loans, mortgages, investments and of course increased delinquency.

### ORGANIZATIONAL RESTRUCTURING

In 2008 we restructured our Management Team which decreased our total number of Managers from 11 down to 8. We are extremely pleased to welcome Pat Rivard as interim CEO. In addition, we welcomed Beverly Hume to the Management Team as Oshawa Branch Manager. Together, Management and Staff share a commitment to building positive relationships with members, addressing member needs and concerns and delivering high quality service for the sustained success of the Credit Union.

Changes are also in store in 2009 for the Board of Directors. Joe Worona, Member of the Board for 33 years has decided to retire. Over his many years of service, Joe has made a significant contribution not only to our Credit Union, but also to the Credit Union System in Ontario and the greater cooperative sector. His commitment and participation will be greatly missed. We are pleased to welcome to the Board, as a full voting member, Katie Gooder. Katie served as an Associate Youth Director and we are pleased with her election to the Board of Directors.

### LOAN ALLOWANCE

As a result of increased delinquency the Credit Union has added \$1.8M to our allowance for doubtful loans in 2008. This amount includes \$1.3M in commercial allowance primarily for commercial deals written prior to 2006. In addition, we have taken prudent steps to increase our retail credit allowance for the coming year in recognition of the local economy, job market and significant challenges facing the auto sector. However, our focus will be on approving high quality credit deals and working with Members who are experiencing difficulties in order to minimize further delinquency to our loan portfolio.

## A SNAPSHOT OF YOUR CREDIT UNION'S KEY ACCOMPLISHMENTS IN 2008

<b>MEMBERS</b>	
<ul style="list-style-type: none"> <li>Enhanced banking products and services</li> </ul>	<ul style="list-style-type: none"> <li>Creation of a full service Commercial Service Dept.</li> <li>Online Lending Applications &amp; Quick Loan RRSP Applications.</li> <li>Many loan, mortgage and investment specials which provided our members with best in class rates.</li> </ul>
<ul style="list-style-type: none"> <li>Responding to member needs</li> </ul>	<ul style="list-style-type: none"> <li>In-branch internet access for Members</li> <li>Internet and telephone banking, ATM network, automatic electronic bill payments etc. for added member convenience.</li> <li>Oshawa Branch Grand Opening in July 2008. Layout and design enhanced to improve member service and convenience.</li> <li>Extended hours on Thursday evenings at Oshawa Branch in November</li> </ul>
<ul style="list-style-type: none"> <li>Add value to the member's experience</li> </ul>	<ul style="list-style-type: none"> <li>Shared more than \$334,127 with our members in Investment and Patronage Share dividends</li> </ul>
<ul style="list-style-type: none"> <li>Understand our members</li> </ul>	<ul style="list-style-type: none"> <li>Achieved 86% and 85% Member Satisfaction rating at Oshawa and Bowmanville Branches. Our target was 85%.</li> </ul>
<b>COMMUNITY</b>	
<ul style="list-style-type: none"> <li>Increase membership</li> </ul>	<ul style="list-style-type: none"> <li>448 new Members</li> </ul>
<ul style="list-style-type: none"> <li>Give back to the community</li> </ul>	<ul style="list-style-type: none"> <li>Invested more than \$65,000 in social, environmental, youth and health programs helping our communities succeed.</li> <li>In partnership with the Durham Children's Aid Society awarded 3 educational bursaries to young people in foster care attending Durham College.</li> </ul>
<ul style="list-style-type: none"> <li>Support for community events</li> </ul>	<ul style="list-style-type: none"> <li>Title Sponsor for Mosport Speedway in Bowmanville</li> <li>Main Sponsor for Oshawa Canada Day at Lakeview Park</li> </ul>
<b>FINANCIAL</b>	
<ul style="list-style-type: none"> <li>Grow our assets</li> </ul>	<ul style="list-style-type: none"> <li>Total assets under management grew by 4%</li> <li>Commercial business portfolio experienced net growth just more than \$12.2MM.</li> <li>Net income was \$1.09MM before distributions to members and income tax</li> </ul>
<ul style="list-style-type: none"> <li>Recognize new growth opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Direct mail campaigns to area business owners to tell them about small business banking at their local credit union.</li> <li>Provided incentives to our existing members to bring us more of their business and to tell their friends about AWCCU.</li> <li>Several management and staff have joined local service clubs and organizations. This has a double impact; more community involvement and more people hearing about AWCCU.</li> </ul>
<ul style="list-style-type: none"> <li>Controlling expenses</li> </ul>	<ul style="list-style-type: none"> <li>Reduced Management staff from 11 to 8.</li> <li>Reduced Full-time staff from 39 to 38 and Part-time staff from 14 to 10</li> <li>Elimination of discretionary spending and capital expenditures</li> <li>Reduced marketing budget</li> <li>Reduced Board of Directors expenses. The Board did not attend the Director's FORUM in 2008 and cut back in other ways as well</li> </ul>
<ul style="list-style-type: none"> <li>Enhanced security measures</li> </ul>	<ul style="list-style-type: none"> <li>Installed security enhanced card readers on all ATMs</li> </ul>
<b>GOVERNANCE</b>	
<ul style="list-style-type: none"> <li>Enhanced performance evaluation methods for the Board of Directors</li> </ul>	<ul style="list-style-type: none"> <li>The Board implemented a peer evaluation system in which each Director is evaluated by every other Director. This will provide the opportunity for improvements at the Board level.</li> </ul>
<ul style="list-style-type: none"> <li>Evaluate best corporate governance practices</li> </ul>	<ul style="list-style-type: none"> <li>The Corporate Governance Committee has the practice of reviewing other Credit Union practices in the system. We have one of the most comprehensive Corporate Governance Policies in Ontario.</li> </ul>

## BANK OF CANADA ACTIONS

The actions by the Bank of Canada have had an impact on the Credit Union. We have seen multiple drops in prime rate falling to historical levels. While declining interest rates stimulate loan growth they present real challenges for the Credit Union in terms of volume and pricing. For every 100 basis point drop in the prime rate, the cost to AWCCU is approximately \$ 650,000.

## PRODUCT GROWTH

Deposits grew by 11.2M or 4.8% with an increase in deposit dollars shifting from demand deposit accounts to registered plans. Residential mortgages grew by nearly \$1M. Personal loans remained flat. The Commercial Portfolio grew by \$12.2 MM or 69%.

## ASSET BACKED COMMERCIAL PAPER LIMITED PARTNERSHIP AND CENTRAL 1 CREDIT UNION MERGER

At a special general meeting held on May 31, 2008, members of Credit Union Central of Ontario Limited (CUCO) approved a resolution to facilitate the merger of CUCO and Credit Union Central of British Columbia (CUCBC) to form a new national financial services entity named Central 1 Credit Union (Central 1).

As a pre-condition of this merger, CUCO was required to divest itself of investments in certain third-party asset-backed commercial paper (ABCP). The resolution approved the creation of an Asset Backed Commercial Paper Limited Partnership (ABCP LP) to acquire these investments funded by member credit unions in proportion to their share investment in CUCO. The valuation of each credit union's share of the ABCP was provided to them before the closing of the merger. As a result, the Credit Union has acquired \$1,923,907 in Asset Backed Commercial Paper Limited Partnership units.

The fair value of the investment in ABCP LP has been estimated by management of the limited partnership to be \$1,329,559. Accordingly, the Credit Union has recorded a loss in the Statement of Income of \$450,306 in accordance with the directive from the Deposit Insurance Corporation of Ontario dated February 9, 2009.

## CENTRAL 1 CREDIT UNION/CREDIT UNION CENTRAL OF ONTARIO SHARES

On July 1, 2008, Credit Union Central of Ontario merged with Credit Union Central of British Columbia to form a new national financial services entity named Central 1 Credit Union (Central 1). Shares required as a condition of membership in Credit Union Central of Ontario (CUCO) are being exchanged for shares of Central 1. Due to the shortfall valuation of CUCO, it was determined that a permanent impairment in the valuation of Central 1 shares existed as at December 31, 2008. Accordingly, the Credit Union has recorded a loss in the amount of \$121,274 in operating income.

## FIVE POINTS MALL BRANCH CLOSURE

On October 31, 2008, we officially closed the doors of our Five Points Mall Branch after more than five (5) years of operation. As a result of a significant demographic shift away from the Five Points Mall area and the escalating costs associated with

operating the branch, it became clear that the Five Points Branch would be unable to capture a sufficient share of the market and turn a profit. We are pleased to advise that the vast majority of Members who regularly banked at the Five Points Mall Branch have remained with the Credit Union and we thank them for their ongoing loyalty and trust in us.

## OPERATING LOSS

Given the economic realities and the extraordinary expenses in 2008, we have incurred an operating loss of approximately \$1.27MM for 2008. This loss resulted in a decrease of retained earnings to \$6.0MM. Despite this loss, our regulatory capital is at 8% and our risk weighted capital is 17%. These amounts remain well above the legislated minimum of 4.5% and 8% respectively.

## SUMMARY

The Credit Union has a long history of acting prudently and conservatively in order to protect our institution and Members. As a result, we are well capitalized and our reserves remain strong. This will ensure that we will be able to surmount the difficult economic road that lies ahead. Over a 71 year history, we have experienced many crises and our share of adversity. Each and every time we emerged from the events stronger than before. Today, Member loyalty is more important than it has ever been. Your Board is confident that with Members, Board, Management and Staff pulling together, we will be able to ride out this economic storm and return to levels of success that we have enjoyed in the past.

Respectfully submitted,



Don Nicholls,  
Board President



Pat Rivard,  
CEO



Don Nicholls  
Board President



Pat Rivard  
Chief Executive Officer

# Audit Committee Report



The Audit Committee of Auto Workers Community Credit Union is a committee of the Board of Directors and operates under Section 125 of the Credit Unions and Caisses Populaires Act of 1994. The Committee is elected annually by the Board of Directors and consists of: John Wade, Chairperson; Myrna Caverly, Bill Taverner, and Joe Worona. In attendance at our monthly meeting are our President, Chief Executive Officer and Chief Financial Officer.

The Committee's Terms of Reference are defined by the 17 duties of the Audit Committee specified in the Regulations to the Credit Unions Act. Based upon those duties the Committee is pleased to report the following activities for 2008:

- Reviewed the monthly internal financial statements of the Credit Union and the associated notes and schedules monitoring the results for compliance with the Generally Accepted Accounting Principles (GAAP), capital reserve requirements, liquidity and interest rate risk requirements as outlined by the Act, Regulations and our Government Regulators.
- Monitored our Credit Union's performance relative to budgeted targets and our Annual Business Plan
- Reviewed all of our Policies and Procedures and controls of the Credit Union which relate to legislative compliance with a particular focus on Credit Management, Investments, Interest Rate Risk Management, Liquidity Management, Corporate Governance, Conflict-of-Interest and Capital Management as these Policies are specified in the Act or by the Deposit Insurance Corporation of Ontario.
- Maintained a reasonable understanding of internal controls so as to help ensure the safeguarding of the Credit Union's assets. We worked closely in this area with the Internal Auditor in ensuring that a high level of internal control is in place at the Credit Union.
- Served as the Board's liaison with the Internal Auditor and reviewed all of the Internal Auditor's Quarterly Reports, Work Plan and overall mandate. We held regular meetings with the Internal Auditor to discuss audit findings and recommendations as well as reviewing all material internal control issues. We reviewed Management's responses to all internal audit recommendations. The Committee held four in-camera meetings with the Internal Audit during the course of the year.

- We served as the principle communications link between the External Auditor and the Board of Directors and in particular reviewed the terms of engagement, the scope of the annual audit, the Auditor's Management Letter and the Credit Union's Financial Statements prior to the receipt of Board approval. We also hosted a committee-of-the-whole meeting with our External Auditor at which the total Board of Directors were present to review the year-end Financial Statements. At the same meeting an in-camera session with the External Auditor was held.
- The Audit Committee reviewed our Disaster Recovery Plan in conjunction with the Internal Auditor in order to ensure reasonable back-up measures are in place.
- Based on its findings the Audit Committee reports to, and makes recommendations to the Board of Directors with respect to the matters outlined above regarding policy, internal controls, compliance with the Credit Unions Act and Regulations and DICO's By-Law No. 5. The committee follows up on all issues to ensure that all of our recommendations are implemented.

The Audit Committee is once again pleased to report to the Membership that all aspects of its annual mandate have been achieved, and that all significant recommendations of the Committee have either been implemented or are in the process of being implemented. In addition we report that there are no matters that the Audit Committee believes should be reported to the Membership and there are no issues that are required to be disclosed pursuant to the Credit Unions Act or the Regulations. The Committee is also pleased to report that it received full co-operation from Management and both the External and Internal Auditors in completing all of the required activities during fiscal year 2008.

Respectfully submitted,

John Wade, *Chairperson*  
Myrna Caverly  
Bill Taverner  
Joe Worona

# Auditor's Report on Summarized Financial Statements



To the Members of:

**AUTO WORKERS COMMUNITY CREDIT UNION LIMITED**

The accompanying summarized statement of financial position and statement of income and comprehensive income are derived from the complete financial statements of Auto Workers Community Credit Union Limited as at December 31, 2008 and for the year then ended on which we expressed an opinion without reservation in our report dated January 23, 2009. The fair summarization of the complete financial statements is the responsibility of management. Our responsibility, in accordance with the applicable Assurance Guideline of the Canadian Institute of Chartered Accountants, is to report on the summarized financial statements.

These summarized financial statements do not contain all the disclosures required by Canadian generally accepted accounting principles. Readers are cautioned that these statements may not be appropriate for their purposes. For more information on the entity's financial position, results of operations, and cash flows, reference should be made to the related complete financial statements.

In our opinion, the accompanying financial statements fairly summarized, in all material respects, the related complete financial statements in accordance with the criteria described in the Guideline referred to above.

***Tinkham & Associates LLP***  
CHARTERED ACCOUNTANTS  
Licensed Public Accountants

TORONTO, Ontario

January 23, 2009

\* Copies of the full 2008 Financial Statements will be available at the Annual General Meeting or by request.

# AUTO WORKERS COMMUNITY CREDIT UNION LIMITED

## Condensed Balance Sheet

As at December 31, 2008	2008	2007
<b>Assets</b>		
Cash	\$ 3,651,035	\$ 7,625,015
Investments	25,988,091	25,316,901
Accrued interest	609,904	554,500
Receivables and prepaid	1,291,013	527,333
Member loans receivable	234,815,265	223,278,671
Deferred pension costs	2,643,400	2,113,909
Future income tax asset	340,954	968,481
Derivative financial instruments	1,997,625	417,227
Capital assets	6,507,895	6,644,922
	<b>\$ 277,845,182</b>	<b>\$ 267,446,959</b>

### Liabilities, Member Entitlements, and Members' Equity

Accounts payable and accrued liabilities	\$ 746,402	\$ 1,482,617
Obligation for post-retirement benefits other than pensions	4,246,700	3,969,281
Derivative financial instruments	81,977	675,260
Member entitlements	250,735,413	240,076,559
Members' share capital	14,810,527	14,122,797
Retained earnings	6,016,376	7,288,167
Accumulated other comprehensive income (loss)	1,207,787	(167,722)
	<b>\$ 277,845,182</b>	<b>\$ 267,446,959</b>

# AUTO WORKERS COMMUNITY CREDIT UNION LIMITED

## Statement of Comprehensive Income

Year Ended December 31, 2008	2008	2007
Interest income		
Interest on residential mortgage loans	\$ 9,480,204	\$ 9,819,946
Interest on personal loans	2,013,992	2,364,976
Interest on commercial loans	1,330,763	1,089,871
Investment income	1,027,465	1,029,645
	<b>13,852,424</b>	14,304,438
Interest expense	<b>6,376,646</b>	5,754,775
Financial margin	<b>7,475,778</b>	8,549,663
Other revenue	<b>2,892,048</b>	2,033,671
	<b>10,367,826</b>	10,583,334
Expenses		
Amortization	528,979	416,418
Cash costs and clearing charges	363,980	432,340
Data processing	654,271	690,986
Insurance	489,906	500,724
Marketing and development	220,908	263,627
Members services	787,574	919,977
Occupancy	624,648	597,582
Office	169,251	110,677
Provision for losses on loans	1,868,924	453,306
Salaries and benefits	5,300,259	5,190,495
	<b>11,008,700</b>	9,576,132
Income before dividends and provision for taxes	<b>(640,874)</b>	1,007,202
Write-down of ABCP Limited Partnership	450,306	-
Dividends and patronage return	334,127	667,477
Provision for taxes	(153,516)	166,161
Net income for the year	<b>(1,271,791)</b>	173,564
Other comprehensive income		
Unrealized gain (loss) on cash flow hedge	1,375,509	(76,105)
Comprehensive income for the year	<b>\$ 103,718</b>	\$ 97,459

# Credit Committee Report



The Credit Committee meets on a weekly basis. We review rejected loans and credit applications for Restricted Parties (Board of Directors, Credit Committee and Loan Officers). On occasion we will hear an appeal from a member whose loan was turned down. If we feel the appeal has merit we can recommend that management review the members request. Twice a year we hold a meeting with management to review loans that are recommended to the board for charge off as bad debt.

Your Credit Committee is proud to report the loans portfolio performed well over the past year. Overall we saw an increase in lending activity over last year. Losses from non-performing loans were kept well within the recommended guidelines.

## CREDIT STATISTICS FOR 2008

Loans	594	\$ 8,817,598
Bridge Financing	13	\$ 1,817,007
Lines Of Credit	631	\$ 5,361,185
Meritlines	168	\$ 12,830,350
Mortgages	295	\$ 28,930,899
Commercial Loans	31	\$ 2,500,005
Mortgages	8	\$ 8,693,462
Line of Credit	45	\$ 7,428,266
<b>Total</b>	<b>1,785</b>	<b>\$ 76,378,772</b>
Total Rejected Requests	486	\$ 17,707,236
Total Credit Requests	2,271	\$ 94,086,008

There were 16 accounts totaling \$255,435 that were delinquent in excess of 90 days as of December 31, 2008.

On behalf of the Credit Committee I would like to thank the staff for the quality service you provide to our membership.

Co-operatively submitted,

*Mike Simon*

Mike Simon, *Chairperson*  
Bart MacNeill  
Don Tebble  
Gord Tripp  
Leo Vachon

# Rights & Responsibilities of Membership



## **The following was approved at the April 10, 1999 Annual Meeting:**

We are Members and co-owners of the Auto Workers Community Credit Union. This is our financial co-operative and these are our Rights and Responsibilities as Member-Owners.

### **RIGHT TO BE TREATED WITH DIGNITY AND RESPECT.**

We are more than “customers” and should be treated as such by all staff, management and elected officials.

### **RIGHT TO FAIR PRICING.**

Our prices are set to reflect costs, ensure a financially sound Credit Union, and to provide benefits. There are no hidden prices nor special unadvertised deals. All service charges and penalties will be published well in advance of their implementation.

### **RIGHT TO EFFICIENT, HIGH-QUALITY SERVICE.**

Our staff strive to provide the highest quality personal service and correct problems quickly and efficiently. As Member-Owners, we should expect and accept nothing less.

### **RIGHT TO COMMUNICATE DIRECTLY TO ELECTED OFFICIALS.**

The Board of Directors are fellow Members elected to represent our interests. We may contact them at any time on Policy matters.

### **RIGHT TO AN EQUAL VOTE.**

At our Annual Meeting and other Members’ meeting, each Member has an equal vote.

### **RIGHT TO RUN FOR OFFICE.**

Every member has the right to stand for election to the Board of Directors. Candidate information kits are made available to Members on a timely basis.

### **RIGHT TO SOCIALLY RESPONSIBLE BEHAVIORS AND POLICIES.**

Our Credit Union operates within a broader community and will work with others to help solve common social and economic problems.

### **RESPONSIBILITY TO USE AND PROMOTE OUR CREDIT UNION.**

The more business we bring to the Credit Union, the stronger it becomes and the more we all benefit. We will always look to the Credit Union as our provider of financial products and services and will recommend other do the same.

### **RESPONSIBILITY TO PARTICIPATE IN THE DEMOCRATIC PROCESS.**

We will make every effort to exercise our voting rights during the mail-in ballot process and to attend Annual Meetings and to participate in other activities designed to solicit our input.

### **RESPONSIBILITY TO TREAT CREDIT UNION EMPLOYEES WITH DIGNITY AND RESPECT.**

The staff are fellow Members and deserve the same dignity and respect that we demand as service user.

### **RESPONSIBILITY TO STAY INFORMED OF CREDIT UNION POLICIES.**

We will make every effort to read the materials provided that explain Credit Union policies, procedures and services.

# Proposed By-Law Amendments



**Bold** sections indicate to add; Underlined sections indicate to delete.

## 7.15

### ELECTRONIC OR MAIL BALLOTING

#### Interpretation

(a) In this section 7.15,

“Form of Ballot” **means an electronic form accessed through the Internet or** a written or printed form that, upon completion and execution by a member, becomes a ballot;

“Ballot” shall include a completed and executed form of ballot by means of which a member has indicated their vote on matters properly coming before a meeting of the members;

“Elections Officer” means the person responsible for ensuring Credit Union Elections are conducted fairly in accordance with Credit Union By-laws and election procedures.

“Elections Assistants” means the person or persons appointed to the Elections Committee by the Elections Officer, for the purposes of processing, validating and counting ballots.

#### Voting by Electronic Ballot or Mail Ballot Voting by Mail Ballot

(b) Every member entitled to vote at a meeting of members may by means of a ballot vote on any matter properly coming before a meeting of members.

#### Mandatory Solicitation Ballot

(c) The board shall, concurrently with or prior to sending notice of a meeting of members, send a form of ballot together with a prepaid enveloped addressed to the Elections Officer to each member who is entitled to cast a ballot **provide members with two (2) options for casting their ballot by either:**

(i) **Voting by electronic means in the manner prescribed by the Board including in-branch electronic voting at any branch of the Credit Union; or**

(ii) **in the form of a mail-in ballot together with a pre-paid envelope addressed to the Elections Officer, to each member who requests a mail-in ballot.**

#### Execution

(d) A ballot executed by the member, or through a Power of Attorney with written proxy, or through the member’s attorney authorized in writing, shall be counted by the Credit Union’s Elections Committee as a vote in any matter indicated by the ballot maker.

#### Form of Ballot

(e) (i) Every form of ballot shall comply with the regulations. It shall contain:

A list of the names drawn at random from all names nominated for election to the Board of Directors and any committee of the Credit Union to be elected;

(ii) Instructions to the member stating the requirement to cast an equal number of votes to the number of directors or committee members to be elected, with no candidate receiving more than one vote from each member.

- (iii) a means by which a member may specify that their vote shall be registered for or against each matter identified in the notice of the meeting;
- (iv) **a mechanism for validating the member's eligibility to vote while ensuring the secrecy of the ballot is maintained, by either secure electronic means or in the case of a mail-in ballot** a provision for sealing the ballot containing the member's votes, while permitting the member's name, address and signature to remain visible on a portion of the ballot;
- (v) **for electronic balloting, instructions to the member as to how to access and complete the electronic ballot;**
- (vi) **for mail-in ballots,** instructions that the ballots may be mailed by prepaid ordinary mail or registered mail, or may be personally delivered to the Credit Union;
- (vii) the final date the ballots will be accepted by the Credit Union.

#### Formal Validity

- (f) Ballots, to be valid must:
  - (i) **be done through the electronic online ballot process designated by the Credit Union; or**
  - (ii) be on the pre-printed form designated by the Credit Union;
  - (iii) be received by the Credit Union prior to 11:59 p.m. on the last day for the receipt of ballots as designated by the Credit Union and indicated on the ballot.

In the case of **When an electronic and a mail-in ballot(s) are received by a voting member, the electronic ballot received by the Credit Union shall be considered the ballot. When no electronic ballot has been received but** of more than one **mail-in** ballot **has been** being received from a voting member, the first **mail-in** ballot received by the Credit Union shall be considered the ballot.

#### Counting Procedure

- (g) The Elections Officer will appoint to the Elections Committee, Elections Assistants **to retrieve the results of the electronic balloting process and** to count the **mail-in** ballots. The Elections Assistants will:
  - (i) have the skills required and may, but need not be, members of the Credit Union
  - (ii) under the supervision of the Elections Officer and with access to a complete list of members, their addresses and signature cards, verify that the persons purporting to be a member of the Credit Union, and whose name is listed on the **mail-in** ballot as the member voting the ballot, is a member qualified to vote at the meeting and following such verification, separate the portion of the ballot on which the member's name, address and signature is marked from the sealed portion of the ballot upon which the member's votes are indicated;
  - (iii) under the supervision of the Elections Officer, **electronically retrieve the results of the electronic balloting process,** and count all of the verified **mail-in** ballots **and tally both the electronic and mail-in ballots;**
  - (iv) comply with decisions made concerning any questionable ballots and selections thereon, by majority vote;
  - (v) provide the Elections Officer with the total number of votes represented by verified ballots which he or she shall announce to the membership at the annual meeting of the Credit Union;

### **Tie Votes**

- (h) In the case of a tie vote resulting from the mail ballot tabulation of ballots, the eligible voting members at in attendance at the annual meeting shall vote by **a separate secret paper ballot in order** to break the tie, regardless of whether they had the member had voted **during the original vote** in the mail ballot or not.

### **Accidental Omissions**

- (i) Where an election of the members of the Board of Directors of the Credit Union is held in accordance with the provisions hereof:
- (i) the accidental omission to send a ballot to any member, or
  - (ii) the non-receipt of a ballot by any member, or
  - (iii) the receipt after the last date for receipt of ballots by the Elections Officer, or
  - (iv) the non-receipt of any completed ballot by the Elections Officer
- shall not invalidate the election, and the Elections Committee shall count only those ballots validly received by them, prior to and including, the last date for the receipt of ballots.

### **BY-LAW AMENDMENT**

To amend the By-Laws of Auto Workers Community Credit Union

Amend By-Law 5:06 as follows:

#### **Delete the following:**

- 5:06 (a) The Credit Committee shall consist of three members elected by ballot.
- 5:06 (b) At every annual meeting of the Credit Union after the first election of the credit committee an election shall be held to fill the place of any member of the said committee whose term of office has expired, and the member so elected shall hold office for three years, or until the successor in office is elected or appointed.
- 5:06 (c) The credit committee shall from among themselves elect a chairperson of such committee
- 5:06 (f) Regular meetings of the credit committee shall be held at least monthly and other meetings may be called by the chairperson of such committee or upon the petition of three members thereof.

#### **Amend 5:07 by deleting the following:**

- 5:07 Sections 4.02, 4.04, 4.06, 4.15 and 4.17 of this by-law apply with necessary amendments to the governance of the credit committee.

#### **Renumber the remainder of By-Law 5 accordingly.**

APPROVED by the Board of Directors at their regular monthly meeting held on Wednesday, November 26, 2008, and

CONFIRMED by the Membership at their Annual Meeting held on Tuesday, April 21, 2009.

# Making a Difference



At Auto Workers Community Credit Union, we are committed to a focused mission of making a difference in our community by being involved in local community events and by helping non-profits that focus on youth, education or health-related issues. We're not just good corporate citizens. Helping the community is a huge part of who we are. That's why we donate time, money and resources to worthwhile causes.

Grassroots funding - putting money directly in the hands of community organizations in need is our unwavering commitment. Whether it's a Community Sponsorship, Education Award, Charity donations, we are committed to investing in initiatives that help our members and communities succeed. For us, investing in people goes way beyond business relationships. It's an essential part of who we are. Cash donations, sponsorships, scholarships and bursaries are all part of giving back to the community.

Below is a list of charities and organizations that AWCCU has helped throughout 2008:

- Children's Aid Society
- Denise House
- Salvation Army
- Sunrise Youth Group
- United Way
- Canadian Cancer Society
- Whitby Iroquois Soccer Club
- Kids Safety Fire Program
- Heart & Stroke Foundation
- Simcoe House
- Kiwanis Music Festival
- Pickering AAA Raiders Hockey
- Oshawa Minor Pee wee Hockey
- Durham College Soccer Team
- Pierre Elliot Trudeau H.S.
- World Vision
- Bethesda House
- Junior Achievement
- Royal Canadian Legion
- Friends of the Second Marsh
- Credit Counseling Service of Durham Region
- Canadian Institute for the Blind
- Big Brothers and Sisters
- Ontario Credit Union Charitable Foundation
- Durham Crime Stoppers
- Oshawa Oldtimers Hockey
- Kawartha Pine Ridge School Fun Fair
- St. Stephens Highschool Football Team
- Humane Society
- Healing Hands
- South Oshawa Community Day
- Clarington Mayor Golf Tournament
- Child Find
- Angel Tree Program
- Lakeridge Health
- MADD (Mothers Against Drunk Driving)
- Durham College
- Red Cross

AWCCU focuses its support on initiatives, programs, and partnerships that build or enhance youth leadership skills and education. In 2008, we were proud once again to send six youth between the ages of 14 and 18 to attend the Co-operative Young Leaders Camp which is a program intended to develop our future co-operative leaders. It provides opportunities for the youth to strengthen their self-confidence, solve problems, define personal goals and become an active member of the co-operative and credit union sector, all while having fun!

We support higher learning through our AWCCU Education Bursary. Our goal is to help students achieve their career aspirations and assist those who are working hard to overcome life challenges and achieve personal growth and success. In 2008, we handed out three bursaries of \$1,000 that were presented to students of the Children's Aid Society attending Durham College.

Our largest community initiative is our involvement as the presenting sponsor of the Oshawa Canada Day at Lakeview Park. The Canada Day event has been a part of the community for the past 27 years and AWCCU has committed to support its growth and continue its success into the future. In 2005 AWCCU commenced a long term partnership with the city of Oshawa as presenting sponsor for Oshawa Canada Day celebration. AWCCU staff generously volunteer their time to give away prizes throughout the day and this allows them to get in touch with the community on a personal level outside of the branch. Canada Day attracts families, youth and people of all ages throughout the day who come down to enjoy the festivities, music, activities and a fireworks presentation to conclude the event.

Another community initiative is our Title Sponsor for the Mosport Speedway in Bowmanville. The Mosport Speedway has been part of the Bowmanville community for 46 years and has hosted just about every class of road racing on its famed 4 km circuit, including F1, Indy Cars, sports cars, stock cars endurance racing, motorcycles, motorcross, showroom stock, historic vintage racers, "Big Rig" trucks and karts.

We will constantly look for ways to strengthen community ties throughout Durham Region and continue to support those in need. We promise to make sure that we focus our resources on areas that can make the greatest impact for both people and organizations throughout Durham Region.

Canada Day



Children's Aid Foundation Playground



Angel Tree Toy Drive



Co-operative Young Leaders Camp



Heart & Stroke Big Bike Ride



Sunrise Youth Group BBQ Fundraiser



# Elections Report 2009



The nomination period for four (4) Director positions commenced on Monday, October 6, 2008 and closed on Friday, November 14, 2008.

## **BOARD OF DIRECTORS**

The Board of Directors consists of ten (10) elected members. The following candidates were elected by acclamation for a three-year term:

Dave Broadbent, *incumbent*  
Katie Gooder, *Associate Youth Director*  
Don Nicholls, *incumbent*  
John Wade, *incumbent*

It is recommended that:

The Report of the Election Committee for 2009 be received.

Respectfully submitted,

Janet Letros  
*Chairperson, Elections Committee*

# Elected Officials 2009



## BOARD OF DIRECTORS

	TERM EXPIRES
Dave Broadbent	2012
Katie Gooder ( <i>Youth Director</i> )	2012
Don Nicholls	2012
John Wade	2012
Dave Sitaram	2011
Bill Taverner	2011
Michael Whibley	2011
Myrna Caverly	2010
Ron Gay	2010
Robert Gorman	2010

## CREDIT COMMITTEE

Mike Simon  
Robert (Bart) MacNeill  
Don Tebble  
Gord Tripp  
Leo Vachon

# Branch Locations

## OSHAWA

### MAIN BRANCH

322 King Street West L1J 2J9

Tel: 905.728.5187 or Toll-free: 1.800.268.8771

Fax: 905.728.8727

### HOURS OF OPERATION

Mon, Tues, Wed: 9:00 a.m. to 5:00 p.m.

Thursday: 9:00 a.m. to 8:00 p.m.

Friday: 9:00 a.m. to 6:00 p.m.

[www.awccu.com](http://www.awccu.com)

## BOWMANVILLE

221 King Street East L1C 1P7

Tel: 905.728.5187 or Toll-free: 1.800.268.8771

Fax: 905.623.4821

### HOURS OF OPERATION

Mon, Tues, Wed: 9:00 a.m. to 5:00 p.m.

Thurs & Fri: 9:00 a.m. to 7:00 p.m.

Saturday: 10:00 a.m. to 1:00 p.m.

# ATM Locations

## OSHAWA

**MAIN BRANCH** • 322 King Street West

*(two drive-by units and one machine in the West lobby)*

**799 PARK ROAD SOUTH** • Near the General Motors South Plant

**MILLWORK HOME CENTRE** • 1279 Simcoe Street North

**GENERAL MOTORS CENTRE** • 99 Athol Street East

*(cash dispensing only)*

## BOWMANVILLE

221 King Street East

## COURTICE

Prestonvale Road and Highway 2

## GENERAL MOTORS

*General Motors Plant ATMs are*

*cash dispensing machines only – no deposits.*

*Car Plant (Body Plant)*

*Car Plant (Chassis Plant Main Cafeteria)*

*Come bank where you belong*



*Auto Workers Community*  
**Credit Union**

Tel: 905.728.5187

Toll Free: 1.800.268.8771

Email: [information@awccu.com](mailto:information@awccu.com)

[www.awccu.com](http://www.awccu.com)

322 King Street West, Oshawa L1H 7L1  
221 King Street East, Bowmanville L1C 1P7



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