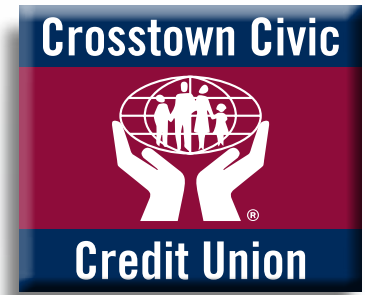


Annual Report 2009



Building a Better Future Together



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BOARD REPORT



In last year's Board Report, we indicated that our focus for 2009 would be on strengthening our organization and making it more efficient for the tough economic times ahead.

Last year was certainly a tough economic year, but Crosstown Civic's planning in anticipation of that possibility resulted in a very solid performance for your Credit Union. We grew to \$1.1 billion in assets and earned \$10.7 million before tax and patronage on our year's operations.

As promised, we are continuing with our patronage program and are pleased to advise you that the program will distribute \$4.1 million for the year.

Our performance is a tribute to our very capable management and staff, who continue to impress us with their efforts to make sure that you, our members, are properly, promptly and cheerfully served.

We are pleased to announce that we have recently awarded a contract to construct a new building at 3161 Portage Avenue which will house our relocated St. James branch; thereby providing greater coverage for our members in the city of Winnipeg. This new location is scheduled to open late fall in 2010, and we look forward to serving members, both existing and new in the western part of the city.

As part of our ongoing business strategy, Crosstown Civic Credit Union will also be opening a virtual division under the name of AcceleRate Financial early in the new year.

As a board, we would like to thank you, our members, for your support in the past year and we again ask for your prayers as we continue to direct the affairs of Crosstown Civic Credit Union in the coming year.

On behalf of the Board,

A handwritten signature in black ink, appearing to read 'Jascha Boge'.

Jascha Boge, Chair

A handwritten signature in black ink, appearing to read 'Helen Kasdorf'.

Helen Kasdorf, Vice-Chair



The year 2009 began with tremendous financial upheaval. World banking systems were seriously shaken by the collapse of US investment banks, record US bank bailouts, large corporate bankruptcies, and sovereign debt crises in other countries. Most developed countries responded vigorously with coordinated aid and stimulus packages, which ushered in a prolonged period of historically low interest rates. Following a deep and lengthy recession, markets stabilized in the latter part of the year with renewed but tentative growth.

Meanwhile at home, Crosstown Civic, like most of the Canadian financial industry, enjoyed steady performance. Unlike our neighbours to the south, we avoided sub-prime debt and the derivative instruments that led to this disaster. It is with this backdrop that I am pleased to report our results for 2009, including the following highlights:

- * loan growth was a healthy 13.8%.
- * deposit growth was also strong at 10.2%.
- * income before Member Equity Plan distributions and tax was again strong at \$10.7 million.
- * our capital base remained healthy, ending the year at 6.01%, well in excess of legislated requirements.
- * our Member Equity Plan distribution again exceeded \$4 million, with the Patronage component increasing to 6.5%. We are the last major Winnipeg Credit Union to offer patronage to its members.

At our March 2009 AGM we announced the purchase of land at 3161 Portage Avenue (at Greenway Crescent), along with our plans to build a new facility there to house our existing St. James operations upon the expiry of our current lease at 937 St. James Street. We have since hired Prairie Architects to design a building for this site, and contracted Nova Con Projects to build this new facility. We expect to occupy this new building in the Fall of this year. In addition, the Board will be announcing the next phase of our multi-year branch expansion plans at the March 2010 AGM.

We have also been busy with the start-up and launch of a new “virtual” division we are calling AcceleRate Financial, which will be used to expand service to new members across Canada. We hope to open this new division early this Spring.

We look back on 2009 with thanks to our dedicated staff and loyal members, and forward to 2010 with anticipation and excitement for the opportunities ahead.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read 'Peter Enns'.

Peter R. Enns, CA
Chief Executive Officer

Board Of Directors

Jascha Boge, Chair



Henry Dyck



Hedio L. Epp



Ellie Krahn



Jeanine Henson



Paul Jackson



Henry Thiessen



Alan J. Janzen



Helen Kasdorf



John Zacharias

Our People - Our Strength

Corporate Office



BACK ROW (l - r): Joel Bosc, Nancy Dubicki, Anita Hutton, Peter Enns, Paul Gair
FRONT ROW (l - r): Colleen Mantler, Margaret MacDonald, Christine Bredin, Donna-Lee Strutinsky, Mary Fisher-Smith, Muriel Sengvilay **Missing:** Laurie Kinsman, Priscilla Kroeker

Commercial Office



(l - r): Neil Enns, John Russell, Robert Schafer, Brian Whiteway, Ruth Quiring, Amber Peters, Herb Neufeld, Alison Kornelsen, Kim Harris **Missing:** Kathy Teetaert

Pembina Highway



BACK ROW (l - r): Garry Giesbrecht, Debbie Young, Louise Flood
FRONT ROW (l - r): Nicole Burton, Margaret Cline, Lynette Wiens



Donald Street

BACK ROW (l - r): Joyce Pelletier, Mike Marshall, Herb Neufeld, Tullio D'Ottavio, Michelle Klassen
FRONT ROW (l - r): Brenna Paulson, Carmela Suba, Erin Dyck, Tessa Suderman
Missing: Chris Fries

Winnipeg Square



BACK ROW (l - r): Angela Shesterniak, Desiree Murchison, Marilyn Choquette, Rose Gurske, Daphne Barter
FRONT ROW (l - r): Hansa Tailor, Dino Harvey and Irene Gonzalez
Missing: May Arcega



Henderson Highway

BACK ROW (l - r): Rick Vos-Wiebe, Lena Kroeker, Eleonor Toews, Olivia Penner, Kristen Rahn, Delsey Reimer, Evelyn Janzen
SECOND ROW (l - r): Jim Neufeld, Rose Male, Karoline Schellenberg, Christa Penner
FRONT ROW (l - r): Randi Marques, Kristyn Goodman, Wilma Pries, Darleen Hidalgo
Missing: Irma Albright



Regent Avenue

(l - r): Brian McLarty, Diane Rice, Lisa Schmidt, Lisa Kowalchuk, Debra Simpson, Janice Stardom

Portage Avenue



BACK ROW (l - r): Helene Harms, Edith Shaver, Greg Doerksen, Bettie Anne Mack
FRONT ROW (l - r): Shirley Peters, Tracy Pacheco, Maria Franczyk, Caroline Desjardins
Missing: Tara Dunsmore

St. James Street



BACK ROW (l - r): Lisa Chetwynd, Laura Mymryk, Del Irwin, Debbie Lechner, Joseph Machado, Darrell Penner, Leona Guenette
FRONT ROW (l - r): Daren Miguez, Kira Kozeluh, Ling Chan, Marjorie Rivera



St. Vital

BACK ROW (l - r): Charlene Geske, Kristin Nickerson, Lewis Penner
FRONT ROW (l - r): Carla Meilleur, Erika Marand, Sharon Vidal
Missing: Kristen Groen

Mission Statement

Crosstown Civic Credit Union is committed to being a sound, progressive and growing financial institution by providing our members with superior financial services and products while maintaining our traditional values.

Vision/Values

- * To promote, attract and encourage active membership.
- * To provide financial products and services that meet member needs and are deemed necessary to compete effectively in the marketplace.
- * To manage effectively the physical and financial resources of the credit union to maximize member returns and maintain required reserves.
- * To provide an environment that will attract, develop and retain the human resources necessary to deliver a high level of member service.
- * To maintain a structure that provides vision, integrity and leadership to the organization.
- * To manage the credit union in a socially responsible manner as a good corporate citizen.
- * To maintain and uphold the principles of co-operation in the continuing development of the credit union system in Canada and elsewhere.



Sharing Our Profits With You

MEMBER EQUITY PLAN HISTORY

The Crosstown Civic Credit Union Member Equity Plan has returned over \$27,000,000 to the members who borrow and save at the credit union. All members are eligible to benefit from this program.

Year	Credit Union	Patronage Div. Rate	Share Div. Rate	Total Dividend	Redemption Rate	Cash Redemptions	Misc. Redemptions	Surplus Shares
1992	Civic	8.3%	-	\$293,683	-	0	\$10,899	\$282,784
1993	Civic	5.1%	4.0%	184,377	-	0	21,246	
	Crosstown	2.5%	-	200,076	25.0%	49,791	2,415	593,785
1994	Civic	6.0%	6.0%	255,055	-	0	24,062	
	Crosstown	6.5%	-	503,713	33.0%	215,082	10,327	1,103,082
1995	Civic	3.7%	5.0%	225,000	-	0	30,452	
	Crosstown	5.0%	-	502,830	30.0%	277,359	12,700	1,510,401
1996	Civic	3.9%	5.0%	265,000	-	0	17,603	
	Crosstown	2.0%	-	191,164	10.0%	82,586	15,154	1,851,222
1997	Civic	3.0%	5.0%	235,000	-	0	44,839	
	Crosstown	9.0%	-	780,964	50.0%	755,837	25,177	2,041,333
1998	Civic	2.0%	5.0%	200,000	-	0	35,637	
	Crosstown	9.0%	-	861,439	40.0%	634,360	23,907	2,408,868
1999	Civic	3.0%	5.5%	304,300	-	0	56,962	
	Crosstown	9.5%	-	939,212	40.0%	746,766	21,350	2,827,302
2000	Civic	3.0%	5.5%	347,588	-	0	51,894	
	Crosstown	7.0%	-	826,569	20.0%	386,473	57,211	3,505,881
2001	Civic	3.0%	5.5%	397,945	-	0	76,728	
	Crosstown	5.0%	-	656,127	10.0%	212,227	56,158	4,214,840
2002	Civic	3.0%	5.5%	411,301	-	0	101,682	
	Crosstown	5.0%	-	602,645	25.0%	617,218	60,507	4,449,379
2003	Civic	3.0%	5.0%	454,413	-	0	96,620	
	Crosstown	5.0%	-	777,417	20.0%	512,896	58,261	5,013,432
2004	Civic	3.0%	5.0%	557,289	-	0	89,793	
	Crosstown	5.0%	-	854,591	15.0%	428,254	65,785	5,841,480
2005	Civic	3.0%	5.0%	674,957	-	0	133,891	
	Crosstown	5.0%	-	1,047,315	10.0%	338,551	108,568	6,982,742
2006	Civic	3.0%	5.0%	866,584	-	0	165,434	
	Crosstown	5.0%	-	1,458,065	20.0%	877,777	91,395	8,172,785
2007	Crosstown Civic	4.0%	5.0%	2,877,303	10.0%	850,611	679,816	9,519,661
2008	Crosstown Civic	6.0%	5.0%	4,253,568	20.0%	2,157,740	449,267	11,166,222
2009(est)	Crosstown Civic	6.5%	4.0%	4,145,000	20.0%	2,487,000	0	\$12,824,222
	Cumulative			\$27,150,490		\$11,630,528	\$2,695,740	

How are patronage dividends and share dividends calculated?

The following is an example:

	Patronage	Shares
Balance of Surplus Shares and RRSP Surplus Shares held		\$2,000
Eligible interest on deposits paid to you during the year	\$4,000	
Loan interest paid by you during the year	\$6,000	
Share dividend on existing shares at 4.0%		\$80
Patronage dividend on loan and deposit interest at 6.5%	\$650	

Supporting Our Community

Each year Crosstown Civic Credit Union gives back to the community in which we live and do business. Our commitment to being a responsible corporate citizen is very important and a value that we all share.

In 2009 Crosstown Civic Credit Union Donated A Total Of \$42,202 To 59 Organizations

CancerCare Manitoba Foundation Inc.



Peter Enns (CEO) presenting a cheque for \$10,588.55 to Annitta Stenning, Executive Director of CancerCare Manitoba Foundation Inc.

Together members and staff raised just over \$5,588, and Crosstown Civic Credit Union added \$5,000, for a total of \$10,588 donated to CancerCare Manitoba Foundation. All funds support Manitobans and their families living with cancer.

We thank you for your generosity!

Helping Hands Support Coats for KIDS



Members and staff collected “gently worn” winter wear to help the less fortunate this season. With everyone’s help we were able to donate 87 bags of clothing to “Coats for Kids”. And with money raised we purchased an additional 33 pairs of mittens, 57 pairs of ski pants and 27 jackets!

PRODUCTS & SERVICES



A strong product line, sound financial advice, and the expertise of staff to deliver it professionally to our membership are the building blocks of Crosstown Civic Credit Union's Member First Service.

MEMBER EQUITY PLAN

CROSTOWN CIVIC CREDIT UNION SHARES PROFITS WITH MEMBERS THROUGH ANNUAL PATRONAGE DIVIDENDS, SHARE DIVIDENDS, AND CASH REDEMPTIONS.

ELECTRONIC SERVICES

- **AUTOMATED TELLER NETWORK** allows access at hundreds of thousands of ATMs worldwide
- **INTERAC DIRECT PAYMENT** enables you to pay cash without carrying cash
- **EXPRESS LINE WITH 24 HOUR BILL PAYMENT** allows account information access, transfers, and bill payment from any telephone
- **INTERNET BANKING WITH 24 HOUR BILL PAYMENT** lets you see your account, transfer funds, and pay bills online
- **DIRECT DEPOSIT AND PRE-AUTHORIZED DEBIT** helps eliminate the risk of loss or mail delay

DEPOSITS

- ALL IN ONE CHEQUING (CDN & US)
- FULL SERVICE PACKAGE
- BASIC SERVICE PACKAGE
- MOVING UP ACCOUNT
- STUDENT PACKAGE
- BUSINESS ALL IN ONE
- 59+ GOLDEN BENEFITS
- PROPERTY TAX SAVER ACCOUNT
- PLAN 24 SAVINGS
- PREMIUM SAVINGS
- FAT CAT SAVINGS
- ESCALATOR INVESTMENT
- US SAVINGS
- TERM DEPOSITS (CDN & US)
- TIF - TERM INCOME FUND
- LAWYER & REAL ESTATE TRUST ACCOUNTS

INSURANCE SERVICES

- LOAN LIFE & DISABILITY
- MORTGAGE INSURANCE
- HOMEOWNERS

OTHER SERVICES

- PERSONALIZED CHEQUES
- TRAVELLER'S CHEQUES
- MONEY ORDERS (CDN)
- CREDIT UNION MASTERCARD
- MASTERCARD CHOICE REWARDS
- US FUNDS
- EURO CURRENCY
- DRAFTS
- SAVINGS BONDS
- NIGHT DEPOSITORY
- SAFETY DEPOSIT BOXES
- FINANCIAL COUNSELLING
- FINANCIAL PLANNING
- MUTUAL FUNDS
- WIRE TRANSFERS
- UTILITY PAYMENTS
- FREE PARKING
- ONLINE BROKERAGE SERVICE

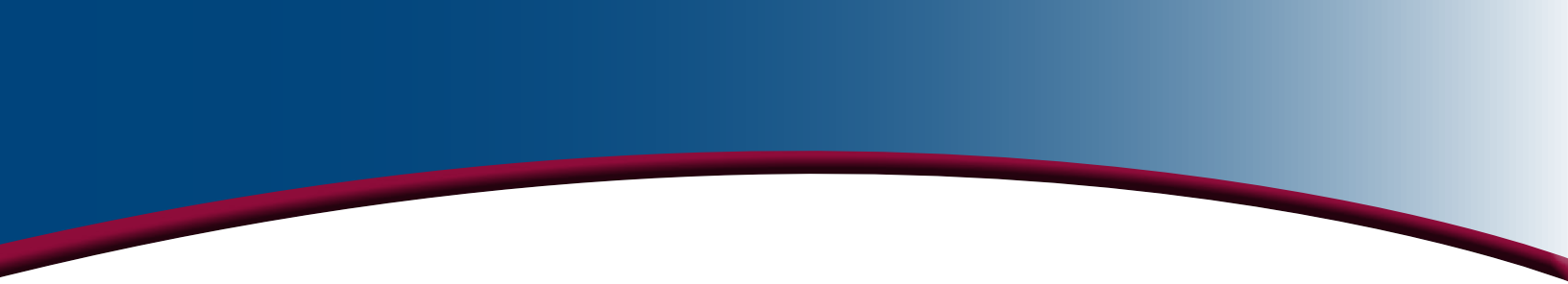
LOANS

- PERSONAL LOANS
- MORTGAGE LOANS (VARIABLE OR FIXED TERMS, CMHC)
- OVERDRAFT PROTECTION
- EQUITY LINE OF CREDIT
- STUDENT LOANS
- COMMERCIAL LOANS
- SMALL BUSINESS LOANS
- RRSP RE-ADVANCEABLE LOANS
- RRSP TOP UP LOANS

REGISTERED PLANS

- RRSP/LIRA (VARIABLE, TERMS, FLEXI-PLUS, ESCALATOR)
- RRIF/LIF (VARIABLE, TERMS, FLEXI-PLUS)
- RESP (VARIABLE)
- TFSA - TAX FREE SAVINGS ACCOUNT





Crosstown Civic Credit Union Limited
Financial Statements
December 31, 2009

Management's Responsibility

To the Members of Crosstown Civic Credit Union Limited:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and Audit Committee are composed entirely of Directors who are neither management nor employees of the Credit Union. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee is also responsible for recommending the appointment of the Credit Union's external auditors.

Meyers Norris Penny LLP, an independent firm of Chartered Accountants, is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Committee and management to discuss their audit findings.

February 10, 2010



Chief Executive Officer



Chief Financial Officer

Auditors' Report

To the Members of Crosstown Civic Credit Union Limited:

We have audited the balance sheet of Crosstown Civic Credit Union Limited as at December 31, 2009 and the statements of income and retained surplus 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, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Winnipeg, Manitoba

February 10, 2010



Chartered Accountants

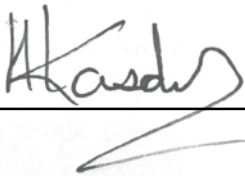
Crosstown Civic Credit Union Limited

Balance Sheet

As at December 31, 2009

	2009	2008
Assets		
Funds on hand and on deposit	\$ 12,666,607	\$ 20,975,671
Investments (Note 3)	81,802,780	90,247,134
Members' loans (Note 4)	1,003,465,561	881,676,757
Property and equipment (Note 5)	7,148,153	7,277,599
Other assets (Note 6)	1,426,334	1,462,937
	\$ 1,106,509,435	\$ 1,001,640,098
Liabilities		
Members' savings and deposits (Note 7)	\$1,030,018,504	\$ 934,333,511
Accounts payable	7,664,453	6,621,339
Loan payable (Note 8)	890,016	-
Long term debt (Note 10)	1,336,743	1,382,419
	\$ 1,039,909,716	\$ 942,337,269
Members' equity		
Members' shares (Note 11)	11,311,852	9,668,141
Provision for issue of surplus shares (Note 12)	4,150,130	4,258,697
Retained surplus	51,137,737	45,375,991
	66,599,719	59,302,829
	\$1,106,509,435	\$1,001,640,098

Approved on behalf of the Board



Director



Director

The accompanying notes are an integral part of these financial statements

Crosstown Civic Credit Union Limited Statement of Income and Retained Surplus

For the year ended December 31, 2009

	2009	2008
Financial income		
Interest from members' loans	\$ 40,964,672	\$ 44,680,437
Investment income (Note 3)	3,920,554	3,506,918
	44,885,226	48,187,355
Cost of funds	27,088,220	29,908,511
Financial margin	17,797,006	18,278,844
Operating expenses		
Administration	2,363,945	2,164,498
Member security	941,503	1,058,428
Occupancy	1,365,525	1,404,366
Organizational	594,446	542,880
Personnel	6,125,233	5,756,232
Gross operating expenses	11,390,652	10,926,404
Other revenue	(5,402,392)	(4,285,341)
Net operating expenses	5,988,260	6,641,063
Income from operations before provision for loan losses	11,808,746	11,637,781
Provision for loan losses (Note 4)	1,080,000	1,080,000
Income from operations before Member Equity Plan distribution	10,728,746	10,557,781
Member Equity Plan distribution (Note 12)	4,145,000	4,261,000
Income before provision for income taxes	6,583,746	6,296,781
Provision for income taxes (Note 13)	822,000	824,000
Net income	\$ 5,761,746	\$ 5,472,781
Retained surplus, beginning of year	45,375,991	39,903,210
Retained surplus, end of year	\$ 51,137,737	\$ 45,375,991

The accompanying notes are an integral part of these financial statements

Crosstown Civic Credit Union Limited

Statement of Cash Flows

For the year ended December 31, 2009

	2009	2008
Cash provided by (used for) the following activities		
Operating		
Net income	\$ 5,761,746	\$ 5,472,781
Amortization	433,257	611,879
Patronage	4,145,000	4,261,000
Provision for loan losses	1,080,000	1,080,000
Future income taxes	78,000	(196,000)
Accrued interest receivable	(41,095)	1,306,162
Accrued interest payable	383,422	1,805,619
Change in non-cash working capital accounts, net	1,001,717	1,256,928
	12,842,047	15,598,369
Financing		
Net change in members' savings and deposits	95,301,571	82,959,523
Repayments of long term debt	(45,676)	(39,810)
Issue of member shares	8,840	9,465
Redemption of member shares	(2,618,697)	(1,544,522)
	92,646,038	81,384,656
Investing		
Loan to members, net of repayments	(122,857,745)	(99,917,017)
Net disposal of investments	8,474,391	4,017,636
Purchase of property and equipment	(303,811)	(3,068,371)
	(114,687,165)	(98,967,752)
Decrease in cash resources	(9,199,080)	(1,984,727)
Cash, beginning of year	20,975,671	22,960,398
Cash, end of year	11,776,591	20,975,671
Cash consists of:		
Funds on hand and on deposit	12,666,607	20,975,671
Loan payable	(890,016)	-
	\$ 11,776,591	\$ 20,975,671
Supplementary information		
Interest received	\$ 44,844,132	\$ 49,493,516
Interest paid	26,704,798	28,102,892
Income taxes paid	970,518	690,948

The accompanying notes are an integral part of these financial statements

Crosstown Civic Credit Union Limited

Notes to the Financial Statements

For the year ended December 31, 2009

1. Incorporation and nature of operations

The Credit Union was formed pursuant to the Credit Union and Caisses Populaires Act of the Province of Manitoba and operates eight Credit Union branches in the City of Winnipeg.

2. Accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies.

Allowance for doubtful loans

The Credit Union maintains an allowance for doubtful loans that reduce the carrying value of loans identified as impaired to their estimated realizable amounts.

Loans classified as impaired include loans for which interest or principal payments are 90 days past due, unless the loan is both well secured and in the process of collection, in which case they are only classified as impaired if the payments are 180 days past due. Loans are also considered impaired if, in management's view, there is no longer reasonable assurance of timely collection of the full amount of principal and interest. Estimated realizable amounts are determined by discounting the expected future cash flows at the effective interest rate inherent in the loans. In cases where it is impractical to estimate the future cash flows, the realizable amount is determined by estimating the fair value of security underlying the loans, net of expected costs of realization, or by estimating market prices for the loans.

Specific allowances are established for individual loans identified as impaired. These allowances are supplemented by a non specific allowance to cover impairment which is inherent in the loan portfolio and is estimated based on historical loss experience and prevailing economic conditions.

Property and equipment

Property and equipment are recorded at cost, with amortization recorded as follows:

	Method	Rate
Buildings	straight-line	40 years
Computer and security equipment	straight-line	4 years
Automated teller machines	straight-line	4 years
Furniture and equipment	straight-line	5 years
Leasehold improvements	straight-line	5-15 years
Paving	straight-line	10 years
Signage	straight-line	5 years

The Credit Union amortizes its leasehold improvements on a straight-line basis over the remaining term of the lease.

Long-lived assets

Long lived assets consist of property and equipment. Long lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Credit Union performs impairment testing on long lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. Impairment is measured as the amount by which the assets' carrying value exceeds its fair value. Any impairment is included in earnings for the year.

Crosstown Civic Credit Union Limited Notes to the Financial Statements

For the year ended December 31, 2009

2. Accounting policies (Continued from previous page)

Revenue recognition

Interest on loans is recorded as income on an accrual basis except for loans which are considered impaired. When a loan becomes impaired, recognition of interest income ceases when the carrying amount of the loan (including accrued interest) exceeds the estimated realizable amount of the underlying security. The amount of initial impairment and any subsequent changes are recorded through the provision for loan losses as an adjustment of the specific allowance.

Investment income is recognized as interest is earned on interest bearing investments, and when dividends are declared and payable on shares.

Other revenue is recognized as services are provided to members.

Income taxes

The Credit Union follows the asset and liability method to account for income taxes. The asset and liability method requires that income taxes reflect future tax consequences of temporary differences between the carrying amounts of assets or liabilities and their tax basis. Future income tax assets and liabilities are determined for each temporary difference based on the tax rates that are expected to be in effect when the underlying items of income and expenses are expected to be realized.

Foreign currency translation

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and liabilities reflect the exchange rates at the balance sheet date. Translation gains and losses are included in current income.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Loans are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

Amortization of property and equipment is provided based on the Credit Union's estimated useful lives of those assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

Interest rate swaps

Interest rate swaps are used as hedges to reduce interest rate risk and are recorded on the balance sheet at fair value. Changes in the value of interest rate swaps are recognized directly in investment income or expense for the year.

Crosstown Civic Credit Union Limited

Notes to the Financial Statements

For the year ended December 31, 2009

2. Accounting policies (Continued from previous page)

Comprehensive income

Comprehensive income includes all changes in equity of the Credit Union, except those resulting from investments by members and distributions to members. Comprehensive income is the total of net income and other comprehensive income. Other comprehensive income comprises revenues, expenses, gains and losses that, in accordance with Canadian generally accepted accounting principles, require recognition, but are excluded from net income. The Credit Union does not have any items giving rise to other comprehensive income, nor is there any accumulated balance of other comprehensive income. All gains and losses, including those arising from measurement of all financial instruments have been recognized in net income for the year.

Financial instruments

Held for trading:

The Credit Union has classified the following financial assets and liabilities as held for trading: funds on hand and on deposit and derivative financial instruments. These instruments are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the trade date.

Held for trading financial instruments are subsequently measured at their fair value. Gains and losses arising from changes in fair value are recognized immediately in income.

Available-for-sale:

The Credit Union has classified the shares in Credit Union Central of Manitoba as available-for-sale. These shares are not actively traded in a quoted market and accordingly are recorded at cost.

Loans and receivables:

The Credit Union has classified the following financial assets as loans and receivables: members' loans and Credit Union Central term and contract deposits. These assets are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the trade date. Total interest income, calculated using the effective interest rate method, is recognized in net income.

Loans and receivables are subsequently measured at their amortized cost, using the effective interest rate method. Under this method, estimated future cash receipts are discounted over the asset's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial asset is measured at initial recognition less principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between that initial amount and the maturity amount, less any reduction for impairment or uncollectability. Gains and losses arising from changes in fair value are recognized in net income upon derecognition or impairment.

Other financial liabilities:

The Credit Union has classified the following financial liabilities as other financial liabilities: Accounts payable, members' savings and deposits, loan payable and long term debt. These liabilities are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the trade date. Total interest expense, calculated using the effective interest rate method, is recognized in net income.

Other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Under this method, estimated future cash payments are discounted over the liability's expected life, or other appropriate period, to their net carrying value. Amortized cost is the amount at which the financial liability is measured at initial recognition less principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between that initial amount and the maturity amount. Gains and losses arising from changes in fair value are recognized in net income upon derecognition.

Crosstown Civic Credit Union Limited Notes to the Financial Statements

For the year ended December 31, 2009

3. Investments and investment income

	2009	2008
	\$	\$
Credit Union Central of Manitoba		
Term and daily interest deposits	72,500,000	82,500,000
Shares	9,122,424	7,596,814
Accrued interest and swap fair value adjustment	180,356	150,320
	81,802,780	90,247,134

The term and daily interest deposits bear interest at rates ranging from 1.63% to 5.18% (2008 – 2.68% to 5.18%) and mature within five (2008 – six) years.

Included in investment income is a fair value gain of \$329,610 (2008 – \$825,658 loss) related to the Credit Union's interest rate swaps (see Note 14).

4. Members' loans

Principal and allowance by loan type

			2009	2008		
			\$	\$		
	<i>Gross balance Performing</i>	<i>Gross balance Impaired</i>	<i>Allowance Specific</i>	<i>Allowance Non-specific</i>	<i>Net carrying value</i>	<i>Net carrying value</i>
Commercial loans	265,056,010	6,933,494	761,972	1,663,334	269,564,198	232,789,655
Personal loans	39,381,052	846,762	638,959	138,684	39,450,171	37,241,307
Residential mortgages	632,018,660	5,456,292	85,286	1,167,647	636,222,019	561,176,821
Lines of credit	58,255,332	266,698	219,140	73,717	58,229,173	50,468,974
	994,711,054	13,503,246	1,705,357	3,043,382	1,003,465,561	881,676,757

Total allowance **4,748,739**

Allowance for loan losses

	2009	2008
	\$	\$
Balance, beginning of year	4,092,064	3,336,159
Provision for loan losses	1,080,000	1,080,000
	5,172,064	4,416,159
Loans written off, net of recoveries	(423,325)	(324,095)
Balance, end of year	4,748,739	4,092,064

Crosstown Civic Credit Union Limited
Notes to the Financial Statements

For the year ended December 31, 2009

5. Property and equipment

	\$	\$	2009
	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
Land	3,053,954	-	3,053,954
Buildings	4,736,413	1,499,784	3,236,629
Computer and security equipment	2,396,307	2,293,860	102,447
Automated teller machines	333,657	333,657	-
Furniture and equipment	1,313,248	1,123,143	190,105
Leasehold improvements	890,385	579,001	311,384
Paving	121,920	69,253	52,667
Signage	490,040	289,073	200,967
Total	13,335,924	6,187,771	7,148,153

	\$	\$	2008
	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
Land	3,053,954	-	3,053,954
Buildings	4,568,268	1,384,731	3,183,537
Computer and security equipment	2,377,927	2,197,713	180,214
Automated teller machines	333,657	305,693	27,964
Furniture and equipment	1,484,936	1,276,757	208,179
Leasehold improvements	1,272,517	926,775	345,742
Paving	121,920	61,381	60,539
Signage	428,070	210,600	217,470
Total	13,641,249	6,363,650	7,277,599

Amortization expense for the year ended December 31, 2009 amounted to \$433,257 (2008 - \$611,879). Costs associated with the construction of a new building, which was not in use as of year-end, totaled \$134,645. These costs were not amortized during the year.

6. Other assets

	2009	2008
	\$	\$
Other assets	159,116	78,692
Income taxes recoverable	274,960	48,442
Future income taxes	325,000	403,000
Prepaid expenses	667,258	932,803
Total	1,426,334	1,462,937

Crosstown Civic Credit Union Limited Notes to the Financial Statements

For the year ended December 31, 2009

7. Members' savings and deposits

	2009	2008
	\$	\$
Chequing	129,729,221	120,551,938
Savings	395,746,198	359,509,284
Term deposits	244,141,606	226,911,618
Registered savings plans	250,398,400	217,741,014
Accrued interest	10,003,079	9,619,657
	1,030,018,504	934,333,511

8. Loan payable

The Credit Union has as approved borrowing limit of 10% of member deposits. Borrowings are payable to Credit Union Central of Manitoba at an interest rate tied to the bankers' acceptance rates and are secured by an assignment of term and contract deposits, with no fixed terms of repayment. At December 31, 2009 the balance was \$890,016 (2008 - nil) at an interest rate of 2.77%.

9. Liquidity requirements

The Credit Union has met the liquidity requirements at year end as prescribed in the regulations under the Credit Unions and Caisses Populaires Act.

10. Long term debt

Long term debt consists of a mortgage payable to SunLife Assurance Company of Canada in monthly instalments of \$9,788 including interest at 5.33%, due April 1, 2012.

The mortgage is secured by land and building located at 2800 Pembina Highway.

Principal repayments for the next three years are as follows:

2010	\$ 48,008
2011	50,600
2012	1,238,135

Crosstown Civic Credit Union Limited

Notes to the Financial Statements

For the year ended December 31, 2009

11. Members' shares

Authorized:

Unlimited number of Common shares, at an issue price of \$5
 Unlimited number of Surplus shares, at an issue price of \$1

Issued:

	2009	2008
	\$	\$
29,126 Common shares (2008 - 29,696)	145,630	148,480
11,166,222 Surplus shares (2008 - 9,519,661)	11,166,222	9,519,661
	11,311,852	9,668,141

During the year, the Credit Union issued 1,768 and redeemed 2,338 Common shares, and also issued 4,253,568 and redeemed 2,607,007 Surplus shares.

12. Member Equity Plan distribution

The Board of Directors has declared a patronage dividend estimated at \$3,704,130. The patronage dividend is based on the business done during the year by each member. The Board of Directors has also declared a share dividend estimated at \$446,000. The share dividend is based on the Surplus shares held during the year.

This distribution has been reflected in the income statement with the related tax savings of \$497,400, being reflected in the current year provision for income taxes. The Member Equity Plan distribution is in the form of additional Surplus shares.

The 2008 patronage dividend was estimated at \$4,258,697. The actual amount paid was \$4,253,567.

13. Income taxes

Components of provision for income taxes:

	2009	2008
	\$	\$
Current income taxes	744,000	1,020,000
Future income taxes (recovery)	78,000	(196,000)
Total	822,000	824,000

The total provision for income taxes in the statement of income and retained surplus is at a rate less than the combined federal and provincial statutory income tax rates for the following reasons:

	2009	2008
	%	%
Combined federal and provincial statutory income tax rates	31.5	33.0
Reduction for credit unions	(17.0)	(17.0)
Other items	(2.0)	(2.9)
Income taxes as reported	12.5	13.1

Crosstown Civic Credit Union Limited Notes to the Financial Statements

For the year ended December 31, 2009

13. Income taxes (Continued from previous page)

The tax effect of temporary differences which give rise to the future taxes reported in other assets is from differences between accounts deducted for accounting and income tax purposes for the allowance for doubtful loans and the interest rate swap.

14. Asset liability management

The Credit Union's major source of income is financial margin which is the difference between interest earned on investments and loans to members and interest paid to members on their deposits. The objective of managing the financial margin is to match re-pricing or maturity dates of loans and investments and members' savings and deposits within policy limits that are intended to limit the Credit Union's exposure to changing interest rates and to wide fluctuations of income during periods of changing interest rates. The differential represents the net mismatch between loans and investments and members' savings and deposits for those particular maturity dates. Certain items on the balance sheet, such as non interest bearing member deposits and equity do not provide interest rate exposure to the Credit Union. These items are reported as non interest rate sensitive on the schedule.

Amounts with variable interest rates, or due on demand, are classified as variable.

A significant amount of loans and deposits can be settled before maturity on payment of a penalty. No adjustment has been made for repayments that may occur prior to maturity.

2009

	Assets	Yield	Liabilities and equity	Cost	Differential
	\$	%	\$	%	\$
Interest sensitive:					
Variable	463,588,612	2.91%	413,891,435	1.74%	49,697,177
0 to twelve months	95,024,758	4.55%	167,981,185	3.18%	(72,956,427)
1 to 2 years	111,242,133	5.11%	100,021,434	4.32%	11,220,699
2 to 3 years	169,871,418	5.22%	93,792,169	4.72%	76,079,249
3 to 4 years	117,373,272	5.11%	59,443,458	4.86%	57,929,814
4 to 5 years	97,513,760	4.50%	44,986,834	4.04%	52,526,926
Over 5 years	42,553,939	4.81%	7,131,826	4.79%	35,422,113
Non interest rate sensitive	19,341,543		229,261,094		(209,919,551)
	1,116,509,435		1,116,509,435		-

The Credit Union enters into interest rate swaps under policies and procedures which ensure that they are utilized for reducing the Credit Union's exposure to fluctuating interest rates. All interest rate swaps are purchased on behalf of the Credit Union by Credit Union Central of Manitoba. As at December 31, 2009, the notional principal of swaps was \$10,000,000 (2008 - \$15,000,000). This notional balance adds \$10,000,000 of variable assets and \$10,000,000 of liabilities at fixed rates to the above table. At December 31, 2009 the fair value of the swaps represented a liability of \$481,384 which was included in Investments on the balance sheet and the change in fair value of \$329,610 was recorded as a gain through the statement of income and retained surplus.

15. Related party transactions

Credit Union Central of Manitoba

The Credit Union is a member of the Credit Union Central of Manitoba, which provides banking and other services to Credit Unions in Manitoba. All transactions with Credit Union Central of Manitoba are recorded at the exchange amount, which is the amount agreed to by the two parties.

Details of the investment in Credit Union Central of Manitoba are shown in Note 3. Interest earned on investments during the year amounted to \$4,036,461 (2008 - \$4,299,013).

Crosstown Civic Credit Union Limited Notes to the Financial Statements

For the year ended December 31, 2009

15. Related party transactions *(Continued from previous page)*

Details of approved lines of credit with Credit Union Central of Manitoba are shown in Note 7. Interest paid on lines of credit borrowing amounted to \$30,762 (2008 - \$24,568).

Payment made to Credit Union Central of Manitoba during the year for affiliation dues, liquidity assessment, research and development assessment and cheque clearing and data processing fees totaled \$634,732 (2008 - \$571,473).

Interest earned on current account during the year amounted to \$60,857 (2008 - \$168,334).

Credit Union Deposit Guarantee Corporation

The Credit Union Deposit Guarantee Corporation was created under the Credit Unions and Caisses Populaires Act for the purposes of guaranteeing deposits in Manitoba credit unions, and promoting sound business practices in credit unions. All transactions with Credit Union Deposit Guarantee Corporation are recorded at the exchange amount which is the amount agreed upon by the two parties.

Payments made to the Credit Union Deposit Guarantee Corporation during the year represent the net statutory annual assessment in the amount of \$745,472 (2008 - \$858,068).

Celero Solutions

The Credit Union has entered into an agreement with Celero Solutions to provide the delivery of some banking system services and maintenance of the infrastructure needed to ensure uninterrupted delivery of such services. Celero Solutions is a company formed as a joint venture by the Credit Union Centrals of Alberta, Saskatchewan and Manitoba along with Concentra Financial and Credit Union Electronic Transaction Services. Payments made to Celero Solutions during the year ended December 31, 2009 for these service totaled \$148,258 (2008 - \$146,208).

Directors, Committee Members, Management and Staff

During the year, the Credit Union made the following payments to (or on behalf of) the Directors of the Credit Union for costs associated with the performance of their duties.

	Year ended December 31, 2009	Year ended December 31, 2008
	\$	\$
Honorarium	83,975	76,920
Meetings, training and conference costs	21,462	23,114
	105,437	100,034

Transactions with directors, committee members, management and staff are at terms and conditions as set out in the loan policies of the Credit Union.

Loans to directors and staff as at December 31, 2009 amounted to 1.07% (2008 - 1.10%) of assets of the Credit Union. Loans to directors (and their spouses) that received beneficial interest rates at December 31, 2009, amounted to \$1,431,395, (2008 - \$1,414,000) for a total benefit of approximately \$10,000 (2008 - \$10,000). Service charge reductions for directors (and their spouses) totaled approximately \$1,000 (2008 - \$2,000).

Crosstown Civic Credit Union Limited
Notes to the Financial Statements
For the year ended December 31, 2009

16. Members' equity

The Regulations to the Credit Unions and Caisses Populaires Act require that the Credit Union establish and maintain a level of capital as follows:

- total members' equity as shown on the balance sheet shall not be less than 5% of the book value of assets.
- retained surplus shall not be less than 3% of the book value of assets.
- total members' equity as calculated in accordance with the Act shall not be less than 8% of the risk-weighted value of its assets.

The Credit Union has met all of the above capital requirements as at December 31, 2009.

17. Commitments and guarantees

Loans

The Credit Union has authorized \$141,975,717 in line of credit loans, of which \$83,453,687 has not been advanced as of year end. In addition, \$31,169,674 in member loans have been authorized but have not been advanced as of the year end.

Leases

The Credit Union is committed to the following minimum annual payments for premises under the terms of leases which expire in November 2010, February 2013, and July 2020:

2010	183,000
2011	109,000
2012	109,000
2013	57,000
2014	46,000

Director and officer indemnification

The Credit Union indemnifies its directors and officers against any and all claims or losses reasonably incurred in the performance of their service to the Credit Union to the extent permitted by law. The Credit Union has acquired and maintains liability insurance for its directors and officers.

18. Fair value of financial instruments

The amounts reflect the approximate fair value of the Credit Union's financial instruments using the valuation methods and assumptions described below. Since many of the Credit Union's financial instruments lack an available trading market, the fair values represent estimates of the current market value of instruments, taking into account changes in market rates that have occurred since their origination. Due to the use of subjective assumptions and uncertainties, the fair value amounts should not be interpreted as being realizable in an immediate settlement of instruments. The estimated fair values disclosed do not reflect the value of items that are not considered financial instruments, such as capital assets or intangible assets. Differences between book value and fair value of the investments, loans, deposits and other financial assets and liabilities are caused by differences between the interest rate obtained at the time of the original investment, loan or deposit and the current rate for the same product.

Crosstown Civic Credit Union Limited Notes to the Financial Statements

For the year ended December 31, 2009

18. Fair value of financial instruments (Continued from previous page)

Fair values were determined as follows:

Short-term financial instruments

For items that are short-term in nature, the estimated fair value is equal to book value. These include funds on hand and on deposit, accounts payable, other assets and other liabilities.

Floating rate financial instruments

For floating rate investments, loans and deposits, fair value is equal to book value as the interest rates automatically re-price to market.

Fixed rate financial instruments

For fixed rate loans, fair value is determined by discounting the expected future cash flows at market rates for loans with similar credit risks.

For fixed rate deposits and investments, fair value is determined by discounting the contractual cash flows, using market interest rates currently offered for deposits with similar terms.

<i>(In thousands)</i>						
			2009		2008	
	<i>Fair value</i>	<i>Book value</i>	<i>Fair value over book value</i>			<i>Fair value over (under) book value</i>
	\$	\$	\$	\$	\$	\$
Financial assets						
Funds on hand and on deposit	12,667	12,667	-	20,976	20,976	-
Investments	84,694	81,803	2,891	92,602	90,247	2,355
Members' loans	1,021,805	1,003,466	18,339	886,203	881,677	4,526
Financial liabilities						
Members' savings and deposits	1,046,366	1,030,019	16,347	942,842	934,334	8,508
Accounts payable	7,664	7,664	-	6,621	6,621	-
Loan payable	890	890	-	-	-	-
Long term debt	1,391	1,337	54	1,391	1,382	9

19. Nature and extent of risk arising from financial instruments

The Credit Union is exposed to the following risks as a result of holding financial instruments: credit risk, market risk and liquidity risk. The following is a description of those risks and how the Credit Union manages the exposure to them.

Credit Risk

Credit risk is the risk that a financial loss will be incurred due to the failure of a counterparty to discharge its contractual commitment or obligation to the Credit Union. Credit risk arises principally as a result of the Credit Union's lending activities with members.

Crosstown Civic Credit Union Limited Notes to the Financial Statements

For the year ended December 31, 2009

19. Nature and extent of risk arising from financial instruments (Continued from previous page)

Risk Measurement

The Credit Union employs a risk measurement process for its loan portfolio which is designed to assess and quantify the level of risk inherent in credit granting activities. Risk is measured by reviewing qualitative and quantitative factors that impact the loan portfolio.

Credit Quality Performance

Refer to Note 4 for additional information on the potential loss exposure related to the Credit Union's loan portfolio.

Objectives, Policies and Processes

The Credit Union is committed to the following principles in managing credit risk exposure:

- Credit risk assessment includes the establishment of policies and processes related to credit risk management;
- Credit risk mitigation includes credit restructuring, collateral, and guarantees;
- Credit risk approval limits include establishing credit limits and reporting exceptions thereto;
- Credit risk documentation focuses on documentation and administration; and
- Credit risk monitoring and review.

The Credit Union's credit risk policies, processes and methodologies are reviewed annually to ensure they remain relevant and effective in managing credit risk.

Market Risk

Market risk arises from changes in interest rates that affect the Credit Union's net interest income. Exposure to this risk directly impacts the Credit Union's income from its loan and deposit portfolios. The Credit Union's objective is to earn an acceptable net return on these portfolios, without taking unreasonable risk, while meeting member-owner needs.

Risk Measurement

The Credit Union's risk position is measured and monitored each month to ensure compliance with policy. Management provides monthly reports on these matters to the Credit Union's Board of Directors.

Objectives, Policies and Processes

Management is responsible for managing the Credit Union's interest rate risk, monitoring approved limits and compliance with policies. The Credit Union manages market risk by developing and implementing asset and liability management policies, which are approved and periodically reviewed by the Board.

The Credit Union's goal is to achieve adequate levels of profitability, liquidity and safety. The Board of Directors reviews the Credit Union's investment and asset liability management policies periodically to ensure they remain relevant and effective in managing and controlling risk.

The following table provides the potential before tax impact on an immediate and sustained 1% increase or decrease in interest rates on our net interest income. All interest rate risk measures are based upon interest rate exposures at a specific time and continuously change as a result of business activities and our risk measurement initiatives.

Before tax impact of:	December 31, 2009
1% increase in rates	\$94,000 increase in financial margin
1% decrease in rates	\$94,000 decrease in financial margin

Crosstown Civic Credit Union Limited Notes to the Financial Statements

For the year ended December 31, 2009

19. Nature and extent of risk arising from financial instruments (Continued from previous page)

Liquidity Risk

Liquidity risk is the risk of having insufficient financial resources to meet the Credit Union's cash and funding requirements, statutory liquidity requirements, or both.

Risk Measurement

The assessment of the Credit Union's liquidity position reflects management's estimates, assumptions and judgment pertaining to current and prospective market conditions and the related investing and borrowing activities of members.

Objectives, Policies and Processes

The acceptable amount of risk is defined by policies that are approved by the Board of Directors.

The Credit Union manages liquidity by monitoring, forecasting and managing cash flows and the concentration of loans and deposits within approved policies. Management provides monthly reports on these matters to the Board of Directors.

Key features of liquidity management include:

- Daily monitoring of expected cash inflows and outflows and tracking and forecasting the liquidity position; and
- Consideration of the term structure of loans and deposits, with emphasis on deposit maturities, as well as expected loan funding and other commitments to ensure the Credit Union can maintain required levels of liquidity, while meeting its obligations.

20. Capital management

The Credit Union provides financial services to its members and is subject to the capital requirements set out in the Credit Unions and Caisses Populaires Act of Manitoba (the Act). The Credit Union is in compliance with these capital requirements as at December 31, 2009.

Capital management: The Credit Union's objectives when managing capital are:

- To ensure the long term viability of the Credit Union and the security of member deposits by holding a level of capital deemed sufficient to protect against unanticipated losses.
- To comply at all times with the capital requirements set out in the Act.

The Credit Union measures the adequacy of capital using two methods:

- Total capital as a percent of assets.
- Total capital as a percent of risk weighted assets. Under this method, the Credit Union reviews its loan portfolio and other assets and assigns a risk weighting using definitions and formulas set out in the Act. The more risk associated with an asset, a higher weighting is assigned. This method allows the Credit Union to measure capital relative to the possibility of loss with more capital required to support assets that are seen as being higher risk.

The Credit Union management ensures compliance with capital adequacy through the following:

- Establishing policies for capital management, monitoring and reporting;
- Establishing policies for related areas such as asset liability management;
- Reporting to the Board of Directors regarding financial results and capital adequacy;
- Reporting to the Credit Union Deposit Guarantee Corporation on its capital adequacy; and
- Establishing budgets and reporting variances to those budgets.

Crosstown Civic Credit Union Limited Notes to the Financial Statements

For the year ended December 31, 2009

21. Subsequent events

Subsequent to year end, the Credit Union entered into a contract for the construction of a new branch for a total cost of approximately \$1,800,000 to be completed in 2010.

22. Pension plan

The Credit Union has a defined contribution pension plan for qualifying employees. The Credit Union matches employee contributions at a rate between 6.5% and 7.5% of the employee salary up to the maximum allowed under pension legislation. The expense and payments for the year ended December 31, 2009 were \$276,178 (2008 - \$278,720) and are recorded as salaries and employee benefits. As a defined contribution pension plan, the Credit Union has no further liability or obligation for future contributions to fund benefits to plan members.

23. Future changes due to recently issued accounting pronouncements

International Financial Reporting Standards ("IFRS")

The CICA Accounting Standards Board has adopted a strategic plan for the direction of accounting standards in Canada. As part of the plan, accounting standards for public companies and certain publicly accountable entities will be required to converge with International Financial Reporting Standards (IFRS) for fiscal years beginning on or after January 1, 2011 with comparative figures presented on the same basis. IFRS will replace Canada's current GAAP for these entities.

The Credit Union is currently in the process of assessing the future impact of IFRS to the financial statements. This will be an ongoing process as the International Accounting Standards Board ("IASB") and CICA issues new standards and recommendations. The financial performance and position as disclosed in the current GAAP financial statements may be significantly different when presented in accordance with IFRS.

Business Combinations

CICA Handbook Section 1582 – Business Combinations will apply prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. CICA Handbook Sections 1601 – Consolidations and 1602 – Non-Controlling Interests will be effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently. These sections replace the former CICA Handbook Sections 1581 – Business Combinations and 1600 – Consolidated Financial Statements. CICA Handbook Section 1601 establishes standards for the preparation of consolidated financial statements. CICA Handbook Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination.

Notes