

MEMBERS

Al Eden, Chair
James Hopkins,
Vice Chair

Sandy Berry
Roy Cansdale
Tony Clare
Basil Cogill
Lorrie Forde
Carsten Nielsen
Bev Skinner

FINANCIAL STATEMENTS

DISTRICT CREDIT UNION



The consolidated balance sheet as at December 31, 2008 and the consolidated statements of operations for the year ended on which we report dated February 28, 2009, and the consolidated financial statements for the year ended on which we report dated February 28, 2009, are presented in accordance with the standards of The Canadian Institute of Chartered Accountants and are condensed financial statements.

The financial statements fairly present the financial position and performance of the District Credit Union as at and for the year ended on which we report, in accordance with the standards of The Canadian Institute of Chartered Accountants and are condensed financial statements.

The financial statements contain all the disclosures required by the accounting principles. The financial statements may not be appropriate for use in the Credit Union's financial statements and cash flows, reference should be made to the financial statements.

SUMMERLAND & DISTRICT CREDIT UNION CONSOLIDATED BALANCE SHEET

December 31	2008	2007
ASSETS		
Cash and term deposits	\$25,527,734	\$17,324,027
Members' loans	136,488,215	135,569,855
Other assets	84,843	141,274
Income taxes receivable	19,229	19,694
Investments	732,420	1,695,942
Property, plant and equipment	3,158,755	2,629,893
Interest rate swaps	670,687	-
	<u>\$166,681,883</u>	<u>\$157,380,685</u>
LIABILITIES AND MEMBERS' EQUITY		
Accounts payable and accrued liabilities	\$442,295	\$428,196
Members' deposits	156,023,998	147,942,876
Equity shares	1,215,475	1,210,155
Dividends payable	786,550	804,985
Future income tax liability	168,980	65,987
Interest rate swaps	-	57,526
	<u>158,637,298</u>	<u>150,509,725</u>
Members' equity		
Retained earnings	7,466,249	6,870,960
Accumulated other comprehensive income	578,336	-
	<u>8,044,585</u>	<u>6,870,960</u>
	<u>\$166,681,883</u>	<u>\$157,380,685</u>

Approved on behalf of the Board:
 Al Eden, Board Chair
 James Hopkins, Chair of the Audit Committee

SUMMERLAND & DISTRICT CREDIT UNION CONSOLIDATED STATEMENT OF MEMBERS' EQUITY

For the year ended December 31	2008	2007
Retained earnings as previously stated	\$6,870,960	\$6,248,274
Transition adjustment financial instruments	-	(33,128)
Retained earnings beginning of year	6,870,960	6,215,146
Net income for the year	595,289	655,814
Retained earnings end of year	<u>\$7,466,249</u>	<u>\$6,870,960</u>
Accumulated other comprehensive income beginning of year	\$-	\$-
Other comprehensive income	578,336	-
Accumulated other comprehensive income end of year	<u>\$ 578,336</u>	<u>\$-</u>
Total members' equity	<u>\$8,044,585</u>	<u>\$6,870,960</u>

SUMMERLAND & DISTRICT CREDIT UNION CONSOLIDATED STATEMENT OF OPERATIONS

For the year ended December 31	2008	2007
Interest earned		
Interest on members' loans	\$7,409,268	\$7,481,111
Interest on investments	901,673	769,230
	<u>8,310,941</u>	<u>8,250,341</u>
Interest expense		
Interest on members' deposits	3,922,297	3,915,430
Interest on borrowed funds	4,674	11,513
	<u>3,926,971</u>	<u>3,926,943</u>
Financial margin	4,383,970	4,323,398
Other income	913,613	978,238
Provision for losses on loans	(119,228)	(181)
	<u>5,178,355</u>	<u>5,169,255</u>
Operating expenses		
Salaries and employee benefits	2,206,931	2,095,038
Office, premises and supplies	825,528	792,622
Other administrative expenses	560,932	590,924
Amortization	175,831	164,208
	<u>3,769,222</u>	<u>3,642,792</u>
Income from operations	1,409,133	1,526,463
Patronage dividends	723,735	730,260
Dividends on equity, non-equity and investment shares	58,109	68,939
Equity income from subsidiary	(78,741)	(18)
Income before income taxes	<u>706,000</u>	<u>1,317,182</u>
Income taxes		
Current	98,008	119,216
Future	12,733	26,152
	<u>110,741</u>	<u>145,368</u>
Net income for the year	<u>\$595,289</u>	<u>\$655,814</u>

SUMMERLAND & DISTRICT CREDIT UNION CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31	2008	2007
Net income	\$595,289	\$655,814
Other comprehensive income, net of taxes	578,336	-
Change in fair value of cash flow hedges	(78,336)	-
Comprehensive income	<u>\$1,173,625</u>	<u>\$655,814</u>

SUMMERLAND & DISTRICT CREDIT UNION CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31	2008	2007
Cash flows provided by (used in) operating activities		
Interest received on members' loans	\$7,516,805	\$7,415,059
Interest received on investments	928,888	768,475
Fees and commissions received	913,613	978,238
Cash paid to employees and suppliers	(3,550,299)	(3,500,718)
Interest paid on members' deposits and borrowed funds	(3,892,823)	(3,977,113)
Dividends paid in determination of net income	(800,279)	(664,537)
Income taxes paid	(97,543)	(145,820)
	<u>1,018,362</u>	<u>873,584</u>
Cash flows provided by (used in) investing activities		
Net change in members' loans	(1,145,125)	(8,918,339)
Purchase of property, plant and equipment	(704,474)	(1,036,222)
Net change in investments	1,042,262	628
	<u>(807,337)</u>	<u>(9,953,933)</u>
Cash flows provided by (used in) financing activities		
Net change in deposits from members	7,987,362	9,994,027
Loans and advances with related parties	-	50,000
Net change in equity shares	5,320	1,395
	<u>7,992,682</u>	<u>10,045,422</u>
Net change in cash and cash equivalents	8,203,707	965,073
Cash and term deposits, beginning of year	17,324,027	16,358,954
Cash and term deposits, end of year	<u>\$25,527,734</u>	<u>\$17,324,027</u>

Investing activities
 Change in investments from non-cash transactions \$78,741 \$73,918

Members may obtain a free copy of the full financial statements from the Credit Union



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REPORT TO THE MEMBERSHIP

OF DIRECTORS and present the annual report of the Credit Union for the fiscal

has certainly been the members witnessed the events worldwide which led to the economic meltdown of the U.S. The unprecedented interest in credit unions, including the Bank of America, in the face of domestic recessions and global events that may seem, there are many financial institutions in the world. Government intervention with prudent financial management and domestic exposure. For the past year and existing debt and the challenges of affordability and the local level, to the economic downturn.

An excellent year in 2008 on the balance sheet, ending at \$6,681,883. Loans were \$1.5 million for the year and the credit union continued to grow and now is a leading banking industry with a growing by \$595,289 to provide the credit union with the challenges and solutions.

Results remained strong prior to taxes, comprehensive income tax rebates and dividends an unprecedented 55% increase of \$1,844 for the year.

Our environmental program in the community through our paper shredding and recycling products in partnership with Shred-It BC, a program that will reduce our carbon footprint and streamline service to

our members. Research is underway to implement new services that will support our commitment to being an environmentally responsible organization.

For ten days in October the credit union participated in the Canadian Cooperative Association's "Giving Credit Where Credit is Due" women's mentoring program and welcomed Dora Korleke Lowortey of Ghana to the credit union. Dora was able to take with her, knowledge of credit union procedures and policies, enjoy our wonderful community and make lasting friendships while providing us with a better understanding of work and home life in the small community of Begor, Ghana.

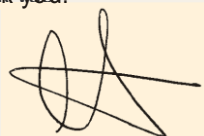
2008 marked the retirement of a long standing member of our Board of Directors. Len Grant served as Director for 18 years, six of those as Chairman of the Board. His guidance, commitment and knowledge have helped to make us the strong, viable organization we are today. The Board, management and staff wish Len and his wife Donna, a wonderful retirement.

Summerland Credit Union was proud to be named one of the "Best Companies to Work for in BC" by BC Business Magazine for the second consecutive year. We were also recognized as a finalist in the Best Bank/Credit Union category by readers of Okanagan Life Magazine's "Best of the Okanagan Readers' Choice Awards."

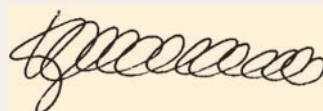
Supporting the local community continues to be one of our leading corporate values and we were pleased to support many local events and initiatives this past year. The Okanagan College Home for Learning, Agur Lake Camp, local schools and the South Okanagan Similkameen Medical Foundation are a few of the organizations that were supported in 2008. Others are highlighted further in this report.

We would not be where we are today without the commitment and outstanding leadership of our board of directors, the dedication of our tremendous staff and the support and patronage of our members. As we begin our 65th year of service we know these strengths will carry us through any upcoming challenges and look forward to our collective future.

Thank you.



Al Eddy Board Chair



Kelly Marsden CEO

SUMMERLAND & DISTRICT CREDIT UNION

Notice of 67th ANNUAL GENERAL MEETING

Summerland Recreation Centre
Banquet Room

8820 Jubilee Road East

Thursday April 21, 2011 at 5:30 p.m.

Refreshments will be served.

Overall, our Member Rewards Program has returned more than

\$6.6 Million
to our members!

- 10% bonus on deposit interest
- 10% rebate on service charges
- 5% rebate on loan interest
- 5% dividends on Voluntary Equity Shares
- 5% dividends on Membership Shares

Over \$670,000

of 2010 earnings were shared with our members



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www.sdcu.com

Your Credit Union in the community

Watch for our staff Community Team at events throughout the year, from the Friends of the Garden plant sale in the spring to winter's Festival of Lights tradition. As well, look for the Summerland Credit Union tent which is used at sponsored events or donated to local groups and organizations for their use.

In 2009 we proudly supported...

- 911 and Friends • Action Festival • Adult Bursary Program • Agur Lake Camp • Apple Valley Cruisers • Art Gallery • BC Children's Hospital • BC Schizophrenia Society • Blossom Pageant • Blossom Rod Run • Canadian Cooperative Association • Cancer Society • Children's Festival • Christmas Adopt a Family • Community Foundation of the South Okanagan • Cooperative Association of BC • Crime Stoppers • Curling • Elementary & Middle Schools • Elvis Festival Society • Fall Fair • Festival of Lights • Friends of the Gardens • Giant's Head Run • Golf • Home For Learning • Kinettes and Kinsmen • Kiwanis • KVSR • Lakeshore Racquets Club • Master Gardeners Program • Minor Baseball Assoc. • Muscular Dystrophy Canada • Museum • Neighbourhood Link • One Person Project • Orca Swim Club • Quest Society • Read to Me Program • Regional Science Fair • Royal Canadian Legion • SADI • SCEDT • SO Horse Association • SOSMF (Medical Foundation) • Special Olympics • Sportman's Association • Street Talk • Success by Six • Summerland Food Bank • Summerland Minor Hockey Association • Summerland Secondary School • Summerland Yacht Club • SUN FM Miracle Fund • Variety Club • WOSO • Youth and Senior Softball • Youth Soccer