



# Annual Report 2009

## CREDIT UNION SYSTEM

NEWFOUNDLAND AND LABRADOR



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## CHIEF EXECUTIVE OFFICER'S MESSAGE

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Dear Stakeholder

Please find enclosed an overview of the financial performance of the Newfoundland and Labrador Credit Union System for 2009 and combined and individual audited financial information for the year ended December 31, 2009.

Despite the global financial crisis, 2009 was an excellent year for the Newfoundland and Labrador Credit Union System. Asset growth exceeded 9%, audited net income exceeded 3.9 million after dividends and rebates of 1.1 million, liquidity remained strong and net delinquency was low.

While 2009 resulted in all credit unions being profitable, 2010 could be a challenging year given an increasing interest rate environment and the potential for increased bankruptcies. Credit unions will have to be vigilant in monitoring the financial margin and loan delinquency in 2010.

Bill Langthorne  
Chief Executive Officer  
CUDGC

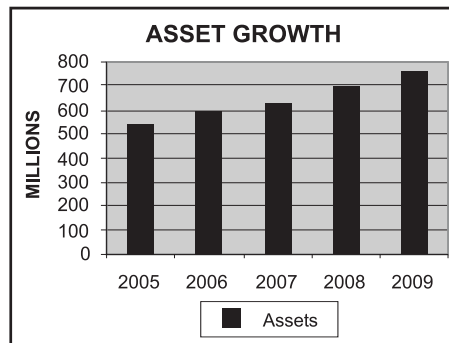
# FINANCIAL PERFORMANCE

## Credit Union & Branches

As at December 31, 2009 there were 11 credit unions with 40 service locations.

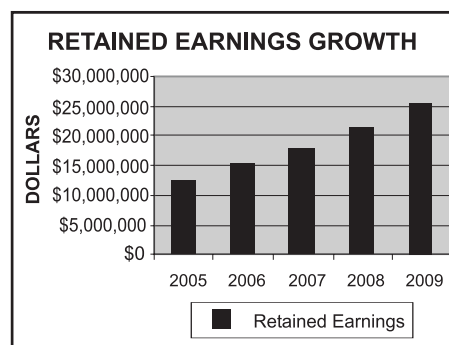
## Assets

The Credit Union system continued to experience asset growth in 2009. Assets were \$763 million at the end of 2009 compared to \$699 million in 2008, a growth rate of 9.0% in 2009 as compared to 11.0% in 2008.



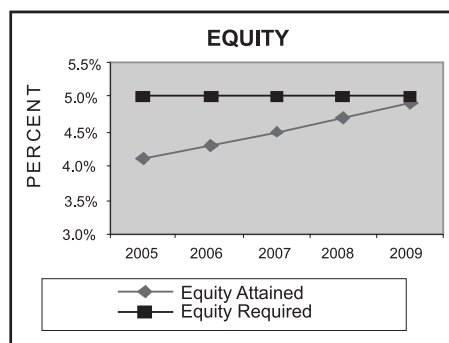
## Earnings

System earnings at the end of 2009, net of dividends and rebates, were \$3,850,004 (53bp) as compared to \$3,829,149 (58bp) in 2008. Total system retained earnings at December 31, 2009 was \$25.5 million compared to \$21.6 million in 2008.



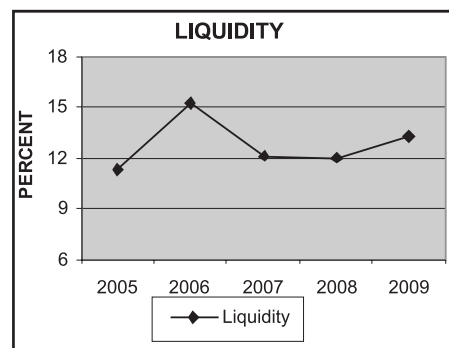
## Equity

There continues to be steady improvement towards the regulatory equity target of 5%. Total system equity comprising shares and retained earnings at the end of 2009 was \$37.7 million or 4.94% compared to \$33.1 million or 4.74% at the end of 2008.



## Liquidity

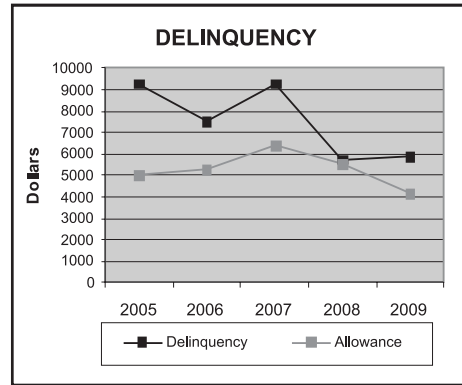
System liquidity remains good at 13.2% compared to 11.95% in 2008. The system's utilization of lines of credit is well managed. All credit unions were compliant with statutory liquidity as at December 31, 2009.



# FINANCIAL PERFORMANCE

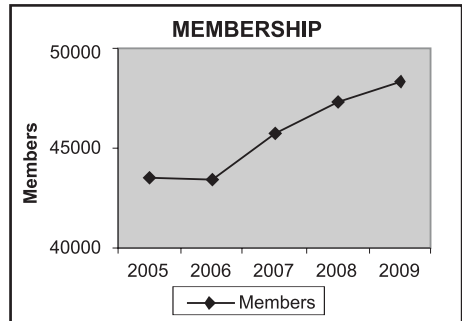
## Delinquency

Credit Union delinquency continued to be well managed in 2009. Total delinquency represented by loans overdue 31 days or more as a percent of loans was 0.95% for 2009 as compared to 1.02% in 2008. The net delinquency represented by deducting specific and general loan loss provisions from total delinquency was at 0.27% in 2009 compared to 0.04% in 2008.



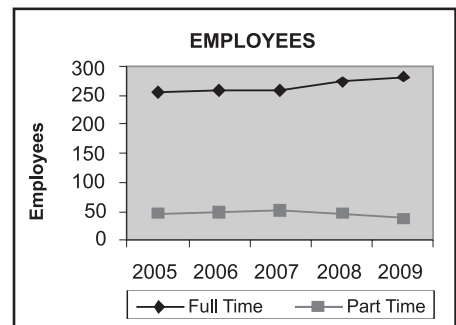
## Membership

Membership grew by 1,099 or 2.3% in 2009. Presently there are 48,353 members (as defined by Regulations) obtaining services from credit unions. This represents approximately 9% of the Newfoundland population.



## Employees

The Credit Union system experienced no change in total number of employees in 2009, but had an increase of 9 full time jobs and a decrease of 9 part time jobs. At the end of 2009 there were a total of 317 credit union employees with 203 employed in credit union locations outside of St. John's and surrounding area. The salaries and benefits paid in 2009 totaled \$15,852,886 as compared to \$14,762,247 in 2008, an increase of \$1,090,639 or 7%. Approximately \$8.1 million was paid to employees living and working outside St. John's and surrounding area.



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*Audited Information*

**CREDIT UNION SYSTEM**

*Year Ended December 31, 2009*

# COMBINED BALANCE SHEET

NEWFOUNDLAND AND LABRADOR CREDIT UNION SYSTEM  
 Year Ended December 31, 2009  
 (based on audited financial statements)

	<b>2009</b>	<b>2008</b>
<b>Assets</b>		
Cash	\$34,520,441	\$37,843,656
Investments	86,226,009	78,988,636
Loans (Net of Allowance)		
2009-(\$4,159,205)	613,293,587	556,898,018
2008-(\$5,456,866)		
Other Assets	8,077,347	6,104,909
Fixed Assets	<u>20,890,723</u>	<u>19,636,584</u>
Total Assets	<u>\$763,008,107</u>	<u>\$699,471,803</u>
<b>Liabilities</b>		
Borrowings	211,940	1,382,591
Payables	5,379,672	5,218,617
Members Deposits	<u>719,710,368</u>	<u>659,745,569</u>
Total	<u>725,301,980</u>	<u>666,346,777</u>
<b>Member Surplus</b>		
Shares	12,200,806	11,469,709
Retained Earnings (Deficit)	<u>25,505,321</u>	<u>21,655,317</u>
Total	<u>37,706,127</u>	<u>33,125,026</u>
Total Liabilities and Member Surplus	<u>\$763,008,107</u>	<u>\$699,471,803</u>

Certain comparative figures have been reclassified to conform with the Financial Statement presentation

# COMBINED STATEMENTS OF EARNINGS AND RETAINED EARNINGS

NEWFOUNDLAND AND LABRADOR CREDIT UNION SYSTEM  
Year Ended December 31, 2009  
(based on audited financial statements)

	<b>2009</b>	<b>2008</b>
Total Financial Revenue	\$41,594,939	\$42,052,857
Total Financial Expense	<u>15,076,640</u>	<u>16,843,392</u>
Financial Margin	26,518,299	25,209,465
Other Income	<u>10,670,561</u>	<u>9,897,121</u>
Gross Margin	37,188,860	35,106,586
Total Operating Expenses	31,420,144	29,868,980
Income Before Dividends & Taxes	5,768,716	5,237,606
Dividends	1,045,491	1,037,212
Taxes	<u>873,221</u>	<u>371,245</u>
Net Income	\$3,850,004	\$3,829,149
Retained Earnings (Deficit) & Other Reserves Beginning of Year	21,655,317	17,924,473
Prior Period Adjustment		(98,305)
Retained Earnings (Deficit) & Other Reserves End of Year	<u>\$25,505,321</u>	<u>\$21,655,317</u>

Certain comparative figures have been reclassified to conform with the Financial Statement presentation



## BALANCE SHEET BY CREDIT UNION

NEWFOUNDLAND AND LABRADOR CREDIT UNION SYSTEM  
 Year Ended December 31, 2009  
 (based on audited financial statements)

Credit Union	Cash and		Loans	Allowance	Net	Other	Fixed	Total
	Cash	Investments		for Doubtful				
	Equivalents			Loans	Loans	Assets	Assets	Assets
	\$	\$	\$	\$	\$	\$	\$	\$
Community	1,378,491	10,270,478	22,370,637	470,810	21,899,827	151,348	101,264	33,801,408
Eagle River	5,203,036	5,127,051	63,175,011	394,280	62,780,731	355,590	1,925,904	75,392,312
EasternEdge	4,395,158	2,944,369	31,543,215	258,217	31,284,998	134,994	926,361	39,685,880
Hamilton Sound	1,261,723	2,760,974	19,841,843	236,922	19,604,921	318,333	828,788	24,774,739
Horizon	17,832	1,073,798	5,122,210	19,936	5,102,274	51,555	12,310	6,257,769
Humber Valley	931,241	720,157	8,249,697	75,997	8,173,700	20,571	279,048	10,124,717
Leading Edge	4,998,662	8,119,910	51,946,553	458,456	51,488,097	388,029	2,050,123	67,044,821
Nfld. & Labrador	7,882,087	41,163,802	339,932,458	827,975	339,104,483	5,953,141	11,856,530	405,960,043
Public Service	3,229,144	2,680,441	31,381,991	645,846	30,736,145	186,054	1,681,388	38,513,172
Reddy Kilowatt	628,057	1,857,961	25,608,198	191,614	25,416,584	142,458	80,265	28,125,325
Venture	4,595,010	9,507,068	18,280,979	579,152	17,701,827	375,274	1,148,742	33,327,921
<b>TOTAL SYSTEM</b>	<b>34,520,441</b>	<b>86,226,009</b>	<b>617,452,792</b>	<b>4,159,205</b>	<b>613,293,587</b>	<b>8,077,347</b>	<b>20,890,723</b>	<b>763,008,107</b>

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# BALANCE SHEET BY CREDIT UNION

NEWFOUNDLAND AND LABRADOR CREDIT UNION SYSTEM  
 Year Ended December 31, 2009  
 (based on audited financial statements)

Borrowings	Payables	Member Deposits	Total Liabilities	Share Capital	Retained Earnings & Other Res.	Member Surplus (Deficiency)	Total
\$	\$	\$	\$	\$	\$	\$	\$
	355,878	29,954,413	30,310,291	321,037	3,170,080	3,491,117	33,801,408
	1,233,692	70,342,448	71,576,140	1,193,687	2,622,485	3,816,172	75,392,312
	157,964	37,838,821	37,996,785	263,430	1,425,665	1,689,095	39,685,880
	184,242	23,272,206	23,456,448	517,859	800,432	1,318,291	24,774,739
79,944	28,088	5,790,212	5,898,244	106,114	253,411	359,525	6,257,769
	94,352	9,039,116	9,133,468	88,765	902,484	991,249	10,124,717
	273,898	63,148,223	63,422,121	1,320,088	2,302,612	3,622,700	67,044,821
	1,999,709	383,952,097	385,951,806	6,919,541	13,088,696	20,008,237	405,960,043
	516,202	34,722,237	35,238,439	531,200	2,743,533	3,274,733	38,513,172
131,996	380,934	25,535,557	26,048,487	562,506	1,514,332	2,076,838	28,125,325
	154,713	36,115,038	36,269,751	376,579	(3,318,409)	(2,941,830)	33,327,921
211,940	5,379,672	719,710,368	725,301,980	12,200,806	25,505,321	37,706,127	763,008,107

Certain comparative figures have been reclassified to conform with the Financial Statement presentation

## STATEMENTS OF EARNINGS AND RETAINED EARNINGS

NEWFOUNDLAND AND LABRADOR CREDIT UNION SYSTEM  
 Year Ended December 31, 2009  
 (based on audited financial statements)

Credit Union	Total	Total	Financial Margin	Other Income	Gross Margin	Member Security	General	Personnel	Occupancy
	Financial Revenue	Financial Expense							
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Community	2,020,022	463,967	1,556,055	477,172	2,033,227	64,607	542,063	655,051	149,755
Eagle River	4,450,513	845,189	3,605,324	1,620,770	5,226,094	165,507	1,719,924	1,960,174	447,499
EasternEdge	1,990,702	830,924	1,159,778	484,643	1,644,421	107,156	417,867	582,003	123,349
Hamilton Sound	1,673,844	448,945	1,224,899	871,452	2,096,351	72,449	581,606	725,018	107,840
Horizon	325,984	120,104	205,880	92,095	297,975	22,124	106,770	141,354	22,000
Humber Valley	611,402	189,336	422,066	313,625	735,691	24,895	227,044	282,926	49,093
Leading Edge	3,738,835	1,103,272	2,635,563	1,302,123	3,937,686	146,518	1,261,024	1,564,826	269,488
Nfld. & Labrador	21,084,975	9,284,426	11,800,549	2,965,234	14,765,783	776,652	3,535,894	7,499,168	1,366,393
Public Service	2,176,887	406,352	1,770,535	648,694	2,419,229	73,407	718,665	1,045,163	116,683
Reddy Kilowatt	1,782,654	766,556	1,016,098	458,230	1,474,328	75,689	402,486	476,107	11,699
Venture	1,739,121	617,569	1,121,552	1,436,523	2,558,075	102,984	759,247	921,096	154,521
<b>TOTAL SYSTEM</b>	<b>41,594,939</b>	<b>15,076,640</b>	<b>26,518,299</b>	<b>10,670,561</b>	<b>37,188,860</b>	<b>1,631,988</b>	<b>10,272,590</b>	<b>15,852,886</b>	<b>2,818,320</b>

Certain comparative figures have been reclassified to conform with the Financial Statement presentation

# STATEMENTS OF EARNINGS AND RETAINED EARNINGS

NEWFOUNDLAND AND LABRADOR CREDIT UNION SYSTEM  
 Year Ended December 31, 2009  
 (based on audited financial statements)

Provision for Loan Loss (Recovery)	Total Operating Expenses	Income Before Dividends And Taxes	Dividends	Taxes	Net Income	Ret. Earnings (Deficit) & Other Res. Beginning of Year	Ret. Earnings (Deficit) & Other Res. End of year
\$	\$	\$	\$	\$	\$	\$	\$
	1,411,476	621,751	125,000	80,764	415,987	2,754,093	3,170,080
85,552	4,378,656	847,438	440,322	108,949	298,167	2,324,318	2,622,485
108,479	1,338,854	305,567		47,574	257,993	1,167,672	1,425,665
58,840	1,545,753	550,598		93,532	457,066	343,366	800,432
3,600	295,848	2,127		294	1,833	251,578	253,411
41,314	625,272	110,419	59,148	8,475	42,796	859,688	902,484
320,033	3,561,889	375,797	52,121	51,004	272,672	2,029,940	2,302,612
424,858	13,602,965	1,162,818	94,900	238,829	829,089	12,259,607	13,088,696
117,967	2,071,885	347,344	24,000	59,570	263,774	2,479,759	2,743,533
(141)	965,840	508,488	250,000	41,239	217,249	1,297,083	1,514,332
(316,142)	1,621,706	936,369		142,991	793,378	(4,111,787)	(3,318,409)
844,360	31,420,144	5,768,716	1,045,491	873,221	3,850,004	21,655,317	25,505,321

Certain comparative figures have been reclassified to conform with the Financial Statement presentation

## CREDIT UNION BRANCHES

<b>Credit Union</b>	<b>Branches</b>
Community Credit Union Ltd.	Marystown Bay Bulls Hermitage
Eagle River Credit Union Ltd.	L'Anse au Loup Mary's Harbour Cartwright St. Anthony Port Au Choix Goose Bay
Eastern Edge Credit Union Ltd.	St. John's
Hamilton Sound Credit Union Ltd.	Carmanville Fogo Island Triton
Horizon Credit Union Ltd.	St. John's
Humber Valley Credit Union Ltd.	Deer Lake
Leading Edge Credit Union Ltd.	Corner Brook Pasadena Doyles McKays St. Georges Port Aux Basques
Newfoundland and Labrador Credit Union Ltd.	Freshwater Road Water Street Torbay Road Mount Pearl Conception Bay South Carbonear Clarenville Gander Grand Falls Corner Brook Stephenville Labrador City
Public Service Credit Union Ltd.	St. John's
Reddy Kilowatt Credit Union Ltd.	St. John's
Venture Credit Union Ltd.	Eastport Gambo Glovertown Catalina Twillingate

