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AGENDA

1. Call to Order
2. Chairperson's Welcome
3. Registration Report
4. Minutes of the 73rd Annual Meeting
5. Joint Report of the Board of Directors and C.E.O.
6. Report of the Audit Committee
7. Report of the External Auditor
8. Unfinished Business
9. New Business
 - By-Law Amendments
 - Resolutions
 - Appointment of an Auditor
 - Election Results
 - C.Y.O.
 - Oath of Office
 - Social Responsibility Report
10. Adjournment

vision

Our vision is to be Durham Region's financial institution of choice by the year 2015. We will accomplish our vision by:

- Providing superior and innovative products and services that add real value to our members.
- Offering attractive rates and rewarding members for their patronage.
- Attracting and retaining highly skilled, engaged and dedicated employees committed to putting forth their best endeavours.
- Creating a workplace culture that values and respects the diverse perspectives and talents of individuals through empowerment.
- Actively reaching out to the broader community.
- Fostering a sales and service culture characterized by excellence.

We recognize that fulfilling our vision requires working together and living the co-operative values of the credit union system.

mission

To be the primary source of financial products and services for our Members. To provide equitable returns to all segments of our membership through a democratic system characterized by:

- Service excellence;
- Security of deposits;
- Community involvement; and
- Commitment to the Co-operative Principles.

values

- MEMBERS** Members always come first. We strive to anticipate their needs and exceed their expectations each and every time.
- PEOPLE** Our employees put forth their best endeavours and look for ways to be innovative and creative in all that they do. We value their individual skills, talents, perspectives and contributions. We value positive attitudes, approaching tasks with energy and enthusiasm. We celebrate our successes.
- COMMUNITY** We contribute to our community through policies and programs that support social, economic and environmental well-being. We encourage our employees to be actively involved in the communities in which they live and work.

- 1. Don Nicholls, President**
AWCCU, Retired
Board president for 3 years. Has served with the Board for 36 years. Sits on the Audit Committee, Business Development Committee, Executive Committee, Corporate Governance and Policy Review.
- 2. Dave Sitaram, Vice-President**
GM, Retired
Vice-President for 7 years. Has served on the Board for 20 years. Sits on the Executive Committee and Corporate Governance.



1.



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2010 Board of Directors

- 3. Dave Broadbent, Board Member**
GM, Retired
Has served on the Board for 16 years. Sits on the Audit Committee and Business Development Committee.
- 4. Myrna Caverly, Board Member**
AWCCU, Retired
Has served on the Board for 13 years. Sits on the Audit Committee, Executive Committee and Chairs the Corporate Governance Committee.
- 5. Matt Garcia, CGA Board Member**
Kal Tire, Plant Manager
Joined the Board in 2010 as an Associate Director. Sits on the Audit Committee.
- 6. Ron Gay, Board Member**
GM, Retired
Has served on the Board for 15 years. Sits on the Business Development Committee and Corporate Governance.
- 7. Katie Gooder, Board Member**
Felix Global, Program Manager
Has served on the Board for 3 years. Sits on the Business Development Committee and Corporate Governance.
- 8. Bob Gorman, Board Member**
Father Leo Austin, Teacher
Has served on the Board for 5 years. Sits on the Business Development Committee and Corporate Governance.
- 9. Bill Taverner, Board Member**
GM, Retired
Has served on the Board for 9 years. Sits on the Audit Committee, Executive Committee and Chairs the Business Development Committee.
- 10. John Wade, Board Member**
GM, Retired
Has served on the Board for 10 years. Sits on the Business Development Committee, Executive Committee and Chairs the Audit Committee.
- 11. Mike Whibley, Board Member**
Intact Insurance, Commercial Underwriter
Has served on the Board for 4 years. Sits on the Audit Committee, Business Development Committee and Chairs the Policy Review Committee.



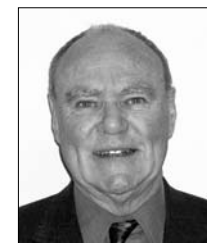
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Message from the Board of Directors



The great difference between a free enterprise, for-profit bank and a co-operative financial institution is the democratic nature of the Credit Union. Your Board of Directors represents the democratic segment of the Credit Union. The Board serves as the Membership's representatives to establish the direction of the Credit Union. A significant part of that representation is our annual report to you and so it is necessary to share with you our activities this past year.

Your Board of Directors meets on a monthly basis as a complete group. We have four Board Committees which meet on a regular basis; Audit, Business Development, Corporate Governance and Executive Committees. This year we added a new Committee, Policy Review, which acts as a second set of eyes to review in-depth the Policies required by DICO.

We held our Annual Planning Session with the Management Team in September. The purpose of this is to set the overall direction of the Credit Union for the upcoming year and beyond. Out of this meeting comes our Annual Plan and Annual Budget which drives the Credit Union toward its goals for the following year. In 2010, we also held an additional planning session to develop alternative strategies to deal with our financial realities following the settlement of our collective agreement with COPE, the employee's bargaining agent.

The Board thoroughly reviewed all Policies during the past year and, in fact, reviewed some of our lending policies more than once. In addition, we welcomed to the team our new Internal Auditor, Maurice Turner, who reviews the statutory compliance issues contained in our policy review schedule.

All was found to be in order and will aid in the overall success of the Credit Union.

Internally we perform an annual review and assessment of the Board of Directors and we continue to support our Directors in their development through CUDA Modules, Professional workshops and internal training provided by our CFO and Directors. Due to financial constraints we have cut back quite a bit on our participation in the Central 1 AGM and the Ontario Credit Union Director's Forum.

In opening, we mentioned that the Board of Directors is one of the things that makes us different from our free enterprise competition.

Another major difference is that you, the Membership, have the right to elect who you would like to serve on this governing body. We welcome to the Board of Directors newly elected Directors Paul Goggan, Dean Lindsay and Doug Sanders. We would like to take this opportunity to thank Dave Sitaram for his past service, 1 term on the former Supervisory Committee, 20 years on the Board of Directors serving as Chair of the Executive Committee, Vice-President and a short time as President. We also wish to thank Bill Taverner for his 27 years of dedicated service to the Credit Union including 3 years on the Supervisory Committee, 15 years on the Credit Committee and 9 years on the Board of Directors. We are sad to see the departure of 2 of the original 3 "Youth Directors". Mike Whibley, elected in 2008, is expecting to be transferred by his employer to Nova Scotia. Katie Gooder, elected in 2009, has taken a promotion with her employer and has assumed a greater workload. We thank them for the integrity, professionalism as well as the "youth" they brought to the Board table. We would also like to formally welcome our newest Associate (non-voting) Director, Matt Garcia. Matt is a Certified General Accountant and sits in on our Audit Committee Meetings as well as meetings of the Board. He is also enrolled in the CUDA program and brings a young person's perspective as well as financial expertise to our Credit Union.

2010 saw the retirement of long-term employee Wanda MacKenzie. Wanda served AWCCU in so many capacities, mostly in the accounting and related fields for over 44 years. Wanda was recognized in 2009 as a Distinguished Service Member, an honour well-deserved. We also say farewell to Janet Letros, who served as our Human Resources Director for 8 years. H.R. Director was her title, but her job description was much wider than that and her skills will be missed by both the Management Team and the Board of Directors.

We face 2011 and beyond with a number of challenges:

- The general downturn of the economy. We have seen some improvements with the hiring at General Motors and we welcome that. Our local economy has been hit hard and it will take much more time to recover.

- Effective January 1, 2011, the credit union adopted International Financial Reporting Standards. The effect of this transition is a reduction in retained earnings at January 1, 2011, in the amount of \$2.7 million comprised of unamortized losses for our Defined Benefit Pension Plan, employee future benefits, and the componentization of our fixed assets. The Credit Union elected to reclassify our investment in Asset Backed Commercial Paper from AFS (available for sale) to HFT (held for trading) and as a result we can now recognize previous gains that were not allowed under AFS classifications. The Credit Union realized a gain of \$336,500 from this reclassification on January 1, 2011. Changes in market value will be reflected in income on a quarterly basis.
- Local competition for our Members' valuable business is fierce.

This is the time to pull together and see the success of our Auto Workers Community Credit Union as our common goal. Member loyalty is more important now than ever. We have lived through crises in the past and evolved stronger than before. 2010 saw continued improvement in profitability of the Credit Union and with the support of our Membership, Management, Staff and Board we can continue this growth, continue to provide top-notch products and services, and continue to be the financial institution of choice for our Members and the future choice of many more. Working together towards this common goal is essential.

Message from the Chief Executive Officer

The Board of Directors' responsibility is to set policy, establish high level direction and to ensure that the CEO is acting in a fiscally responsible manner while carrying out the leadership of the staff and management.

The primary and arguably most critical function of the CEO is to be responsible for the profitability and long-term viability of the credit union. This is an onerous task and one that cannot and will not be taken lightly.

AWCCU is fortunate enough to have 14,000 Members who have entrusted \$278 million of their hard-earned savings to us in the form of deposits, registered plans and shares. Our Members have committed to our long-term success and they have an expectation that their Board of Directors and their CEO will safeguard their savings and value their commitment above all else.

During 2010, the Board and Management came under pressure to deviate from their responsibilities to our Membership when we were asked to put our financial future at risk by not following through with difficult business decisions.

I am proud to report that neither the Board nor the Management team abdicated their responsibilities. We did what was necessary and right for our entire Credit Union, for our entire staff and for our future.



Pat Rivard
Chief Executive Officer

I value input from all of our Members and welcome the opportunity to have discussions with as many Members as possible.

In response to shrinking margins, lack of profitability, global market crisis, downturn in the local economy, escalating benefit costs and loss of business to local competition, we restructured our operations to put approximately \$500,000 annually back into our Retained Earnings. Not only have we been able to realize this cost savings but we have amended our initial restructure so that 2 AWCCU employees will once again be managing our Member's Mutual Fund portfolios.

In addition to this change, many of our valuable part-time employees who were laid off in 2010 will be recalled by the end of first quarter 2011.

AWCCU's biggest challenge moving into the future is to try to remain competitive with our existing cost structure. We know that this is the toughest issue facing us today and has been for over 10 years and yet, it is such a sensitive issue that we all try to avoid it. If we continue to ignore this issue, we do so at our own peril.

As your CEO, I will continue to focus on this issue and to address it. Our Members expect us to be competitive. Each of you has many options when it comes to choosing who to deal with for your financial services. The reality is that our cost of delivery is as much as 50% higher than that of our direct competition.

When I speak with Members, they tell me what is important to them:

- excellent service, less wait time (more staff);
- to speak to a 'live' person when they call in without a long wait time (more staff);
- to be able to speak with someone about a loan, mortgage or investment without making an appointment (more staff);
- more competitive deposit and investment rates;
- more competitive rates on loans and mortgages;
- all of the technology that they can get at other financial institutions.

Given our cost structure, the first 3 points do not allow for the last 3 points. We must carefully choose where we use our most valuable resources, our staff. We cannot always have the best rate in the market; we cannot always have the latest technology; we cannot always add more tellers to our front line and we must continually weigh the products that we offer against the cost to provide them.

During a year which presented significant challenges, your credit union staff and management were able to make a very respectable operating profit. Our commitment to all of you is to continue to make difficult decisions in the best interest of our entire Membership. I assure you that my priority is to grow our capital in order to protect your valuable deposits while still providing the kind of service that you have come to expect.



Audit Committee Report

The Audit Committee of Auto Workers Community Credit Union is a committee of the Board of Directors and operates under Section 125 of the Credit Unions and Caisses Populaires Act of 1994 and was amended in 2009. The Committee is elected annually by the Board of Directors and consists of: John Wade, Chairperson; Dave Broadbent, Myrna Caverly and Bill Taverner; Dave Sitaram is an alternate member. During 2010, the Audit Committee held 12 meetings. In attendance at our monthly meetings are our President, Chief Executive Officer and Chief Financial Officer.

The Committee's Terms of Reference are basically defined by the 17 duties of the Audit Committee specified in the Regulations to the Credit Unions Act. Based upon those duties, the Committee is pleased to report the following activities for 2010:

- Reviewed the monthly internal financial statements of the Credit Union and the associated notes and schedules monitoring the results for compliance with the Generally Accepted Accounting Principles (GAAP), capital reserve requirements, liquidity and interest rate risk requirements as outlined by the Act, Regulations and our Ontario Government Regulators.
- Monitored our Credit Union's performance relative to budgeted targets and our Annual Business Plan.
- Reviewed all of our Policies and Procedures and controls of the Credit Union which relate to legislative compliance with a particular focus on Credit Management, Investments, Interest Rate Risk Management, Liquidity Management, Corporate Governance, Conflict-of-Interest and Capital Management as these Policies are specified in the Act or by the Deposit Insurance Corporation of Ontario.
- Maintained a reasonable understanding of internal controls so as to help ensure the safeguarding of the Credit Union's assets. We worked closely in this area with the Internal Auditor to ensure that a high level of internal control is in place at the Credit Union.
- Served as the Board's liaison with the Internal Auditor and reviewed all of the Internal Auditor's Quarterly and Annual Reports, Work Plan and overall mandate. We held regular meetings with the Internal Auditor to discuss audit findings and recommendations as well as reviewing all material internal control issues. We reviewed Management's responses to all internal audit recommendations. The Committee held in-camera meetings with the Internal Auditor during the course of the year. Our new Internal Auditor is Maurice Turner who

comes to us with a wealth of experience. Thanks to Rick Belsby for his many years of service to the Audit Committee.

- The Audit Committee served as the principal communications link between the External Auditor and the Board of Directors and in particular reviewed the terms of engagement, the scope of the annual audit, the Auditor's Management Letters as well as the Credit Union's Financial Statements prior to receiving Board approval. We also hosted a committee-of-the-whole meeting with our External Auditor at which the total Board of Directors were present to review the year-end Financial Statements. At the same meeting, an in-camera session with the External Auditor was held.
- The Audit Committee reviewed our Disaster Recovery Plan in conjunction with the Internal Auditor in order to ensure reasonable back-up measures are in place.
- Based on its findings the Audit Committee reports and makes recommendations to the Board of Directors with respect to the matters outlined above regarding policy, internal controls, compliance with the Credit Unions Act and Regulations and DICO's By-Law No. 5. The committee follows up on all issues to ensure that all of our recommendations are implemented.

The Audit Committee is once again pleased to report to the Membership that all aspects of its annual mandate have been successfully achieved, and that all significant recommendations of the Committee have either been implemented or are in the process of being implemented. In addition, we report that there are no matters that the Audit Committee believes should be reported to the Membership and there are no issues that are required to be disclosed pursuant to the Credit Unions Act or the Regulations. The Committee is also pleased to report that it received full co-operation from Management and both the External and Internal Auditors in completing all of the required activities during fiscal year 2010.

Respectfully submitted,

John Wade, Chairperson
Dave Broadbent
Myrna Caverly
Bill Taverner
Dave Sitaram (Alternate)

Auditor's Report on Summarized Financial Statements



2010 Financial Statements

To the Members of:
AUTO WORKERS COMMUNITY CREDIT UNION LIMITED

We have audited the accompanying financial statements of Auto Workers Community Credit Union Limited, which comprise the balance sheet as at December 31, 2010, the statements of income, comprehensive income, members' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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 misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, these financial statements present fairly, in all material respects, the financial position of Auto Workers Community Credit Union Limited as at December 31, 2010, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Tinkham & Associates LLP
CHARTERED ACCOUNTANTS
Licensed Public Accountants

TORONTO, Ontario
January 24, 2011

AUTO WORKERS COMMUNITY CREDIT UNION LIMITED

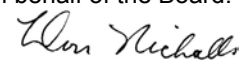
Balance Sheet

As at December 31	2010	2009
Assets		
Cash (note 3)	\$ 14,140,743	\$ 12,064,376
Investments (note 4)	30,574,873	28,738,351
Accrued interest receivable - member loans	287,418	347,040
- investments	118,330	85,430
Receivables and prepaid expenses	658,402	503,131
Member loans receivable (note 5)	234,712,124	237,290,567
Deferred pension costs (note 8)	3,764,692	3,081,575
Future income tax asset (note 15)	910,494	835,881
Derivative financial instruments (note 10)	8,346	867,500
Capital assets (note 7)	5,730,146	6,118,316
	\$ 290,905,568	\$ 289,932,167
Liabilities, Member Entitlements and Members' Equity		
Liabilities		
Accounts payable and accrued liabilities	\$ 1,287,227	\$ 1,118,687
Corporate income taxes payable	26,077	23,487
Obligation for post-retirement benefits other than pensions (note 9)	4,698,901	4,419,310
Derivative financial instruments (note 10)	8,346	24,722
	6,020,551	5,586,206
Member entitlements		
Members' accounts and deposits (note 10)	261,141,291	259,832,941
Accrued member interest, dividends and patronage return	3,426,428	3,287,561
Members' share capital (note 11)	13,668,831	14,520,657
	278,236,550	277,641,159
Members' equity		
Retained earnings	6,648,467	6,054,440
Accumulated other comprehensive income	-	650,362
	6,648,467	6,704,802
	\$ 290,905,568	\$ 289,932,167

Commitments (note 13)

See accompanying summary of significant accounting policies and notes to financial statements.

On behalf of the Board:

 Director

 Director

AUTO WORKERS COMMUNITY CREDIT UNION LIMITED
Statement of Income

Year ended December 31	2010	2009
Interest income		
Residential mortgage loan interest	\$ 7,886,123	\$ 8,655,429
Personal loan interest	1,691,656	1,677,588
Commercial loan interest	2,173,997	1,990,689
Investment interest and dividends	485,917	398,808
	\$ 12,237,693	12,722,514
Interest expense		
Interest on members' accounts and deposits (note 10)	3,926,547	4,902,388
Interest on external borrowings	395	533
	3,926,942	4,902,921
Financial margin	8,310,751	7,819,593
Other revenue	3,083,157	3,186,724
	11,393,908	11,006,317
Expenses		
Amortization of capital assets	581,281	519,495
Currency costs and bank charges	328,798	398,580
Data processing and networking	608,673	584,114
D.I.C.O. insurance and F.S.C.O. assessment	343,458	273,090
Insurance	273,518	263,955
Marketing and development	327,705	286,994
Member services	906,028	710,187
Occupancy costs	955,695	694,665
Office	133,409	158,537
Provision for loan losses	1,174,258	2,058,383
Salaries and employee benefits	4,667,393	4,737,272
	10,300,216	10,685,272
Net income before other items	1,093,692	321,045
Deduct: Dividends and patronage return (note 11)	355,678	340,890
Net income before provision for income taxes	738,014	(19,845)
Provision for (recovery of) income taxes	26,184	(78,416)
Provision for future income taxes	117,803	20,508
Net income for the year	\$ 594,027	\$ 38,063

AUTO WORKERS COMMUNITY CREDIT UNION LIMITED
Statement of Comprehensive Income

Year ended December 31	2010	2009
Net income (loss) for the year	\$ 594,027	\$ 38,063
Other comprehensive income (loss), net of tax		
Unrealized gains (losses) on cash flow hedges	(650,362)	(557,425)
Comprehensive income (loss) for the year	\$ (56,335)	\$ (519,362)

Statement of Members' Equity

Year ended December 31	2010	2009
Retained earnings		
Retained earnings, January 1	\$ 6,054,440	\$ 6,016,377
Net income (loss) for the year	594,027	38,063
Retained earnings, December 31	6,648,467	6,054,440
Accumulated other comprehensive (loss)		
Balance, January 1	650,362	1,207,787
Other comprehensive income (loss)	(650,362)	(557,425)
Balance, December 31	-	650,362
Members' equity, December 31	\$ 6,648,467	\$ 6,704,802

See accompanying summary of significant accounting policies and notes to financial statements.

AUTO WORKERS COMMUNITY CREDIT UNION LIMITED
Statement of Cash Flows

Year ended December 31	2010	2009
Cash provided by operations		
Net comprehensive income for the year	\$ (56,335)	\$ (519,362)
Items not requiring cash		
Amortization of capital assets	581,281	519,495
Future income tax benefit	(74,613)	(494,927)
Post-retirement benefits	959,949	862,860
Loans written off	(1,102,793)	(2,088,910)
Provision for losses on loans	1,174,258	2,058,378
Unrealized loss on swaps	842,778	1,072,870
	2,324,525	1,410,404
Net change in non-cash working capital balances		
Accrued interest receivable on investments	(32,900)	175,345
Receivables and prepaid expenses	(155,271)	774,997
Accounts payable and accrued liabilities	168,540	334,463
Corporate income taxes receivable	2,590	36,372
Obligation for post-retirement benefits	(1,363,475)	(1,128,425)
	(1,380,516)	192,752
Net cash provided (used) by operating activities	944,009	1,603,156
Cash provided (used) by investing activities		
Residential mortgage loans	1,763,205	5,863,025
Personal loans	447,358	(1,502,328)
Commercial loans	180,465	(6,988,540)
Accrued interest receivable on member loans	59,622	2,089
Loans recovered	115,950	183,073
(Purchase) of investments (net)	(1,836,522)	(2,750,260)
(Purchase) of capital assets	(193,111)	(129,915)
	536,967	(5,322,856)
Cash provided (used) by financing activities		
Members' accounts and deposits	1,308,350	12,594,827
Members' share capital	(851,826)	(289,870)
Accrued member interest, dividends and patronage return	138,867	(171,916)
	595,391	12,133,041
Increase in cash	2,076,367	8,413,341
Cash, January 1	12,064,376	3,651,035
Cash, December 31	\$ 14,140,743	\$ 12,064,376
Other information		
Dividends and interest received	\$ 12,264,415	\$ 12,589,948
Dividends and interest paid	4,143,753	5,415,727
Corporate income taxes paid	23,487	-

See accompanying summary of significant accounting policies and notes to financial statements.

AUTO WORKERS COMMUNITY CREDIT UNION LIMITED
Notes to Financial Statements

December 31, 2010

1 Nature of business

Auto Workers Community Credit Union (the "Credit Union") is a financial institution incorporated under the Credit Unions and Caisses Populaires Act of Ontario (the "Act"). The Credit Union is a member of the Deposit Insurance Corporation of Ontario ("DICO") and is affiliated with Central 1 Credit Union ("Central"). The Credit Union provides financial products and services to members throughout Durham Region.

2 Significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following significant accounting policies.

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 the 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.

Financial Instrument	Classification
Cash	Held for trading
Investments	
Central 1 Credit Union shares	Available for sale
Co-operative Trust shares	Available for sale
Co-operators Group preference shares	Available for sale
Term deposits	Available for sale
Credential Securities promissory note	Available for sale
Liquidity reserve deposit	Held to maturity
ABCP Limited Partnership	Available for sale
Loans to members	Loans and receivables
Accrued interest receivable	Loans and receivables
Members' deposits	Other liabilities
Accrued interest payable	Other liabilities
Accounts payable and accrued liabilities	Other liabilities
Derivative instruments	
Interest rate swaps	Available for sale
Index-Linked	Held for trading
Class A Patronage shares	Other liabilities
Class C Special shares	Other liabilities
Membership shares	Other liabilities

(a) 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. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in other revenue.

Financial liabilities designated as held for trading are those non-derivative financial liabilities that the Credit Union elects to designate on initial recognition as instruments that it will measure at fair value through interest expense. These are accounted for in the same manner as held for trading assets. The Credit Union has not designated any non-derivative financial liabilities as held for trading.

AUTO WORKERS COMMUNITY CREDIT UNION LIMITED
Notes to Financial Statements

December 31, 2010

2 Significant accounting policies continued

Financial instruments (continued)

(b) 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.

(c) 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 explained 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 revenue. 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.

(d) Loans and receivables

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

(e) Other liabilities

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

(f) Transaction costs

Transaction costs related to all financial assets and financial liabilities are expensed as incurred.

Loans to members

Loans to members are stated at amortized cost which includes amounts advanced and applicable charges, less repayments.

A loan is classified as impaired when a specific provision has been established or a writeoff 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. Once a loan is classified as impaired, all previously accrued interest is reversed and charged against current income, except for loans which are fully secured.

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.

AUTO WORKERS COMMUNITY CREDIT UNION LIMITED
Notes to Financial Statements

December 31, 2010

2 Significant accounting policies continued

Allowance for doubtful loans

The allowance for doubtful loans is maintained in an amount considered adequate to absorb estimated credit-related losses in the loan portfolio. The allowance for doubtful loans reflects management's best estimate of the losses existing in the loan portfolio and their judgments about the 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 doubtful loans consists of specific provisions and a general provision, 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 writeoffs, net of recoveries.

Specific provisions are determined on a loan-by-loan basis and reflect the associated estimated credit loss. The specific provision 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 provision is established to absorb any potential credit losses and is determined through analysis of economic developments and current portfolio trends for credit losses and cannot be determined on a loan-by-loan basis. When losses can be attributable to individual loan facilities, specific provisions are recorded.

Writeoffs 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 cost less accumulated amortization. The Credit Union provides amortization on its capital assets to amortize costs straight line over the expected useful life of the respective assets using the straight-line method as follows:

Building	- 10-35 years
Equipment	- 2-10 years
Parking area	- 20 years
Leaseholds	- 2-10 years

Revenue recognition

Interest on loans is recognized on an accrual basis except when interest is 90 days past due or earlier when, in the opinion of management, there is doubt as to the collectibility of principal or interest.

Revenue from investment income is recognized in the period it is earned.

Commissions, fees and related revenue are recognized when the specific transactions are completed.

Income taxes

The Credit Union follows the liability method to account 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 year that the change occurs.

Dividend accrual

Dividends on members' share capital are recorded as a distribution of net income in the year to which they pertain, not in the year they are paid.

AUTO WORKERS COMMUNITY CREDIT UNION LIMITED

Notes to Financial Statements

December 31, 2010

2 Significant accounting policies continued

Derivative instruments

(a) Hedge accounting

Certain derivative financial instruments held by the Credit Union are eligible for hedge accounting. To be eligible for hedge accounting, an instrument should meet generally accepted criteria with respect to identification, designation, documentation and effectiveness of the hedging relationship.

The fair value of derivative instruments eligible for cash flow hedge accounting is recognized on the balance sheet. The effective portion of changes in fair value of the hedging derivative is recorded in other comprehensive income while the ineffective portion is recognized in other income. When the hedging instrument is sold, terminated, or ceases to be effective prior to maturity, hedge accounting is ceased prospectively and any gains or losses previously recorded in accumulated other comprehensive income are recognized in earnings in the same period as those on the hedged item. When the hedged item is sold, extinguished, or matures prior to the termination of the related hedging instrument, any gains or losses previously recorded in accumulated other comprehensive income are recognized immediately in other income.

(b) Embedded derivatives

Derivatives embedded in other financial instruments or contracts are separated from their host contracts and accounted for as derivatives when: a) their economic characteristics and risks are not closely related to those of the host contract; b) the terms of the embedded derivative are the same as those of a free-standing derivative; and c) the combined instrument or contract is not measured at fair value with changes in fair value recognized in other income. These embedded derivatives are measured at fair value with changes therein recognized in other income. The Credit Union selected January 1, 2003 as the transition date for embedded derivatives, as such, only contracts or financial instruments entered into or modified after the transition date were examined for embedded derivatives.

Use of estimates

The preparation of the Credit Union's financial statements in conformity with Canadian generally accepted accounting principles require 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 dates and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from such estimates.

Employee future benefits

The Credit Union sponsors a defined benefit pension plan and other post-retirement benefits to retired employees and their spouses. The benefits include medical services, life insurance and extended health care benefits. The benefit plans are further described in notes 8 and 9. This post-retirement benefit plan is not funded.

The Credit Union accrues its obligations under a defined benefit employee pension plan and the related costs, net of plan assets. The cost of the defined benefit pension and the other post-retirement benefits that relate to employees' current service is charged to income annually. The cost is computed on an actuarial basis using the projected benefit method pro-rated on services and management's best estimate of salary escalation, retirement ages of employees and expected health care costs. For the purpose of calculating the expected return on plan assets, the assets are valued at fair market value.

The discount rate used to measure the interest cost on the accrued future employee benefit obligation is set with reference to market interest rates on high-quality debt instruments. The excess of the net cumulative actuarial gain or loss over 10% of the greater of the accrued benefit obligation and the fair value of the benefit assets, and adjustments resulting from benefit amendments, are amortized over the average remaining service life of active employees.

AUTO WORKERS COMMUNITY CREDIT UNION LIMITED

Notes to Financial Statements

December 31, 2010

Future financial reporting standards

The Canadian Generally Accepted Principles (GAAP) for publicly accountable enterprises will be replaced by International Financial Reporting Standards (IFRS) for fiscal years beginning on or after January 1, 2011. The Credit Union is specifically scoped into the definition of a publicly accountable enterprise. As such, the Credit Union will be required to prepare the December 31, 2011 financial statements including comparative information in compliance with IFRS. The Credit Union is currently assessing the impact of the transition to IFRS on the financial statements, disclosures, and broader financial reporting systems and controls.

IFRS uses a conceptual framework similar to Canadian GAAP, but there are significant differences in recognition, measurement and disclosures. The Credit Union is currently in the process of assessing the differences between current accounting policies and those provided by IFRS, as well as the alternatives available on adoption. The assessment will include the potential impact of the conversion on accounting policies, information technology, and data systems, internal controls over financial reporting, disclosure controls and procedures, financial reporting, and business activities.

3 Cash

Cash consists of cash on hand and in current accounts. The average yield for cash deposits for the year ended December 31, 2010 was 1.02% (2009 - 0.57%).

4 Investments

	2010	2009
Central 1 Credit Union / Credit Union Central of Ontario		
Shares	\$ 2,069,634	\$ 2,076,492
Liquidity reserve deposit	20,335,863	20,335,863
U.S. term deposits/discount notes, rates of interest of 0.33%, (2009 - 0.41% to 0.47%) with maturity dates from January 31, 2011 to February 11, 2011 (2009 - August 27, 2010 to September 30, 2010)	1,801,800	1,890,000
Term deposit, interest rate of 1.11%, (2009 - 1.35%) maturing January 31, 2011 (2009 - October 29, 2010)	5,000,000	3,000,000
Credential Securities Inc. promissory note, 0% interest, due Sept. 20, 2020	250,000	250,000
Concentra Trust Company, 671.371 shares	6,714	6,714
The Co-operators Group Limited, 6% Class C, Series B preference shares	150,000	150,000
ABCP Limited Partnership	960,862	1,029,282
	\$ 30,574,873	\$ 28,738,351

AUTO WORKERS COMMUNITY CREDIT UNION LIMITED
Notes to Financial Statements

December 31, 2010

4 Investments (continued)

Terms and conditions

Central 1 Credit Union / Credit Union Central of Ontario shares

On July 1, 2008, Credit Union Central of Ontario merged with Credit Union Central of British Columbia to form a new national financial services entity named Central 1 Credit Union ("Central"). Shares required as a condition of membership in Credit Union Central of Ontario ("CUCO") have been exchanged for shares of Central 1.

As a member of Central 1, the Credit Union is required to maintain an investment in Central 1 shares equal to its share of the level of capital required by Central 1. The Credit Union's share of Central 1 capital requirements is based on asset size relative to other Class A members. Central 1 rebalances the investment annually. The shares in Central are realizable only through the redemption process described above and, accordingly, there is no separately quoted market value. Dividends received on these shares in 2010 amounted to \$105,885 (2009 - \$35,513).

Central 1 Credit Union / Credit Union Central of Ontario liquidity reserve deposit

As a condition of membership in Central 1, the Credit Union is required to maintain a liquidity reserve deposit with Central 1 equal to 7% of the Credit Union's total borrowings and deposits. The reserve deposit is adjusted each quarter. The deposit can be withdrawn only if there is a sufficient reduction in the Credit Union's deposits or upon withdrawal of membership from Central 1. The liquidity reserve deposit is invested in discount deposits with interest rates from 0.58% to 2.14% and maturities from January 17, 2011 to December 3, 2013 (2009 - 0.30% to 2.45%, maturities from January 14, 2010 to February 27, 2012). The average yield for the liquidity reserve deposit for the year ended December 31, 2010 was 1.03% (2009 - 1.32%). At maturity, these deposits are reinvested at market rates for various terms.

The reserve deposit with Central 1 qualifies as liquidity under Section 84 of the Act and can only be withdrawn under certain conditions. Contributions to the reserve deposit are shown as an investment as it is not the intention of the Credit Union to draw down on this deposit unless the program is suspended.

The carrying value of the liquidity reserve in Central 1 approximates its fair value.

Asset-Backed Commercial Paper Limited Partnership and Central 1 Credit Union merger

As a result of a merger between Credit Union Central of Ontario and Credit Union Central of British Columbia to form Central 1 in 2008, member credit unions were required to invest in a limited partnership (ABCP LP) in order to acquire third-party asset-backed commercial paper (ABCP). Members of CUCO were required to purchase units in the ABCP LP based on their proportionate asset size.

The ABCP LP is governed by a Board of Directors that was elected by Ontario member credit unions and each limited partner records its proportionate share of net income or loss in the ABCP LP as determined by Canadian generally accepted accounting principles and subject to an annual external audit.

The Credit Union has received distributions during the year of \$68,421 which have been recorded as a reduction in the investment. As at December 31, 2010, the Credit Union has \$960,862 (2009 - \$1,029,282) invested in ABCP LP units. At December 31, 2010, the ABCP LP provided an estimate of fair value of the investments of \$1,455,801, an increase in value of \$181,059 during the year. The available for sale accounting designation requires the Credit Union to defer this recovery of value until the asset has been liquidated.

AUTO WORKERS COMMUNITY CREDIT UNION LIMITED
Notes to Financial Statements

December 31, 2010

4 Investments (continued)

The average yields for other investments are as follows:

	2010	2009
Term deposits	1.24%	0.43%
U.S. term deposits	0.40%	1.44%

5 Member loans receivable

	2010	2009
Residential mortgage loans	\$ 174,593,873	\$ 176,357,078
Personal loans	25,661,703	26,109,061
Commercial loans	33,849,231	34,251,078
Syndicated commercial loans	2,842,741	2,621,359
	236,947,548	239,338,576
Less: Allowance for doubtful loans (note 6)	(2,235,424)	(2,048,009)
	\$ 234,712,124	\$ 237,290,567

Personal loans bear interest at fixed and variable annual rates and are repayable in monthly blended principal and interest installments over a maximum period of five years. Residential and commercial mortgage loans bear interest at fixed and variable annual rates and are repayable in monthly blended principal and interest installments over a maximum period of five years based on a maximum amortization of 25 years. Line of credit loans bear interest at variable rates and are repayable in minimum interest only, not in advance, subject to annual review.

Commercial and personal loans, including line of credit loans, are repayable to the Credit Union in monthly blended principal and interest installments over a maximum of five years, except for line of credit loans which are repayable on revolving credit basis and require minimum monthly payments.

All loans are open and, at the option of the borrower, may be repaid at any time without notice or penalty, with the exception of commercial and residential loans with a term exceeding one year.

Member loans had the following average yields as at December 31:

	Principal	Yield
2010		
Variable rate	\$ 68,058,345	4.41%
Fixed rate due less than one year	11,285,403	5.49%
Fixed rate due between one and five years	157,603,800	4.83%
2009		
Variable rate	\$ 74,809,432	4.43%
Fixed rate due less than one year	14,107,820	5.23%
Fixed rate due between one and five years	150,421,324	5.29%

AUTO WORKERS COMMUNITY CREDIT UNION LIMITED
Notes to Financial Statements

December 31, 2010

6 Allowance for doubtful loans

The activity in the allowance for doubtful loans account has been as follows:

2010					
	Mortgage Loans	Commercial Loans	Personal Loans	Secondary Allowance	Total
Allowance, opening	\$ 77,695	\$ 989,930	\$ 241,252	\$ 739,132	\$ 2,048,009
Recoveries on loans previously written off	-	39,968	75,982	-	115,950
Provision for loan losses	(77,695)	1,235,279	269,521	(252,847)	1,174,258
Loans written off	-	2,265,177 (780,191)	586,755 (322,602)	486,285	3,338,217 (1,102,793)
Allowance, closing	\$ -	\$ 1,484,986	\$ 264,153	\$ 486,285	\$ 2,235,424
Total impaired loans	\$ 1,655,152	\$ 2,339,254	\$ 302,716	\$ -	\$ 4,297,122

2009					
	Mortgage Loans	Commercial Loans	Personal Loans	Secondary Allowance	Total
Allowance, opening	\$ 31,467	\$ 1,316,980	\$ 234,382	\$ 312,640	\$ 1,895,469
Recoveries on loans previously written off	-	165,003	18,070	-	183,073
Provision for loan losses	174,860	1,064,083	392,942	426,492	2,058,377
Loans written off	206,327 (128,632)	2,546,066 (1,556,136)	645,394 (404,142)	739,132	4,136,919 (2,088,910)
Allowance, closing	\$ 77,695	\$ 989,930	\$ 241,252	\$ 739,132	\$ 2,048,009
Total impaired loans	\$ 417,010	\$ 1,802,466	\$ 287,920	\$ -	\$ 2,507,396

The allowance for doubtful loans is calculated on specific accounts in accordance with the Deposit Insurance Corporation of Ontario directives. A secondary allowance has been provided for unsecured lines of credit. It is reasonably possible that changes in future conditions in the near term could require a material change in the recognized amount of the allowance for impaired loans.

AUTO WORKERS COMMUNITY CREDIT UNION LIMITED
Notes to Financial Statements

December 31, 2010

7 Capital assets

	2010		2009	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 266,132	-	\$ 266,132	\$ -
Building	6,891,626	2,165,650	6,859,163	1,922,734
Equipment and leaseholds	3,673,502	2,935,464	3,512,854	2,597,099
Parking area	120,797	120,797	120,797	120,797
	\$ 10,952,057	\$ 5,221,911	\$ 10,758,946	\$ 4,640,630
Net book value		\$ 5,730,146		\$ 6,118,316

8 Employee pension plan

The Credit Union is the sponsor of a contributory, registered pension plan that covers substantially all of its employees and provides benefits on a defined benefit basis based on length of service and rates of pay. The Credit Union, as the legal administrator of the Plan, has retained the services of CUMIS as a third party administrator.

Assets of the pension fund are held by CUMIS and invested in a Deposit Administration Fund, operated by CUMIS, and in a balanced fund operated by McLean Budden and Phillips Hagar North.

The Credit Union makes contributions to the fund, based on periodic valuation reports prepared by an independent actuary, in accordance with regulatory requirements.

An actuarial valuation was performed as at March 1, 2009. The changes in the defined benefit plan during the year are as follows:

(a) Elements of the defined benefit pension expense recognized in the year

	2010	2009
Current service cost	\$ 400,800	\$ 330,200
Expected return on assets	(775,300)	(704,900)
Interest cost on accrued pension obligations	659,900	690,700
Amortization of net actuarial losses	190,900	146,600
Amortization of past service costs	42,800	42,800
	\$ 519,100	\$ 505,400

AUTO WORKERS COMMUNITY CREDIT UNION LIMITED
Notes to Financial Statements

December 31, 2010

8 Employee pension plan (continued)

(b) Plan assets

	2010	2009
Fair value, beginning of the year	\$ 11,813,575	\$ 10,472,000
Employer contributions	1,423,917	943,575
Employee contributions	15,000	28,000
Benefits paid	(1,592,100)	(437,700)
Expected return on assets	775,300	704,900
Actuarial gain (loss)	(64,400)	102,800
Fair value, end of the year	\$ 12,371,292	\$ 11,813,575

(c) Accrued pension obligations

	2010	2009
Obligation, beginning of year	\$ 12,957,200	\$ 11,387,000
Current service cost	400,800	330,200
Employee contributions	15,000	28,000
Interest cost on plan obligation	659,900	690,700
Benefits paid	(1,592,100)	(437,700)
Actuarial loss	215,700	959,000
Obligation, end of year	\$ 12,656,500	\$ 12,957,200

(d) Reconciliation of funded status to the amount recorded in the statement of financial position

	2010	2009
Fair value of plan assets	\$ 12,371,292	\$ 11,813,575
Accrued pension obligation	(12,656,500)	(12,957,200)
Plan (deficit)	(285,208)	(1,143,625)
Unamortized actuarial losses	3,695,200	3,827,700
Unamortized past service costs	354,700	397,500
	\$ 3,764,692	\$ 3,081,575

(e) Actuarial assumptions

Significant actuarial adjustments adopted in measuring the Credit Union's accrued benefit obligation are as follows:

	2010	2009
Discount rate	5.25%	5.25%
Expected return on plan assets	6.50%	6.50%
Expected rate of compensation increases	2.00%	3.00%

AUTO WORKERS COMMUNITY CREDIT UNION LIMITED
Notes to Financial Statements

December 31, 2010

9 Post-retirement benefits - non-pension

The Credit Union pays certain medical and dental benefits on behalf of its eligible retired employees. The Credit Union recognizes these post-employment costs in the period in which employees' services were rendered. There are no assets in the plan and, therefore, this plan is unfunded. The accrued benefit obligation as at December 31, 2010 of \$4,698,901 (2009 - \$4,419,310) and the expense for the year ended December 31, 2010 was determined by actuarial valuation using a discount rate of 5.00%.

The changes in the defined benefit plan during the year are as follows:

(a) Elements of the defined benefit pension expense recognized in the year

	2010	2009
Current service cost	\$ 144,000	\$ 96,700
Interest cost on accrued obligations	272,300	243,000
Amortization of net actuarial losses	24,600	-
	\$ 440,900	\$ 339,700

(b) Accrued benefit obligations

	2010	2009
Obligation, beginning of year	\$ 5,117,910	\$ 4,034,200
Current service cost	144,000	96,700
Interest cost on plan obligation	272,300	243,000
Benefits paid	(155,310)	(167,090)
Actuarial (gain) loss	(193,500)	911,100
Obligation, end of year	\$ 5,185,400	\$ 5,117,910

(c) Reconciliation of funded status to the amount recorded in the statement of financial position

	2010	2009
Funded status - (deficit)	\$ (5,185,400)	\$ (5,117,910)
Unamortized actuarial losses	486,500	698,600
	\$ (4,698,900)	\$ (4,419,310)

(d) Actuarial assumptions

Significant actuarial adjustments adopted in measuring the Credit Union's accrued benefit obligation are as follows:

	2010	2009
Discount rate	5.00%	5.25%

AUTO WORKERS COMMUNITY CREDIT UNION LIMITED
Notes to Financial Statements

December 31, 2010

10 Members' accounts and deposits

	2010	2009
Deposits		
Chequing accounts	\$ 14,416,506	\$ 14,695,881
Demand deposits	75,922,952	74,603,311
Term deposits	59,788,235	60,238,796
Registered savings plans	79,058,224	81,910,913
Registered income funds	25,754,753	26,103,564
Tax free savings accounts	6,200,621	2,280,476
	\$ 261,141,291	\$ 259,832,941
Interest expense		
Chequing accounts	\$ 15,784	\$ 19,972
Demand deposits	137,092	212,443
Term deposits	1,240,996	1,700,258
Registered savings plans	1,854,752	2,200,802
Registered income funds	617,099	747,204
Tax free savings accounts	60,824	21,709
	\$ 3,926,547	\$ 4,902,388

Terms and conditions

Chequing accounts and demand savings accounts are due on demand and bear interest at variable rates which depend upon the type of account and the balance maintained. Term deposits bear fixed rates of interest for terms up to five years. Interest can be paid monthly, annually or at maturity.

Registered plans and tax free savings accounts consist of fixed rated deposits and variable rate deposits.

Included in members' accounts and deposits are \$583,306 (2009 - \$1,193,953) of an Index-Linked Term Deposit product. The Index-Linked Term Deposit is a three or five year deposit that pays interest to the depositor, at the end of the term, based on the performance of the associated index.

Members' accounts and deposits had the following average yields as at December 31:

	Principal	Yield
2010		
Variable rate	\$ 98,457,955	0.13%
Fixed rate due less than one year	103,257,123	2.48%
Fixed rate due between one and five years	59,426,213	2.20%
2009		
Variable rate	\$ 96,374,366	0.13%
Fixed rate due less than one year	62,651,450	2.16%
Fixed rate due between one and five years	100,807,125	2.29%

AUTO WORKERS COMMUNITY CREDIT UNION LIMITED
Notes to Financial Statements

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11 Members' share capital

The authorized share capital of the Credit Union consists of the following:

- (i) an unlimited number of Class A Patronage Shares,
- (ii) an unlimited number of Class B Special shares, issuable in series ("Class B Life Shares"),
- (iii) an unlimited number of Class C Special shares, issuable in series ("Class C Investment Shares"),
- (iv) an unlimited number of Class D Special shares, issuable in series ("Class D Foundation Shares"), and
- (v) an unlimited number of Membership Shares.

For payment of dividend or in the event of the liquidation, dissolution or winding up of the Credit Union, the shares rank in terms of priority as follows:

- Class D Foundation Shares
- Class C Investment Shares
- Class B Life Shares
- Class A Patronage Shares
- Membership Shares

The issued share capital consists of the following:

	2010	2009
Class A Patronage Shares	\$ 4,036,344	\$ 4,332,417
Series 96 Class C Special Shares	9,492,394	10,038,403
Membership Shares	140,093	149,837
	\$ 13,668,831	\$ 14,520,657

Significant terms of the issued share capital is as follows:

(a) Class A Patronage Shares

Class A Patronage Shares result from patronage rebates or dividends. Class A Patronage Shares rank in priority to Membership Shares and form part of the Credit Union's permanent share capital. Pursuant to the articles of the Credit Union, Class A Patronage Shares are redeemable upon termination of membership in the Credit Union, or at any time after the death of a shareholder. Dividends are non cumulative. Dividends of \$70,230 (2009 - \$134,473) were declared for the year ending December 31, 2010.

The Credit Unions' and Caisse Populaires Act permits the redemption of Patronage Shares of the Credit Union if the Credit Union is in compliance with capital adequacy and liquidity standards after the redemption. Redemptions in any fiscal year may not exceed 10% of the total Class A Patronage Shares outstanding at the beginning of that fiscal year.

(b) Class C Special Shares

The holders of Class C Special Shares are entitled to receive dividends, when declared by the Board, subject to availability of sufficient earnings to meet the regulatory capital requirements of the Act, which are described in note 12. During the year, dividends in the amount of \$285,448 (2009 - \$206,417) were declared.

The Series 96 Class C Special Shares are redeemable after five years from the date of issuance or at any time after the death of the shareholder. Redemptions in any fiscal year may not exceed 10% of the total Series 96 Class C Special Shares outstanding at the beginning of that fiscal year.

The Credit Union has the option to purchase for cancellation all or any part of the outstanding Series 96 Class C Special Shares at any time after the expiry of five years from the issue date.

(c) Membership Shares

Each member is required as a condition of membership to hold 2 (2009 - 2) Membership Shares, which are issued at \$5 per share. During the year, dividends of \$nil were declared (2009 - \$nil).

The Credit Unions' and Caisse Populaires Act permits the redemption of Membership Shares if the Credit Union is in compliance with capital adequacy and liquidity standards after the redemption.

AUTO WORKERS COMMUNITY CREDIT UNION LIMITED
Notes to Financial Statements

December 31, 2010

12 Capital management

The Credit Union maintains policies and procedures relative to capital management so as to ensure that capital levels are sufficient to cover risks inherent in the business. The Credit Union's objectives when managing capital are:

- (i) To ensure that the quantity, quality and composition of capital required reflects the inherent risks of the Credit Union and to support the current and planned operations and portfolio growth.
- (ii) To provide a basis for confidence among members, depositors, creditors and regulatory agencies.
- (iii) To ensure that the Credit Union maintains a level of capital that sufficiently protects against unanticipated losses and to comply with the minimum regulatory capital requirements set out in the Act.

The Act requires the Credit Union to maintain regulatory capital of 4% of total assets and 8% of total risk weighted assets. As at December 31, 2010, the Credit Union is in compliance with the Act and regulations regarding regulatory capital.

Total Regulatory Capital is comprised of Tier 1 and Tier 2 capital as follows:

	2010	2009
Tier 1 Capital		
Class A Profit Shares	\$ 4,036,344	\$ 4,332,417
Class B Investment Shares	9,492,394	10,038,403
Less: redeemable Class B Investment Shares	(949,239)	(1,003,840)
Membership Shares	140,093	149,837
Retained earnings	6,648,467	6,054,440
	19,368,059	19,571,257
Tier 2 Capital		
Redeemable portion of Class B Investment Shares	949,239	1,003,840
General provisions	486,285	739,132
	1,435,524	1,742,972
Total Regulatory Capital	\$ 20,803,583	\$ 21,314,229
% of total assets	7.15%	7.35%
% of total risk weighted assets	18.00%	17.25%
The Act also requires that the Credit Union maintain prudent levels and forms of liquidity that are sufficient to meet its cash flow needs. Assets qualifying for liquidity comprise:		
	2010	2009
Cash	\$ 14,140,743	\$ 12,064,376
Term deposit	6,801,800	4,890,000
Liquidity reserve deposit	20,335,863	20,335,863
	\$ 41,278,406	\$ 37,290,239
% of member deposits	15.80%	14.35%

AUTO WORKERS COMMUNITY CREDIT UNION LIMITED
Notes to Financial Statements

December 31, 2010

13 Commitments

(a) Credit facilities

The Credit Union maintains line of credit and overdraft facilities totaling \$500,000-CDN\$ and \$200,000-US\$, and other facilities of \$10,500,000 at Central 1 of which \$nil (2009-\$8,068) has been utilized for the purposes of the interest rate swaps. The facilities are secured by an assignment of book debts and general security agreements and are renewable annually.

(b) Operating lease

The Credit Union has entered into an operating lease for the rental of premises for one branch expiring June 30, 2015. The Credit Union has also entered into operating leases for the rental of ATM machines at three locations. These operating leases require minimum annual payments over the next five years as follows:

2011	\$ 99,556
2012	99,556
2013	91,556
2014	87,556
2015	87,556

(c) Member loans

The Credit Union has the following commitments to its members as at December 31, 2010, on account of unadvanced mortgages and unused lines of credit:

Unadvanced mortgages	\$ 516,633
Unadvanced commercial mortgages	500,000
Unused lines of credit	55,225,779
	\$ 56,242,412

When the loans are advanced, they are subject to the same terms and conditions as described in note 5.

(d) Letters of Credit

The Credit Union has \$95,000 in outstanding standby letters of credit expiring from January 25, 2011 to December 1, 2011 (2009 - \$95,000 expiring January 25, 2010 to December 1, 2010).

14 Restricted party transactions

(a) Loans

Restricted parties include all directors, officers and committee members as well as their spouses and immediate dependent family members. The total amount of loans outstanding at December 31 to restricted parties is as follows:

	2010	2009
Residential meritlines	\$ -	\$ 184,512
Personal loans	51,659	25,149
	\$ 51,659	\$ 209,661

All loans conform to the Credit Union's policies with respect to term, interest rates and limits and have been approved by the Board of Directors. None of the loans to restricted parties were impaired as at December 31, 2010 and, accordingly, there is no allowance for impaired loans required.

AUTO WORKERS COMMUNITY CREDIT UNION LIMITED
Notes to Financial Statements

December 31, 2010

14 Restricted party transactions (continued)

(b) Director remuneration

The policy of the Board of Directors is to pay honoraria to the Directors monthly for reimbursement of extraordinary out-of-pocket expenses. Amounts totalling \$32,212 (2009-\$37,060) were paid to Directors for reimbursements of mileage, per diem and lost time for attendances at meetings.

15 Income taxes

The Credit Union has cumulative timing differences between taxable reserves and those allowed for accounting purposes of \$3,114,609 (2009 - \$2,612,158). The cumulative draw down rate is 29.2% (2009 - 32.0%).

Timing differences resulting in a future income tax asset consist of the following:

	2010	2009
Difference between deduction for income tax purposes and expense for accounting purposes related to amortization of property, plant and equipment	\$ 115,386	\$ 14,662
Difference between deduction for income tax purposes and expense for accounting purposes related to the allowance for impaired loans	661,199	869,020
Difference between deduction for income tax purposes and expense for accounting purposes related to the step deposits	849,861	783,213
Writedown on ABCP not recognized for tax purposes	450,306	450,306
Difference between deduction for income tax purposes and expense for accounting purposes related to pension costs	(3,764,692)	(3,081,575)
Difference between deduction for income tax purposes and expense for accounting purposes related to future benefits	4,802,549	4,419,310
Accumulated comprehensive income	-	(842,778)
	\$ 3,114,609	\$ 2,612,158

The provision for income tax differs from the result which would be obtained by applying the combined Canadian Federal and Provincial Statutory income tax rates to income before income taxes. This difference results from the following items:

	2010	2009
Net income (loss) before income taxes	\$ 738,014	\$ (19,845)
Statutory income tax rate	31.00 %	33.50 %
Expected income tax provision	228,784	(6,648)
Increase (decrease) in taxes resulting from:		
Small business deduction	(124,084)	3,275
Other	25,905	(54,634)
Provision for (recovery of) income taxes	\$ 130,605	\$ (58,007)

AUTO WORKERS COMMUNITY CREDIT UNION LIMITED
Notes to Financial Statements

December 31, 2010

16 Financial Instruments

(a) Fair value

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

The estimated fair value amounts approximate the 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.

	Fair Value	Book Value	Value Over (under) Book Value
2010			
Assets			
Cash	\$ 14,140,743	\$ 14,140,743	\$ -
Investments	31,069,812	30,574,873	494,939
Accrued interest receivable	405,748	405,748	-
Member loans receivable	239,426,682	234,712,124	4,714,558
Derivative financial instruments	8,346	8,346	-
Liabilities			
Accounts payable	1,287,227	1,287,227	-
Members' accounts and deposits	261,563,957	261,141,291	422,666
Accrued member interest	3,426,428	3,426,428	-
Derivative financial instruments	8,346	8,346	-
Members' share capital	13,668,831	13,668,831	-

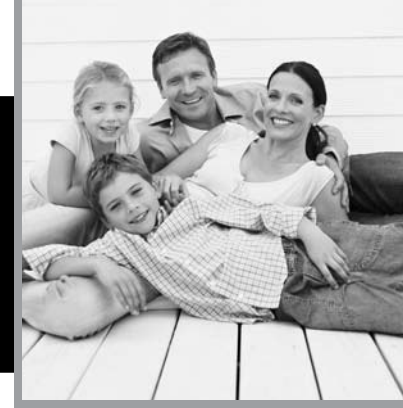
The following methods and assumptions were used to estimate the fair value of financial instruments:

- i) The fair values of cash and cash resources, certain 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 assumed to be equal to the estimated market value;
- iii) The estimated fair values of floating rate loans and floating rate deposits are assumed to be equal to the respective book values as the interest rates on these loans and deposits reprice to market on a periodic basis;
- iv) The estimated fair values of fixed rate loans and fixed rate deposits are 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; and
- v) The fair value of derivative instruments is calculated using pricing models that incorporate current market prices and contractual prices of the underlying instruments.

(b) 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.

December 31, 2010



16 Financial instruments (continued)

(c) 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 to ensure an exposure of no more than \$500,000.

As at December 31, 2010, the Credit Union had U.S. dollar denominated liabilities of \$2,660,744 (2009 - \$2,050,040) and U.S. dollar denominated assets of \$2,889,024 (2009 - \$2,009,984).

(d) Credit risk

Credit risk is the risk of financial loss to the Credit Union if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Credit Union's member loans.

Risk measurement

Credit risk rating systems are designed to assess and quantify the risk inherent in credit activities in an accurate and consistent manner. Credit scoring is the primary risk rating system for assessing obligor and transaction risk for retail exposure.

Objective, Policies and Processes

The Credit Union's credit risk management principals are guided by its overall risk management principles. The Board of Directors is involved in the management of credit risks. The Board ensures that management has a framework, and policies, processes and procedures in place to manage credit risks and that the overall credit risk policies are complied with at the business and transaction level.

The Credit Union's credit risk policies set out the minimum requirements for management of credit risk in a variety of transactional and portfolio management contexts. The Credit Union's credit risk policies comprise the following:

- i) Loan general policy statements including approval of lending policies, eligibility for loans, exceptions to policy, policy violations, liquidity, and loan administration.
- ii) Loan lending limits, including schedule of assigned limits.
- iii) Loan collateral security classifications which set loan classifications, advance ratios and amortization periods.
- iv) Procedures outlining loan overdrafts, release or substitution of collateral, temporary suspension of payments and loans renegotiation.
- v) Loan delinquency controls regarding procedures followed for loans in arrears.
- vi) Internal controls policy regarding audit procedures for lending activities.

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	Benefits	Total
Pat Rivard, CEO	\$ 154,086	31,645	185,731

Remuneration is fair and competitive and is targeted to be below the 50th percentile of similar positions in credit unions of equal asset size. Executive compensation is reviewed and approved by the Board on an annual basis. As part of this review, the Board considers market expectations and projections of changes for comparable positions.

Auto Workers Community Credit Union continues to be a well-respected leader and caring corporate citizen in the communities we serve. AWCCU makes a difference by supporting more than 30 non-profit charities and community clubs/organizations in our region. These organizations provide much-needed services and enhance the quality of life for hundreds of people in the Oshawa and Bowmanville area.

AWCCU is proud of our support of two non-profit organizations that embody the spirit of the community: Salvation Army Angel Tree Toy/Food Drive and the Big Bike Ride for the Heart and Stroke Foundation. Our employees have raised more than 5,000 toys in the last five years and over \$15,000 for the Heart and Stroke Foundation.

AWCCU supports many other non-profit organizations, including Firehouse Youth Centre, Hearth Place Run, Crime Stoppers, Eastview Boys & Girls Club, Child Safety Alert, Sunrise Youth Group, MADD, Bethesda House, Canadian Mental Health, Ontario Credit Union Charitable Foundation and many more.



MVP Night



Heart & Stroke Big Bike Ride

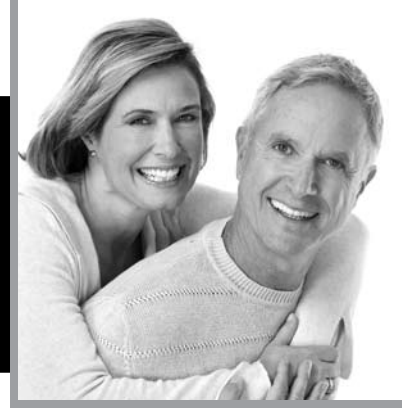


Angel Tree 2010



Sunrise BBQ 2010

Elections Report 2011



Elected Officials 2011

Elections were held for three (3) vacant positions on our Board of Directors. The ballots were counted on February 28, 2011. A total of 1,322 ballots were cast which represents 9.4% of our total membership. Thirty (30) ballots were spoiled or blank. The results of the election are as follows:

CANDIDATE	VOTES
Doug Sanders	1,044
Dean Lindsay	1,000
Paul Goggan	935
Bill Taverner	485
Mark Sanders	407

Accordingly, Doug Sanders, Dean Lindsay and Paul Goggan have been elected to the Board of Directors for a three-year term.

It is recommended that:

The Report of the Election Committee be received and the ballots be destroyed.

Respectfully submitted,

Rose Catulli
Elections Officer

Florence LeBreton-Elik
Elections Officer

BOARD OF DIRECTORS

	TERM EXPIRES
Doug Sanders	2014
Dean Lindsay	2014
Paul Goggan	2014
Myrna Caverly	2013
Ron Gay	2013
Robert Gorman	2013
Dave Broadbent	2012
Katie Gooder	2012
Don Nicholls	2012
John Wade	2012



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