

ANNUAL REPORT
2008

COMMITMENT TO COMMUNITY



Prosperity 
ONE

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Report of the Chair and Chief Executive Officer

Our year in review –

Financial results

Prosperity ONE had an excellent year in 2007/2008, though the financial market situation limited our ability to expand our business to the extent we had planned. Our profitability still exceeded budget, thanks to our team's ability to contain costs. The challenges encountered by the asset-backed commercial paper or ABCP severely impacted the North American financial markets; however Prosperity ONE's exposure was indirect, and strictly limited to our interest in Central 1 (the combination of Credit Union Central of Ontario and Credit Union Central of B.C.), which translated into approximately \$1 million.



After the departure of our long time auditors Wormald Masse Keen Lopinski, we were pleased to welcome our new auditing firm to Prosperity ONE this year, Retford & Lane LLP.

Prosperity ONE's primary commitment is to ensure your funds are secure and that we continue to remain well capitalized – at year end, Prosperity ONE had over \$4.4 million in excess regulatory capital. Total regulatory capital as of June 30, 2008 was \$10,980,734.

Growth

Prosperity ONE continues to grow and expand on several fronts. Over the course of the year, we chose to sell our building on Mainway in Burlington and reopen at Upper Middle and Appleby. This move allowed our members to meet with our team in a more accessible location, with improved technology and an enhanced member service experience.

Additionally, as all of our branches continued to grow in assets and in membership, we hired three new branch managers in Acton, Burlington and Georgetown. Our new branch management team structure will allow Prosperity ONE to expand our business development and welcome future strategic changes.

Community

Credit unions exist to serve their members and their communities, and operate under internationally established co-operative principles including social responsibility. Our team continues to demonstrate their unwavering commitment to our diverse communities within Halton Region through volunteering and fundraising. Prosperity ONE is an Imagine Canada Caring Company, committing a minimum of one per cent of our pre-tax profits. Through our Community Action Fund and the Prosperity ONE Charitable Foundation, we continue to show our support and take responsibility for building a stronger community in Halton Region.

Risk and regulatory requirements

All credit unions in Ontario are audited by the Deposit Insurance Corporation of Ontario on a regular basis. Key statistical data and the results of these regulatory audits determine the rate that Prosperity ONE pays for our deposit insurance. As a result of prudent management and strong financial results, Prosperity ONE continues to enjoy the lowest deposit insurance rates available to Ontario credit unions.

Helping Hand – Halton Women's Place
accepts a cheque for \$3,381 from
Prosperity ONE's Milton and
Burlington branches
MILTON CANADIAN CHAMPION – April, 2008

To continue to bring out the best in our team members and our credit union, we introduced a program called “Integrity in Action” which provides our team members with resources and the encouragement to protect Prosperity ONE and uphold our high standards of behaviour.

Services and products

One of the most significant changes in this fiscal year involved the conversion of our Interac and POS transactions to a new service provider. This change provided Prosperity ONE with enhanced security for our members as well as the ability to move forward with new functionality and choices for our members, including the Exchange Network, No SUR!, enhanced security and screen display options.

Early in 2008, Prosperity ONE enrolled in a new surcharge free ATM network in the United States. Complementing the existing 190,000+ Exchange Network ATMs in the U.S., this new network identified as No SUR!, is also managed by Ficanex’s U.S. partner, Fiserv EFT. The new No SUR! network has over 900 surcharge free ATMs and all are identified with the No SUR! brand. Prosperity ONE members are guaranteed their withdrawals are surcharge free at all of these ATMs and new ATM locations are always being added to No SUR!

During 2008, Prosperity ONE also introduced online cheque images for our members in advance of mandatory Canadian Payments Association timelines for imaged-based clearing.

For the upcoming year, we will be introducing electronic statements which will also include the return of cheque images for our members (if they choose), and online loan applications. These additional products and services follow two important themes for our credit union; member convenience and environmental stewardship.

Prosperity ONE is proud to be the financial institution of choice for almost 11,000 members. On behalf of our board and management, we thank you for choosing us as your credit union.



G.A. Krantz
Chair



Michael I. Shepherd, B.Math., CFP
Chief Executive Officer

Report of the Audit Committee

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 three Directors, has adopted a mandate which covers all of the duties which are specified to be performed by audit committees in the Regulations of the Act.

The Audit Committee meets at least quarterly and arranges its agenda so that, on an annual basis, the following duties will be performed, and appropriate action taken as a result thereof:

- Serve as the principal communication link between the external auditors and the Board of Directors and, in particular, review the terms of engagement and scope of the audit, and review the credit union's annual financial statements prior to Board approval for issuance to the members.
- Obtain a reasonable understanding of the important elements of internal controls that are important to safeguarding the assets of the credit union, ensuring the accuracy of financial reports, and ensuring compliance with policies and procedures.
- Review the internal audit mandate, work plan and reports.
- Review the policies, procedures and controls which relate to legislative compliance, with a particular focus on requirements for liquidity, capital adequacy and interest rate risk management.

Based on its findings, the Audit Committee issues reports and makes recommendations to the Board of Directors or Senior Management, as appropriate, with respect to the matters outlined above and follows up to ensure that the recommendations are considered and implemented.

There are no significant recommendations made by the Audit Committee that have not been either implemented or are in the process of being implemented. In addition, there are no matters which the Audit 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 the Regulations thereto.



John Lamberink
Audit Committee Chair

At Prosperity ONE, we continually strive to provide personal attention and professional advice to our members with their borrowing requirements.

Our total loan portfolio increased by 6.6 per cent or by \$8.7 million for the year.

Mortgages and Meritlines continue to be popular personal growth products. With rates still at record lows, we were able to demonstrate to many of our members how best to utilize the equity in their homes in order to repay higher rate personal loans and credit cards and reduce their monthly outflow in payments. With this increased cash flow, we also provided professional guidance to members to set up deposit programs and RRSP contributions, providing an ability to save and build net worth.

We also assisted many members in achieving their dream of owning a first home or moving to a larger home as their family requirements change.

In commercial lending, our involvement with syndication loans reduced over the past year due to the payout of various loans. We are committed to reviewing the borrowing requirements of our commercial members as they invest in our communities. Overall our commercial portfolio grew over the previous year, particularly in commercial mortgage loans.

We are continually working to improve our lending products and provide new and innovative ways to assist our members. Our focus remains on what is best for the member, and our lenders are there to provide the expertise, becoming a true partner in the financial relationship.

Dan Arnold
Credit Manager

TOTAL LENDING ACTIVITY – YEAR ENDING JUNE 30, 2008

<i>(in thousands of \$)</i>	#	\$
Personal Loans	404	6,072,527
Personal Mortgages	134	27,670,195
Lines of Credit	207	2,117,700
Commercial Mortgages	17	5,362,727
Meritlines	105	14,798,969
Total Approved	867	56,022,118
Total Not Approved	136	6,496,745
Total Applications Received	1,003	62,518,863
Loans in Arrears in excess of 90 days	38	124,137

**The financial information contained in this report
is a condensed version of the financial statements.
The detailed financial statements, included in the Auditor's Report,
are available to our members upon request.**

Management is responsible for the preparation, presentation and consistency of the accompanying financial statements and other information contained in this Annual Report.

The financial statements have been prepared in accordance with generally accepted accounting principles and have been audited by Retford & Lane LLP, Chartered Accountants.

Management maintains the necessary system of internal controls to provide reasonable assurance that transactions are authorized, assets safeguarded and proper records maintained. This system of internal controls provides reasonable assurance that financial records are reliable and are a proper basis for preparation of the financial statements.

The Audit Committee and the Board of Directors, in carrying out their responsibility, have reviewed and approved the financial statements.



Michael I. Shepherd, B. Math., CFP
Chief Executive Officer

Our Board of Directors and Senior Management Team



BOARD OF DIRECTORS

Front Row - Kathy Clarke, Gord Krantz
Back Row - Pauline Gladstone, John Lamberink, Dean Hartley,
John Stieva, Sharon O'Driscoll, Andrew Kocher

MISSION

To be the financial services provider of choice
for the communities we serve,
by being dynamic, responsive, professional and financially strong.

VISION

To provide quality, competitive financial products and services,
while maintaining an active, contributory role
in the communities we serve.



SENIOR MANAGEMENT

Front Row: Terry Jansa, Carol Orpen, Dan Arnold, Lesley Mansfield
Back Row: Gerard Ross, Roger Hill, Michael Shepherd, Ted Sredzinski

Our Team

CORPORATE SUPPORT TEAM

Michelle Barclay
John Barrett
Dale Evans
Samantha Fisher
Lucja Krawiec
George Langridge
Karen MacNeil
Michelle Merkley
Denise Messervey
Dave Taylor
Nancy von der Kammer
Sarah Wedlake
Pat Winterburn

ACTON

Gail Charette
Victoria Cosulich
Samantha D'Orazio
Tracey Jubinville
Michael Knight
Cathy Munday
Harold Postma
Nancy Thompson
Elizabeth Wolfer

BURLINGTON

Barbara Brown
Lyndsey Finn
Leslie MacMillan
Veronica McCall
Lindsay Miller
Julia Moody
Gloria Rallis

GEORGETOWN

Emily Allen
Sharon Arnold
Anne Cross
Rosa De Dieu
Pauline De Leon-Hutson
Tish Dodge
Rhonda Hughes
Melissa Hynds
Amanda Klip

MILTON

Sandy Chuchmach
Pam Farrant
Fran Fryters
Lori Hacking
Joanne Lewis
Barb Robertson
Lorraine Vaughan
Lindsay Wisson
Zeny Yumul

Financial Report

STATEMENT OF OPERATIONS

STATEMENT OF OPERATIONS

	2008	2007
Interest income		
Member loans	\$ 8,212,907	\$ 7,325,889
Investment income	432,763	420,739
	8,645,670	7,746,628
Interest expense		
Member deposits	3,381,219	2,860,994
External borrowings	782,549	263,890
	4,163,768	3,124,884
Net interest income	4,481,902	4,621,744
Provision for impaired loans	112,470	115,725
Net interest income after loan losses	4,369,432	4,506,019
Other income	1,314,540	1,333,118
Net interest and other income	5,683,972	5,839,137
Operating expenses		
Data processing	505,009	565,422
Loan costs	68,204	81,973
Occupancy costs	540,489	415,740
Other administrative expenses	1,179,474	1,090,269
Personnel costs	2,673,904	2,452,984
	4,967,080	4,606,388
Income from operations	716,892	1,232,749
Other items		
Gain on sale of capital assets	313,366	-
Gain on financial instruments	823,135	-
	1,136,501	-
Income before distributions and income taxes	1,853,393	1,232,749
Declared distribution to members	160,532	207,800
Income before income taxes	1,692,861	1,024,949
Income taxes		
Current	158,506	193,652
Future	161,510	(33)
	320,016	193,619
Net income for the year	\$ 1,372,845	\$ 831,330

Adopt a School Program – Prosperity ONE Charitable Foundation and the Halton Learning Foundation donate \$2,000 to McKenzie Smith Bennett Public School in Acton to support the ever popular breakfast program
 THE HALTON COMPASS – January, 2008

Financial Report

BALANCE SHEET

STATEMENT OF RETAINED EARNINGS

BALANCE SHEET

	2008	2007
ASSETS		
Cash resources	\$ 810,407	\$ 2,501,581
Investments	14,532,068	11,244,222
Loans to members	140,595,715	131,871,985
Other assets	799,132	237,231
Capital assets	5,023,968	4,777,961
	\$ 161,761,290	\$ 150,632,980
LIABILITIES AND RETAINED EARNINGS		
Liabilities		
Term loans	\$ 11,900,000	\$ 13,000,000
Members' deposits	137,387,537	126,274,962
Other liabilities	913,682	612,643
Liabilities qualifying as regulatory capital		
Member shares	3,388,585	3,483,152
	153,589,804	143,370,757
Appraisal increase credit	592,619	599,195
Retained earnings	7,578,867	6,663,028
	\$ 161,761,290	\$ 150,632,980

STATEMENT OF RETAINED EARNINGS

	2008	2007
Retained earnings, beginning of the year	\$ 6,663,028	\$ 5,825,122
Transfer from appraisal increase credit	6,576	6,576
Adjustment on implementation of financial instruments accounting standards	(463,582)	-
Net income for the year	1,372,845	831,330
Retained earnings, end of the year	\$ 7,578,867	\$ 6,663,028

The financial statements for Prosperity ONE Credit Union Limited were audited by the firm Retford & Lane LLP, Chartered Accountants.

The above statements represent excerpts from the audited financial statements that are available for your review at the office of Prosperity ONE Credit Union Limited.



It started with a couple of “mad money” accounts, then another one for a home, and once their two children were born, Ivan Kilby and his wife Jean started depositing the baby bonus cheques into what was then known as Acton Community Credit Union. “We were one of the credit union’s first members,” stated Ivan, “and the credit union has been part of our family ever since.”

Before they settled on doing business with the credit union though, they did their homework, looking for the best rates and service. “After all, this was my family’s money, and we wanted a place we could trust and that would take the time to care about our future together.” With that in mind, Ivan and Jean (the “saver” in the family) wrote down all their finances on a piece of paper, went into the credit union, sat with the manager and began a conversation that continues today.

Ivan came from a farming family of 12. “There was always lots of work on the farm, so after I received my grade eight entrance certificate, I was done with my formal schooling, but always kept up with my reading and studying.” At the age of 17 (almost 18), Ivan began with Avro Aircraft Limited in 1950. “And around that time was when we received the contract to build the CF105 the Avro Arrow. It was incredibly exciting...there were no prototypes to fall back on; what we were building had to be right the first time.”

After the government’s cancellation of the Avro Arrow in February 1959, Ivan continued working in the aerospace industry at Hawker Siddeley and Orenda Aerospace, and then went to Imperial Tobacco. He left Imperial Tobacco and returned to McDonnell Douglas Aircraft, where he retired at 55.

“I was fortunate enough to receive an early retirement package, and that’s where the credit union stepped in again and helped me with the best way to invest my funds. There’s not another organization in town that’s more trustworthy, and as far as customer service, it’s next to none,” said Ivan. “For me, relationships are important. Where I come from, you tend to do business with your friends, and I know each member of the Acton branch has my best interests at heart. It really makes a difference.”

After his retirement, Ivan started phase two of his life and for the past 18 years, has driven patients for cancer treatments to Toronto on behalf of the Canadian Cancer Society and helped out with Links 2Care through their Meals on Wheels program. Ivan was also active in the Royal Canadian Legion, Acton branch 197, coached minor hockey, and was part of the bowling league in Acton for 35 years.

“The team at Prosperity ONE has been a steadfast and trusted partner throughout all the changes in my life. I always feel respected and valued, and know that together, we’re making sure that what I’m building for my life works the right way the first time.”

Matt & Stephanie Ruzic

OUR MEMBERS IN BURLINGTON

Matt and Stephanie (along with their 28 month old daughter Ella) are among one of Prosperity ONE's more recent members in our Burlington branch. In March, the Ruzic's chose to transfer their financial relationship over to Prosperity ONE, because "we liked the fact that the rates were incredibly competitive, the credit union offered no fee banking, and the web-based banking was simple to use, and offered the same or better quality as that of our other financial institution," said Matt.

As teachers with the Halton District School Board, Matt and Stephanie know the value of research and doing their homework. "Our Interac fees alone were so high that we had to find a better, smarter way to do our banking. We've always banked online, and Prosperity ONE's web interface is user friendly to access all our accounts, and it's great to see the image of all our cheques right online," said Matt. "Budgeting is extremely important to us, and through Prosperity ONE's internet banking site, we can manage all of our finances from one area, while scheduling our bill payments to all come out on one day. It also cuts down on the paperwork and allows us to have a better handle on our finances."



While Stephanie teaches primary grades 1 and 2 part time, Matt handles the intermediate side of the equation, teaching language arts, math and science, allowing both of them to spend quality time with Ella.

Both Stephanie and Matt shared their perspective on the importance of relationships. "While we do shop for price, the relationship is just as important. When I joined the board, I was given an RRSP and invested it directly with the credit union," remarked Stephanie. "Both Matt and I were familiar with credit unions, as Matt's uncle is a member of another credit union, and he always touted the friendliness of the staff. From our initial meeting on investing my RRSP, our experience right from the start with the Burlington team was very friendly and positive and carries on to this day."

Prosperity ONE's locations and ATMs make it easy for the Ruzics to transact their business, especially with the credit union's recent relationship with The Exchange. "We travel to the U.S. on a regular basis and by using The Exchange ATMs, we avoid the fees . . . it's just like visiting our credit union's ATMs," Matt mentioned.

While the Ruzics follow the doctrine contained in The Wealthy Barber® to "pay yourself first", they do enjoy spending the fruits of their labour. "We know what we have in the credit union and after all the bills are paid, we enjoy life with what's left. At this point in our lives, it's good to know that we have everything taken care of," said Matt.



When it comes to doing business in Halton Hills, the Chamber of Commerce is an expert in their field. From providing relatively low cost advertising through its business directory to arranging business after hours events, they know and understand the value of creating and sustaining business relationships.

The Chamber has had an account with Prosperity ONE's Georgetown branch since 1995 and Sue Walker has been with the Chamber since 1998, and became General Manager in 2002.

“The credit union has always supported the Chamber in all of our initiatives and as a business person, it's great that everyone in the branch knows your name, and you feel like you're part of a wonderful fellowship. I've constantly been impressed by the hours of community service offered by the credit union; whether it's serving on our boards, holding fundraising barbecues during their Community Week, or their involvement with Junior Achievement. Prosperity ONE has also sponsored many of our events at the Chamber including our annual Business Achievement Awards, volunteering at our golf tournaments, and serving on our membership services and women in business committees - they have always had a face around our table at the Chamber.”

The Halton Hills Chamber of Commerce is the voice of Halton Hill's business community, working to help businesses grow and succeed which includes facilitating educational forums surrounding new legislation, developing and delivering e-learning courses and reviewing proposed Town bylaws to ensure that they are business friendly.

Jamie Schumacker has been on the board of the Chamber for three years and was elected as president in September 2007. “I have the privilege of being out in the community and meeting many businesses, members and non members - during all of these encounters, one of the things that impresses me about this community is the number of people who contribute their time and talent, including the team at Prosperity ONE. They have the same mindset as we do; they understand the importance of building relationships and creating those connections.”

“We're so pleased at the level of involvement which Prosperity ONE demonstrates within the community, especially with our Junior Achievement program,” continued Jamie. “Our youth of today are the next generation of business leaders and the role of Junior Achievement is to take an active role in passing along knowledge of businesses to our youth. As chair of the committee, I know the enormous amount of work that goes into delivering these programs and at Prosperity ONE, they not only offer financial but volunteer support as well.”

Both Sue and Jamie sum up their experience with the team at Prosperity ONE in one word – genuine. “They care about their members - it's a unique quality and trait and that's what makes the difference for us.”

Yolanda McCann

OUR MEMBER IN MILTON

From its earliest beginnings, Yolanda McCann and her family have been members of Prosperity ONE when it was originally known as Holy Rosary Parish. “I recall placing my name in for a draw during the 25th anniversary of the credit union. We received a call and I was wondering why the credit union was calling us . . . and what a surprise to learn that we had won a lovely silver tea service – we still have it to this day. Prosperity ONE is such a great place to do business, it’s so easy to go there with the staff, they are fantastic, and do anything to help. Whenever I come in with my books and small change for deposits, everyone is always so good, happy and smiling”.



Yolanda's parents arrived in Canada with very little to call their own, growing their own vegetables, making their clothes, but as time wore on, they worked hard to provide for their family, with her father building a home for them. “We didn't have a lot, but worked to make sure we had what we needed it was tough at times . . . “

With all the changes happening in the financial services industry, Yolanda still finds it easy to do business with Prosperity ONE. “You feel like family when you visit, the service is so friendly. You feel such warmth at the credit union, everyone waves hello, and you know when you come in, you’re going into a place where you are always acknowledged, and always welcome.

Along with some help from the Milton team, Yolanda has been managing her money using some common sense techniques for financial management – make sure bills are paid on time, be frugal with the pennies, pay off credit card balances, and only spend what you have . . . if you don't have the money, then you can do without. “My knowledge in investing is minimal. When dealing with the advisor, the explanation is made both verbally and written so that I can understand what I am doing. I appreciate the time that is taken.”

“It’s all about trust in a relationship, and the one you have with your financial institution is very important”, said Yolanda, “as the trust goes both ways. If you promise to pay a loan, then you’ve made a commitment . . . and you honour that commitment. Maybe it will take a while; maybe it’ll be difficult for a bit. But you stick to your word. You expect that your financial institution will be there for you when you need it – so keep the promise on your side too”.

Yolanda’s many volunteer interests include working with the Milton District Hospital’s auxiliary, Holy Rosary Church and she received the Ontario Medal for Good Citizenship early in 2008 for her years of service at Maplehurst Correctional Centre.

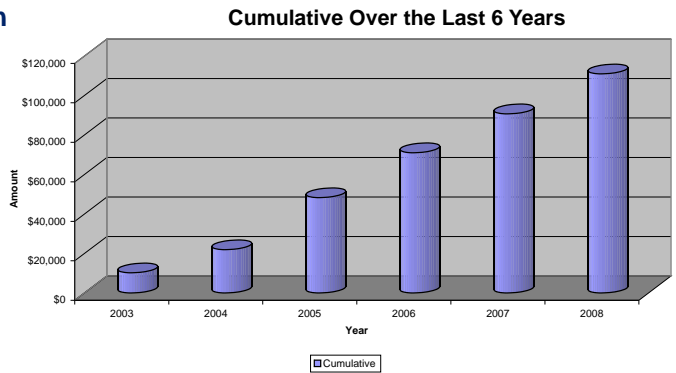
Prosperity ONE Charitable Foundation

This year, the Charitable Foundation continued with fulfilling its three year, \$30,000 commitment to the Milton District Hospital Foundation, to help the hospital offer high quality medical care in the expanding community of north Halton.

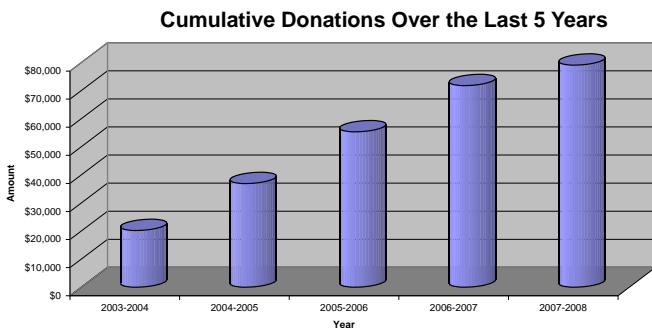
Additionally, the Foundation partnered with the Halton Learning Foundation in its Adopt-A-School Program. This program assists with schools with specific social needs that may limit their students from realizing their potential. The Prosperity ONE Charitable Foundation donated \$2,000 each to J.M. Denyes in Milton (for their literacy program), and McKenzie Smith-Bennett in Acton (to expand their breakfast program).

During its fiscal year, the Foundation held its 23rd annual golf tournament and thanks to the golfers and sponsors of this event, raised over \$8,800. Throughout the year, the Foundation was also a supporter of many other recipient organizations in Halton Region.

Through creating and sustaining these partnerships, the Prosperity ONE Charitable Foundation continues to demonstrate the importance of supporting efforts to encourage individual and social development in our local communities.



Community Action Fund



Much of Prosperity ONE's work in our community of Halton is managed by the credit union's Community Action Fund committee, which supports countless worthwhile social, economic and environmental initiatives, all organized in the spirit of co-operation and community development. The committee reviews donation and sponsorship requests submitted by various organizations throughout Halton Region. Each of

Prosperity ONE's four branches helps to raise funds, and are supported by individual and corporate donations, fundraisers, cookbook sales and raffles throughout the year, especially during Community Week (the third week of October).

Community Involvement



Prosperity ONE is pleased to support the scholastic achievements of several Milton young people.



Prosperity ONE Charitable Foundation donates to J.M. Denyes School through the Halton Learning Foundation's "Adopt a School" program



Prosperity ONE Gratitude for Attitude Committee

Community Involvement



MS Walk 2008



Prosperity ONE
Community Action Fund



Prosperity ONE donates to
Toys for Tots



Prosperity ONE Charitable Foundation
donates to
Milton District Hospital Foundation



Prosperity ONE team help
Stash the Trash



Prosperity ONE participates in the
Relay for Life

Community Involvement



Meet the Manager
Georgetown



Prosperity ONE participates in the
Milton District Hospital
Strawberry Festival Fundraiser



Prosperity ONE Team Celebration





prosperityone.ca

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