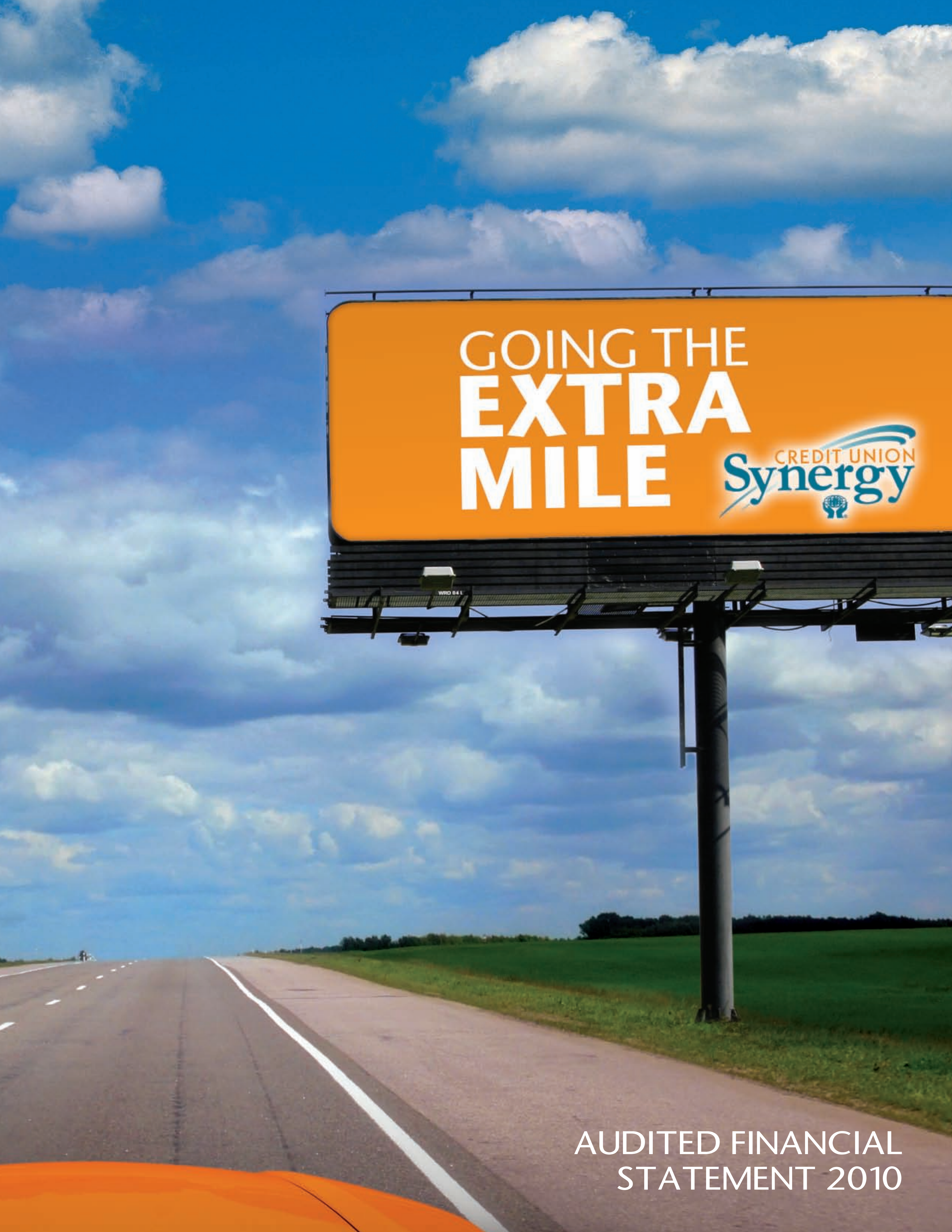

AUDITED FINANCIAL STATEMENT 2010

SYNERGY CREDIT UNION LTD.

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

SYNERGY CREDIT UNION LTD.

CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010

INDEX

PRICEWATERHOUSECOOPERS

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February 15, 2011

Independent Auditor's Report

To the Members of
Synergy Credit Union Ltd.

We have audited the accompanying consolidated financial statements of Synergy Credit Union Ltd. and its subsidiary, which comprise the consolidated balance sheet as at December 31, 2010 and the consolidated statements of comprehensive income, retained earnings and cash flows for the year then ended, and the related notes including a summary of significant accounting policies.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles and for such internal control as management determines is necessary to enable the preparation of consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 control. 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 consolidated financial statements.

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

PRICEWATERHOUSECOOPERS

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Synergy Credit Union Ltd and its subsidiary as at December 31, 2010 and their results of operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

SYNERGY CREDIT UNION LTD.

CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2010

	2010	2009
ASSETS		
Cash	**15,786,734**	8,267,291
Investments (Note 4)	**171,432,396**	100,963,275
Loans (Note 5)	**726,915,297**	760,462,815
Other Assets (Note 7)	**3,578,474**	1,861,416
Intangible Assets (Note 8)	**625,795**	748,702
Capital Assets (Note 9)	**11,973,801**	11,290,900
	$ 930,312,497	$ 883,594,399
LIABILITIES AND EQUITY		
LIABILITIES		
Deposits (Note 10)	**834,019,898**	781,818,164
Loans Payable (Note 11)	**93,572**	10,200,124
Other Liabilities (Note 12)	**7,103,865**	9,960,555
	841,217,335	801,978,843
Member Capital		
Membership Shares (Note 15)	**35,916,710**	34,327,480
Allocation Payable to Members (Note 16)	**4,438,245**	3,822,322
	40,354,955	38,149,802
	881,572,290	840,128,645
EQUITY		
Retained Earnings	**48,740,207**	43,465,754
Accumulated Other Comprehensive Income	**-**	-
	$ 930,312,497	$ 883,594,399

Commitments (Note 20)

APPROVED:

President

Wayne White

1st Vice President

Alex Mitchell

SYNERGY CREDIT UNION LTD.

CONSOLIDATED STATEMENT OF RETAINED EARNINGS
YEAR ENDED DECEMBER 31, 2010

	2010	2009
Retained Earnings, Beginning of Year	**43,465,754**	40,273,866
Net Income	**5,274,453**	3,191,888
Retained Earnings, End of Year	**$ 48,740,207**	$ 43,465,754

SYNERGY CREDIT UNION LTD.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED DECEMBER 31, 2010

	2010	2009
INTEREST AND INVESTMENT INCOME		
Loans	**37,575,507**	38,671,047
Investments	**3,324,748**	1,952,983
	40,900,255	40,624,030
INTEREST EXPENSE		
Deposits	**12,198,125**	13,817,477
Payments on Interest Rate Derivatives	**1,417,593**	2,102,564
Loans Payable	**25,273**	52,316
	13,640,991	15,972,357
NET INTEREST INCOME	**27,259,264**	24,651,673
Provision (Recovery) For Credit Losses (Note 5)	**169,669**	(164,897)
NET INTEREST MARGIN	**27,089,595**	24,816,570
NON-INTEREST REVENUE		
Gains (Losses) – Held For Trading Instruments	**1,930,889**	1,937,463
Other Revenue	**8,147,327**	5,586,014
	10,078,216	7,523,478
OPERATING EXPENSES (Schedule 1)		
Personnel	**16,292,795**	14,886,742
Occupancy	**1,701,397**	1,708,706
Member Security	**807,484**	754,393
General Business	**6,960,798**	6,759,690
Organization Costs	**682,078**	719,552
	26,444,552	24,829,083
INCOME BEFORE PATRONAGE ALLOCATION AND INCOME TAX	**10,723,259**	7,510,965
Patronage Allocation	**4,386,811**	3,735,171
INCOME BEFORE PROVISION FOR INCOME TAX	**6,336,448**	3,775,794
Provision For Income Tax (Note 14)	**1,061,995**	583,906
NET INCOME AND TOTAL COMPREHENSIVE INCOME	**$ 5,274,453**	$ 3,191,888

SYNERGY CREDIT UNION LTD.

CONSOLIDATED CASH FLOW STATEMENT
YEAR ENDED DECEMBER 31, 2010

	2010	2009
Cash flows from operating activities		
Loan Interest Received	**38,137,930**	39,410,478
Investment Interest Received	**3,323,327**	2,494,356
Non Interest Revenue	**6,307,617**	6,360,016
Interest Paid	**(14,377,097)**	(16,546,697)
Cash Payments to Suppliers and Employees	**(25,395,053)**	(23,991,814)
Income Taxes Paid	**(544,694)**	(276,847)
	7,452,030	7,449,492
Cash flows from financing activities		
Loan Payable Proceeds (Payments)	**(10,106,552)**	9,973,606
Membership Shares Redeemed and Distributed	**(2,117,094)**	(919,254)
Net Increase in Other Membership Shares	**1,400**	53
Net Increase in Deposits	**52,716,123**	29,637,299
Proceeds from Loan Securitizations	**34,957,022**	4,892,153
	75,450,899	43,583,857
Cash flows from investing activities		
Capital Assets and Intangible Assets Purchased	**(3,281,492)**	(1,092,852)
Proceeds on Disposal of Capital Assets	**129,652**	10,461
Net (Increase) Decrease in Loans	**(1,763,946)**	(60,375,684)
Net (Increase) Decrease in Investments	**(70,467,700)**	2,342,987
	(75,383,486)	(59,115,088)
Increase (Decrease) In Cash	**7,519,443**	(8,081,739)
Cash at Beginning of Year	**8,267,291**	16,349,030
Cash at End of Year	**$ 15,786,734**	$ 8,267,291

1. Incorporation and Governing Legislation

The Credit Union was continued pursuant to the *Credit Union Act, 1998* of the Province of Saskatchewan and operates twelve Credit Union service centers within Lloydminster, Kindersley and surrounding areas.

In accordance with *The Credit Union Act, 1998*, Credit Union Deposit Guarantee Corporation (CUDGC), a provincial corporation, guarantees the repayment of all deposits held in Saskatchewan Credit Unions, including accrued interest.

2. Accounting Policy Changes

The Credit Union has not adopted any new significant accounting policies effective for its fiscal year ended December 31, 2010.

3. Significant Accounting Policies

These consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles (GAAP). The significant accounting policies used in the preparation of these consolidated financial statements are summarized below.

Basis of Consolidation

The consolidated financial statements include the assets, liabilities, income and expenses of the Credit Union's subsidiary.

> 101150299 Saskatchewan Ltd has its' registered head office in Lloydminster Saskatchewan and is 100% owned and controlled by Synergy Credit Union. The book value of the shares owned by the Credit Union is $1.

All significant intercompany transactions and balances have been eliminated on consolidation.

Cash

Cash consists of cash and cash equivalents maturing in one business day.

Loans

Loans are recorded at the lower of principal plus accrued interest and estimated realizable amounts. Estimated realizable amounts are determined by the discounted future value of the loan's security, net of expected selling costs. When the amount and timing of future cash flows cannot be estimated with reasonable reliability, estimated realizable amounts are measured at the fair value of the security underlying the loans, net of expected costs of realization.

An allowance for impaired loans is maintained that reduces the carrying value of loans. A loan is classified as impaired when there is no longer reasonable assurance that the principal and interest will be collected in full. The allowance is increased by a provision for credit losses, which is charged to income, and reduced by writeoffs, net of recoveries.

The main component of this allowance is a specific provision attributable to individually significant exposures The Credit Union records specific allowances based on management's regular review of individual loans and to reduce their book values to estimated realizable amounts. The net amount represents management's best estimate of the future value of the payments it will receive on each loan, discounted at the loan's inherent interest rate. When management cannot determine the loan's future cash flows, it bases its estimate on the estimated market value of the loan's security or value as determined from other pertinent information, and where appropriate and reasonable, on the discounted future value of the loan's security, net of expected selling costs. The Credit Union records changes to the estimated realizable value of the loan as a charge or credit to the provision for credit losses.

In addition, a general allowance may be established where, in management's opinion, it is required to absorb losses inherent in the loan portfolio, for which a specific allowance cannot yet be determined. A general provision is established when evidence of impairment exists within groups of loans but is not sufficient to allow identification of individually impaired loans. Impairment is estimated based on historical credit loss experience, known portfolio risks and current economic conditions and trends.

Write off policy

The Credit Union writes off a loan balance when Sales and Service Support determines that the loans are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower's financial position such that the borrower can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire balance

Foreclosed Assets

Foreclosed assets held for sale are recorded at the lower of cost and estimated net realizable value. Cost is comprised of the balance of the loan at the date on which the Credit Union obtains title to the asset plus subsequent disbursements related to the asset, less any revenues or lease payments received. Foreclosed assets held for sale are subsequently valued at the lower of its carrying amount or fair value less cost to sell. Foreclosed assets are recorded in Loans.

Capital Assets

Land is reported at cost. Capital assets are reported at cost less accumulated depreciation. Depreciation is calculated using the straight line method over the estimated useful life of the related asset as follows: .

Buildings and Improvements	5 to 40	years
Furniture and Equipment	3 to 20	years
Automotive	5	years

Gains and losses on the disposal of capital assets are recorded in the statement of income in the year of disposal.

Intangible Assets

Specified intangible assets acquired are recognized and reported. Intangible assets recognized separately from goodwill and subject to amortization are recorded at cost and amortized using the straight line method, based upon management's best estimate of the useful life of the asset. Software that has been classified as an intangible asset is amortized over 3 to 10 years.

Long Lived Assets

Long lived assets consist of capital assets and intangible assets. Long lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Credit Union performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the asset's carrying amount. Impairment is measured as the amount by which the asset's carrying value exceeds its' fair value. Any impairment is included in earnings for the year.

Quoted market prices, prices for similar items, or discounted cash flows are used to measure fair value of long-lived assets, depending on the availability of information.

Future Income Taxes

Future income tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between financial statement carrying amounts and their tax bases. These amounts are measured using enacted and substantively enacted tax rates and re-measured annually for rate changes. Future income tax assets are recognized for the benefit of deductions available to be carried forward to future periods for tax purposes that are likely to be realized. Future income tax assets are re-assessed each year to determine if a valuation allowance is required. Any effect of the re-measurement or re-assessment is recognized in the period of change.

Financial Instruments

CICA Handbook Section 3855 establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. All financial instruments are initially recognized on the balance sheet at fair value. Measurement in subsequent periods depends on whether the financial instrument has been classified as held for trading, available for sale, held to maturity, loans and receivables, or other financial liabilities.

Held for trading financial assets and liabilities are purchased for sale in the near term and for which fair value can be reliably measured on initial recognition. Held for trading financial instruments are carried at fair value with all gains and losses recognized immediately in net income.

Available for sale assets include assets which may be sold in response to or in anticipation of changes in interest rates and repayment risk, or to meet liquidity needs. Available for sale assets are carried at fair value with unrealized gains and losses included in accumulated other comprehensive income until the financial asset is sold or derecognized, at which time the cumulative gain or loss is transferred to net income.

Held to maturity financial assets are securities that the Credit Union has the intention and ability to hold until its' maturity date. The assets are initially measured at fair value with gains and losses recognized in net income when the asset is derecognized or impaired. Any impairment write downs and foreign exchange translation adjustments are recognized immediately in net income.

Loans and receivables are loans that the credit union has the intention and ability to hold until maturity. Loans are recorded at outstanding principal plus accrued interest. Reported amounts are measured at amortized cost using the effective yield method. Any impairment write downs are recognized immediately in net income through loan provision expense.

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

The Credit Union has made the following classifications:

Held for Trading
- Cash
- SaskCentral Liquidity Demand Pool
- Redeemable Term Deposits
- Demand Deposits
- Index Linked Options
- Index Linked Deposits

Available For Sale
SaskCentral Shares
SaskCentral Debenture
Concentra Debenture
Other Investments

Held to Maturity
None

Loans and Receivables
Mortgage Pools
Loans

Other Financial Liabilities
Deposits
Accounts Payable
Loans Payable
Other Liabilities

Fair Value of Financial Instruments

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair values are determined by reference to quoted bid or asking prices in an active market. In the absence of an active market, the Credit Union determines fair value based on internal or external valuation models such as discounted cash flow analysis or using observable market based inputs (bid and ask price) for instruments with similar characteristics and risk profiles.

The Credit Union classifies fair value measurements recognized in the balance sheet using a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1: Quoted prices (unadjusted) are available in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Unobservable inputs in which there is little or no market data, which require the Credit Union to develop its' own assumptions.

Fair value measurements are classified in the fair value hierarchy based on the lowest level input that is significant to that fair value measurement. This assessment requires judgment, considering factors specific to an asset or a liability and may affect placement within the fair value hierarchy.

Derivative Financial Instruments

Derivative financial instruments are financial contracts whose value is derived from an underlying interest rate, foreign exchange rate, equity or commodity instrument or index. In the ordinary course of business, the Credit Union enters into derivative transactions for asset / liability management. Derivatives are recognized on the balance sheet at their fair value, with changes in fair value recognized in non-interest revenue.

Derivatives embedded in other non-derivative 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; c) and the combined instrument or contract is not measured at fair value with the changes in fair value recognized in net income. These embedded derivatives are measured at fair value with changes therein recognized in net income.

Transaction Costs

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Transaction costs include fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs. The Credit Union expenses transaction costs in the period incurred. Other than loan origination fees, the Credit Union does not incur material transaction costs.

Revenue Recognition

Loan Interest Revenue

Loan interest revenue is recognized on the accrual basis for all loans not classified as impaired. A loan is classified as impaired when there is reasonable doubt as to collectability or payments of interest or principal are past due 90 days. When a loan becomes impaired, recognition of interest income ceases when the carrying amount of the loan (including accrued interest) exceeds the estimated realizable amount of the underlying security. The amount of initial impairment and any subsequent changes are recorded through the provision for doubtful loans as an adjustment of the specific allowance.

Fees relating to loan origination, including commitment, restructuring and renegotiation fees, are deferred and amortized to interest income over the term of the loan. Incremental direct costs for originating or acquiring a loan are netted against originations fees.

Investment Interest Revenue

Investment interest revenue is recognized on the accrual basis. Purchase premiums and discounts are amortized using the effective interest method over the term to maturity of the applicable investment. Net derivative interest revenue is recognized on the accrual basis at fair value through investment interest revenue.

Non-Interest Revenue

Non-interest revenue is recognized in the fiscal period in which the related service is provided.

Fees

Fees, other than loan origination fees, are recognized as non-interest revenue in the year the related service is provided. These fees include annual review fees, payment deferral fees, mortgage prepayment bonus fees, letter of credit fees, small business loans fees and outgoing mortgages transfer fees. Loan origination fees are fees charged at the inception or origination of the loan such as mortgage registration fees, application fees, search fees, renewal fees, personal property security registration fees and amendment fees. Where these fees are charged in relation to the recovery of costs directly incurred by the Credit Union, these fees are recognized as non-interest revenue in the year the related service is provided. Where these fees are not directly related to the recovery of fees incurred by the Credit Union, these fees are grouped with the related loans and amortized using the effective interest method.

Securitization

The Credit Union periodically enters into agreements to fund loan growth and manage liquidity by selling loans to unrelated parties. The Credit Union retains the contractual obligation to service these loans as part of the agreements. The Credit Union's retained interest in the receivables sold consists of rights to future cash flows after payment to the investor (excess spread) and of servicing obligations.

The Credit Union securitizes groups of assets by selling them to an independent special purpose or qualifying special purpose entity or trust. Securitization transactions are recognized as a sale and the assets are removed from the balance sheet when the Credit Union has surrendered control over the assets and has received, in exchange, consideration other than beneficial interests in the transferred assets. For the surrender of control to occur, the transferred loans must be isolated from the Credit Union, the Credit Union does not maintain effective control over the transferred assets, and the purchaser must have a legal right to sell or pledge the transferred loans.

The Credit Union generally retains an interest in the securitized assets such as servicing rights, and various forms of recourse including over-collateralization, rights to excess spread and cash reserve accounts. The over-collateralization and cash reserve components of the Credit Union's retained interest are classified as held for trading other assets on the balance sheet. The fair value is measured by calculating the present value of forecasted cash flows using key economic assumptions.

Gains and losses on securitization are recognized in non-interest revenue on the date of the transaction. These gains and losses are dependent in part on the previous carrying amount of the loans involved in the transfer. As market quotes are usually not available, gains and losses are recorded at fair value as determined by estimating the present value of future expected cash flows using estimates of key assumptions on credit losses, prepayment rates, discount rates and cost of funds. Any estimate adjustments to the key assumptions will result in changes to the fair value of the retained interest and are recorded in non- interest revenue. All loans securitized by the Credit Union have been on a fully serviced basis.

Membership Shares

Shares are classified as liabilities or member equity in accordance with their terms. Shares redeemable at the option of the member, either on demand or on withdrawal from membership, are classified as liabilities. Shares redeemable at the discretion of the Credit Union board of directors are classified as equity.

Foreign Currency Translation

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and liabilities reflect the exchange rates at the balance sheet date. Translation gains and losses are included in current income.

Employee Future Benefits

The Credit Union's employee future benefit program consists of a defined contribution pension plan and other post retirement benefits.

Credit Union contributions to the defined contribution plan are expensed as incurred.

The estimated cost of providing defined post-retirement benefits is determined by management using projected benefits pro-rated against accumulated and expected years of service.

Measurement Uncertainty

The preparation of the consolidated financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and contingent assets and contingent liabilities as at the date of the financial statements as well as the reported amounts of income and expenses during the reporting period.

Certain estimates, including allowances for credit losses, post retirement benefits and accounting for securitizations require management to make subjective or complex judgments.

Accordingly, actual results could differ from those estimates. Estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the periods in which they become known.

Future Accounting Changes

Adoption of International Financial Reporting Standards

The Canadian Accounting Standards Board (AcSB) has confirmed that International Financial Reporting Standards ("IFRS") will replace current Canadian GAAP for fiscal years beginning on or after January 1, 2011, for publicly accountable enterprises. For the Credit Union, financial statements, including comparative information, for fiscal years beginning on or after January 1, 2011 will be prepared in accordance with IFRS.

The Credit Union is participating in the National IFRS Readiness Project for Credit Unions sponsored by Credit Union Central of Canada and has developed a changeover plan to adopt IFRS on January 1, 2011. The key elements of the plan include assessing the impact of adopting IFRS on accounting policies, data systems, disclosure controls and processes, business activities, and capital adequacy.

The Credit Union is well advanced in the IFRS changeover plan. The adoption of IFRS is not expected to have a significant impact on the Credit Union's operations or capital adequacy.

4. Investments

	2010	2009
SaskCentral		
Shares	**8,503,956**	8,503,956
Liquidity Demand Pool	**84,000,000**	80,440,997
Term Deposits	**10,024,144**	-
Demand Deposits	**58,487,300**	-
Other		
Debentures	**7,550,000**	7,550,000
Mortgage Pools	**1,577,270**	3,049,790
Other	**1,174,293**	1,320,520
	171,316,963	100,849,263
Accrued interest on investments	**115,433**	114,012
	$ 171,432,396	$ 100,963,275

Pursuant to Regulation 18(1), Credit Union Central of Saskatchewan (SaskCentral) requires that the Credit Union maintain 10% of its total liabilities in specified liquidity deposits in SaskCentral. The regulator of Saskatchewan Credit Unions, CUDGC, requires that the Credit Union adhere to these prescribed limits and restrictions. As of December 31, 2010 the Credit Union met the requirement.

SaskCentral is controlled by Saskatchewan credit unions and acts as a trade association, service provider to credit unions and manager of the provincial statutory liquidity deposits. SaskCentral maintains investments in other credit union service providers including Concentra Financial Services Association in which it holds 84.3% (2009 – 84.3%) of the non-voting Class A shares and 49% (2009 - 49%) of the voting membership shares.

Currently the Credit Union holds $8,503,956 in membership shares of SaskCentral, or 6.8% (2009 – 6.8%) of the total issued and outstanding membership shares. The voting rights, characteristics, and value of membership shares are set out in the Bylaws of SaskCentral. Membership shares of SaskCentral carry an issuance and redemption price of ten dollars per share.

5. Loans

	2010				2009
	Principal				
	Current	**Impaired**	**Allowances**	**Net**	**Net**
Mortgages					
- Agriculture	**68,889,962**	**1,313,849**	**(142,767)**	**70,061,044**	73,568,113
- Commercial	**107,079,828**	**506,740**	**(213,966)**	**107,372,602**	100,899,976
- Personal	**369,826,503**	**2,641,480**	**(262,896)**	**372,205,087**	389,979,213
Personal Loans	**59,825,760**	**889,011**	**(806,580)**	**59,908,191**	57,788,004
Non-personal Loans	**112,151,550**	**4,583,571**	**(2,188,241)**	**114,546,880**	134,449,672
Foreclosed Assets	**91,186**	**-**	**-**	**91,186**	485,107
Accrued Interest	**2,620,477**	**109,830**	**-**	**2,730,307**	3,292,730
Total	**$ 720,485,266**	**$ 10,044,481**	**$ (3,614,450)**	**$ 726,915,297**	$ 760,462,815

The balance of the allowances for loan impairment changed as follows:

	2010	2009
Balance, beginning of year	**3,550,498**	3,874,188
- charge for impairment	**169,669**	(164,897)
- interest accrued during the year on impaired loans	**491,052**	389,404
- amounts written off	**(596,769)**	(548,197)
Balance, end of year	**$ 3,614,450**	$ 3,550,498

6. Securitization

During 2010, the Credit Union was party to securitization transactions as the seller of CMHC residential mortgages. The following table summarizes the transactions:

	2010	2009
Securitized and Sold	**$34,579,372**	$4,836,988
Net Cash Proceeds Received	**34,420,632**	4,814,650
Retained Interest in Securitized Mortgages	**1,707,170**	423,817
Pretax Gain on Sale	**1,548,430**	400,041

The following table summarizes the impact of securitizations on the Credit Union's Statement of Comprehensive Income and Balance Sheet:

	2010	2009
Securitized and Sold	**$37,349,925**	$4,680,394
Retained Interest in Securitized Mortgages	**1,694,591**	356,724
Gain on Remeasurement of Retained Interest	**167,087**	10,410

The following table contains key assumptions used to value the retained interest:

	2010	2009
Prepayment Rate	**15%**	15%
Excess Spread	**2.21%**	2.80%
Discount Rate	**2.33%**	2.70%
Expected Credit Losses	**.010%**	.010%

The following table presents key economic assumptions and the sensitivity of the current fair value of the retained interest to adverse changes in each key assumption as at December 31, 2010.

	2010	2009
Fair Value of Retained Interest	**$1,694,591**	$356,724
Weighted Average Remaining Life	**3.06 years**	3.78 years
Excess Spread, Net of Credit Losses		
Impact on Fair Value of a 10% Adverse Change	**(169,890)**	(34,833)
Impact on Fair Value of a 20% Adverse Change	**(339,652)**	(69,661)
Prepayment Rate (%)		
Impact on Fair Value of a 10% Adverse Change	**(36,081)**	(9,677)
Impact on Fair Value of a 20% Adverse Change	**(71,149)**	(19,024)
Expected Credit Losses		
Impact on Fair Value of a 10% Adverse Change	**(1,758)**	(258)
Impact on Fair Value of a 20% Adverse Change	**(3,517)**	(516)

7. Other Assets

	2010	2009
Securitization Retained Interest (Note 6)	**1,694,591**	356,724
Prepaid Deposits	**809,535**	-
Accounts Receivable	**772,488**	692,528
Index Linked Derivatives (Note 10)	**142,445**	420,885
Future Income Tax Asset (Note 14)	**109,194**	365,609
Prepaid Expenses	**50,221**	25,670
	$ 3,578,474	$ 1,861,416

8. Intangible Assets

	2010			2009
	Cost	**Accumulated Depreciation**	**Net Book Value**	**Net Book Value**
Software	**$ 1,980,440**	**$ 1,354,645**	**$ 625,795**	$ 748,702
Depreciation charged to operations			**$ 323,876**	$ 272,390

During the year, intangible assets were acquired at an aggregate cost of $200,969, of which all were acquired in cash.

9. Capital Assets

	2010			2009
	Cost	**Accumulated Depreciation**	**Net Book Value**	**Net Book Value**
Land	**2,249,256**	**-**	**2,249,256**	677,784
Buildings and Improvements	**14,236,848**	**6,212,796**	**8,024,052**	8,634,120
Furniture and Equipment	**7,831,230**	**6,292,790**	**1,538,440**	1,859,161
Automotive	**290,948**	**128,895**	**162,053**	119,835
	$ 24,608,282	**$ 12,634,481**	**$ 11,973,801**	$ 11,290,900
Depreciation charged to operations			**$ 1,502,665**	$ 1,575,496

During the year, capital assets were acquired at an aggregate cost of $2,271,482 (2009 - $853,065), of which all were acquired in cash. During the year, the Credit Union incurred a gain on disposal of capital assets of $43,736 (2009 - $5,351).

10. Deposits

The Credit Union has $3,089,226 (2009 - $6,737,145) of Index Linked deposits outstanding to its members. The Credit Union has entered into equity-linked option contracts with SaskCentral equal to the deposit amounts to fix costs on the deposit products that are linked to movements in equity market indexes. The corresponding other assets and deposits accounts have been adjusted to fair value.

11. Loans Payable

The Credit Union has an authorized line of credit bearing interest at prime less .50% in the amount of $18,000,000 from SaskCentral. Prime rate was 3.00% at December 31, 2010. At December 31, 2010, the Credit Union had no balance outstanding on the line of credit.

The Credit Union has also made arrangements to have available through SaskCentral a commercial paper facility in the amount of $30,000,000. Under the program, the Credit Union may request drawings up to the established limit. The principal amount and interest are due on the maturity date of the commercial paper issued by SaskCentral. The interest rate payable is the commercial paper market term rate as established plus .375% per annum. As of December 31, 2010, the Credit Union had drawn $0 (2009 - $9,997,303) on this program.

All bank indebtedness agreements are secured by general security agreements registered against the assets of the Credit Union.

The Credit Union also carries a mortgage pool that has been funded by Concentra Financial. As of December 31, 2010, the funding provided by Concentra Financial under this arrangement was $93,572 (2009 - $202,821). The interest rate payable is a variable rate that is dependent on commercial paper markets.

12. Other Liabilities

	2010	2009
Accounts Payable and Accrued Liabilities	**3,779,651**	4,527,405
Retained Member Capital for Distribution	**1,196,418**	1,130,454
Post Retirement Benefits (Note 13)	**821,495**	819,590
Interest Rate Derivatives	**586,590**	2,517,479
Income Tax Payable	**377,733**	116,847
Accrued Interest – Interest Rate Derivatives	**341,978**	842,135
Other	**-**	6,645
	$ 7,103,865	$ 9,960,555

13. Employee Benefits

The Credit Union contributes annually to a defined contribution pension plan for employees. The contributions are held in trust by the Co-operative Superannuation Society and are not recorded in the Consolidated Balance Sheet. The annual pension expense of $696,865 (2009 - $685,397) is included in personnel expenses. As a defined contribution pension plan, the Credit Union has no future liability or obligation for future contributions to fund benefits to plan members.

In addition, the Credit Union provides other post-retirement benefits to certain employees. The annual expense for these benefits of $1,905 (2009 - $22,237) is included in personnel expenses and the accrued liability of $821,495 (2009 - $819,590) is included in other liabilities.

14. Provision For Income Taxes

Components of the provision for income taxes:

	2010	2009
Current Income Tax Expense	**805,580**	544,404
Future Income Tax Expense	**256,415**	39,502
	$ 1,061,995	$ 583,906

The total provision for income taxes in the statement of comprehensive income is at a rate other than the combined federal and provincial income tax rates for the following reasons:

	2010	2009
Combined Federal and Provincial Statutory Income Tax Rates (32.5%)	**2,059,346**	1,227,133
Credit Union Rate Reduction (17%)	**(1,077,196)**	(641,885)
Non Deductible and Other Items	**79,845**	(1,342)
	$ 1,061,995	$ 583,906

15. Membership Shares

Membership shares, including member profit shares, are as provided for by the *Credit Union Act* and administered according to the terms of Bylaw 2, which sets out the rights, privileges, restrictions and conditions. The authorized share capital is unlimited in amount and consists of shares with a par value of $5 each. These accounts are not guaranteed by CUDGC.

Characteristics include permanence, freedom from mandatory charge and subordination to the rights of creditors and depositors.

	2010	2009
Balance at beginning of year	**34,198,192**	32,255,079
Allocations to members		
Interest rebate to borrowers	**1,611,752**	1,513,774
Bonus interest to investors	**1,126,723**	894,467
Share dividend	**1,023,914**	638,285
Redemptions on member accounts	**(1,313,958)**	(1,103,412)
General distribution to members	**(860,601)**	-
Allocated membership shares	**$ 35,786,022**	$ 34,198,192
Other membership shares	**$ 130,688**	$ 129,288
Total membership shares	**$ 35,916,710**	$ 34,327,480

16. Allocation Distributable

The Board of Directors declared a patronage allocation in the amount of $4,438,245 (2009 - $3,822,322) on member shares as at December 31, 2010. The patronage allocation approved by the Board of Directors was based on the amount of loan interest paid, deposit interest earned, and the balance of member shares held by each member during the fiscal year.

Allocation payable to members

	2010	2009
Interest rebate to borrowers	**2,667,470**	1,650,288
Bonus interest to investors	**697,638**	1,146,088
Share dividend	**1,073,137**	1,025,946
	$ 4,438,245	$ 3,822,322

17. Capital Management

CUDGC prescribes capital adequacy measures and minimum capital requirements. The capital adequacy rules issued by CUDGC are based on the Basel II framework, consistent with the financial industry in general.

In 2008, CUDGC implemented a new risk-weighted asset calculation for credit and operational risk. Under this approach, credit unions are required to measure capital adequacy in accordance with instructions for determining risk-adjusted assets, including off-balance sheet commitments. Based on the prescribed risk of each type of asset, a weighting of 0% to 150% is assigned. The ratio of regulatory capital to risk-weighted assets is calculated and compared to the standard outlined by CUDGC. Regulatory standards require credit unions to maintain a minimum total eligible capital to risk-weighted assets of 8%, a minimum tier 1 capital to total assets of 5% and tier 2 capital to tier 1 capital of less than 100%.

Tier 1 capital is defined as a credit union's primary capital and comprises the highest quality of capital elements while tier 2 is secondary capital and falls short of meeting tier 1 requirements for permanence or freedom from mandatory charge. Tier 1 capital at the Credit Union includes retained earnings, membership shares (including allocated membership shares), and deductions for securitization transactions.

Tier 2 capital at the Credit Union includes a general allowance for credit losses to a maximum of 1.25% of risk weighted assets.

The Credit Union has adopted a capital plan that conforms to the capital framework and is regularly reviewed and approved by the Board of Directors. In addition to establishing limit amounts, the Board has established target amounts as well. The following table compares CUDGC regulatory standards to the Credit Union's board policy for 2010:

	Regulatory Standards	**Board Limits**	**Board Targets**
Total eligible capital to risk weighted assets	8.00%	12.00%	16.00%
Tier 1 capital to total assets	5.00%	7.50%	10.00%
Tier 2 capital to Tier 1 capital	Under 100.00%	Under 35%	-

During the year, the Credit Union complied with all internal and external capital requirements. The following table summarizes key capital information:

Capital Summary	**2010**	2009
Eligible capital		
Total Tier 1 capital	**$ 87,472,445**	$ 81,147,737
Total Tier 2 capital	**128,562**	-
Total eligible capital	**$ 87,601,007**	$ 81,147,737
Risk-weighted assets	**$ 538,089,724**	$527,077,490
Total eligible capital to risk weighted assets	**16.28%**	15.40%
Tier 1 capital to total assets	**9.40%**	9.18%
Tier 2 capital to tier 1 capital	**0.15%**	0.00%

Capital management is the process whereby the necessary level of capital is determined to support operations, risks and growth. The Credit Union uses different management processes to manage capital risk. A capital management framework is included in policies and procedures established by the Board of Directors. In addition, CUDGC establishes standards to which the Credit Union must comply.

The primary capital policies, procedures and processes include the following:

- Adherence to regulatory capital requirements as minimum benchmarks
- Maintaining a minimum acceptable internal capital standard of 50% in excess of the regulatory requirements
- Targeting capital levels of 100% in excess of regulatory requirements through short and long term financial goals, budgets, performance targets, and employee incentive programs
- Development of planned long term growth strategies that are consistent with the sustainability of capital levels that exceed regulatory requirements by 100%
- Development of a patronage program that is consistent with the Credit Union’s capital targets and objectives

18. Fair Value of Financial Instruments

Fair values represent estimates of value at a particular point in time and may not be relevant in predicting future cash flows or earnings. Estimates respecting fair values are based on subjective assumptions and contain significant uncertainty. Potential income taxes or other expenses that may be incurred on actual disposition have not been reflected in the fair values disclosed.

(a) Methods and Assumptions

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

- The stated value for cash, short term investments, other assets, other liabilities, accrued income and expenses, and certain other assets and liabilities approximate their fair value.
- Estimated fair values of investments are based on quoted market prices when available or quoted market prices of similar investments.
- For variable interest rate loans that reprice frequently, reported amounts are assumed to be fair values. Fair values on other loans are estimated using discounted cash flow calculations with market interest rates for similar groups of loans to expected maturity amounts.
- Fair value of deposits with adjustable rates and without a specified maturity term is the reported amount. Fair value for other deposits is estimated using discounted cash flow calculations at market rates for similar deposits.
- The fair value of derivative financial instruments is estimated by referring to the appropriate current market yields with matching terms to maturity. The fair values reflect the estimated amounts that the Credit Union would receive or pay to terminate the contracts at the reporting date.
- Fair value of those financial instruments which have no specific terms of maturity nor interest and those financial instruments for which a reasonable estimate of fair value could not be made without incurring excessive cost, have not been determined.

(b) Fair Values

The fair value of the financial instruments and their related carrying values have been summarized and included in the table below:

	2010				
	Reported Amount	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Assets					
Cash	15,786,734	15,786,734	15,786,734	-	-
Investments	171,432,396	171,801,725	142,487,300	10,024,144	-
Loans	726,915,297	739,285,347	-	-	-
Securitization Retained Interest	1,694,591	1,694,591	-	-	1,694,591
Other assets	914,933	914,933	-	-	142,445
Liabilities					
Deposits	834,019,898	827,189,053	-	3,089,226	-
Loans payable	93,572	93,572	-	-	-
Member shares	40,354,955	40,354,955	-	-	-
Other liabilities	7,103,865	7,103,865	-	586,590	-

2009

	Reported Amount	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Assets					
Cash	8,267,291	8,267,291	8,267,291	-	-
Investments	100,963,275	101,238,741	80,440,997	-	-
Loans	760,462,815	782,869,764	-	-	-
Securitization Retained Interest	356,724	356,724	-	-	356,724
Other assets	1,113,413	1,113,413	-	-	420,885
Liabilities					
Deposits	781,818,164	791,409,426	-	6,737,145	-
Loans payable	10,200,124	10,200,124	-	-	-
Member shares	38,149,802	38,149,802	-	-	-
Other liabilities	9,960,555	9,960,555	-	2,517,479	-

Changes In Level 3 Assets:

	2010	2009
Beginning of Year	**356,724**	-
Gains Recognized In Net Income	**167,087**	10,410
Additions to Level 3 Assets Resulting From New Securitizations	**1,707,170**	423,817
Receipt of Cashflows on Level 3 Assets	**(536,390)**	(77,503)
	$ 1,694,591	$ 356,724

All level 3 assets consist of retained interests on securitizations. All gains and losses associated with these retained interests are included in non-interest revenue.

Fair value information has not been disclosed for certain instruments because of the unavailability of a quoted market price in an active market. These instruments include SaskCentral Shares of $8,503,956 and other investments of $626,763.

19. Financial Instrument Risk Management

The nature of the Credit Union's financial instruments creates exposure to credit, liquidity and market risk. Management of these risks is established in policies and procedures determined by the Board of Directors. In addition, CUDGC establishes standards to which the Credit Union must comply.

a) Financial Instrument Risk Management – Credit Risk

Credit risk is the risk of loss associated with a borrower's or counterparty's inability or unwillingness to fulfill its' payment obligations. Credit risk may arise from principal and interest amounts on investments. Credit management also involves managing activities where reliance is placed on loan repayment from a third party.

Credit risk is managed in accordance with a governing policy established by the Board of Directors. The Board of Directors has delegated responsibility for the management of credit risk to the CEO. The CEO has in turn delegated responsibility for management of credit risk within the loan portfolio to the Sales and Service Support Division, and for management of credit risk within the investment and derivatives portfolio to the Finance Division.

Exposure To Credit Risk

The Credit Union's maximum exposure to credit risk at the balance sheet date in relation to each class of recognized financial asset (cash, investments, loans, securitization retained interest, accounts receivable and index linked derivatives) is the carrying amount of those assets as indicated in the balance sheet. The maximum credit risk exposure does not take into account the value of any collateral or other security held, in the event other entities/parties fail to perform their obligations under the financial instruments in question.

Additional credit risk information for loans at the reporting date:

	Loans	
	2010	2009
Carrying Amount	**726,915,297**	760,462,815
Less: Individually impaired	**(9,934,651)**	(9,988,505)
Add: Provision For Impairment	**3,614,450**	3,550,498
Less: Accrued Interest	**(2,730,307)**	(3,292,730)
Less: Foreclosed Assets	**(91,186)**	(485,107)
Carrying amount Of Non-Impaired Loans	**717,773,603**	750,246,971
Past Due But Not Impaired		
Days In Arrears:		
>1 Day To 60 Days	**22,262,156**	26,174,865
> 60 Days To 90 Days	**863,457**	2,805,082
> 90 Days	**149,018**	384,504
Carrying Amount	**23,274,631**	29,364,451
Neither Past Due Nor Impaired		
Conventional Mortgages		
- Agricultural	**65,341,784**	67,316,178
- Residential	**106,168,955**	371,414,943
- Commercial	**355,407,782**	99,616,764
Personal Loans	**57,613,820**	55,314,096
Non-Personal Loans	**109,966,631**	127,220,539
Total Adjusted Carrying Amount	**694,498,972**	720,882,520

The Credit Union manages credit risk inherent in its' investment and derivatives portfolio through board policies, which establish concentration limits for various asset classes. Internal procedures govern the acquisition of investments and derivatives. Safety of principal is accomplished by ensuring that all investments purchased are reasonable and prudent. Investment decisions are made with due diligence to avoid undue risk of loss while obtaining a reasonable return. The Credit Union currently maintains low exposure to credit risk in its' investment and derivative portfolio by investing the majority of its portfolio in interest bearing deposit accounts with SaskCentral and Concentra. These investments are not guaranteed by CUDGC or any other related insurer.

Impaired Loans

Impaired loans are those loans on which the Credit Union has determined that it is probable that it will be unable to collect all the principal and interest due according to the contractual terms of the loan agreement.

Past Due But Not Impaired Loans

Past due but not impaired loans are loans where contractual interest or principal payments are past due but the Credit Union believes that impairment is not appropriate on the basis of the level of security / collateral available and / or the stage of collection of amounts owed to the Credit Union. A loan is considered to be past due when a contractual payment falls overdue by one or more days. When a loan is classified as past due, the entire loan balance is disclosed in the past due analysis.

b) Financial Instrument Risk Management – Market Risk

Market risk is the risk of loss in value of financial instruments that may arise from changes in market factors such as interest rates, equity prices and credit spreads. The Credit Union's exposure changes depending on market conditions

The Finance Department manages day-to-day market risk within approved policies and reports quarterly to the management's Asset Liability Committee (ALCO) to ensure policy compliance. Management provides quarterly reports on these matters to the Audit and Risk Committee of the Board of Directors.

Interest Rate Risk

The most significant form of market risk to the Credit Union is interest rate risk. Interest rate risk is the potential adverse impact on earnings due to changes in interest rates. It arises primarily from timing differences in the repricing of investments as they mature. The Credit Union's exposure to interest rate risk can be measured by the mismatch or gap, between the assets, liabilities and off-balance sheet instruments scheduled to mature or reprice on particular dates. Gap analysis measures the difference between the amount of assets and liabilities that reprice in specific time periods.

Repricing dates are based on the earlier of maturity or the contractual re-pricing date. Effective interest rates, where applicable, represent the weighted average effective yield. The table below summarizes the carrying amounts of financial instruments exposed to interest rate risk by the earlier of the contractual repricing and maturity dates.

The Schedule does not identify management's expectations of future events where repricing and maturity dates differ from contractual dates.

2010 (In Thousands)

	Demand	Within 3 Months	3 Months To 1 Year	1 Year To 5 Years	Over 5 Years	Non Interest Sensitive
Assets						
Cash	-	-	-	-	-	15,787
Investments	142,720	542	11,120	5,000	2,919	9,131
Effective Rate	1.23%	5.64%	2.06%	6.43%	2.89%	0.00%
Loans	293,350	13,028	68,365	337,339	14,833	-
Effective Rate	4.66%	5.98%	5.69%	5.59%	6.14%	0.00%
Other Assets	-	-	-	-	-	16,178
Liabilities						
Deposits	420,787	70,555	92,405	186,327	1,788	62,157
Effective Rate	0.66%	1.09%	0.66%	1.45%	1.76%	0.04%
Loans Payable	94	-	-	-	-	-
Effective Rate	2.50%	-	-	-	-	-
Other Liabilities	-	-	-	-	-	7,104
Member Shares	-	-	-	-	-	40,355
Equity	-	-	-	-	-	48,740
On-Balance Sheet Gap	15,189	(56,985)	(12,920)	156,012	15,964	(117,260)
Notional Amount Of Derivatives	(20,000)	-	(20,000)	40,000	-	-
Interest Rate Gap Position	(4,811)	(56,985)	(32,920)	196,012	15,964	(117,260)
Prior Year Interest Rate Gap Position	(1,989)	(72,515)	(34,144)	203,771	24,599	(119,722)

The Credit Union estimates that net income would change by +$861,000 and -$861,000 (2009 - +$1,424,000 and -$1,424,000) given a change in short term interest rates of +1% and -1% respectively. Given the non-linear relationship between broader market rates and rates on Credit Union deposits, the sensitivity of net income to interest rates is expected to decrease as market rates increase. It is estimated that at market rates associated with a Prime Rate in excess of 3.75%, net income will change by -$651,000 and +$651,000 (2009 - -$570,000 and +$570,000) given a change in interest rates of +1% and -1% respectively.

To manage its exposure to interest rate fluctuations and to manage the asset liability mismatch, the Credit Union enters into interest rate swaps. It minimizes the interest rate risk and cash required to liquidate the contracts by entering into counterbalancing positions.

Interest rate swaps:

	2010	2009
Expiry		
August 13, 2010; Pay Fixed 4.99%	-	20,000,000
September 19, 2011; Pay Fixed 4.87%	**20,000,000**	20,000,000
April 26, 2012; Received Fixed 2.16%	**50,000,000**	-
July 6, 2012; Pay Fixed 5.29%	**10,000,000**	10,000,000
	$ 80,000,000	$ 50,000,000

The notional principal amount shown above represents the contract or principal amount used in determining payments. These amounts are not exchanged themselves and serve only as the basis for calculating other amounts that do change hands.

The net interest revenue earned on the swaps during the year was a net loss of $1,417,593 (2009 – loss of $2,102,564). The change in unrealized fair value of the swaps for the year was a gain of $1,930,889 (2009 – gain of $1,937,463) and are recorded in non-interest revenue.

Board policy places limitations on exposure to market risk by outlining maximum acceptable levels of asset liability gap, maximum acceptable levels of margin sensitivity to interest rates, and by placing restrictions on the types and quantities of asset classes that may be held in the Credit Union's investment portfolio.

c) Financial Instrument Risk Management – Liquidity Risk

Liquidity risk arises from the inability of the Credit Union to generate or obtain the necessary cash or cash equivalents in a timely manner, at a reasonable price, to meet its' commitments as they come due. In particular, the risk arises from failure to meet the Credit Union's day to day obligations, including claims on the Credit Union and operational demands.

Risk Measurement

The assessment of the Credit Union's liquidity position reflects management's estimates, assumptions and judgment pertaining to current and prospective specific and market conditions and the related behavior of its members and counterparties. The Credit Union measures and manages the liquidity position from three risk perspectives: a) Short term exposure (up to one month) based on historical changes in liquidity; b) Medium term exposure (up to one year) based on forecasted cash flows; and c) Exposure to abnormal liquidity events based on various stress tests.

Policies and Processes

The Credit Union manages liquidity by monitoring, forecasting and managing cash flows. The Finance Department manages day-to-day liquidity within board approved policies, and reports to the ALCO quarterly to ensure compliance. Management provides quarterly reports on these matters to the Audit and Risk Committee of the Board Of Directors. The acceptable amount of risk is defined by polices approved by the Board and monitored by the ALCO and Audit and Risk Committee. The Credit Union's liquidity policies and practices include: a) Measuring, monitoring and forecasting of cash flows; b) Maintaining a sufficient pool of high quality liquid assets to meet operating needs; c) Maintaining access to credit and commercial paper facilities; d) Managed growth of the Credit Union's loan and deposit portfolios; e) Established access to asset sale programs through capital markets and credit union partners; f) The establishment of a board approved liquidity plan and related liquidity contingency plans; and g) Participation in the mandatory national liquidity program;

The remaining contractual maturity of recognized financial liabilities is as follows:

2010 (In Thousands)

	Within 3 Months	3 Months To 1 Year	1 Year To 5 Years	Over 5 Years
Deposits	553,499	92,405	186,327	1,788
Loans Payable	94	-	-	-
Other Liabilities	4,766	644	1,694	-
Total	558,359	93,049	188,021	1,788
Prior Year	545,258	90,640	162,824	3,250

d) Financial Instrument Risk Management – Foreign Exchange Risk

Foreign exchange risk is the risk that arises when future commercial transactions or recognized assets or liabilities are denominated in a foreign currency. Foreign exchange risk is not considered significant at this time as the Credit Union does not engage in any active trading of foreign currency positions or hold significant foreign currency denominated financial instruments for an extended period.

As at December 31, 2010, the Credit Union had $5,095,219 (2009 - $3,036,210) in U.S. dollar financial assets, primarily in the form of an overnight U.S. dollar savings account with SaskCentral. These assets were held to offset exposure to $5,143,673 (2009 - $3,043,959) in U.S. dollar financial liabilities, primarily in the form of deposits to members.

20. Commitments

Guarantees and standby letters of credit represent irrevocable assurances that the Credit Union will make payments in the event that a member cannot meets its obligations to third parties, and they carry the same risk, recourse and collateral security requirements as loans extended to members. Documentary and commercial letters of credit are instruments issued on behalf of a member authorizing a third party to draw drafts on the Credit Union up to a stipulated amount subject to specific terms and conditions. The Credit Union is at risk for any drafts drawn that are not ultimately settled by the member and the amounts are collateralized by the goods to which they relate. Commitments to extend credit represent unutilized portions of authorizations to extend credit in the form of loans, bankers' acceptances or letters of credit.

The Credit Union makes the following instruments available to its members:

a) guarantees and standby letters of credit representing irrevocable assurances that the Credit Union will pay if a member cannot meet their obligations to a third party;
b) documentary and commercial letters of credit to allow a third party to draw drafts to a maximum agreed amount under specific terms and conditions; and
c) commitments to extend credit representing unused portions of authorizations to extend credit in the form of loans, (including lines of credit and credit cards), guarantees or letters of credit.

The amounts shown on the table below do not necessarily represent future cash requirements since many commitments will expire or terminate without being funded.

As at December 31, 2010, the Credit Union had the following outstanding financial instruments subject to credit risk (in thousands):

	2010	2009
Undrawn lines of credit	**$130,572**	$141,884
Guarantees and standby letters of credit	**1,585**	1,870
Commitments to extend credit	**54,474**	39,709
Total	**$186,631**	$183,463

The Credit Union has entered into agreements to lease equipment and property for various periods. Future minimum payments under operating leases follow:

2011	119,215
2012	51,840
2013	51,840
2014	51,840
2015	17,280
	$ 292,015

21. Related Party Transactions

The Board's Conduct Review Committee reviews and monitors all proposed related party transactions for compliance with legislation, standards of sound business practice and with Credit Union or Committee policies and procedures. The Committee is charged with ensuring that all proposed related party transactions are fair to the Credit Union and that the best judgment of the Credit Union has not been compromised as a result of real or perceived conflict of interest.

Loans

The Credit Union, in accordance with its policy, grants loans to management and staff at regular member rates or at preferred staff rates. As of December 31, 2010, certain directors and management were indebted to the Credit Union in the amount of $6,150,819 (2009 - $6,031,974). These loans were granted under the same lending policies applicable to other members, and are included in Loans on the Balance Sheet.

Deposits

Directors and management may hold deposit accounts. These accounts are maintained under the same terms and conditions as accounts of other members, and are included in Member Deposits on the Balance Sheet. Staff have access to personal chequing accounts which do not incur service charges. As of December 31, 2010, certain directors and management held deposits with the Credit Union in the amount of $2,133,083 (2009 - $1,957,307).

22. Subsequent Events

On February 15 2011, the Board of Directors declared a 3% cash payout on all membership share accounts with balances in excess of $2,000. The total dollar amount of the allocation is $891,347.

23. Comparative Amounts

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.

SYNERGY CREDIT UNION LTD.

CONSOLIDATED SCHEDULE OF EXPENSES
YEAR ENDED DECEMBER 31, 2010
SCHEDULE 1

	2010	2009
PERSONNEL		
Salaries	**13,443,654**	12,109,928
Employee Benefits	**2,574,399**	2,472,341
Other	**274,742**	304,473
	16,292,795	14,886,742
OCCUPANCY		
Building Depreciation	**602,699**	612,318
Building and Land Taxes	**180,935**	181,965
Building Fire Insurance	**117,383**	117,295
Building Maintenance	**114,172**	145,972
Heat, Light and Water	**224,894**	209,576
Janitors	**233,185**	223,383
Other Building Costs	**228,129**	218,198
	1,701,397	1,708,706
MEMBER SECURITY		
Life Savings Insurance	**13,564**	11,192
Assessment - CUDGC	**707,974**	679,791
Fidelity/Burglary Insurance	**85,946**	63,410
	807,484	754,393
GENERAL BUSINESS		
Advertising and Donations	**939,284**	865,892
Audit	**151,664**	177,451
Automotive Depreciation	**60,891**	51,340
Computer Costs	**2,248,094**	2,260,061
Courier Fees	**186,161**	186,478
Equipment Depreciation	**839,075**	911,839
Equipment Maintenance	**138,698**	125,765
Legal and Collection Fees	**213,152**	236,478
RRSP/RRIF Administration Fee	**25,875**	28,205
Service and ATM Charges	**781,983**	703,730
Stationery and Supplies	**159,121**	178,937
Telephone and Postage	**498,555**	501,045
Losses – Overdrafts and Fraud	**199,497**	97,042
Intangible Asset Depreciation	**323,876**	272,390
Other	**194,872**	163,036
	6,960,798	6,759,690
ORGANIZATION COSTS		
Annual Meetings	**65,772**	53,277
Directors Per Diem/Mileage	**157,480**	153,735
Dues - CUC	**385,396**	431,363
Other	**73,430**	80,677
	682,078	719,552
	$ 26,444,552	$ 24,829,083

Together, we will.

www.synergycu.ca

Member Contact Centre (call centre):**1-866-825-3301**

Teleservice (automated telephone banking):**1-888-825-6669**