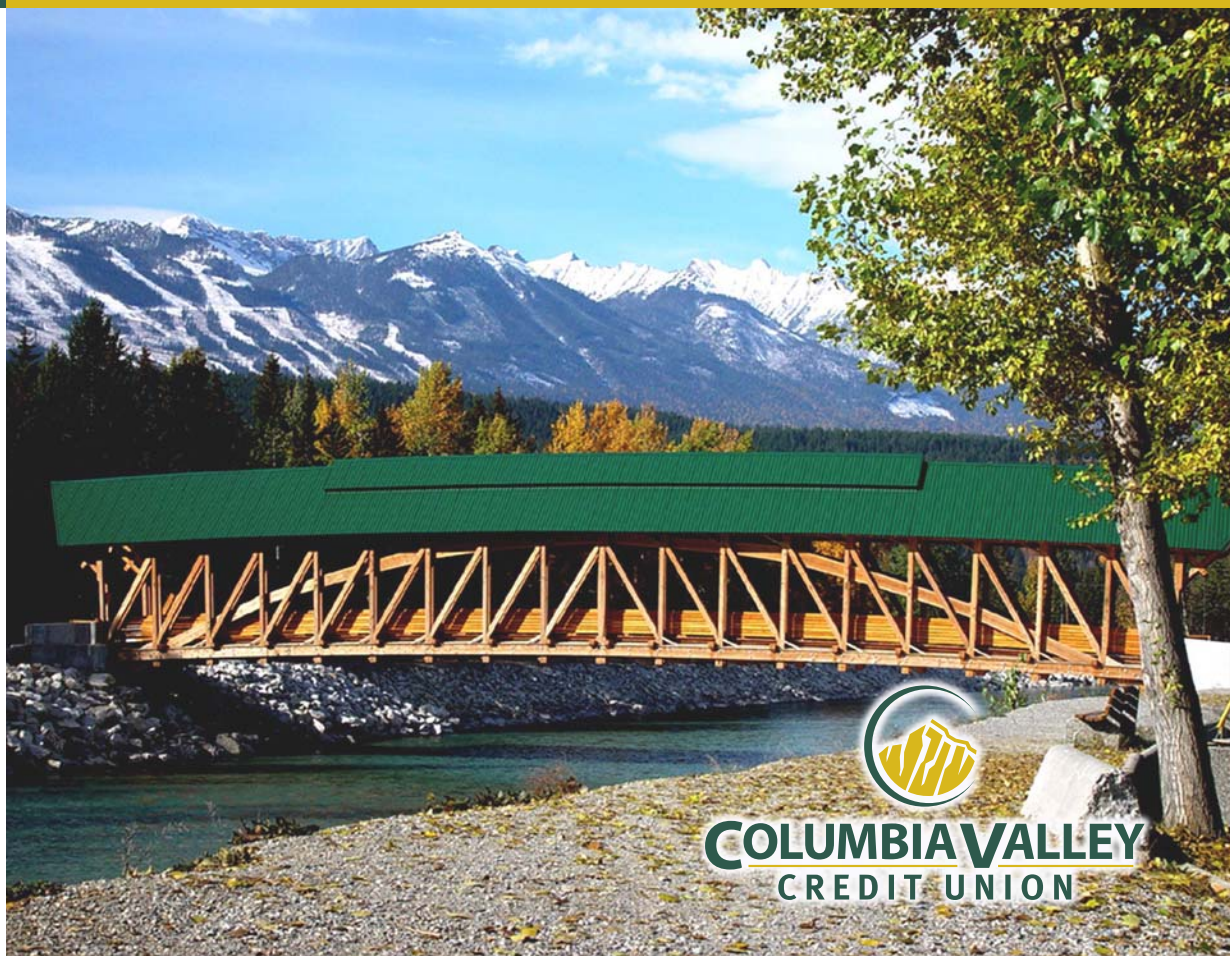




Making a
Difference



COLUMBIA VALLEY
CREDIT UNION



Making a *Difference*

T A B L E O F C O N T E N T S

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Annual General Meeting

Wednesday, April 15, 2009, at the Seniors' Centre commencing at 7:30 p.m.

MEETING AGENDA

- Call to Order
- Welcome and Introduction
- Adoption of Agenda and Rules of Order
- Minutes of Last General Meeting
- Business Arising from Minutes
- President's and General Manager's Report
- Auditor's Report
- Approval of Financial Statements
- Nominating Committee Report
- Election Result
- Ordinary Resolution
- Unfinished Business
- Appointment of Auditor
- New Business
- Good and Welfare
- Adjournment

Refreshments will be served and door prizes awarded. As in past years, for reasons of economics, the Annual Report will not be mailed out to each member, but will be available through the office and at the Annual Meeting.

TRANSPORTATION

Any member wishing transportation to the meeting is requested to contact the office at 344-2282 and arrangements will be made.

INSURANCE

The Management of Columbia Valley Credit Union wishes to remind all members that under the terms and conditions of your mortgage and/or chattel lien, you are required to maintain insurance to the full insurable value of your property and/or chattel liens with loss, if any, payable to Columbia Valley Credit Union as their interest may appear. **Please—this is for everyone's protection!**

Vision Statement

A member owned organization assisting its members to access the very best financial products and services.

Mission Statement

Assisting our members to achieve their financial goals.

Guiding Principles

- Serving members is the primary purpose of our existence.
- We provide exceptional, customized service.
- We act with integrity and sincerity.
- We never stop learning.
- We continuously innovate.

Officers

BOARD OF DIRECTORS:

2 years to serve	Lyle Johnson Connie Barlow
1 year to serve	Atma Sandher Gary Bjarnason
Term Expired	John Spurrill (Incumbent) Don Rosodi (Incumbent) Paul Ricard (Incumbent)

DIRECTORS ELECTIONS FOR: 3 Directors — for 3 Year Terms

STAFF MEMBERS:

Paul Pupo, General Manager	Heather Loader, Part-time Teller
Karen Strynadka, Executive Secretary	Angela McAteer, Teller
Kerstin Behrens-Bolt, Administration Manager	Tessa Elkington, Teller
Ian Mackie, Commercial Loans Manager	Annette Parker, Part-time Teller
Rob Parker, Commercial Loans Manager	Wanda Anderson, Part-time Teller
Arja Wiebe, Retail Loans Manager	Marlene Cibulka, Loans Officer
Cathy Johnson, Member Service Rep.	Marlene Thompson, Loans Clerk
Neva Essery, Accounting Clerk	Bobbi Jodouin, Head Teller
Bonny Macleod, Member Service Rep.	Carol Braisher, Administrative Assistant
Jackie Feuz, Teller	Marge Bardarson, On Leave

MANAGEMENT COMMITTEE:

Paul Pupo
Rob Parker
John Spurrill

AUDITORS: Adams Redding Wooley

SOLICITORS: Ewan & McKenzie

OFFICE HOURS:

Monday to Thursday	10:00 a.m. to 4:00 p.m.
Friday	10:00 a.m. to 5:00 p.m.
Saturday / Sunday	CLOSED

Telephone Numbers:	Main: 344-2282	Toll Free:	1-888-298-1777
	Loans: 344-7024	Phone Banking:	344-7968
	Fax: 344-2117	Phone Banking Toll Free:	1-866-344-7968
	Internet: www.cvcu.bc.ca	E-mail:	cvcu@cvcu.bc.ca

**3 ATM'S, Rolled Coin / Bill Dispenser Open 24 Hours In The Credit Union Lobby
Drive Thru ATM / Night Deposit at Petro-Can on the Trans-Canada Open 24/7**

53rd Annual Meeting of Columbia Valley Credit Union

April 16, 2008

5

AGENDA: It was moved by Lyle Johnson and seconded by Atma Sandher that the agenda for the 53rd Annual General Meeting for Columbia Valley Credit Union be accepted. Motion carried.

INTRODUCTIONS: President Gary Bjarnason introduced the General Manager, Paul Pupo, and Jim Wooley of Adams Redding Wooley, along with the Board of Directors, to the members present.

MINUTES OF THE 52nd ANNUAL MEETING: The minutes of the last Annual General Meeting were circulated and read by the members present. It was moved by Leo Klafki and seconded by Adrian Beauregard that the minutes of the 52nd Annual General Meeting, held on April 25, 2007, be accepted as circulated. Motion carried.

BUSINESS ARISING OUT OF MINUTES: There was no business arising out of the minutes.

GENERAL MANAGER'S / PRESIDENT'S REPORT (On behalf of the Board of Directors): President Gary Bjarnason, presented the General Manager's / Board of Directors' Report, which was consolidated into one report. It was moved by John Spurrill and seconded by Cyril Page that the General Manager's / Board of Directors' Report be accepted as presented. Motion carried.

AUDITOR'S REPORT: Jim Wooley of Adams Redding Wooley, external auditors for Columbia Valley Credit Union for the years 2007-2009, was in attendance. Mr. Wooley presented the Auditor's Report for 2007. He explained various aspects of the financial report to the members present. It was moved by Atma Sandher and seconded by Glen Ewan that the Auditor's Report be accepted as presented. Motion carried.

NOMINATING COMMITTEE REPORT: It was moved by Cy Page and seconded by Leo Klafki to accept the Nominating Committee Report as presented by Gary Bjarnason. Motion carried.

ELECTIONS: There were 2 vacancies on the Board of Directors, both for a 3 year term. Two incumbents, Lyle Johnson and Cyril Page, let their names stand for election along with nominee Connie Barlow. Each candidate gave a brief speech before the election was to take place. At the end of his speech, Cyril Page informed the members present that he was withdrawing his name to run as a director. Parliamentarian, Glen Ewan, asked Mr. Page to confirm his statement and he did. Therefore, no election took place and the two directors, both for a 3 year term, are Connie Barlow and Lyle Johnson.

APPOINTMENT OF AUDITORS: It was moved by Atma Sandher and seconded by Glen Ewan to appoint the firm of Adams Redding Wooley of Cranbrook as our external auditors for 2008 and 2009. Motion carried. Every year, a motion has to be put to the floor to accept the auditors for the current year.

NEW BUSINESS: Bob Munroe wanted to know why we had a lot of liquidity on our balance sheet. He suggested we lend it out to help with the economic activity in our community. The General Manager responded that this credit union is very fortunate to have excess liquidity compared to other credit unions which has allowed us to return \$822,000 in Member Rewards and produce record profit of \$2,400,000 with \$10,000,000 in Retained Earnings. Managing a credit union is all about Enterprise Risk Management and to protect our depositors' money based on the Credit Union Act, the Financial Institutions Act and our Investment and Lending Policy. We are well positioned to participate in the Golden and area economic growth in 2010 where we expect an upturn and demand for mortgages in our area.

GOOD AND WELFARE: There were six draws of \$50.00 each. Winners were: Glen Ewan, Krishna Jassi, Evelyn Brown, Lou Alfano, Rene Bouchard and Alice Pallard. Congratulations to the winners. Again this year the Directors, Staff and their spouses did not participate in the draws.

ADJOURNMENT: It was moved by Erica Badior seconded by Joe Gaetz to adjourn the 53rd Annual General Meeting of Columbia Valley Credit Union on April 16, 2008 at 8:25 p.m. Motion carried.



General Manager's / President's Report

On behalf of the Board of Directors, I am pleased to report that our Credit Union had another excellent year. In 2008, our deposit growth of \$15 million increased our asset total to \$160 million. Although we had little loan growth, we still managed to produce a \$1.8 million profit and increase our Retained Earnings to \$11 million. Our Member Rewards Program returned 4% share dividends and loans patronage to our members totaling \$725,390, which represents 40% of our Gross Profit.

In 2008 we operated in an environment of financial instability and global uncertainty.

Columbia Valley Credit Union is very aware of the financial challenges facing our members due to the slow down in the forestry, transportation and tourism sector in our economy which has trickled down to all local businesses. We encourage our members to talk with our staff to work out suitable loan arrangements to pay down high interest debt and offer relief for those facing lay-offs and overall uncertainty in their future.


Last year we migrated to the new Banking System. This was a significant undertaking in staff time and was an additional one time expense to our bottom line. This new technology replaced our 12 year old legacy system, and will establish the foundation for the next 10 years. We have added E-Statements, Mobile Phone Banking and will soon be launching a new more powerful and enhanced MemberDirect Internet Banking Solution that offers Interac-E-Mail and Me-To-Me Transfer of Funds between Financial Institutions. Our new ATM / Night Depository Drive-Thru Centre at Petro Canada on the Trans Canada Highway is now open and represents another 1st for Columbia Valley Credit Union.

In late 2008 the BC Government announced Unlimited Deposit Insurance for all BC Credit Union Member Deposits. This declining interest rate environment, and uncertainty in the financial markets, will substantially reduce our financial margin for both our members and Columbia Valley Credit Union in 2009.

Based on our financial strength, Columbia Valley Credit Union will do everything in our power to see our members and community through this downturn. We will continue to support and to assist our members whenever we can with our financial strength.

We owe our success and thanks to our Board of Directors, Management and staff for their hard work and dedication this past year, and to our members for your support and loyalty.

Respectively Submitted,



Paul Pupo
General Manager



Edgar Bjarnason
President, Board of Directors

Nominating Committee Report

Qualifications for a Director of a Credit Union state that a Director must be a Member in good standing, who is over the age of 19 years and who meets the criteria as set out by the Credit Union Act and accompanying rules and regulations of Columbia Valley Credit Union. There are seven Directors, three of whom are elected each year for a three-year term. This year we have 3 vacancies for three-year terms on the Board of Directors.

In our January, 2009 Newsletter our Nominating Committee served notice to our members of an election of Directors at the upcoming Annual General Meeting on April 15, 2009 as per our rules 4.9 to 4.15. The Nominating Committee is pleased to submit the following name as the candidate for the vacancy for Director of Columbia Valley Credit Union. Refer to Credit Union Rules 4.1-4.59 for qualifications and additional information in our Credit Union Rules.

Respectfully submitted,

A handwritten signature in black ink that reads "Edgar Bjarnason". The signature is fluid and cursive, with the first letter 'E' being particularly large and stylized.

Edgar Bjarnason, Chairman

Nomination:

Paul Ricard, Incumbent

Don Rosodi, Incumbent

John Spurrill, Incumbent



Financial
Statements

COLUMBIA VALLEY CREDIT UNION

Financial Statements

Year Ended December 31, 2008

COLUMBIA VALLEY CREDIT UNION

Index to Financial Statements

Year Ended December 31, 2008

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Statement of Cash Flow	5
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AUDITORS' REPORT

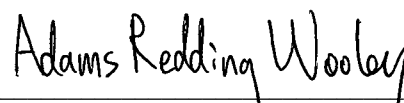
To the Members of Columbia Valley Credit Union

We have audited the balance sheet of Columbia Valley Credit Union as at December 31, 2008 and the statements of income and retained earnings and cash flow 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, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Cranbrook, BC
January 30, 2009



Adams Redding Wooley
Certified General Accountants

Management's Responsibility for Financial Reporting

The financial statements of Columbia Valley Credit Union have been prepared in accordance with generally accepted accounting principles. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of Columbia Valley Credit Union's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Board of Directors is responsible for ensuring that management fulfills its responsibility 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. The Audit Committee is appointed by the Board and meets periodically with management and the members' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Audit Committee reports to the Board of Directors prior to its approval of the financial statements. The Committee also considers, for review by the Board and approval by the members, the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the members by Adams Redding Wooley, in accordance with generally accepted auditing standards.



Mr. Edgar Bjarnason, President



Mr. Paul Pupo, General Manager

Golden, BC
January 30, 2009

COLUMBIA VALLEY CREDIT UNION

Balance Sheet

December 31, 2008

	2008	2007
ASSETS		
CASH AND TERM DEPOSITS	\$ 75,246,949	\$ 60,269,221
MEMBERS' LOANS (Note 2)	82,330,033	83,161,470
OTHER (Note 3)	211,048	36,254
INVESTMENTS (Note 4)	496,195	485,390
PROPERTY AND EQUIPMENT (Note 5)	1,747,418	1,652,532
	<u>\$ 160,031,643</u>	<u>\$ 145,604,867</u>
LIABILITIES AND MEMBERS' EQUITY		
MEMBERS' DEPOSITS (Note 6)	\$ 132,755,068	\$ 121,174,492
MEMBERS' SHARES (Note 7)	15,743,566	13,559,856
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES (Note 8)	943,339	961,988
	<u>149,441,973</u>	<u>135,696,336</u>
RETAINED EARNINGS	10,589,670	9,908,531
	<u>\$ 160,031,643</u>	<u>\$ 145,604,867</u>

ON BEHALF OF THE BOARD



Director



Director

The attached notes are an integral part of these financial statements.

COLUMBIA VALLEY CREDIT UNION
Statement of Income and Retained Earnings
Year Ended December 31, 2008

	2008	2007
FINANCIAL INCOME		
Interest from Loans	\$ 5,229,304	\$ 5,132,047
Interest from Investments	2,337,055	2,449,882
	<u>7,566,359</u>	<u>7,581,929</u>
FINANCIAL EXPENSES		
Interest on Deposits	4,192,691	3,674,642
Interest on Borrowed Funds	7,233	16,103
	<u>4,199,924</u>	<u>3,690,745</u>
FINANCIAL MARGIN	<u>3,366,435</u>	<u>3,891,184</u>
OTHER REVENUES (EXPENSES)		
Service Fees, Commissions and Rental	684,819	908,492
Processing and Handling Fees	(83,076)	(68,506)
Losses on Loans	(17,017)	(135,461)
	<u>584,726</u>	<u>704,525</u>
	3,951,161	4,595,709
OPERATING EXPENSES (Schedule 1)	<u>(2,184,201)</u>	<u>(2,193,592)</u>
EARNINGS BEFORE DISTRIBUTIONS AND TAXES	1,766,960	2,402,117
REWARDS TO MEMBERS (Note 10)	(725,390)	(822,244)
INCOME BEFORE INCOME AND CAPITAL TAXES	1,041,570	1,579,873
INCOME AND CAPITAL TAXES (Note 11)	(360,431)	(393,983)
NET INCOME	681,139	1,185,890
RETAINED EARNINGS - BEGINNING OF YEAR	<u>9,908,531</u>	<u>8,722,641</u>
RETAINED EARNINGS - END OF YEAR	<u>\$ 10,589,670</u>	<u>\$ 9,908,531</u>

The attached notes are an integral part of these financial statements.

COLUMBIA VALLEY CREDIT UNION**Statement of Cash Flow
Year Ended December 31, 2008**

	2008	2007
OPERATING ACTIVITIES		
Net income	\$ 681,139	\$ 1,185,890
Item not affecting cash:		
Amortization	249,767	221,658
	<u>930,906</u>	<u>1,407,548</u>
Changes in non-cash working capital:		
Other Assets	(174,794)	35,715
Accounts Payable and Accrued Liabilities	(18,649)	321,627
	<u>(193,443)</u>	<u>357,342</u>
Cash flow from operating activities	<u>737,463</u>	<u>1,764,890</u>
INVESTING ACTIVITIES		
Members' Loans	831,437	(6,240,482)
Investments	(10,805)	(32,947)
Additions to Property and Equipment - Net	(344,653)	(493,531)
Cash flow from (used by) investing activities	<u>475,979</u>	<u>(6,766,960)</u>
FINANCING ACTIVITIES		
Members' Deposits	11,580,576	10,616,058
Members' Shares	2,183,710	1,492,669
Cash flow from financing activities	<u>13,764,286</u>	<u>12,108,727</u>
INCREASE IN CASH FLOW	14,977,728	7,106,657
Cash - beginning of year	<u>60,269,221</u>	<u>53,162,564</u>
CASH - END OF YEAR	\$ 75,246,949	\$ 60,269,221
CASH CONSISTS OF:		
Cash	\$ 1,250,158	\$ 4,082,198
Deposits - Special and Term	73,996,791	56,187,023
	<u>\$ 75,246,949</u>	<u>\$ 60,269,221</u>

The attached notes are an integral part of these financial statements.

COLUMBIA VALLEY CREDIT UNION

Notes to Financial Statements

Year Ended December 31, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Allowance for Impaired Loans

Loans which in management's opinion may not be fully collectible, are provided for by changes to earnings for the year.

Property and equipment

Building	40 years
Furniture and Equipment	3 to 7 years
Motor Vehicles	7 years

Provision for Dividends on Shares and Member Rewards

Dividends payable on shares and Member Rewards (Patronage Rebates) are charged to earnings for the year.

International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a strategic plan that will significantly affect financial reporting requirements for Canadian companies and financial institutions. The AcSB strategic plan outlines the convergence of Canadian generally accepted accounting principles ("GAAP") with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for credit unions to replace GAAP with IFRS. Implementation of the change will require the restatement, for comparative purposes, of amounts reported by Columbia Valley Credit Union for the year ended December 31, 2010. While the credit union has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

Comprehensive Income

In April 2005, CICA issued three new accounting standards: Comprehensive Income, Handbook Section 1530, Financial Instruments - Recognition and Measurement, Handbook Section 3855 and Hedges, Handbook Section 3865. These standards became effective January 1, 2007.

Comprehensive income is comprised of net income and other comprehensive income. Major components of other comprehensive income that may impact Columbia Valley Credit Union include unrealized gains and losses on financial assets classified as available for sale, and changes in fair value of the effective portion of cash flow hedging instruments. During the year ended December 31, 2008, Columbia Valley Credit Union did not have any financial assets or hedges subject to the calculation of other comprehensive income.

Financial Instruments - Recognition and Measurement

This new standard on financial instruments provides direction on recognizing and measuring financial assets and liabilities and derivatives. All financial instruments should be measured at their fair value on initial recognition. The new standard requires all financial instruments to be classified as: held to maturity; loans and receivables; held for trading; available for sale; or other liabilities. Financial assets and liabilities held for trading will be measured at their fair values with gains and losses recognized in net income. Financial assets held to maturity, loans and receivables and financial liabilities other than those held for trading will be measured at amortized cost. Available for sale financial instruments will be measured at fair value with unrealized gains and losses recognized in other comprehensive income. On initial recognition, the standard permits any financial instrument to be designated as held for trading. Derivatives are to be classified as held for trading, unless they are designated within an effective hedging relationship

(continues)

COLUMBIA VALLEY CREDIT UNION

Notes to Financial Statements

Year Ended December 31, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Hedges

This new standard on hedges specifies the criteria under which hedge accounting can be applied and how hedge accounting can be executed for fair value hedges and cash flow hedges. In a fair value hedging relationship, the carrying value of the hedged item is adjusted by gains or losses attributable to the hedged risk and recognized in net income. The change in fair value of the hedged item, to the extent that the hedging relationship is effective, is offset by changes in the fair value of the derivative. In a cash flow hedging relationship, the effective portion of the changes in the fair value of hedging derivatives will be recognized in other comprehensive income. The ineffective portion will be recognized in net income. The amounts recognized in accumulated other comprehensive income will be reclassified to net income in the periods in which net income is affected by the variability in the cash flows of the hedged item

Future income taxes

The liability method of tax allocation is used in accounting for income taxes. Under this method, future tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities, and measured using the substantially enacted tax rates and laws that will be in effect when the differences are expected to reverse.

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Significant areas requiring the use of management estimates relates to the determination of potential loan losses and the useful life of property and equipment. Actual results could differ from these estimates.

COLUMBIA VALLEY CREDIT UNION

Notes to Financial Statements

Year Ended December 31, 2008

2. MEMBERS' LOANS

	<u>2008</u>	<u>2007</u>
a)		
Residential Mortgages	\$ 60,424,816	\$ 61,025,884
Commercial Mortgages and Loans	13,006,446	13,444,757
Personal Loans	7,342,704	7,872,405
Commercial Revolving Credits	2,160,863	1,432,081
Accrued Interest Receivable	207,994	181,930
	<u>83,142,823</u>	<u>83,957,057</u>
Deduct: Allowance for Impaired Loans	<u>(812,790)</u>	<u>(795,587)</u>
	<u>\$ 82,330,033</u>	<u>\$ 83,161,470</u>

Loans totaling \$3,475,207 to related parties and staff are included in members' loans (2007 - \$3,614,823).

As part of its remuneration and benefit package the Credit Union offers staff members a reduction from current interest rates subject to specific maximum amounts as approved by the Financial Institutions Commission.

In the normal course of business, the credit union issues Letters of Credit on behalf of its members, with deposits or other property pledged as security. These undrawn amounts of \$880,262 at December 31, 2008 (2007 - \$629,287) are not included in the balance sheet.

	<u>2008</u>	<u>2007</u>
b)		
Allowance for Impaired Loans - Beginning	\$ 795,587	\$ 680,552
Provision Charged to Operations - Net	<u>17,923</u>	<u>139,892</u>
	<u>813,510</u>	<u>820,444</u>
Loans Written Off	<u>(720)</u>	<u>(24,857)</u>
	<u>\$ 812,790</u>	<u>\$ 795,587</u>

3. OTHER

	<u>2008</u>	<u>2007</u>
Prepaid Expenses	\$ 69,035	\$ 36,254
Corporate Tax Recoverable	<u>142,013</u>	<u>-</u>
	<u>\$ 211,048</u>	<u>\$ 36,254</u>

COLUMBIA VALLEY CREDIT UNION

Notes to Financial Statements

Year Ended December 31, 2008

4. INVESTMENTS

	<u>2008</u>	<u>2007</u>
Central 1 Credit Union - Class A Shares	\$ 387,492	\$ 384,492
CUMIS Shares	51,094	51,094
CUPP Services Ltd. Shares	52,364	44,633
Credit Union Brokerage	5,000	5,000
Stabilization Central Shares	171	171
Central 1 Credit Union - Class E Shares	74	-
	<u>\$ 496,195</u>	<u>\$ 485,390</u>

The shares in Central 1 Credit Union and Stabilization Central Credit Union are held pursuant to the Financial Institutions Act and the Credit Union Corporation Act.

5. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2008 Net book value	2007 Net book value
Land	\$ 108,309	\$ -	\$ 108,309	\$ 108,309
Building	1,808,215	692,115	1,116,100	999,651
Furniture and Equipment	2,004,908	1,500,917	503,991	519,214
Motor Vehicles	44,376	25,358	19,018	25,358
	<u>\$ 3,965,808</u>	<u>\$ 2,218,390</u>	<u>\$ 1,747,418</u>	<u>\$ 1,652,532</u>

6. MEMBERS' DEPOSITS

	<u>2008</u>	<u>2007</u>
Demand Deposits	\$ 41,912,160	\$ 39,943,707
Term Deposits	63,460,014	54,867,912
Registered Savings Plans	26,378,265	25,393,524
Accrued Interest Payable	1,004,629	969,349
	<u>\$ 132,755,068</u>	<u>\$ 121,174,492</u>

7. MEMBERS' SHARES

a) Class "A" Membership Equity Share

Each share has a par value of \$1.00. The minimum requirement for membership is 25 Class "A" Equity Shares (5 shares for junior members).

Voting rights are determined by membership, not number of shares held. Each member is entitled to one vote.

b) Class "C" Voluntary Equity Share

(continues)

COLUMBIA VALLEY CREDIT UNION

Notes to Financial Statements

Year Ended December 31, 2008

7. MEMBERS' SHARES *(continued)*

Each share has a par value of \$1.00. Members may voluntarily purchase up to a total of 5,000 Class "C" Voluntary Equity Shares. They are redeemable at the discretion of the board or at the option of the member, within specified parameters as set out by the board. There are no shares of this class issued to members.

c) Class "D" Non-Equity Share

Each share has a par value of \$1.00. Dividends may be established at the direction of the board of directors. They can be paid as further shares of any class of shares, or cash, as the board determines.

As at December 31, 2008 the three classes of shares consisted of the following issued and fully paid shares:

	<u>2008</u>	<u>2007</u>
"A"	\$ 108,736	\$ 110,889
"C"	-	-
"D"	<u>15,634,830</u>	<u>13,448,967</u>
	<u>\$ 15,743,566</u>	<u>\$ 13,559,856</u>

The Class "A" and "C" equity shares are not guaranteed by the Credit Union Deposit Insurance Corporation.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2008</u>	<u>2007</u>
Dividends Payable	\$ 549,076	\$ 597,128
Accounts Payable and Accruals	363,194	351,114
Future Income Taxes	30,882	9,351
Corporate Tax Payable	-	4,395
BC Corporation Capital Tax	<u>187</u>	<u>-</u>
	<u>\$ 943,339</u>	<u>\$ 961,988</u>

9. DIRECTORS' REMUNERATION

During the current year, the directors, in their capacity as directors, received remuneration in the amount of \$4,275 (2007 - \$5,225).

10. REWARDS TO MEMBERS

During the year, dividends on shares and Patronage Refunds were declared as follows:

	<u>2008</u>	<u>2007</u>
Equity Share Dividends	\$ -	\$ 5,037
Non Equity Share Dividends	549,074	592,091
Patronage Refunds	<u>176,316</u>	<u>225,116</u>
	<u>\$ 725,390</u>	<u>\$ 822,244</u>

COLUMBIA VALLEY CREDIT UNION

Notes to Financial Statements

Year Ended December 31, 2008

11. INCOME AND CAPITAL TAXES

	<u>2008</u>	<u>2007</u>
Current Income Taxes	\$ 162,208	\$ 362,859
Future Income Taxes	21,531	31,124
B.C. Corporation Capital Tax	<u>176,692</u>	<u>-</u>
	<u>\$ 360,431</u>	<u>\$ 393,983</u>

The current income tax rate is less than the general corporate income tax rate due to the extended small business rate reduction available to credit unions.

12. CAPITAL REQUIREMENTS

The Financial Institutions Act, Under which the Credit Union operates, requires that a prescribed amount be maintained in Retained Earnings. The prescribed amount forms part of the capital adequacy requirements of the Credit Union and is not available for distribution. At December 31, 2008 the Credit Union exceeded its statutory capital adequacy requirement.

13. INTEREST RATE RISK

Interest rate risk refers to the potential impact on the Credit Union's earnings and net asset values due to changes in interest rates. Interest rate risk arises primarily from differences in the maturity or expiring dates of assets and liabilities. When the terms of asset and liability instruments differ the difference is commonly referred to as a "mismatch".

The Credit Union monitors interest rate risk inherent in the portfolio. The following table sets out the net mismatch position as at December 31, 2008.

	<u>Within 1 Year</u>	<u>1 to 5 Years</u>	<u>Not Interest Sensitive</u>	<u>2008</u>	<u>2007</u>
<u>Assets</u>					
Cash and Term					
Deposits	\$ 73,853,000	\$ -	\$ 1,393,949	\$ 75,246,949	\$ 60,269,221
Loans	12,402,916	47,455,825	22,471,292	82,330,033	83,161,470
Other	-	-	2,454,661	2,454,661	2,174,176
	<u>86,255,916</u>	<u>47,455,825</u>	<u>26,319,902</u>	160,031,643	145,604,867
<u>Liabilities and</u>					
<u> Members'</u>					
<u> Accounts</u>					
Members' Deposits	43,034,670	43,738,400	61,725,564	148,498,634	134,734,348
Other	-	-	11,533,009	11,533,009	10,870,519
	<u>43,034,670</u>	<u>43,738,400</u>	<u>73,258,573</u>	160,031,643	145,604,867
	<u>\$ 43,221,246</u>	<u>\$ 3,717,425</u>	<u>\$ (46,938,671)</u>	<u>\$ -</u>	<u>\$ -</u>

COLUMBIA VALLEY CREDIT UNION

Notes to Financial Statements

Year Ended December 31, 2008

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

Estimated fair values of the financial instruments are set out below. Fair values have been assumed, for property and equipment or any other asset or liability that is not a financial instrument, to be book value.

	2008		2007	
	Book Value	Fair Value	Book Value	Fair Value
<u>Assets</u>				
Cash and Term Deposits	\$ 75,246,949	\$ 75,246,949	\$ 60,269,221	\$ 60,269,221
Members' Loans	82,330,033	82,090,246	83,161,470	81,198,590
Other Investments	2,454,661	2,454,661	2,174,176	2,174,176
	160,031,643	159,791,856	145,604,867	143,641,987
<u>Liabilities</u>				
Members' Deposits and Shares	\$ 148,498,634	\$ 150,961,746	\$ 134,734,348	\$ 135,975,369
Accounts Payable and Accrued Liabilities	943,339	943,339	961,988	961,988
Retained Earnings	10,589,670	10,589,670	9,908,531	9,908,531
	160,031,643	162,494,755	145,604,867	146,845,888

The fair value of items which are highly liquid or short-term in nature approximates their carrying value (such items consist of cash, investments and other assets and liabilities that are considered current). The fair value of loans and member deposits with fixed rates is estimated using present value calculations based on the differences between actual and market rates for similar types of instruments. The fair value of loans and member deposits with rates of interest is assumed to be their carrying value.

COLUMBIA VALLEY CREDIT UNION

Operating Expenses

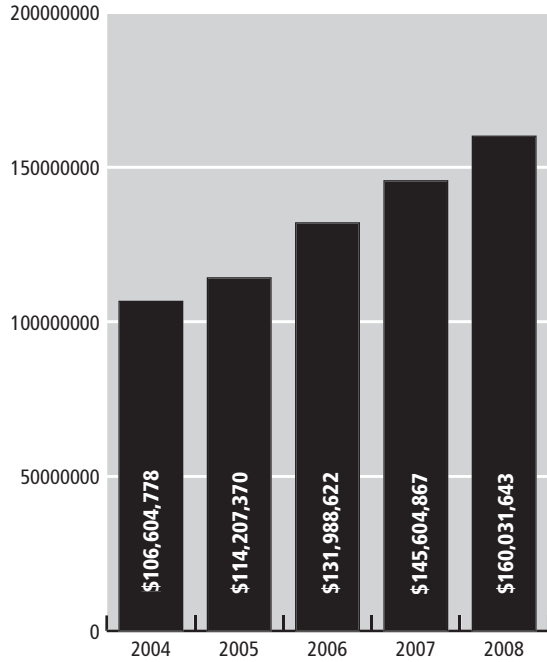
(Schedule 1)

Year Ended December 31, 2008

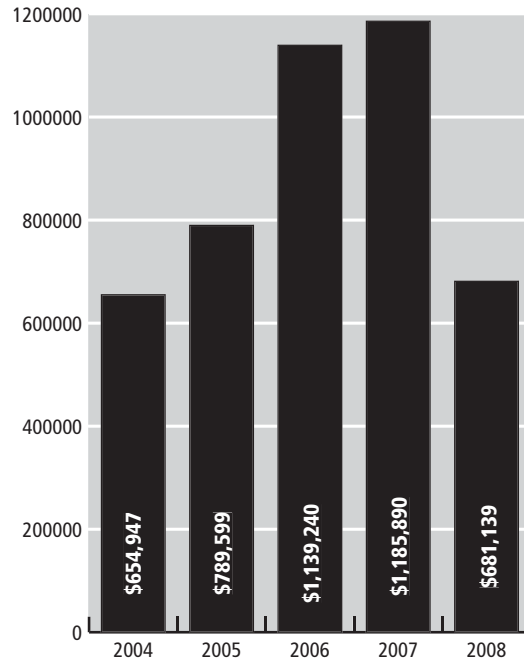
	2008	2007
Administrative		
Staff Salaries	\$ 822,912	\$ 783,398
Data Processing and Accounting	303,116	327,992
Staff Benefits	184,811	252,622
Director and Committee Costs	60,929	60,758
Postage	38,378	39,426
Stationery and Supplies	50,184	32,453
Insurance	24,559	24,970
Telephone	28,468	11,846
Staff Travel and Training	8,280	3,640
	<u>1,521,637</u>	<u>1,537,105</u>
Building and Occupancy		
Amortization	43,830	43,830
Property Taxes	25,983	28,121
Repairs and Maintenance	14,725	19,722
Insurance	19,405	19,668
Janitor	16,261	15,435
Utilities	15,621	13,789
	<u>135,825</u>	<u>140,565</u>
Other		
Amortization	205,937	177,827
Dues	99,940	106,773
Legal and Collection	31,826	74,579
Miscellaneous	30,806	42,765
Audit and Inspection	47,835	38,528
Stabilization Central Assessment Fees	67,312	36,754
Promotion and Advertising	24,636	19,574
Equipment Rental and Maintenance	18,447	19,122
	<u>526,739</u>	<u>515,922</u>
TOTAL	<u>\$ 2,184,201</u>	<u>\$ 2,193,592</u>

The attached notes are an integral part of these financial statements.

Total Assets



Net Earnings



Financial Statement Statistics

	2002	2003	2004	2005	2006	2007	2008
Assets	91,249,967	102,695,167	106,604,778	114,207,370	131,988,622	145,604,867	160,031,643
Net Income	590,434	679,561	654,947	789,599	1,139,240	1,185,890	681,139
Dividend	4%	4%	3.5%	3.5%	4.5%	5.0%	4.0%
Loan Patronage Refund	4%	4%	3.5%	3.5%	4.5%	5.0%	4.0%
Retained Earnings	5,459,294	6,138,855	6,793,802	7,583,401	8,722,641	9,908,531	10,589,670
Retained Earnings as % Loans	8.40%	9.50%	9.50%	9.90%	11.34%	11.92%	12.86



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COLUMBIA VALLEY
CREDIT UNION

P.O. Box 720
511 Main Street
Golden, British Columbia
Canada V0A 1H0

Tel: 250-344-2282
Loans: 250-344-7024
Toll Free: 1-888-298-1777
Phone Banking: 250-344-7968
Fax: 250-344-2117

E-mail: cvcu@cvcu.bc.ca
www.cvcu.bc.ca