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519-944-7333

Commercial Lending Centre
895 Erie St. E.
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519-258-0021

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ANNUAL REPORT 2010

You See a Connected Community...
We See What You See.

PEOPLE HELPING PEOPLE
HELP THEMSELVES



BOARD OF DIRECTORS

2010 ANNUAL REPORT

MISSION STATEMENT

Motor City Community Credit Union's Mission is to enhance the quality of life of our community by delivering quality financial products and services effectively, efficiently and with excellence.

VISION STATEMENT

Motor City Community Credit Union strives to be an innovative provider of superior services for the benefit of our member-owners. We operate under the philosophy of "people helping people help themselves".

OUR VALUES

Trust: We will establish an environment that is responsible, innovative and financially sound.

Integrity: We will always provide our products and services with confidence, pride, dignity and a positive attitude focusing on the best interests of our member-owners and the community.

Honesty: We will provide our member-owners and community with open and direct communication.

Accountability: We will be responsible to our member-owners, employees, colleagues and communities for the results of our decisions and actions.

Social Responsibility: We will act to promote environmental sustainability and uphold the co-operative principles as responsible corporate citizens.

Loyalty: We will reward our member-owners for their loyalty.

BOARD NAMES	TITLE	TERM EXPIRES
Charles Pope	President	2010
Margaret Galad	Vice-President	2010
Wayne Lessard	Secretary	2010
Barb Nahnybida	Director	2012
Marc Moore	Director	2012
Joe Graziano	Director	2011
Arunas Januska	Director	2011
Jim Angus	Director	2012
Andre Mailloux	Director	2011



Charles Pope
President



Margaret Galad
Vice-President



Wayne Lessard
Secretary



Barb Nahnybida
Director



Marc Moore
Director



Joe Graziano
Director



Arunas Januska
Director



Jim Angus
Director



Andre Mailloux
Director

3	Board of Directors	7	Audit Committee Report
4	CEO & Board of Directors Report	8	Auditor's Report
5	Management's Responsibility for Financial Reporting	9	Financial Statements
6	Financial Services	12	Community Connections
		15	List of Services

Twelve months ago, the world seemed to be spiraling out of control. Large financial institutions in the United States and throughout the world were going bankrupt and there was no end in sight. Locally Windsor's largest employers were in trouble and needed government help to get through. Unfortunately many employers didn't make it.

Many of our Members also needed help during this difficult time and Motor City was there to work with them. Unfortunately not all of our Members came through unscathed either but the ones that reached out to Motor City whether they made it or not all have a better understanding of why they are members of a Credit Union dedicated to helping our members and our community.

Motor City also faced challenges during this time and we took action early to ensure that we would be able to support our Members. As a result of these actions Motor City was able to go from an operating loss before dividends of just over \$550,000 last year to an operating profit of almost \$470,000 in the current year. We have also been able to maintain regulatory capital in excess of \$14,500,000 which represents 7.6% of total assets or almost twice the regulatory requirement. The Board of Directors was also able to declare a dividend on our Class "A" shares of 4% which keeps them well in excess of our policy for the return on these investment shares.

In addition to financial challenges Motor City has also had difficult decisions to make regarding the future of our Credit Union and your Board of Directors has taken a course of renewal and change.

Motor City wants to be your primary financial institution and to do that we need to be able to offer you, our Members, what you are looking for in a financial institution - a Credit Union that will help our members achieve their goals.

To do this the management team with the full support of the Board of Directors has undertaken a three year plan that will see many changes within our Credit Union. The most noticeable ones in the first year will come from changes to the layout of two of our branches to better serve you. You will also see changes to the quality and level of service that we are able to offer our members throughout the Credit Union. To support this we are undertaking an unprecedented level of investment and training with all levels of our operation and staff.

This started late last year with the launch of our updated web site and online banking system and in the coming year you will be able to do much of your banking from your mobile phone. We have also made changes to the way we support our members in the branches with the introduction of Financial Services Representatives (FSR's). The FSR's ultimate role is to provide advice to our members so that they can reach their goals and that they are in a better position when they leave than when they came in.

These changes will take time and we may have to take a step back every now and then to make sure that we get it right but we are confident that you will agree that for Motor City to meet your needs these changes are necessary.

The Board of Directors, management team and our hard working staff has, and will continue, to contribute to our success as we uphold the co-operative principles of the credit union movement to ensure the loyalty and growth of our membership.



Charles Janisse
CEO



Charles Pope
President



The accompanying summarized financial statements and all the information in this annual report are the responsibility of Management and have been approved by the Board of Directors. All financial and operating data included in this annual report are consistent with the financial statements.

A system of internal controls has been designed by Motor City Community Credit Union to provide reasonable assurance that its assets are safeguarded; that only valid and authorized transactions are executed; and that the books and records reflect the transactions of Motor City Community Credit Union. The Credit Union's internal audit process monitors this system of internal controls, including ongoing compliance with its established policies and procedures.

Motor City Community Credit Union's Board of Directors is responsible for ensuring management fulfills its responsibilities for financial reporting, and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee, appointed by the Board. The Committee meets periodically with Management and the external auditors to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues to satisfy itself that each party is properly adhering to its responsibilities.

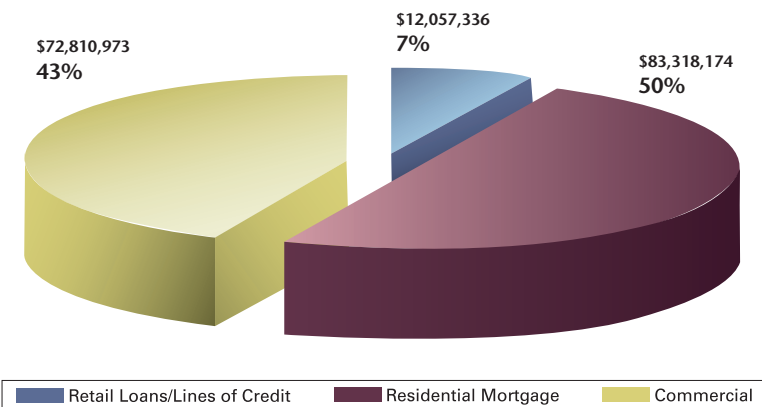
The Committee reports its findings to the Board for consideration when approving the financial statements for issuance to the Members. The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles and have been audited by Collins Burrow Windsor LLP Chartered Accountants, Licensed Public Accountants.



CREDIT APPROVED ENDING MARCH 31, 2010				
Product	Applications	Declined	Disbursed	Total Portfolio
Personal Loans	429	248	\$6,058,376	\$12,057,336
Mortgages	121	12	\$13,103,394	\$83,318,174
Commercial	124	55	\$25,153,602	\$72,810,973
TOTAL	674	315	\$44,315,372	\$168,186,483

SPECIFIC ALLOWANCES \$577,701

Loans by Sector



The Credit Union's Audit Committee was formed as a Committee of the Board of Directors pursuant to Section 125 of the Credit Unions and Caisses Populaires Act, 1994. The Committee which consists of six Directors, has adopted a mandate that covers all of the duties that the Regulations to the Act specify be performed by the Committee. The Committee meets at least quarterly and arranges its agenda so that on an annual basis, its required duties are performed and appropriate action is taken as necessary.

The Audit Committee has received the Auditor's Report for the year ended March 31, 2010 from Collins Barrow, LLP. The Committee is pleased to report that our auditors have expressed an opinion that the financial statements present fairly the financial position and results from operations of the Credit Union and are free from material misstatements. In addition, the auditors have indicated through their Management letter to the Audit Committee that their examination has not indicated any significant concerns with our procedures and internal controls.

In this past year the Audit Committee met ten times in the fiscal year and would like to report the following:

- The Committee has reviewed their Terms of Reference which better align their role and oversight responsibilities to the Credit Union's current business and regulatory compliance needs. The Committee has undertaken an extensive work plan to ensure all aspects of the Committee's legislative responsibilities are met.
- With the changes to the Credit Union and Caisses Populaires Act as of October 1, 2009, the Committee has been amending policies and procedures to reflect the changes.
- The Committee received and reviewed a favourable report from the Deposit Insurance Corporation of Ontario with respect to its Risk Assessment practices as having effective practices in the areas of governance, capital risk management, credit risk management, operational risk management, market risk management, structural risk management and liquidity risk management.
- The Committee did an extensive review of the Credit Union's internal control function. The Committee through an independent control specialist continues to review the internal controls and review quarterly reports with respect to any concerns on procedures and controls.
- The Committee through the guidance of the Chief Financial Officer has been reviewing our accounting and reporting policies and procedures to ensure successful transition to International Financial Reporting Standards as required for our 2012 financial year-end.

The Committee received full cooperation from management to enable it to have an effective role in improving the quality of financial reporting to the Members and to enhance the overall control structure of our Credit Union. There are no significant recommendations made by the Committee that have not been either implemented or are in the process of being implemented by management.



In addition, there are not matters which the Committee believes should be reported to the Members, nor are there any further matters which are required to be disclosed pursuant to the Act or Regulations thereto.

On behalf of the Committee,

Joe Graziano - Chair



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To the Members of Motor City Community Credit Union

The accompanying summarized consolidated balance sheet and consolidated statements of retained earnings, income and cash flows are derived from the complete financial statements of Motor City Community Credit Union as at March 31, 2010 and for the year then ended on which we expressed an opinion without reservation in our report dated April 16, 2010. 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.

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

These summarized financial statements do not include 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 credit union's financial position, results of operations and cash flows, reference should be made to the related complete financial statements.

Licensed Public Accountants
Sudbury, Ontario
April 16, 2010

Licensed Public Accountants
Windsor, Ontario
April 16, 2010

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**CONSOLIDATED BALANCE SHEET
MARCH 31, 2010**

	<u>2010</u>	<u>2009</u>
Assets		
Liquid assets	\$ 17,622,665	\$ 17,408,151
Investments	3,645,041	3,695,269
Loans to members	167,126,545	158,841,849
Property, plant and equipment	2,469,715	2,770,932
Other assets	<u>1,796,961</u>	<u>2,687,394</u>
	<u>\$ 192,660,927</u>	<u>\$ 185,403,595</u>
Liabilities		
Members' deposits	\$ 164,807,042	\$ 166,058,886
Other liabilities	14,036,498	5,033,688
Share capital	<u>9,912,677</u>	<u>9,692,200</u>
	<u>\$ 188,756,217</u>	<u>\$ 180,784,774</u>
Members' equity		
Contributed surplus	1,261,317	1,261,317
Retained earnings	<u>2,643,393</u>	<u>3,357,504</u>
	<u>3,904,710</u>	<u>4,618,821</u>
	<u>\$ 192,660,927</u>	<u>\$ 185,403,595</u>

Approved by the Board:

President

Vice-President

**CONSOLIDATED STATEMENT OF RETAINED EARNINGS
FOR THE YEAR ENDED MARCH 31, 2010**

	<u>2010</u>	<u>2009</u>
Balance, as originally stated	\$ 3,562,626	\$ 3,511,671
Prior period adjustment	<u>(205,122)</u>	<u>(27,868)</u>
Balance, as restated	3,357,504	3,483,803
Net loss	<u>(714,111)</u>	<u>(126,299)</u>
Balance, end of year	<u>\$ 2,643,393</u>	<u>\$ 3,357,504</u>

**CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED MARCH 31, 2010**

	<u>2010</u>	<u>%</u>	<u>2009</u>	<u>%</u>
Revenue				
Interest income	\$ 9,565,714	100.0	\$ 9,893,144	100.0
Financial expenses	<u>3,649,096</u>	<u>38.1</u>	<u>4,819,497</u>	<u>48.7</u>
Net interest revenue	5,916,618	61.9	5,073,647	51.3
Provision for doubtful loans	<u>543,761</u>	<u>5.7</u>	<u>269,760</u>	<u>2.7</u>
Margin	5,372,857	56.2	4,803,887	48.6
Other income	<u>1,313,486</u>	<u>13.7</u>	<u>1,452,678</u>	<u>14.7</u>
	<u>6,686,343</u>	<u>69.9</u>	<u>6,256,565</u>	<u>63.2</u>
Expenses				
Salaries and employee benefits	3,175,447	33.2	3,536,845	35.8
Computer services	331,131	3.5	409,339	4.1
Occupancy costs	584,031	6.1	627,468	6.3
Amortization of property, plant and equipment	445,074	4.7	430,416	4.4
Administrative	1,533,887	16.0	1,613,343	16.3
Deposit insurance	147,475	1.5	143,115	1.4
Loss on disposal of assets	-	-	48,362	0.5
	<u>6,217,045</u>	<u>65.0</u>	<u>6,808,888</u>	<u>68.8</u>
Income (loss) before income taxes and distribution of Class A special shares	469,298	4.9	(552,323)	(5.6)
Dividend on Class A special shares	<u>313,169</u>	<u>3.3</u>	<u>311,668</u>	<u>3.2</u>
Income (loss) from operations	<u>156,129</u>	<u>1.6</u>	<u>(863,991)</u>	<u>(8.8)</u>
Other income (expense)				
Unrealized gain (loss) on derivatives	(921,750)	(9.6)	1,275,045	12.9
Writeup (writedown) of partnership interest	167,410	1.8	(285,636)	(2.9)
Writedown of investment mortgage	(115,900)	(1.2)	-	-
Writedown of land	-	-	(169,000)	(1.7)
Writedown of CUCO shares	-	-	(82,717)	(0.8)
	<u>(870,240)</u>	<u>(9.1)</u>	<u>737,692</u>	<u>7.5</u>
Net loss	<u>\$ (714,111)</u>	<u>(7.5)</u>	<u>\$ (126,299)</u>	<u>(1.3)</u>

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2010**

	<u>2010</u>	<u>2009</u>
Operating Activities		
Net loss	\$ (714,111)	\$ (126,299)
Items not requiring cash		
Provision for doubtful loans	543,761	269,760
Amortization of property, plant and equipment	445,074	430,416
Loss on sale of property, plant and equipment	-	48,362
Share dividend on Class A special shares	313,169	311,668
Decrease in land held for resale	-	169,000
Net change in accrued interest receivable and payable	(307,286)	(111,234)
Net change in certified cheques payable	918,364	(2,595,178)
Net change in unrealized gain on derivatives	921,750	(1,218,616)
Other	<u>(2,895)</u>	<u>90,983</u>
	2,117,826	(2,731,138)
Financing Activities	7,024,813	1,852,505
Investing Activities	<u>(8,928,125)</u>	<u>(978,755)</u>
Increase (Decrease) in Liquid Assets	214,514	(1,857,388)
Liquid Assets, Beginning of Year	<u>17,408,151</u>	<u>19,265,539</u>
Liquid Assets, End of Year	<u>\$ 17,622,665</u>	<u>\$ 17,408,151</u>
Other Information on Cash Flow		
Interest paid	\$ 4,018,445	\$ 5,058,329
Income taxes paid (received) during the year	(11,398)	85,180

2009 WAS BUSY FOR YOUR CREDIT UNION

Putting people first and giving back to our community is something we strongly believe in at Motor City Community Credit Union. Investment in community means supporting the various local initiatives and organizations that keep our community strong. Sure, we open accounts, complete transactions, accept deposits, offer loans, business service and insurances. But there's something unique about us – your credit union. We are a financial co-operative, owned by its members, who are also customers. Being owned and controlled by the people we serve allows the membership an opportunity to have a say, to voice concerns and vote for your board of directors. Motor City Community Credit Union takes it one step further. The staff here cares about your achievements and gives back to the community of Windsor and Essex County.

We're proud to support our members and community during these changing times. This is not the time to shy away from investment in our local marketplace. It was during times of financial hardship that credit unions originated. We want to continue to help by providing financial options and solutions to our members and potential members who need to ride out this downturn and prepare for the future. Your credit union has a long history of putting its values and co-operative principles into action through community economic development, volunteerism and charitable giving.

CONTRIBUTIONS THAT HELP SHAPE OUR COMMUNITY

We are proud of our community and pleased to be able to support the numerous community groups that include health and welfare, culture and the arts, sports and education.

Youth and the power of education

Motor City is dedicated to the future of our organization and our communities by making a commitment to youth that far surpasses the efforts made by other financial institutions. Youth are the future of our community and the credit union system! With that statement comes our responsibility to develop resources that offer support to teach teens financial planning.



The credit union difference is defined by the co-operative principle of "people helping people". The International Year of Co-operatives is an opportunity for people everywhere to learn more about credit unions that contribute so much to economies and communities across the world.

On National Philanthropy Day in November, MCCCCU was recognized for our community partnerships and won the **National Philanthropy Award's Outstanding Business/Corporation Business Award**. This award was presented by The Association of Fundraising Professionals.



MCCCCU was one of 18 credit unions that met the **Ontario Credit Union Charitable Foundation's Food Bank Challenge**. All financial donations made during the challenge were matched by Motor City. We are happy to report that over 1800 Kg of food was collected.



In Honour of the Ones We Love Golf Tournament was a lot of fun last summer as MCCCCU staff helped to raise money for **Kids Kicking Cancer**. In our ongoing support, staff and board members enjoyed a lovely evening attending the annual gala in February.

We jumped into action to help Haiti. Motor city staff immediately responded to the Haiti disaster by donating and collecting member donations to help our Haitian neighbours survive and manage the crisis.

Firefighters Chilifest. November saw us sponsoring the Windsor Professional Firefighters Benefits Fund's 18th annual Chilifest and raising proceeds to benefit various charities.

Motor City is proud to be a community partner with **CAW**, providing financial assistance to Chrysler employees and providing advice to retirees.

Putting contest to raise money for youth. \$20,000 was raised for local charities through various summer BBQ's and unique special events such as the putting contests.



Canadian Italian Business Professional Association (CIBPA).

MCCCU donated a \$2,000 scholarship to this worthwhile organization to help a young person in post secondary education.

INCREASED SCHOLARSHIPS TO YOUTH IN THE COMMUNITY

CIBPA - \$2,000 Ron Bates Scholarship - \$2,000
 Ciociaro Club - \$1,000 Various other bursaries - \$3,000

SPONSORSHIPS, SPORTS TEAMS & CHARITABLE EVENTS

Essex Kent Boys Junior Golf Tournament	Calloway in School Program
We Care for Kids	Goodfellows Downtown Mission
Salvation Army	International Women's Day
Make A Wish Foundation	Hiatus House
Alzheimers Society	Hotel Dieu Grace Hospital
Youth sports organizations	Big Brothers & Big Sisters
Windsor and District Soccer League	Victim Services
Girls & Boys Baseball & Hockey	In Honour of the Ones We Love
Unemployed Help Centre	Windsor Essex County Senior Sports Organization



Our staff showed their Olympic support and Canadian pride during the Winter Olympics.



Here is MCCCU CEO Charles Janisse and staff presenting a cheque to the Unemployed Help Centre for food.

Thank you for the privilege of allowing Motor City Community Credit Union to be your financial partner. Without the collaborative effort between staff, management and board, your credit union would not be able to give back to the community. Thanks to everyone!

BUILT AROUND THE NEEDS OF OUR MEMBERS

Over the years, Motor City Community Credit Union has developed a wide menu of financial and products based on our members' needs and requests.

SAVINGS & CHEQUING ACCOUNT

Personal 1
 Net 1
 Plan 24
 Special T
 Net 90
 Tax Free Savings Account (TFSA)
 CUB Package
 U.S. Savings
 Fat Cat
 Head Start
 Strictly Community

LOANS & LINES OF CREDIT

Mortgages
 High Ratio Mortgages
 Meritline Home Equity L.O.C.
 Personal Loans
 Scholar Power
 EducationalLine
 Commercial Loans

Partners with Manulife – for financial and estate planning, investment products. Manulife is on site to provide members with the professional advice they seek.

FULL COMMERCIAL SERVICES

ELECTRONIC BANKING

Memberline
 Online Banking

INSURANCE PRODUCTS

Home & Auto Insurance
 Travel Insurance
 Life and Disability

INVESTMENTS

Short Term Deposit
 Long Term Deposit
 Registered Retirement Savings Plans (RRSP)
 Registered Retirement Investment Fund (RRIF)
 Tax Free Savings Account (TFSA)
 Trust Accounts
 Index Linked Terms
 Global Index Linked Terms

FREE TO MEMBERS! USE ANY OF OUR ATMS:

Tecumseh E & Roseville Gardens
 Market Square
 Erie St. E. & Parent
 City Centre Branch
 Windsor Police Station
 1905 Tecumseh Rd. W.
 For free ATM services, look for the Exchange logo



Keep more of your money. • TFSA

TAX FREE SAVINGS ACCOUNT

We See What You See. • MCCCU.COM

YOUR DEPOSITS ARE PROTECTED - UNLIMITED INSURANCE COVERAGE FOR REGISTERED SAVINGS PLANS

Motor City member deposits held in registered savings plans are separately insured from the deposits held in other accounts. All eligible deposits made to any registered savings plan such as RRSP, RRIF, LIRA, LIF, RDSP, RESP TFSA are fully insured with no maximum limit.

LET YOUR MONEY STAY AND WORK FOR YOU IN YOUR COMMUNITY.