

ANNUAL REPORT



AGENDA

SYDENHAM COMMUNITY CREDIT UNION

53rd Annual Meeting

April 7, 2010

7:00 p.m.

1. Call to Order: Introductions, National Anthem, Memoriam
2. Report on Registration and Establishment of Quorum
3. Adoption of Agenda
4. Approval of 52nd Annual Meeting Minutes
5. Report on Business Arising
6. Report of the Board of Directors
7. Report of Management on Operations
8. Report of the Audit Committee
9. Report of the External Auditors
10. Submission of Financial Statements
11. Appointment of External Auditors
12. Board Elections
13. Report of the Chief Executive Officer
14. Resolution to Approve the By-laws of Sydenham Community Credit Union
15. Question Period
16. Adjournment

MINUTES

OF THE 52nd ANNUAL GENERAL MEETING

Sydenham Community Credit Union Limited
April 1, 2009
Strathroy Seniors Centre, Strathroy, Ontario

The meeting was called to order at 7:05 p.m. by the Chair Marc Gomes.

Marc Gomes welcomed everyone present and spoke briefly about the current financial crisis and the impact on Sydenham.

The chair introduced the Board of Directors and thanked the Board and the Senior Management Team for their hard work this past year.

The chair recognized those past directors and committee members that were in attendance.

The chair welcomed our guests from the credit union system.

The chair asked for a moment of silence in honour of our members passed away in 2008.

The meeting was declared constituted with the attendance of 79 members and 8 guests, the meeting was opened to the business at hand.

Motion: M/S to accept the agenda for the 52nd Annual General Meeting as presented in the Annual report.
D. Vanderlinde, R. Bolton - Carried

Motion: M/S to accept the minutes of the 51st Annual General Meeting held on April 2, 2008 as presented in the Annual report.
S. Gmehlin, D. Langford - Carried

Business Arising: The chair reported that a decision had been made regarding the payment of patronage dividends. Commencing in 2009

dividends will be paid based on members relationship with the credit union.

Krista Bilinski reported on the activities of the Board of Directors and the Governance Committee.

Motion: M/S to accept the Joint Report of the Chair and Chief Executive Officer.
K. Bilinski, B. Crouch - Carried

Jacqueline Scott reported on Operations, focusing on the financial results.

Motion: M/S to accept the Loans Officer Report as presented in the annual report.
S. Gmehlin, D. Langford - Carried

Stephan Gmehlin reported on the activities of the Audit Committee

Motion: M/S to accept the Audit Committee Report as presented in the annual report.
S. Gmehlin, G. Whiting - Carried

The Report of the External Auditor was given by Jeff Sawyer from BDO Dunwoody.

Jeff Sawyer responded to questions from the members. Don Langford asked for clarification on the credit union use of derivatives – Jeff responded that they were only in use for Interest Rate Risk and the provision of the Index Linked Product to the members. Gord Whiting asked for and received clarification on Accumulated Other Comprehensive Income. Gord then asked for further details on the \$280,182 writedown of investments – Janet Grantham responded that this was related to Credit

MINUTES OF THE 52nd ANNUAL GENERAL MEETING CONT'D

Union Central of Ontario and their ownership of Asset Backed Commercial Paper, Janet provided details on the transaction that resulted in the loss.

Motion: M/S to accept the Report of External Auditor as presented by Jeff Sawyer from BDO Dunwoody Chartered Accountants.
S. Gmehlin, D. Vanderlinde - Carried

Motion: To approve the 2008 Audited Financial Statements.
R. Bolton, C. Smith - Carried

Motion: To appoint BDO Dunwoody as external auditors for the year ending December 31st, 2009.
S. Gmehlin, B. Crouch - Carried

The chair called upon Krista Bilinski to announce the Board of Director nominees. Directors Craig Smith and Stephan Gmehlin terms are expiring, Clare Wideman is retiring, and Bryan Crouch was appointed to the board during the year due to the resignation of a director. Four director positions need to be filled, three for three year and one for two years.

The following slate of candidates was presented by the Nominating Committee: Marcus Collinson, Bryan Crouch, Stephan Gmehlin and Craig Smith. As there were no other nominations these directors were declared elected by acclamation.

Motion: M/S to appoint Marcus Collinson, Bryan Crouch, Stephan Gmehlin and Craig Smith to the board.
K. Bilinski, C. Smith - Carried

Marc Gomes explained that our retiring director, Clare Wideman could not attend tonight due to illness. Marc thanked Clare for his service and dedication to the board.

Janet Grantham spoke on the future of the credit union in these uncertain financial times and the need to move "back to basics" to ensure we continue to provide value. Janet introduced the Management Team and thanked the staff for their support this past year.

Marc Gomes thanked the staff for their hard work and dedication.

Door prizes were awarded to Barry Moody and Kerrie McInroy.

The chair thanked everyone for attending.

Meeting adjourned at 7:55.

S. Gmehlin
Chair

K. Bilinski
Vice Chair

REPORT

OF THE BOARD OF DIRECTORS

Meetings and Attendance

The board of directors met 11 times in 2009, this included regular meetings, a reorganization meeting after the AGM and a strategic planning session. The board met in-camera as required. The board had 100% attendance at 6 of the 11 meetings and achieved an overall attendance rating of 94%.

The Governance Committee met 4 times in 2009, this included in-camera meetings to discuss CEO Performance. This committee had 100% attendance at 2 of the 4 meetings and achieved an overall attendance rating of 87.5%.

The Audit Committee met 5 times in 2009, this included in-camera meetings with our external and internal auditors. The committee had 100% attendance at 2 of the 5 meetings and achieved an overall attendance rating of 80%.

Audit Committee Activities

Budget – the committee reviewed and approved the annual and long term budgets, this included comparison of the financial results to budget on a quarterly basis.

Yearend Financials – the committee reviewed the yearend financial statements with the external auditor, the committee also met with the external auditor in October to review the audit plan for the year

Financial Risk Management Policies – the committee reviewed and approved the following financial risk policies: Credit Risk, Market Risk, Liquidity Risk, Capital Risk, Operational Risk, Structural Risk

Prudent Person Approach to Interest Rate Risk – under the new Act the credit union is required to take a prudent person approach to managing the interest rate risk, the committee reviewed and approved this document.

Information Security Policy – annual review and approval

Directors Resolution related to DICO By-law 5 – annual review and approval

Enterprise Risk Management Plan – annual review and approval

Receive Reports of the Internal Auditors – the committee reviewed the semi-annual reports related to internal audits in Loans, IT and Operations including in-camera meetings as required

IFRS – the committee received regular progress reports from the Chief Financial Officer on the credit union move to International Financial Reporting Standards, including education to ensure compliance

Governance Committee Activities

New Credit Union By-Laws – the committee reviewed and approved the new set of by-laws for presentation to the members at the annual meeting, changes are required under the new Act

Board Governance Policies – annual review and approval

Board Education Plan and Budget – annual review and approval ensuring the delivery of external and internal training opportunities to the board

REPORT OF THE BOARD OF DIRECTORS CONT'D

Board Evaluation Process – process selection, delivery and review including identification of areas for improvement

Director Recruitment – worked with the branches to identify potential candidates for the board including meeting with potential candidates

Strategic Planning Session – responsible for setting the direction of the annual planning session including the selection of a facilitator if required

Annual Meeting – responsible for all facets of the annual meeting

CEO Performance Management – management of the Chief Executive Officers performance including salary and bonus recommendations

Succession Planning – annual review of management succession plans



Stephan Gmehlin
Chair

MANDATORY DISCLOSURES BY CANDIDATES FOR ELECTION TO THE BOARD OF DIRECTORS

As members, all three candidates (and their spouses and other related or connected parties) deal with Sydenham. Their deposit, loan and other service relationships are conducted in the normal course of business subject to the same limits and on the same terms, rates and conditions as are available to members generally.

All three candidates have declared that they (and all parties related or connected to them) are not involved in any material contract or proposed material contract with the credit union. None of the candidates provides any professional services to the credit union as defined by the Act.

REPORT

OF THE LOANS OFFICER

We are pleased to report on the lending activities of Sydenham Community Credit Union Limited during the 2009 fiscal year.

All credit requests that exceeded the authority of the branch staff were reviewed and adjudicated by either the Chief Executive Officer, Chief Credit Officer, or Management Credit Committee. This enabled responsive turn around times for member's requests. We would like to thank all our lenders and staff for their efforts in 2009.

A special thank-you to all our members for their continued support. We look forward to providing you with the right products and professional advice to meet all your future credit needs.

Applications Approved	Numbers	Dollars
Non Mortgage Loans	327	\$10,263
Mortgage Loans	171	\$27,179
Line of Credit	325	\$11,569
Total	823	\$49,011
Applications Declined	Numbers	Dollars
	39	\$ 2,104

REPORT

FROM THE AUDIT COMMITTEE

The Audit Committee of Sydenham Community Credit Union is a committee of the Board of Directors operating pursuant to section 125 of the Credit Unions and Caisses Populaires Act. The Committee consists of four Directors and its mandate covers all of the duties that are specified to be performed by the Audit Committee in the Act.

The committee meets at least quarterly, and has met five times in the past year to carry out its duties and ensure suitable action is taken as necessary. Based on its findings on issues presented to the Audit Committee, reports and recommendations are made to the Board of Directors or senior management. The committee then follows up to ensure that the recommendations are considered and implemented where required.

The Audit Committee is pleased to report that with the full support of Management, Staff and the Board of Directors, it has fulfilled its duties.

The Audit Committee therefore thanks all those involved for their hard work in making our job that much easier.

All significant recommendations made by the Audit Committee have been either implemented or are in the process of being implemented. In addition we are pleased to report to the membership of Sydenham Community Credit Union that there are no significant matters of which they should be aware.

On behalf of the Audit Committee



Anton (Don) Vanderlinde
Chair

MANAGEMENT'S

RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of Sydenham Community Credit Union Limited and all the financial information in this annual report are the responsibility of Management and have been approved by the Board of Directors.

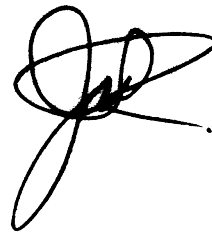
The financial statements have been prepared by Management in accordance with Canadian generally accepted accounting principles. When alternative accounting methods exist, Management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgements. Management has prepared the financial information presented elsewhere in the annual report and has ensured that it is consistent with that in the financial statements.

Sydenham Community Credit Union maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the credit union's assets are appropriately accounted for and adequately safeguarded.

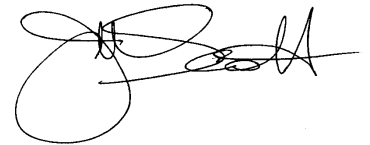
The Board of Directors is responsible for ensuring that Management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out their responsibility principally through its Audit Committee. The Audit Committee is appointed by the Board. The Committee meets periodically with Management and the external auditors to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities, and to review the annual report, the financial statements and the external auditor's report.

The committee reports its findings to the Board for consideration when approving the financial statements for issuance to the owners.

The financial statements have been audited by BDO Dunwoody Chartered Accountants, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the owners. The external auditors have full and free access to the Audit Committee.



Janet Grantham
Chief Executive Officer



Jacqueline Scott
Chief Financial Officer

Auditors' Report on Summarized Financial Statements

**To the Members of
Sydenham Community Credit Union Limited**

The accompanying summarized balance sheet and statement of operations are derived from the complete financial statements of Sydenham Community Credit Union Limited as at December 31, 2009 and for the year then ended on which we expressed an opinion without reservation in our report dated February 5, 2010. The fair summarization of the complete financial statements is the responsibility of management. Our responsibility, in accordance with the applicable Assurance Guideline of the Canadian Institute of Chartered Accountants, is to report on the summarized financial statements.

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

These summarized financial statements do not contain all the disclosures required by Canadian generally accepted accounting principles. Readers are cautioned that these statements may not be appropriate for their purposes. For more information on the entity's financial position, results of operations and cash flows, reference should be made to the related complete financial statements.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

Strathroy, Ontario
February 5, 2010

Sydenham Community Credit Union Limited
Balance Sheet

December 31 2009 2008

Assets

Cash and short-term deposits	\$ 2,823,862	\$ 2,540,312
Investments	12,403,918	12,088,513
Loans to members	136,391,094	127,376,835
Capital assets	1,724,358	1,297,551
Derivative financial instruments	87,477	164,640
Other assets	134,747	157,077
	\$ 153,565,456	\$ 143,624,928

Liabilities and Undivided Earnings


Liabilities

Bank overdraft and short-term loans	\$ 209,001	\$ 1,033,170
Derivative financial instruments	95,665	22,231
Members' deposits	142,034,514	131,784,247
Other liabilities	1,187,173	1,156,852
Future income tax liability	15,100	1,500
Member shares	3,580,416	3,548,554
	147,121,869	137,546,554

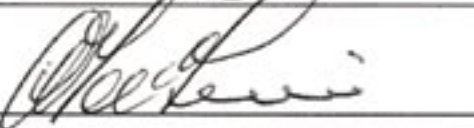
Undivided earnings

Balance, beginning of year	5,864,842	5,592,254
Net income for the year	485,125	272,588
	6,349,967	5,864,842
Balance, end of year	6,349,967	5,864,842
Accumulated other comprehensive income	93,620	213,532
	6,443,587	6,078,374
	\$ 153,565,456	\$ 143,624,928

On behalf of the Board:



Director



Director

Sydenham Community Credit Union Limited
Statement of Operations

For the year ended December 31	2009	2008
Interest revenue		
Interest on member loans	\$ 6,964,964	\$ 7,427,069
Investment income	457,699	459,336
	7,422,663	7,886,405
Interest expense		
Interest on members' deposits	3,615,961	4,071,868
Other interest expense	4,615	55,701
	3,620,576	4,127,569
Financial margin	3,802,087	3,758,836
Other income	1,037,442	924,058
Provision for losses on loans	(270,081)	(120,000)
	4,569,448	4,562,894
Operating expenses		
Administrative	1,182,552	1,251,717
Deposit and loan life insurance	5,924	6,231
Deposit insurance	114,483	113,550
Employee salaries and benefits	2,306,282	2,207,397
Occupancy	246,708	215,252
	3,855,949	3,794,147
Income before other items	713,499	768,747
Other Items		
Loss on disposal of capital assets	(10,080)	-
Loss on write down of investments	(11,802)	(280,182)
	(21,882)	(280,182)
Income before income taxes and distribution to members	691,617	488,565
Provision for income taxes		
Current	78,884	99,673
Future income tax expense	13,600	13,000
	92,484	112,673
Income available for distribution to members	599,133	375,892
Distributions to members (net of income tax)	114,008	103,304
Net income for the year	\$ 485,125	\$ 272,588



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