



Polish Credit Union

St. Stanislaus - St. Casimir's Polish Parishes Credit Union Limited

ANNUAL REPORT

2009

St. Stanislaus – St. Casimir's Polish Parishes Credit Union Limited

FINANCIAL HIGHLIGHTS

| (in thousands of dollars) | 2009 | 2008 | 2007 | 2006 |
|--|------------|---------|---------|---------|
| Total Assets | \$ 365,545 | 358,008 | 341,308 | 331,505 |
| Total Loans | \$ 311,014 | 280,966 | 288,406 | 268,457 |
| Members' Deposits | \$ 342,740 | 333,783 | 316,757 | 308,095 |
| Members' Equity | \$ 14,952 | 16,452 | 16,212 | 15,834 |
| Net Income (Loss) | \$ (1,500) | 240 | 378 | 484 |
| Provision for (recovery of) impaired loans | \$ 360 | 300 | 140 | (94) |

CHAIR OF THE BOARD REPORT

Throughout 2009, we concentrated on expanded service delivery to our Polish communities in Ontario and strategies for the future with a special focus on second generation Polish Canadian youth. Considerable success was achieved in the promotion of our Child, Youth, Student Account with many new accounts being opened. These individuals eventually graduate and some open their own businesses. There has been great interest shown by them in retaining their business with our Credit Union.

New branches have been opened in Mississauga at Dundas St. W. /Winston Churchill, and at Confederation/Central Parkways. As well, our St. Eugene de Mazenod branch previously by the rectory has been relocated on an interim basis to a small plaza nearby to better serve a growing potential membership base in the area. This branch is now called the Millennium branch.

The primary focus of our Credit Union continues to be serving our Polish communities and in reinforcing and developing the character of our Credit Union and the nature of our bond. Our association with Polonia and Poland is very important as we are a Roman Catholic institution with the majority of Poles being Roman Catholic. This is a very strong and unique association.

In this, our 65th year of operations, a number of events will be held to commemorate our anniversary. With the construction on Roncesvalles, the Polish Festival will not take place this year resuming in September 2011. There is however a Grand Picnic planned for July plus additional events to be announced throughout the year.

Support of our members and communities through donations and sponsorships, has continued, although on a reduced scale due to earnings pressure. Although it is always preferable to use funds from profits generated, we recognize the importance of being there for our communities and our members. In this regard, and in the interest of disclosure and transparency, our financial statement presentation has been changed to clearly display community support initiatives. The previous year has been reclassified as well for comparison purposes.

Our Credit Union is provincially regulated, governed by the Credit Unions and Caisses Populaires Act, 1994 (the "Act") and overseen by the Financial Services Commission of Ontario and the Deposit Insurance Corporation of Ontario. The Act and its related Regulations have been recently amended by the provincial government coming into force October 1, 2009. One of the components of the amended Act is to more clearly define the respective and distinct roles of the Board versus Management of the Credit Union.

Pursuant to the Act, the Board is accountable for upholding a defined corporate governance structure and to follow direction as established by the regulators as it applies to the roles of Board and Management. Specifically, the Board provides direction and oversees the activities of Management. Management, through the CEO, is accountable to the Board, and both Board and Management are accountable to the regulators for their respective roles. Accordingly, Directors do not undertake decisions relating to the day-to-day operation of the Credit Union and Management does not set direction or oversee its own activities. This separation of duties and accountabilities serves to strengthen the operation and ultimately benefits our members.

The Board is also responsible for ensuring that competent and effective leadership is appointed at the Management level. Further pursuant to the amended Act, the Board can also define in its By-law qualifications for being a Director.

The recent passing of amendments to the Act and Regulations necessitated a change in our By-law No. 1 to ensure compliance with the new law. In this regard, our Credit Union held a Special Membership Meeting on Sunday December 13, 2009 to present to the membership changes as required by the amended Act and to embed into our By-law No.1 defining criteria for Board member qualification. I am very pleased to report that By-law No.1 was approved as presented by a large majority of voting members.

The investment of opening two new branches has resulted in very positive performance results. In fact, they are now two of our best locations. As we look to the future, we must be further positioned to deliver our services both physically and electronically to a new generation of members that have high service expectations. We must meet these expectations and be able to deliver services to our communities as they move north and west.

I would like to thank the Board of Directors, the Audit Committee, Management, Staff, and our members for your ongoing commitment and support throughout the year. As we continue to work together, I am confident that we can meet the challenges that will face us.

Respectfully submitted,



Karl Fularczuk,
Chair, Board of Directors

Chief Executive Officer's Report

(in thousands of dollars, unless otherwise noted)

2009 was a challenging year for the Credit Union. Unprecedented turmoil in world wide financial markets resulted in recession in many areas and very low interest rates on loans and deposits. This economic backdrop was exacerbated by a very competitive environment in our main business area (residential mortgages) from chartered banks and the mortgage brokerage industry in Ontario. The Credit Union responded by raising its standards of service and actively engaging members in order to respond to their needs. We aggressively fought for business and were successful in retaining and growing our loan portfolio.

During the year, we invested in the future through modernizing our ATM and computer networks in order to be Chip-Card compliant by the end of 2010. This has also enabled us to join The Exchange Network in March of 2010 allowing our members to use their ATM card without extra charge to make deposits and withdrawals in over 700 ATMs in Ontario and 2400 in Canada.

In order to increase convenience for our members in 2009, we introduced Western Union money transfer services. Our members are now able to instantly send money to every country in the world, including Poland, as well as receive money transfers at our branches.

During 2009 maintenance activities took place in a number of our locations due to either mechanical breakdowns or conditions of the premises. As well, two new branches were opened. Our Chair, Karl Fularczuk, participated in the official opening of our Dundas West branch on March 12 of 2009 and Father Andrzej Sowa OMI, Pastor of Saint Maximilian Kolbe parish in Mississauga, blessed the new location near the boundary of Mississauga and Oakville. In July of 2009, the operations and employees of our Oakville branch were transferred to this new branch.

On May 12, 2009 our regional and commercial branch officially opened at 325 Central Parkway West, in Mississauga. Father Janusz Blazejak, OMI Provincial, blessed the branch and was joined by Mississauga Mayor, the Honorable Hazel McCallion, and Board Director Antoni Pakulski in the cutting of the ceremonial ribbon. The member accounts and staff at our Summerville branch were transferred to the Central Parkway Branch in February of 2009. For the convenience of our members, an ATM machine is still located at the former Summerville location.

Towards the latter half of 2009, plans were made to relocate the Brampton Steeles branch located by the parish at St Euguene de Mazonod. In March 2010, the branch opened at 7955 Financial Drive (corner of Steeles Avenue) approximately 1.8 km west of the parish. This full service branch has been named Millennium in recognition of the visionary project underway by the parish which involves church construction (currently underway), a seniors' residence and a cultural/commercial centre. Upon completion of the cultural/commercial centre, the Credit Union will be a lead tenant and the Millennium branch will move from its interim location on Financial Drive.

Due to competitive product pricing, loyalty of our members, and efforts of our employees, total assets of our Credit Union increased from \$358.0 million in 2008 to \$365.5 million at year end 2009. A record number of loans were issued in 2009 (1823 loans totaling \$118.0 million, an increase of \$48.3 million or 69.3% compared with the previous year).

Total Loans (in thousands of dollars)

| | 2009 | | 2008 | |
|-------------|--------|-------------|--------|-------------|
| | Number | Amount (\$) | Number | Amount (\$) |
| Total Loans | 1823 | \$ 117,990 | 1417 | \$ 69,682 |

September 2009 was a record month for our Credit Union with a total of \$15.0 million in loans being issued.

Personal loans numbered 1097 totaling \$8.4 million for the year. Renovation loans were especially popular as the Federal Government offered tax incentives for home renovations. Our Credit Union offered an attractive loan product with a low rate of 4.99%.

Renovation Loans (in thousands of dollars)

| | 2009 | | 2008 | |
|------------------------|--------|-------------|--------|------------|
| | Number | Amount (\$) | Number | Amount(\$) |
| Total Renovation Loans | 292 | \$ 2,107 | 47 | \$ 308 |

Despite the recession, uncertainty and volatility in real estate markets, our Credit Union succeeded in increasing our mortgage lending activity. A total of 378 mortgages were issued totaling \$78.6 million; \$31.4 million or 66.4% higher than in 2008.

Mortgages (in thousands of dollars)

| | 2009 | | 2008 | |
|-----------------|--------|-------------|--------|------------|
| | Number | Amount (\$) | Number | Amount(\$) |
| Total Mortgages | 378 | \$ 78,596 | 270 | \$ 47,240 |

In 2009 Lines of Credit totaling \$20.2 million (\$12.5 million in 2008) and Commercial Loans totaling \$10.8 million (\$5.3 million in 2008) were issued.

The Credit Union has recorded an increase in member deposits despite troubled times and worsening financial situation in many families. Total deposits at year end were \$342.7 million (\$333.8 in 2008); an increase of \$8.9 million. The most popular products with our membership were guaranteed investments in the form of GIC's and Step-up GIC's that grew by approximately \$10.9 million in 2009. In October 2009, the Deposit Insurance Corporation of Ontario (DICO) announced that all registered savings plans in Ontario are fully insured with no limit. Registered savings plans include; RRSP, LIRA, RRIF, RESP and TFSA.

As a result of the economic conditions experienced in late 2008 and 2009, a restructuring plan was presented by Management and approved by the Board of Directors in May of 2009. The objective of the plan, when completed, is to better align the Credit Union's cost base with its revenues. The restructuring plan includes, but is not limited to, the following: early retirement incentive packages for employees; elimination of positions; relocation of branches; and rationalization of expenses. The cost of this restructuring plan was estimated at \$757.

The financial statements also include two other notable expenses. The first is the write-down (non-cash item) of one of our properties where the current market value is significantly lower than the carrying value of that asset on our balance sheet (\$120). The second is the recognition in our financial accounts of a long standing Human Resource policy which allows all employees over the age of 55 and who have 10 years of service to be paid their unused sick days upon retirement (\$219).

Net loss for the year was \$1.5 million compared with net income of \$240 in 2008 despite higher volume growth in loans. Operational improvements and cost control helped but were not sufficient to offset the tighter interest rate spreads, restructuring and other non-recurring expenses. During the year we met our regulatory requirements, our balance sheet remains strong and our liquidity is at an optimal level.

During the year, we focused on attracting younger members to our institution by projecting an increasingly modern image centered on service and good value in our products and services. We have initiated and renewed relationships with various contacts in the Polish community, primarily our relationship with student groups and young professionals. We also supported and participated in a new Polish student initiative in Canada, "Quo Vadis". We welcome them and hope they will feel at home at our Credit Union. In the latter part of 2009, our marketing was directed at increasing the number of Child-Youth-Student (CYS) Accounts. We offered free and unlimited day to day services to our younger members and had a very successful contest that resulted in 234 new accounts being opened during the contest period (September 1, 2009 to January 31, 2010). This is about three times the number of CYS accounts opened during all of 2008.

In 2009, we increased our presence in communities where our branches operate; promoted the Credit Union in various media; and sponsored many events with employees taking part in Polish Day celebrations in Mississauga, Kitchener, Windsor and London. On July 19, 2009 the Credit Union, in cooperation with the Polish Army Veterans Association of Canada, Branch 114, organized a Family Picnic for our members and community. The attendance at the picnic surpassed our expectations and was estimated at 5,000. The profit from this event amounted to \$9 thousand and was donated to twelve Polish organizations. The Credit Union was also the main sponsor of the Annual Roncesvalles Polish Festival which attracted over 200,000 visitors in September of 2009.

I would like to stress that we are committed to improving the profitability of Credit Union operations. We will strive to keep increasing our level of service to our members and our communities. In 2010, we will be celebrating the 65th anniversary of our Credit Union and this will provide greater momentum for the future in maintaining the values and founding principles of our institution.

In closing, I would like to thank the Board of Directors for their guidance and support and our employees for their commitment. I would also like to thank the members of the Credit Union for their confidence in these difficult times and invite you to continue benefiting from the financial services offered by this institution.

Respectfully submitted



Halina Marszalek McGregor
Chief Executive Officer

KEY SPONSORSHIPS IN 2009

| | |
|--|--|
| Assumption Province Mission | Polish School – Oakville |
| Biały Orzel Dance Group | Polish School – St. Catharines |
| Bravo International - Fundraising for Epilepsy | Polish Scouting Association |
| Calverian Sisters | Polish Student Assoc. – U of T |
| Canadian Polish Congress | Polish Student Assoc. – York University |
| Canadian Polish Women's Federation | Polish Student Society |
| Can-Pol Women's Heritage Fund | Polish Student Society of Ottawa – Quo Vadis Conf. |
| Carassauga - Polish Pavilion | Polish Table Tennis |
| Catholic Youth Studio | Polish Teachers' Association |
| Christ the King Church | Polonia Sports |
| Copernicus Lodge | Polski Teatr Muzyczny |
| Detour Entertainment | Radość Joy |
| Dixie Ethnic Hockey (Hussars) | Roncesvalles Polish Festival – Roncesvalles B.I.A. |
| Don Boscoe Polish School | SPK – Canadian Veterans/Afghanistan |
| F. Chopin Music School | St. Casimir's Parish |
| Holy Trinity Church | St. Eugene de Mazenod Parish |
| Knights of Columbus | St. Hedwig's Parish |
| KPH - Polish Scouts | St. Hedwig's Polish School |
| London - Festival in Poland | St. Stanislaus Parish |
| London White Eagles Soccer Club | St. Stanislaus Parish Seniors' Club |
| M.C. Skłodowska Association | St. Teresa's Parish |
| Maximilian Kolbe Foundation | Szkoła Języka Polskiego – Windsor |
| Oblate Fathers of Assumption Province | Szkoła średnia im. Mikołaja Kopernika |
| Olimpia Toronto Soccer Club | Toronto Sinfonietta |
| Our Lady of Częstochowa | Towarzystwo Różańcowe |
| Our Lady of Perpetual Help | W. Reymont Foundation |
| Our Lady Queen of Poland | Wisła Volleyball Club |
| Polonijna Amatorska Liga Piłkarska | Wisła United Soccer Club |
| Polish Alliance of Canada | Young Pol-Can Professionals' Association |
| Polish Association in Brampton | Zespół Śwarni z Kanady |
| Polish Combatants' Association | Zespół Tatry – Polish Dance Ensemble |
| Polish Hunting Club | Związek Podhalań |

Note: The above list does not include Polish Studio air time coverage of community events and announcements or advertising on our LCD television network in branches and ATMs.

LOAN REPORT
SUMMARY OF LOANS GRANTED BY PURPOSE
 YEAR ENDED DECEMBER 31, 2009
 (in thousands of dollars)

| | 2009 | | 2008 | |
|------------------------------------|-------------|----------------|-------------|---------------|
| | Number | Amount | Number | Amount |
| | | \$ | | \$ |
| PERSONAL LOANS | | | | |
| FAMILY NEEDS | 411 | 2,957 | 377 | 1,755 |
| CAR PURCHASE | 103 | 1,220 | 99 | 887 |
| RRSP | 123 | 648 | 138 | 675 |
| HOME RENOVATIONS | 292 | 2,107 | 47 | 308 |
| TRAVEL / VACATION | 67 | 248 | 84 | 274 |
| INVESTMENT | 22 | 526 | 19 | 216 |
| DOWN PAYMENTS | 7 | 73 | 11 | 125 |
| BILLS / TAXES | 21 | 191 | 14 | 123 |
| EDUCATION | 20 | 123 | 14 | 86 |
| WEDDINGS / FUNERALS | 10 | 83 | 11 | 82 |
| FURNITURE PURCHASE | 14 | 55 | 19 | 82 |
| DEBT CONSOLIDATION | 7 | 131 | 6 | 46 |
| TOTAL PERSONAL LOANS | 1097 | 8,363 | 839 | 4,659 |
| RESIDENTIAL MORTGAGES | | | | |
| FIRST MORTGAGES | 309 | 67,128 | 197 | 38,604 |
| CMHC / GENWORTH | 38 | 9,461 | 27 | 5,135 |
| SECOND MORTGAGES | 31 | 2,007 | 46 | 3,501 |
| TOTAL RESIDENTIAL MORTGAGES | 378 | 78,596 | 270 | 47,240 |
| LINE OF CREDITS | | | | |
| HOME EQUITY | 138 | 19,016 | 125 | 11,413 |
| PERSONAL | 69 | 747 | 75 | 820 |
| OVERDRAFT | 101 | 427 | 82 | 232 |
| TOTAL LINE OF CREDITS | 308 | 20,190 | 282 | 12,465 |
| COMMERCIAL LOANS | | | | |
| COMMERCIAL MORTGAGES | 14 | 8,739 | 10 | 4,621 |
| BUSINESS LINE OF CREDITS | 18 | 1,281 | 12 | 371 |
| BUSINESS LOANS | 8 | 821 | 4 | 326 |
| TOTAL COMMERCIAL | 40 | 10,841 | 26 | 5,318 |
| GRAND TOTAL | 1823 | 117,990 | 1417 | 69,682 |
| LETTERS OF CREDIT | 5 | \$ 72 | 5 | \$ 141 |

| | | |
|---------------------------------|-------------------|-----------|
| # of Loan Applications received | 1835 | 1427 |
| # of Loans Granted | 1823 | 1417 |
| \$ Loans Granted | \$ 117,990 | \$ 69,682 |
| # of Loans Declined | 12 | 10 |
| # of Delinquent Loans | 67 | 36 |
| \$ Delinquent Loans | \$ 1,743 | \$ 357 |

This report is prepared in accordance with the requirements as set out in subsection 120/2 of the Credit Union and Caisses Populaires Act, 1994 and as set out in section 25 of the Ontario Regulations 76/95

Respectfully submitted,



Grace Shapiro
 Manager, Loans Compliance

MINUTES OF THE 64TH ANNUAL GENERAL MEETING OF MEMBERS

The meeting was held on Sunday April 26, 2009 at 3:30 p.m. in the parish hall at St. Casimir's Parish, at 154 Roncesvalles Ave., Toronto, Ontario. It was called to order by the Chair, Board of Directors, Karl Fularczuk who, after welcoming those present, asked Rev. Marian Gil, OMI to lead the prayer and to honour the deceased members.

Following, Father Gil stated that he was pleased to host members attending the Annual General Meeting in the parish hall on this, the 60th year of the founding of St. Casimir's Parish.

WELCOME OF GUESTS AND MEMBERS

The Chair, Board of Directors welcomed special guests former MP and Chair, Copernicus Lodge, Mr. Jesse Flis; Mr. Andrzej Poprawa, President and CEO - DICO; Ms. Jane Davis, Director - DICO; Mr. Doug Hunt representing Deloitte & Touche LLP; and Mr. John Howard, Credit Union Internal Auditor.

Also in attendance were representatives of organizations belonging to the Credit Union that included: Mr. Krzysztof Tomczak, representing the Association of Polish Army Veterans- Branch 114; Mr. Jan Walczak, President of the "Centrum" Table Tennis Club; Mr. Krzysztof Karpel, President of the Polish Hunting Club; Mr. Kazimierz Cieśla, representing the Association of Polish Highlanders in Canada; Mr. Bogdan Adamczak, President of the Polish National Association Branch 17 in Burlington; Mr. Eugeniusz Boryszko, representing the Polish National Association; the editor of Głos Polski; and, Mr. Ryszard Ślisiński representing the Wisla United Soccer Club.

Mr. Jesse Flis spoke underlining the active role in the community played by the Credit Union and its sponsorship of the Roncesvalles Polish Festival. He thanked the Credit Union for its service and support towards the seniors of Copernicus Lodge and the airing of various Lodge events on Polish Studio.

The Board Chair then turned the meeting over to Krystyna Reitmeier, designated as AGM Chair by the Board of Directors.

ESTABLISHING A QUORUM

The AGM Chair advised that 108 members were in attendance. Accordingly, pursuant to the Credit union By-laws, the meeting was now in order with the minimum quorum of 75 members having been met.

PRESENTATION OF THE AGENDA

The AGM Chair then presented the Agenda, as previously distributed in the Annual General Meeting materials. She advised that if any member wanted to cast a ballot during the meeting, ballot boxes were available at the rear of the hall.

PRESENTATION OF THE MINUTES OF THE LAST AGM

The AGM Chair then advised that in accordance with bylaws, materials including the minutes from the last AGM had been made available prior and would not additionally be presented at this time.

REPORTS

Pursuant to the AGM meeting agenda, the following reports were presented:

1. The Loan Manager's Report was presented by Andrzej Pitek.
2. The Report of the Audit Committee was presented by Audit Committee Chair, Lucyna Grygutowicz.
3. The Auditors' Report was presented by Doug Hunt from Deloitte and Touche LLP.
4. The Reports of the Chair, Board of Directors, and President, along with an on-screen presentation, was presented by Karl Fularczuk.

Credit Union CEO, Halina Marszalek McGregor, duly appointed by the Board effective January 2009 was introduced and made a short presentation on her experience, qualifications, and work to date at the Credit Union.

DISCUSSION OF REPORTS

Reports presented were discussed. The AGM Chair provided an overview on protocol to be followed for this part of the agenda and members presented their comments and questions that were addressed by Management and the Board Chair. Following discussion, a motion duly made and seconded formally closed this agenda item.

ELECTIONS

In the absence of Election Committee Chair Piotr Dejnicki, Mr. Frank Sobolak, Election Committee member, was appointed as Election Committee Acting Chair. He then advised that the number of available positions for Director was equal to the number of candidates. Accordingly, candidates Karl Fularczuk and Antoni Pakulski were declared elected by acclamation.

With respect to the Audit Committee elections, there were three candidates for two available positions. Acting Election Committee Chair Mr. Frank Sobolak advised that advance polls had been held earlier on Friday April 24, 2009. He further advised that candidates would have an opportunity to address the meeting with respect to their candidacy during a two minute address following which ballots could be cast. The Election Committee along with Mr. Doug Hunt oversaw the counting of the ballots following which Acting Election Committee Chair Mr. Frank Sobolak announced results as follows:

ANNOUNCEMENT OF ELECTION RESULTS

| | |
|----------------------|-----------|
| Ewa Dąbrowska | 418 votes |
| Jan Nowak | 220 votes |
| Krzysztof Wiśniewski | 316 votes |

The following two candidates with the greatest number of votes were declared elected:

Ewa Dąbrowska
Krzysztof Wiśniewski

A motion from the floor, duly seconded, was made to destroy the ballots. The motion carried.

APPOINTMENT OF AUDITORS

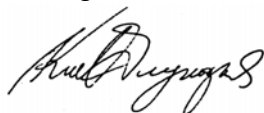
During the time in which the ballots were being counted, a motion to appoint Deloitte & Touche LLP Credit Union auditors for 2009 was made and duly seconded from the floor. The motion carried.

OPEN DISCUSSION

Members had an opportunity to voice numerous comments and questions during this part of the agenda.

ADJOURNMENT OF MEETING AND CLOSING PRAYER

At the close of the meeting, Rev. Marian Gil OMI said a prayer and a motion to adjourn the meeting was moved and seconded. The motion was carried and AGM Chair Krystyna Reitmeier adjourned the 64th Annual General Meeting of Members.



Karl Fularczuk
Chair, Board of Directors



Elzbieta Morgan
Corporate Secretary

MINUTES OF A SPECIAL GENERAL MEETING OF MEMBERS DECEMBER 13, 2009

A Special General Meeting of Members (the "Meeting") of St. Stanislaus – St. Casimir's Polish Parishes Credit Union Limited was held at the parish hall at St. Casimir's Church at 154 Roncesvalles Ave. at 3:30 p.m. on Sunday December 13, 2009. The purpose of the meeting was for Credit Union members to vote on a Special Resolution to repeal and replace Credit Union By-law No. 1 (the "By-law") with a new By-law No. 1.

WELCOMING OF GUESTS AND MEMBERS

The meeting was called to order by the Chair, Board of Directors, Karl Fularczuk who, after welcoming those present, asked Rev. Marian Gil, OMI to lead the prayer and to honour deceased members. The Board Chair then turned the meeting over to Krystyna Reitmeier, designated as Special General Meeting Chair by the Board of Directors.

ESTABLISHING A QUORUM

Special General Meeting Chair Krystyna Reitmeier (the "Meeting Chair") introduced the head table and special guests. She then advised that the meeting was in order with 92 members being present; 75 being required as a minimum to establish quorum pursuant to our By-law No.1. The open ballot boxes were presented for inspection, and then closed.

PRESENTATION OF THE AGENDA

The agenda for the meeting, distributed earlier, identified the purpose of the meeting as being to present the proposed new By-law of the Credit Union to members and for members to vote on a Special Resolution to repeal and replace the Credit Union's By-law with a new By-law. It was identified that the proposed new By-law was initiated by recent amendments to the Credit Unions and Caisses Populaires Act, 1994 that came into force October 1, 2009. The Meeting Chair then called on Credit Union Director Kazimierz Babiarz to present the proposed new By-law to the members.

ADOPTING OF THE NEW BY-LAW NO. 1 OF THE CREDIT UNION

- a. PRESENTATION OF PROPOSED NEW BY-LAW NO. 1 OF THE CREDIT UNION**
- b. DISCUSSION**
- c. VOTING ON SPECIAL RESOLUTION TO REPEAL AND REPLACE THE CREDIT UNION'S BY-LAW NO.1 WITH A NEW BY-LAW NO. 1**

Kazimierz Babiarz then presented the proposed changes to the By-law. Topics discussed included:

- The regulatory framework for our Credit Union.
- The importance of changing By-law No. 1.
- Why changes to the By-law No. 1 should be made now.
- What changes are being proposed to By-law No. 1.
- The benefits of voting in favour of the Special Resolution.
- The Credit Union bond of association
- Required qualifications for candidates to the Board of Directors.

Discussion on the proposed changes in the By-law then followed with legal issues being addressed by Penny Rintoul representing the law firm of RZCD.

Following discussion, a motion to formally end discussion was made by Elizabeth Wozniak and duly seconded. The motion was carried. The Meeting Chair announced an intermission during which those members eligible to vote cast their ballots in the ballot boxes. Following voting, all ballots cast at both the Advance Polls on Friday December 11, 2009 and at this meeting were tabulated.

ANNOUNCEMENT OF VOTING RESULTS

Following the intermission, the meeting resumed with the Meeting Chair announcing the voting results as follows.

495 ballots were cast, of which 440 were in favour of the Special Resolution, with 51 against. There were 4 spoiled ballots.

With the statutory requirement of having a minimum of 2/3 of the ballots cast in favour having been met, the Special Resolution presented by the Board was passed by the membership.

A motion by Gabriela Witek to destroy the ballots, duly seconded from the floor, carried.

Adjournment of Special Meeting

At the close of the meeting, Board Chair Karl Fularczuk thanked Krystyna Reitmeier for acting as Meeting Chair and then called on Marian Gil OMI to say a closing prayer.

The Meeting was then adjourned



Karl Fularczuk
Chair of the Board



Kazimierz Babiarz
Corporate Secretary

Audit Committee Report 2009

Pursuant to Section 125 of the Credit Unions and Caisses Populaires Act, 1994 (the "Act") and Article 5.03 of Credit Union By-law No. 1, the Credit Union Board of Directors established an Audit Committee composed of members appointed by the Board from among its Directors at a Board meeting dated September 9, 2009, effective with the coming into force of the amended Act, October 1, 2009.

The member elected Audit Committee held regular meetings throughout the year plus additional meetings with the Board subsequent to October 1, 2009 in order to facilitate a smooth transition to the Board appointed Audit Committee. Also, prior to October 1, 2009, the Chair of the member elected Audit Committee attended regular meetings of the Board of Directors

At its first meeting as a Board appointed Audit Committee October 20, 2009, the Audit Committee elected Elżbieta Morgan as Audit Committee Chair.

The Audit Committee meets monthly in order to perform its designated duties.

In performing its duties, the Audit Committee:

- Reviewed the policies, procedures and controls that relate to legislative compliance, with a particular focus on requirements for liquidity, capital adequacy and interest rate risk management.
- Reviewed periodic reports prepared by Management to monitor compliance.
- Monitored the adherence of the Credit Union's Directors, Committee Members, Officers and Employees to its Code of Conduct.
- Reviewed all reports that were issued by the Director of Credit Unions of the Ministry of Finance, the deposit insurer ("DICO") relating to the affairs of the Credit Union. Reviewed Management's response to these reports for appropriateness and monitored the corrective action that was required as a result.
- Reviewed legal proceedings to which the Credit Union is a party and reviewed the appropriateness of accounting, recognition and financial statement disclosure relating to such matters.
- Reviewed the monthly financial statements packages and reported to the Board its recommendations.
- Reviewed details of donations and sponsorship expenses to ensure compliance with policies. Reviewed the report summary of business related personal expenses or reports submitted by Senior Management to ensure compliance with policy.
- Reviewed the external auditor's audit plan and report.
- Reviewed a detailed costing analysis for two new branches.

Based on its findings, the Audit Committee issued reports and made recommendations to the Board of Directors or Senior Management, as appropriate, with respect to the matters outlined above and followed up to ensure that its recommendations were considered and implemented.

The Audit Committee recommended to the Board of Directors the acceptance of the Annual Consolidated Financial Statements as reported by the External Auditors of the Credit Union, Deloitte & Touche LLP.

The Audit Committee recommended that the Credit Union by-laws be updated, as needed, with any changes or amendments to the Act and all related regulations and regulatory requirements.

The Audit Committee is pleased to report to the members of the Credit Union that it has fulfilled its mandate. The Committee received full co-operation and support from Management to enable it to play an effective role in maintaining the quality of financial reporting to the Members and enhancing the overall control structure of the Credit Union.

In 2009 the Credit Union has met all its regulatory requirements.

A handwritten signature in black ink, appearing to read 'E. Morgan', written in a cursive style.

Elżbieta Morgan
Chair,
Audit Committee

Responsibility for financial reporting

To the Members of St. Stanislaus-St. Casimir's
Polish Parishes Credit Union Limited

The Credit Union's management is responsible for the integrity and the fairness of presentation of these financial statements and of all information in the Annual Report, which has been approved by the Board of Directors. The financial statements have been prepared by management in accordance with the requirements of the Credit Unions and Caisses Populaires Act, 1994 and Canadian generally accepted accounting principles. In preparing the financial statements, management has exercised judgement in the selection of significant accounting policies and the determination of reasonable estimates which are reflected therein.

The Credit Union's management has developed and maintains systems of internal controls in order to provide reasonable assurance that the financial information is accurate and reliable in all material respects and that the Credit Union's assets are appropriately accounted for and adequately safeguarded.

The Audit Committee meets regularly with the Credit Union's management and periodically with the internal and external auditors to review matters relating to the quality of financial reporting and internal controls and the nature, extent and results of the audits. In addition, this Committee recommends the appointment of external auditors and reviews and reports on the Credit Union's financial statements to the Board of Directors.

Deloitte & Touche LLP, independent external auditors appointed by the members of the Credit Union, examine our financial statements in accordance with generally accepted auditing standards and their report appears on the next page. The auditors have free and independent access to the Audit Committee and meet with the Committee and with management to consider matters relating to financial statement presentation and internal controls.



Halina Marszalek McGregor
Chief Executive Officer



Iain Kwapien, B.Comm., CMA
Vice-President Finance & CFO

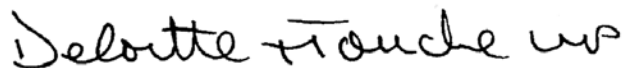
Auditors' Report

To the Members of
St. Stanislaus - St. Casimir's
Polish Parishes Credit Union Limited

We have audited the consolidated balance sheet of St. Stanislaus - St. Casimir's Polish Parishes Credit Union Limited as at December 31, 2009 and the consolidated statements of (loss) income and comprehensive (loss) income, retained earnings 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 consolidated 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.



Deloitte & Touche LLP
Chartered Accountants
Licensed Public Accountants

St. Catharines, Ontario

February 23, 2010

CONSOLIDATED BALANCE SHEET

AS AT DECEMBER 31, 2009

(in thousands of dollars)

| | 2009 | 2008 |
|--|----------------|----------------|
| | \$ | \$ |
| Assets | | |
| Cash and cash equivalents (Note 3) | 18,154 | 30,309 |
| Investments (Note 4) | 29,182 | 40,182 |
| Loans to members (Note 5) | 311,014 | 280,966 |
| Capital assets (Note 7) | 5,415 | 5,290 |
| Other assets (Note 8) | 1,780 | 1,261 |
| | 365,545 | 358,008 |
| Liabilities | | |
| Members' deposits (Note 9) | | |
| Demand | 76,846 | 71,148 |
| Term | 63,128 | 81,351 |
| GIC | 59,965 | 49,059 |
| Registered savings plans | 62,533 | 57,567 |
| Insured savings | 80,268 | 74,658 |
| | 342,740 | 333,783 |
| Other liabilities (Note 10) | 3,926 | 3,817 |
| | 346,666 | 337,600 |
| Liabilities qualifying as regulatory capital | | |
| Membership shares (Note 11) | 3,927 | 3,956 |
| | 350,593 | 341,556 |
| Members' equity | | |
| Retained earnings | 14,952 | 16,452 |
| | 365,545 | 358,008 |

Approved by the Board


Karl Fujarczuk
Director

Kazimierz Babiarz
Director

**CONSOLIDATED STATEMENT OF (LOSS) INCOME AND COMPREHENSIVE (LOSS) INCOME
AND RETAINED EARNINGS**

YEAR ENDED DECEMBER 31, 2009

(in thousands of dollars)

| | 2009 | 2008 |
|---|----------------|---------------|
| | \$ | \$ |
| Interest Income | | |
| Loans to members | | |
| Mortgage | 12,135 | 13,234 |
| Personal | 815 | 956 |
| Commercial | 1,459 | 1,560 |
| Investment income | 1,001 | 1,682 |
| Other income (Schedule) | 2,200 | 2,324 |
| | 17,610 | 19,756 |
| Interest expense | | |
| Interest on members' deposits | | |
| Demand deposits | 140 | 157 |
| Term deposits | 1,084 | 2,729 |
| GICs | 2,011 | 1,427 |
| Registered plans | 1,770 | 1,961 |
| Insured savings | 344 | 606 |
| Interest on membership shares | 21 | 67 |
| | 5,370 | 6,947 |
| Gross margin | 12,240 | 12,809 |
| Non-interest expense | | |
| Salaries and benefits | 6,630 | 7,046 |
| Members' insurance | 315 | 325 |
| Deposit insurance premium | 340 | 287 |
| Provision for impaired loans | 360 | 300 |
| Amortization | 518 | 427 |
| Administrative and other (Schedule) | 4,210 | 3,544 |
| | 12,373 | 11,929 |
| (Loss) income from operations | (133) | 880 |
| Non-recurring expenses | | |
| Restructuring (Note 20) | 757 | - |
| Capital asset impairment | 120 | - |
| Benefit adjustment (Note 20) | 219 | - |
| | 1,096 | - |
| Community support | | |
| Polish Studio | 290 | 247 |
| Donations | - | 28 |
| Sponsorships | 59 | 108 |
| Advertising and promotion | 293 | 224 |
| | 642 | 607 |
| (Loss) income before income taxes | (1,871) | 273 |
| Income taxes (Note 13) | | |
| (Recovered) current | (221) | 16 |
| Future | (150) | 17 |
| | (371) | 33 |
| Net (loss) income | (1,500) | 240 |
| Other comprehensive income | - | - |
| Comprehensive (loss) income | (1,500) | 240 |
| Retained earnings, beginning of year | 16,452 | 16,212 |
| Net (loss) income for the year | (1,500) | 240 |
| Retained earnings, end of year | 14,952 | 16,452 |

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2009

(in thousands of dollars)

| | 2009 | 2008 |
|---|-----------------|----------|
| | \$ | \$ |
| Operating activities | | |
| Net (loss) income | (1,500) | 240 |
| Adjustments to determine net cash flows | | |
| Future income taxes | (150) | 17 |
| Provision for impaired loans | 360 | 300 |
| Amortization | 518 | 427 |
| Capital asset impairment | 120 | - |
| Net change in accrued interest receivable and payable | (548) | 236 |
| Net changes in other items and accruals | 288 | (142) |
| | (912) | 1,078 |
| Investing activities | | |
| Loans to members | (30,408) | 7,140 |
| Purchase of capital assets | (763) | (870) |
| Net decrease (increase) in investments | 11,000 | (18,674) |
| | (20,171) | (12,404) |
| Financing activities | | |
| Members' deposits | 8,957 | 17,026 |
| Membership shares | (29) | (5) |
| | 8,928 | 17,021 |
| Net change in cash and cash equivalents | (12,155) | 5,695 |
| Cash and cash equivalents, beginning of year | 30,309 | 24,614 |
| Cash and cash equivalents, end of year | 18,154 | 30,309 |
| Supplementary cash flow information | | |
| Income taxes paid | 17 | 108 |
| Interest paid | 6,010 | 6,861 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2009
(in thousands of dollars)

1. Changes in accounting policies

Credit risk and the fair value of financial assets and financial liabilities

In January 2009, the Emerging Issues Committee ("EIC") issued Abstract No. 173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities ("EIC-173"). EIC-173 requires an entity to take into account its own credit risk and that of the relevant counterparty(s) when determining the fair value of financial assets and financial liabilities, including derivative instruments. This EIC, which was effective for us on January 1, 2009, had no material impact on our financial position or results of operations.

Effective interest method – amendments to: financial instruments – recognition and measurement, section 3855

In June 2009, the Canadian Institute of Chartered Accountants ("CICA") clarified Section 3855 with respect to the effective interest method which is a method of calculating the amortized cost of financial assets and financial liabilities and of allocating the interest income or interest expense over the relevant period. The impact of the clarification had no material impact on our financial position or results of operations.

Embedded derivatives on reclassification of financial assets – amendments to: financial instruments – recognition and measurement, section 3855

In June 2009, the CICA clarified Section 3855 with respect to the reclassification of financial instruments with embedded derivatives. A financial instrument classified as held-for-trading may not be reclassified when the embedded derivative that would have to be separated on reclassification of the combined contract cannot be measured separately. The amendment was effective for reclassifications made on or after July 1, 2009 and had no material impact on our financial position or results of operations.

Fair value and liquidity risk disclosure – amendments to: financial instruments – disclosures, section 3862

In June 2009, the CICA amended Section 3862 to improve fair value and liquidity risk disclosures. Section 3862 now requires that all financial instruments measured at fair value be categorized into one of three hierarchy levels, described below, for disclosure purposes. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities:

- Level 1 – inputs are unadjusted quoted prices of identical instruments in active markets.
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – one or more significant inputs used in a valuation technique are unobservable in determining fair values of the instruments.

Determination of fair value and the resulting hierarchy requires the use of observable market data whenever available. The classification of a financial instrument in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value. The amendments only impact our disclosures. Refer to Note 18.

Impairment of financial assets – amendments to: financial instruments – recognition and measurement, section 3855

In August 2009, the CICA issued various amendments to Section 3855 which eliminated the distinction between debt securities and other debt instruments and changed the categories to which debt instruments are required or are permitted to be classified. As a result of these amendments non-derivative financial assets with fixed or determinable payments that are not quoted in an active market may be classified as loans and receivables; loans and receivables for which we may not recover substantially all of our initial investment, other than because of credit deterioration, must be classified as available-for-sale; and loans and receivables that we intend to sell immediately or in the near term must be classified as held-for-trading.

The amendments also permit, upon adoption and on an on-going basis, certain financial assets to be reclassified from the held-for-trading and available-for-sale categories into the loans and receivables category, when specified conditions are met. They also require reversing an impairment loss relating to an available-for-sale debt instrument when, in a subsequent period, the fair value of the instrument increases and the increase can be objectively related to an event occurring after the loss was recognized. Impairment for debt instruments classified as loans and receivables will be assessed using the impairment model for loans.

The Credit Union has not made any reclassifications pursuant to this amendment.

Goodwill and intangible assets

On January 1, 2009, the Company has adopted CICA Section 3064, Goodwill and Intangible Assets, which replaced Section 3062, Goodwill and Other Intangible Assets, and which resulted in the withdrawal of Section 3450, Research and Development Costs and of EIC Abstract 27, Revenues and Expenditures During the Pre-operating Period, and the amendment of Accounting Guideline (“AcG”) 11, Enterprises in the Development Stage. The new Section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. In particular, the new standard sets out specific criteria for the recognition of intangible assets and clarifies the application of the concept of matching costs with revenues, so as to eliminate the practice of recognizing as assets items that do not meet the definition of an asset or satisfy the recognition criteria for an asset. The adoption of this section had no material impact on the financial statements.

2. Accounting policies

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles, and reflect the following accounting policies:

Basis of presentation

The consolidated financial statements include the accounts of the Credit Union and its wholly owned subsidiary, PCU Information Services Corporation, which was incorporated on October 5, 1998.

The Credit Unions and Caisses Populaires Act, 1994 (the “Act”)

Regulations to the Act specify that certain items are required to be disclosed in the financial statements which are presented at annual meetings of members. This information has been integrated into the basic financial statements and notes and it is management’s opinion that the disclosures in these financial statements and notes comply, in all material respects, with the requirements of the legislation. Where necessary, reasonable estimates and interpretations have been made in presenting this information.

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Credit Union's designation of such instruments. Settlement date accounting is used.

Classification

Cash and cash equivalents:

| | |
|-----------------------------|------------------|
| Cash on hand and on deposit | Held for trading |
| Banker's acceptances | Held to maturity |
| Term deposits | Held to maturity |
| Bonds and discount notes | Held to maturity |

Investments:

| | |
|--------------------------|--------------------|
| Banker's acceptances | Held to maturity |
| Term deposits | Held to maturity |
| Bonds and discount notes | Held to maturity |
| Investment in shares | Available-for-sale |

Loans to members

Loans and receivables

Other assets:

| | |
|---------------------------------|-----------------------|
| Accrued interest on loans | Loans and receivables |
| Accrued interest on investments | Loans and receivables |
| Accounts receivable | Loans and receivables |

Members' deposits

Other liabilities

Other liabilities

Other liabilities

Liabilities qualifying for regulatory capital

Other liabilities

Held for trading

Held for trading financial assets are financial assets typically acquired for resale prior to maturity or that are designated as held for trading. They are measured at fair value at the balance sheet date. Financial instruments designated as held for trading cannot be transferred into or out of this category after inception. Financial Services Commission of Ontario ("FSCO") has imposed certain restrictions, which must be met, in order to use the fair value designation. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in income on investments.

Held-to-maturity

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and a fixed maturity, other than loans and receivables that an entity has the positive intention and ability to hold to maturity. These financial assets are measured at amortized cost using the effective interest method.

Available-for-sale

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale, or that are not classified as loans and receivables, held-to-maturity or held-for-trading investments. Except as mentioned below, available-for-sale financial assets are carried at fair value with unrealized gains and losses included in accumulated other comprehensive income until realized when the cumulative gain or loss is transferred to other income.

Available-for-sale financial assets that do not have quoted market prices in an active market are recorded at cost.

Interest on interest-bearing available-for-sale financial assets is calculated using the effective interest method.

Loans and receivables

Loans and receivables are accounted for at amortized cost using the effective interest method.

Other liabilities

Other liabilities are recorded at amortized cost using the effective interest method and include all financial liabilities, other than derivative instruments.

Transaction costs

Transaction costs related to financial assets and liabilities are expensed as incurred. Loan commitment fees are netted against the carrying value of the asset or liability and are then recognized over the expected life of the instrument.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and in bank accounts and short term investments such as bonds, discount notes, term deposits and bankers' acceptances with maturities of three months or less from date of acquisition and are cashable.

Loans to members

Loans to members are accounted for at amortized cost using the effective interest method. Interest is accounted for on the accrual basis for all loans other than impaired loans.

A loan is classified as impaired when a specific allowance has been established or a write-off taken or when, in the opinion of management, there is reasonable doubt as to the ultimate collectibility of principal or interest. A loan is also classified as impaired when interest or principal is contractually 90 days past due, unless the loan is fully secured and in the process of collection. Fully secured loans are classified as impaired after a delinquency period of 180 days. Once a loan is classified as impaired, interest is no longer recognized in the financial statements.

Loans are generally returned to accrual status when all delinquent principal and interest payments are brought current and the timely collection of both principal and interest is reasonably assured.

Allowance for impaired loans

The allowance for impaired loans is maintained in an amount considered adequate to absorb estimated credit-related losses in the loan portfolio. The allowance for impaired loans reflects management's best estimate of the losses existing in the loan portfolio and their judgments about economic conditions. If the circumstances under which these estimates and judgments were made change, there could be a significant change to the allowance for impaired loans currently recognized. The allowance for impaired loans consists of specific and general allowances, each of which is reviewed on a regular basis. The allowance is increased by provisions for impaired loans which are charged to earnings and reduced by write-offs net of recoveries.

Specific allowances are determined on an item-by-item basis and reflect the associated estimated credit loss. The specific allowance is the amount that is required to reduce the carrying value of an impaired loan to its estimated realizable amount, which is generally the fair value of any security underlying the loan, net of expected costs of realization.

The general allowances are established to absorb any potential credit losses and are determined through analysis of economic developments and current portfolio trends for credit losses. When losses can be attributable to individual loan facilities, specific allowances are recorded.

Write-offs are generally recorded after all reasonable restructuring or collection activities have taken place and there is no realistic prospect of recovery.

Capital assets

Capital assets are stated at acquisition cost less accumulated amortization. Capital assets are amortized using the straight-line method, based on their estimated useful life using the following annual rates:

| | | |
|---------------------------------|---|---------|
| Buildings | - | 2% - 4% |
| Furniture and equipment | - | 10% |
| Computer equipment and software | - | 20% |
| Leasehold improvements | - | 20% |
| Vehicles | - | 20% |

When capital assets are sold or otherwise disposed of, the related costs and accumulated amortization are removed from the respective accounts and any gain or loss is reflected in the consolidated statement of income and comprehensive income. Expenditures of a repair or maintenance nature are charged to the consolidated statement of income and comprehensive income as incurred.

Impairment of long-lived assets

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

Membership shares

The Credit Union's membership shares are presented in the balance sheet as financial liabilities. These liabilities qualify as capital for regulatory purposes, notwithstanding their financial statement classification. Payments of dividends on membership shares are reported in the consolidated statement of income and comprehensive income as financial expenses.

Derivative instruments

Derivative instruments held for trading that are not eligible for hedge accounting are recognized on the balance sheet at their fair value, with changes in fair value recognized in other income.

Embedded derivatives

Derivatives embedded in other financial instruments or contracts are separated from their host contracts and accounted for as derivatives when their economic characteristics and risks are not closely related to those of the host contract; the terms of embedded derivatives are the same as those of a free standing derivative; and the combined instrument or contract is not measured at fair value, with the changes in fair value recognized in interest and other expenses, net. These embedded derivatives are measured at fair value, with changes therein recognized in interest and other expenses, net. As at December 31, 2009, the Credit Union does not have any embedded derivatives that require bifurcation.

Revenue recognition

Interest on unsecured or partially secured loans and fully secured loans is recognized on an accrual basis except when interest is ninety days 90 days and 180 days past due, respectively, or earlier when, in the opinion of management, there is doubt as to the collectibility of principal or interest.

Foreign currency

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at rates prevailing on the balance sheet date; income and expenses are translated into Canadian dollars at the rate of exchange in effect at the time the transactions were made. Translation gains or losses are included in income.

Employee benefit plans

The Credit Union is the sponsor of a contributory defined benefit pension plan under which all eligible employees are entitled to benefit, based on length of service and rates of pay. The Credit Union has adopted the following policies:

- The cost of pensions and other retirement benefits earned by employees is actuarially determined using the projected benefit method pro rated on service and management's best estimate of expected plan investment performance, salary escalation and retirement ages of employees.
- For the purpose of calculating the expected return on plan assets, the assets are valued at fair value.
- The excess of the net actuarial gain (loss) over 10% of the greater of the benefit obligation and the fair value of plan assets is amortized over the average remaining service period of active employees. The average remaining service period for active employees covered by the pension plan is 14.9 years.

Income taxes

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

Use of estimates

The preparation of the Credit Union's 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 the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenue and expenses during the reporting period. Estimates are made in determining the allowance for impaired loans, accruals for severance and legal fees relating to litigation and fair value for disclosure purposes. Actual results could differ from such estimates. Significant estimates included in the financial statements consist of allowance for impaired loans (note 6); current and future income tax provisions (note 13); employee future benefits obligations (note 15); and the fair value of the loans to members and members' deposits as at December 31, 2009 (note 18).

3. Cash and cash equivalents

| | 2009 | 2008 |
|--------------------------|---------------|-------------|
| | \$ | \$ |
| <i>Held for trading:</i> | | |
| Cash on hand | 2,199 | 2,531 |
| Cash on deposit | 13,591 | 18,365 |
| <i>Held to maturity:</i> | | |
| Banker's acceptances | - | 1,988 |
| Term deposits | - | 5,000 |
| Bonds and discount notes | 2,364 | 2,425 |
| Carrying value | 18,154 | 30,309 |

The Credit Union has available an overdraft facility of \$10,000 to cover shortfalls in cash resources. The facility is secured by certain short-term investments and it was unutilized at year end.

4. Investments

| | 2009 | 2008 |
|--|---------------|-------------|
| | \$ | \$ |
| <i>Held to maturity:</i> | | |
| Banker's acceptances | - | 21,029 |
| Term deposits | 16,054 | 5,000 |
| Bonds and discount notes | 13,126 | 14,151 |
| <i>Available-for-sale:</i> | | |
| Shares in co-operatives ⁽¹⁾ | 2 | 2 |
| Carrying value | 29,182 | 40,182 |
| Market value | 29,262 | 40,786 |

⁽¹⁾No market exists for the shares in co-operatives. The shares are held at cost as there is no quoted price in an active market.

5. Loans to members

| | | | 2009 | 2008 |
|------------|-------------------------------------|--|----------------|----------------|
| | Principal balance outstanding | Allowance for impaired loans (Note 6) | Net amount | Net amount |
| | \$ | \$ | \$ | \$ |
| Mortgage | 270,489 | 120 | 270,369 | 250,097 |
| Personal | 12,032 | 336 | 11,696 | 8,970 |
| Commercial | 29,063 | 114 | 28,949 | 21,899 |
| | 311,584 | 570 | 311,014 | 280,966 |

The loan classifications set out above are as defined in the Regulations to the Act.

Mortgage loans are repayable in weekly, biweekly or monthly principal and interest instalments over a maximum term of seven years.

Personal loans are repayable in weekly, biweekly or monthly principal and interest instalments over a maximum term of five years. Personal line of credit loans are repayable on a revolving credit basis and require minimum monthly payments.

Commercial loans are generally secured by property and other assets of the borrowers and are repayable in weekly, bi-weekly or monthly instalments of principal and interest.

Commitments

At December 31, 2009, the Credit Union was committed to the issuance of mortgage loans to members in the amount of approximately \$3,305 (2008 - \$3,239). In addition, the Credit Union has issued letters of credit in the amount of \$72 (2008 - \$142).

6. Allowance for impaired loans

The activity in the allowance for impaired loans is summarized as follows:

| | | | | 2009 | 2008 |
|---|----------|----------|------------|-------|-------|
| | Mortgage | Personal | Commercial | Total | Total |
| | \$ | \$ | \$ | \$ | \$ |
| Balance, beginning of year | 76 | 212 | 109 | 397 | 560 |
| Collection of loans previously written-off | 69 | 19 | - | 88 | 14 |
| Loans written-off as uncollectible | (62) | (206) | (7) | (275) | (477) |
| Provision for impaired loans | 37 | 311 | 12 | 360 | 300 |
| Balance, end of year | 120 | 336 | 114 | 570 | 397 |
| Aggregate impaired loans, end of year | 286 | 246 | 350 | 882 | 223 |

The credit quality of loans is summarized as follows:

| | Mortgage | Personal | Commercial | Total |
|--|----------|----------|------------|---------|
| | \$ | \$ | \$ | \$ |
| Neither past due nor impaired ⁽¹⁾ | 261,761 | 11,400 | 28,713 | 301,874 |
| Past due but not impaired | 8,442 | 386 | - | 8,828 |
| Impaired | 286 | 246 | 350 | 882 |
| | 270,489 | 12,032 | 29,063 | 311,584 |
| Less: Specific allowances | 28 | 291 | 94 | 413 |
| | 270,461 | 11,741 | 28,969 | 311,171 |
| Less: General allowance | 92 | 45 | 20 | 157 |
| | 270,369 | 11,696 | 28,949 | 311,014 |

(1) A loan is considered to be past due when the counterparty has not made a payment the day of the contractual expiry date.

Loans past due but not impaired:

| | Mortgage | Personal | Commercial | Total |
|--|--------------|------------|------------|--------------|
| | \$ | \$ | \$ | \$ |
| Past due but not impaired ⁽¹⁾ | | | | |
| Under 30 days | 2,608 | 225 | - | 2,833 |
| 30 to 89 days | 4,897 | 161 | - | 5,058 |
| 90 to 179 days | 937 | - | - | 937 |
| Total | 8,442 | 386 | - | 8,828 |

(1) Includes fully secured loans for which, in the opinion of Management, there is no reasonable doubt as to the ultimate collectibility of the principal or interest.

The allowance for impaired loans provided for in the accounts of the Credit Union is in accordance, in all material respects, with the requirements of the Deposit Insurance Corporation of Ontario by-law governing such allowances.

7. Capital assets

| | 2009 | | | 2008 |
|---------------------------------|---------------|---|----------------|----------------|
| | Cost | Accumulated depreciation and amortization | Net book value | Net book value |
| | \$ | \$ | \$ | \$ |
| Land | 1,254 | - | 1,254 | 1,254 |
| Buildings | 4,484 | 1,989 | 2,495 | 2,684 |
| Furniture and equipment | 2,334 | 1,790 | 544 | 449 |
| Computer equipment and software | 4,320 | 4,084 | 236 | 225 |
| Leasehold improvements | 1,352 | 471 | 881 | 671 |
| Equipment under capital lease | 65 | 60 | 5 | 7 |
| Vehicles | 25 | 25 | - | - |
| | 13,834 | 8,419 | 5,415 | 5,290 |

8. Other assets

| | 2009 | 2008 |
|-----------------------------------|--------------|--------------|
| | \$ | \$ |
| Accrued interest on loans | 442 | 429 |
| Accrued interest on investments | 240 | 345 |
| Prepaid expenses | 174 | 134 |
| Accrued pension asset (Note 15) | 525 | 231 |
| Accounts receivable and other | 51 | 28 |
| Current income taxes receivable | 257 | 94 |
| Future income tax asset (Note 13) | 91 | - |
| | 1,780 | 1,261 |

9. Members' deposits***Term deposits***

Term deposits for periods up to seven years generally may not be withdrawn, prior to maturity, without an interest reduction.

Withdrawal privileges on all deposit accounts are subject to the overriding right of the Board of Directors to impose a waiting period.

Registered retirement plans

The Credit Union is the self-trustee for the registered retirement plans offered to members. Members' contributions to these plans, as well as income earned on them, are deposited in the Credit Union. On withdrawal, payment of the plan proceeds is made to the members, or the parties designated by them, by the Credit Union.

10. Other liabilities

| | 2009 | 2008 |
|---|--------------|--------------|
| | \$ | \$ |
| Accrued interest on members' deposits | 2,251 | 2,745 |
| Accrued interest on insured savings and membership shares | 19 | 165 |
| Accounts payable and accrued charges | 1,656 | 848 |
| Future income tax liability (Note 13) | - | 59 |
| | 3,926 | 3,817 |

11. Membership shares

Each member over the age of sixteen is required as a condition of membership to own ten membership shares with an issue price of \$10 each while members under the age of sixteen are required to own one membership share. As at December 31, 2009 there were 40,318 (2008 – 40,307) members. Shares are redeemable on termination of membership, subject to the discretion of the directors, who may require notice, and subject to the Credit Union meeting capital adequacy requirements.

Interest on membership shares is payable at a discretionary rate, as declared by the Board of Directors, subject to availability of sufficient earnings to meet the regulatory capital requirements of the Act described in Note 12 to the financial statements.

The Credit Union is authorized to issue an unlimited number of Class A Special Shares and Class B Special Shares, each issuable in series, with terms and conditions to be determined by the Board of Directors prior to issuance. On issuance, holders of such new classes of shares will not be entitled to vote, by virtue of their shareholding, at meetings of members. As at December 31, 2009 and 2008, no Class A Special Shares or Class B Special Shares have been issued.

12. Capital adequacy

Capital management

The Board approves annually the capital management policy and the annual business plan. This policy outlines the Credit Union's overall objectives and guidelines to ensure that the Credit Union has the required quantity, quality and appropriate composition of capital needed to address the inherent risks of the Credit Union and to support the current and future operating plans.

In accordance with the requirements of the Act and accompanying Regulations, credit unions are required to maintain sufficient capital to meet two tests:

Leverage test

Regulatory capital, comprising membership shares, any other class of qualifying capital that may be issued and retained earnings, must amount to at least 4% of total assets.

Risk-weighted assets test

Regulatory capital must amount to at least 8% of risk-weighted assets. The risk weighting of assets is specified in the Regulations to the Act.

At December 31, 2009, the Credit Union met regulatory capital requirements based on capital of \$19,035 (2008 - \$20,600).

| | 2009 | 2008 |
|----------------------------|--------|--------|
| Leverage ratio | 5.21% | 5.75% |
| Risk-weighted assets ratio | 11.97% | 13.90% |

13. Income taxes

The provision for income taxes reported differs from the amount computed by applying the Canadian statutory rate to income before income taxes for the following reasons:

| | 2009 | 2008 |
|--------------------------------------|--------|--------|
| Statutory income tax rate (Canada) | 33.00% | 33.50% |
| | 2009 | 2008 |
| | \$ | \$ |
| Expected provision for income taxes | (619) | 92 |
| Non-taxable and non-deductible items | 1 | 1 |
| Credit union rate reduction | 319 | (47) |
| Other | (72) | (13) |
| Reported income tax provision | (371) | 33 |

Temporary differences which give rise to the following future income tax assets (liabilities) as at December 31, 2009 are as follows:

| | 2009 | 2008 |
|--------------------------------------|------|------|
| | \$ | \$ |
| Future income tax asset (liability): | | |
| Accrued liabilities | 125 | 2 |
| Allowance for impaired loans | 25 | 13 |
| Pension contributions | (84) | (38) |
| Capital assets | (23) | (36) |
| Loss carryforward | 48 | - |
| Future income tax asset (liability) | 91 | (59) |

14. Contingency, guarantee and commitments

- (a) The minimum annual rental payments for leased premises, equipment and servicing contracts for the years ending December 31 are as follows:

| | \$ |
|----------------|-------|
| 2010 | 921 |
| 2011 | 385 |
| 2012 | 268 |
| 2013 | 162 |
| 2014 | 107 |
| 2015 and later | 268 |
| | 2,111 |

- (b) During the normal course of business, there are various claims and proceedings which have been or may be instituted against the Credit Union. Management believes the disposition of the matters that are pending or asserted is not expected to have a material adverse effect on the financial position or the results of operations of the Credit Union.
- (c) The Credit Union has issued guarantees to CUETS (Credit Union Electronic Transaction Services) regarding members' credit limits on their MasterCard. As at December 31, 2009, the guaranteed limits amounted to \$209. The Credit Union believes that this guarantee will not have any significant unfavourable impact on its financial position and consequently no provision has been made in the financial statements.

15. Pension plan

The Credit Union has a defined benefit plan providing pension benefits to all full-time employees, who have attained 24 months of continuous service and open to certain part-time employees meeting certain eligibility conditions. The changes for the Credit Union's defined benefit plan during the year are as follows:

| | Funded Pension Plan | |
|-------------------------------------|----------------------------|-------------|
| | 2009 | 2008 |
| | \$ | \$ |
| Accrued benefit obligation | | |
| Balance at beginning of year | 6,698 | 8,013 |
| Current service cost | 486 | 751 |
| Interest cost | 479 | 435 |
| Benefits paid | (190) | (143) |
| Actuarial (gain) loss | 1,385 | (2,358) |
| Balance at end of year | 8,858 | 6,698 |
| Plan assets | | |
| Fair value beginning of year | 5,934 | 6,199 |
| Actual return on plan assets | 971 | (971) |
| Employer contributions | 628 | 633 |
| Employee contributions | 218 | 216 |
| Benefits paid | (190) | (143) |
| Fair value at end of year | 7,561 | 5,934 |
| Funded status | | |
| Plan deficit | (1,297) | (764) |
| Unamortized net losses | 1,781 | 946 |
| Unamortized transitional obligation | 41 | 49 |
| Accrued benefit asset | 525 | 231 |

Pension plan assets consist of the following measured as of the measurement date of December 31 of each year:

| | Asset category | | | |
|--------------------------|-----------------------|---------------|--------------|---------------|
| | 2009 | | 2008 | |
| | \$ | % | \$ | % |
| CUMIS Balanced Fund | 3,028 | 40.00 | 2,370 | 48.00 |
| CUMIS Balanced Core Fund | 4,533 | 60.00 | 3,564 | 52.00 |
| Total | 7,561 | 100.00 | 5,934 | 100.00 |

The significant actuarial assumptions adopted in measuring the Credit Union's accrued benefit obligations are as follows:

| | 2009 | 2008 |
|--|--------------|-------------|
| Discount rate used to determine accrued benefit obligation | 5.50% | 6.75% |
| Discount rate used to determine benefit expense | 6.75% | 5.00% |
| Expected long-term rate of return on plan assets | 7.00% | 7.00% |
| Expected rate of salary increase | 4.50% | 4.50% |

The Credit Union's net benefit plan expense is as follows:

| | Funded Pension Plan | |
|---|----------------------------|-------------|
| | 2009 | 2008 |
| | \$ | \$ |
| Current service cost | 486 | 751 |
| Employee contributions | (218) | (216) |
| Interest cost | 479 | 435 |
| Expected return on plan assets | (438) | (459) |
| Amortization of transitional obligation | 8 | 8 |
| Amortization of net actuarial (gain)/loss | 18 | 77 |
| Net benefit plan expense | 335 | 596 |

An external manager manages the investments held by the pension plan. The investments consist of units held in the CUMIS Balanced Core Fund (McLean Budden) and the CUMIS Balanced Fund (Mawer). The funds are managed by external investment management firms and invest in a balanced mandate of fixed income, domestic equities and foreign equities.

The pension plan does not hold securities issued by the Credit Union.

The most recent actuarial valuation of the pension plan was as of January 1, 2009. The next actuarial valuation is expected to be completed as of January 1, 2010.

16. Related party transactions

As at December 31, 2009, the aggregate value of interest-bearing personal, mortgage and commercial loans outstanding to directors, committee members and officers totaled \$1,946 (2008 - \$2,346). These loans have been advanced on the same terms and conditions as have been accorded to all members of the Credit Union. The directors, committee members and officers have the option of taking the employees 1% discount off the posted rate on selected loan products, if they wish to do so. There was no allowance for impaired loans required in respect of these loans as at December 31, 2009 and 2008.

Directors and Audit Committee members received \$60 (2008 - \$59) as honoraria for serving the Credit Union and \$nil (2008 - \$nil) as reimbursement of expenses. In addition, the Chairman of the Board acting as interim Chief Executive Officer received \$11 (2008 - \$23) in this capacity.

17. Remuneration of officers and employees

In accordance with the requirements of the Act and accompanying Regulations the remuneration of the specified officers and employees, is set out below:

| | Salary | Bonus | Benefits | Total |
|---|--------|-------|----------|-------|
| | \$ | \$ | \$ | \$ |
| Halina Marszalek McGregor Chief Executive Officer | 150 | - | 23 | 173 |

18. Fair value of financial instruments

Fair value

The amounts set out below represent the fair values of the Credit Union's financial instruments using the valuation methods and assumptions described below. The fair values disclosed do not reflect the value of assets and liabilities that are not considered financial instruments, such as prepaid expenses, accrued pension asset, capital assets and current and future incomes taxes.

The estimated fair value amounts are designed to approximate amounts at which instruments could be exchanged in a current transaction between willing parties who are under no compulsion to act. Fair values are based on estimates using present value and other valuation techniques, which are significantly affected by the assumptions used concerning the amount and timing of estimated future cash flows and discount rates which reflect varying degrees of risk. Because of the estimation process and the need to use judgment, the aggregate fair value amounts should not be interpreted as being necessarily realizable in an immediate settlement of the instruments.

| | 2009 | | | 2008 | | |
|---------------------------|------------|------------|------------------------------------|------------|------------|------------------------------------|
| | Fair value | Book value | Fair value over/(under) book value | Fair value | Book value | Fair value over/(under) book value |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Assets | | | | | | |
| Cash and cash equivalents | 18,154 | 18,154 | - | 30,331 | 30,309 | 22 |
| Investments | 29,262 | 29,182 | 80 | 40,786 | 40,182 | 604 |
| Loans to members | 293,207 | 311,014 | (17,807) | 280,405 | 280,966 | (561) |
| Other assets | 733 | 733 | - | 802 | 802 | - |
| Liabilities | | | | | | |
| Members' deposits | 342,171 | 342,740 | (569) | 335,290 | 333,783 | 1,507 |
| Other liabilities | 3,926 | 3,926 | - | 3,758 | 3,758 | - |
| Membership shares | 3,927 | 3,927 | - | 3,956 | 3,956 | - |

The following methods and assumptions were used to estimate the fair value of financial instruments:

- i) The fair values of other assets and other liabilities are assumed to approximate their carrying values, due to their short-term nature.
- ii) The fair value of investments is based on quoted market values where available (see note 4).
- iii) The estimated fair value of floating rate loans and floating rate deposits is assumed to be equal to book value as the interest rates on these loans and deposits reprice to market on a periodic basis.
- iv) The estimated fair value of fixed rate loans and fixed rate deposits is determined by discounting the expected future cash flows of these loans and deposits at current market rates for products with similar terms and credit risks.

Financial instruments measured at fair value are classified by the fair value hierarchy set out in Section 3862 as described in Note 2 as follows:

| | As at December 31, 2009 | | | Assets at fair value |
|-----------------------------|--------------------------------|---------|---------|----------------------|
| | Fair value measurements using: | | | |
| | Level 1 | Level 2 | Level 3 | |
| | \$ | \$ | \$ | \$ |
| Financial assets | | | | |
| Cash on hand and on deposit | - | 15,790 | - | 15,790 |

During the year, there has been no significant transfer of amounts between Level 1 and Level 2.

19. Nature and extent of risks arising from financial instruments

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

Credit risk

The business of the Credit Union necessitates the management of credit risk. Credit risk is the potential for loss due to the failure of a borrower to meet its financial obligations.

The Board of Directors of the Credit Union oversees the risk management process. Senior management coordinates policy setting on risk management issues, assesses the risk exposure of the Credit Union and reviews the effectiveness of internal control processes.

The Credit Union uses a disciplined lending approach with standard underwriting parameters for each category of loans. These parameters are used to assist the Credit Union implement a prudent and effective granting process to assess the borrower's ability to repay.

The Credit Union mitigates this credit risk by obtaining quality collateral. The Credit Union considers collateral to be of good quality if it can determine the legal validity and market value on an on-going basis. The Credit Union's internal policy provides additional information regarding the appropriate collateral based on the category of loan. Types of collateral generally obtained by the Credit Union are, but are not limited to, the following: member's personal property such as vehicles; cash and marketable securities; mortgage charges; fixed, floating or specific general security agreements; and personal guarantees.

In addition, the Credit Union monitors its loan concentration to ensure that it is in compliance with its policies.

Liquidity risk

The business of the Credit Union necessitates the management of liquidity risk. Liquidity risk is the risk of being unable to meet financial commitments, under all circumstances, without having to raise funds at unreasonable prices or sell assets on a forced basis.

The Credit Union's objective is to implement a policy that addresses limits on the sources, quality and amount of the assets to meet normal operational, contingency funding for significant deposit withdrawals and regulatory requirements.

The Board of Directors ("Board") is ultimately responsible for the liquidity risk management policy. Management reports monthly, to the Board, the Credit Union's compliance with the policy and regulatory requirements; concentration of large deposits of single/connected depositors as a percentage of total deposits; and reports borrowings for liquidity purposes, the level of borrowings and the liquidity less borrowings in relation to the statutory minimum.

Additional details are outlined in the Credit Union's internal policy manual.

Market risk

Market risk is the risk of loss that may arise from change in market factors such as interest rates and foreign exchange rates. The Credit Union is exposed to this market risk in its investing and asset/liability management activities.

Senior management is responsible for managing market risk in accordance with the Credit Union's internal policy. Senior management reports monthly to the Board its compliance with the policy and regulatory requirements; dollar volume and yields of all investments by investment category; and the particulars of all investment transactions entered into by the Credit Union. All exceptions noted are to be reported to the Board.

The Board is responsible for monitoring significant variances and to ensure that corrective measures are implemented.

Interest rate risk

Interest rate risk refers to the potential impact of changes in interest rates on the Credit Union's earnings when maturities of its financial liabilities are not matched with the maturities of its financial assets. It is the policy of the Credit Union to keep exposure to interest rate fluctuations within limits set by the Board of Directors and by the Act.

The table below summarizes amounts by maturity/repricing dates and effective interest rates for the following balance sheet financial instruments:

| | Variable rate | Less than one year | One to five years | Non-rate sensitive | Total | Effective interest rate |
|---------------------------|------------------|-----------------------|-------------------------|-----------------------|---------|-------------------------------|
| | \$ | \$ | \$ | \$ | \$ | |
| Cash and cash equivalents | 13,591 | 2,364 | - | 2,199 | 18,154 | 0.01% |
| Investments | - | 29,180 | - | 2 | 29,182 | 1.98% |
| Loans to members | 71,946 | 71,925 | 167,143 | - | 311,014 | 4.44% |
| Members' deposits | 139,700 | 110,249 | 72,108 | 20,683 | 342,740 | 1.21% |
| Membership shares | 3,927 | - | - | - | 3,927 | 0.09% |

Foreign currency exchange risk

Foreign currency exchange risk refers to the potential impact of changes in foreign exchange rates on the Credit Union's earnings when balances of its foreign currency liabilities are not matched with the balances of its foreign currency assets. It is the policy of the Credit Union to mitigate exposure to foreign exchange rate fluctuations by matching its foreign currency liabilities to its foreign currency assets.

Net foreign exchange gains of \$316 (2008 - \$396) have been included in other income on the statement of income and comprehensive income for the year ended December 31, 2009.

20. Non-recurring expenses

Restructuring

As a result of the economic conditions experienced in late 2008 and 2009, a restructuring plan was approved by the Board of Directors that would closely align the Credit Union's cost base with revenues. The restructuring plan includes but is not limited to the following: early retirement packages for employees, elimination of positions, relocation of branches and rationalization of expenses.

Benefit adjustment

The Credit Union's Human Resource policy allows all employees over the age of 55 who have 10 years of service to be paid their unused sick days upon retirement. It was decided to recognize this liability in accordance with Generally Accepted Accounting Principles.

21. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

CONSOLIDATED SCHEDULE OF OTHER INCOME AND ADMINISTRATIVE AND OTHER EXPENSES

YEAR ENDED DECEMBER 31, 2009

(in thousands of dollars)

| | 2009 | 2008 |
|--|--------------|--------------|
| | \$ | \$ |
| Other income | | |
| Member services | 1,663 | 1,761 |
| Foreign exchange | 316 | 396 |
| Commissions | 182 | 141 |
| Miscellaneous | 39 | 26 |
| | 2,200 | 2,324 |
| Administrative and other expenses | | |
| Annual and special meetings | 58 | 16 |
| Bank charges | 340 | 284 |
| Bonding and insurance | 243 | 273 |
| Bulletin | 6 | 2 |
| Coupons | 60 | - |
| Data processing | | |
| Data communication lines | 209 | 214 |
| Software maintenance | 127 | 121 |
| Hardware maintenance | 203 | 204 |
| ATM network maintenance | 417 | 310 |
| Education | 32 | 28 |
| Mailing costs | 92 | 55 |
| Miscellaneous | 161 | 28 |
| Occupancy | | |
| Rent | 517 | 346 |
| Property taxes | 245 | 238 |
| Utilities | 174 | 130 |
| Office security | 66 | 56 |
| Maintenance and janitorial | 319 | 249 |
| Office expenses | | |
| Equipment maintenance | 102 | 72 |
| Office expenses | 105 | 211 |
| Office supplies | 73 | 86 |
| Stationery and forms | 83 | 59 |
| Professional fees | 324 | 329 |
| Special projects and events | 31 | 22 |
| Telecommunication | 164 | 162 |
| Travel | 59 | 49 |
| | 4,210 | 3,544 |



Polish Credit Union

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