



KEEPING INTEREST LOCAL

2009 Annual Report



YEAR IN REVIEW 2009

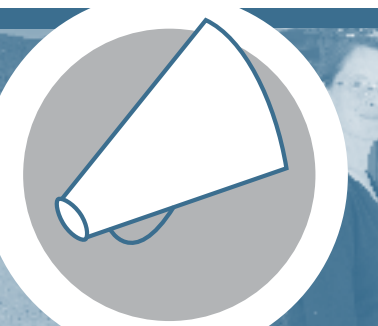
Credit unions have a history of providing an alternative to banks by advocating equality, equity and mutual self-help. They are places where people work together to achieve a better life for themselves and their families, thereby creating strong communities.

camper explains, "This camp helped me get over my deepest fear, and I have learned to accept myself for who I am." Along with this program, NDCU's Community Investment Program helps send many local youth to the BC Co-op Associations' YES Co-operative Leadership Camp each year.

We enrich the lives of our members and our communities through the innovative relationships we foster. In 2009, we increased the number of our strategic alliances by investing in the Southern Interior Innovation Fund (SIIF) to help support and advance the economic growth of our region.

Heather Rae, Nelson wellness team member, describes the team's impact: "I am proud to work for a credit union that supports local community events and also encourages staff to participate. I completed my first 10-kilometre run in 2009, and I was so inspired that I ran two more. It's been

personal finance. Since 2003, over 1,000 students have benefitted from these presentations, with topics ranging from saving and budgeting to student loans and debt management. By raising awareness early, we hope to encourage sound financial strategies.



Nelson & District Credit Union has grown over the last 60 years from a modest beginning to a robust community-based financial co-operative. We believe the key to our success is Keeping Interest Local.

NDCU is regularly acknowledged for supporting local and worthwhile causes. Our devotion to this demonstrates the value we place on the needs of our communities. Since 2000, our Community Investment Program has distributed \$2 million in cumulative community giving, with over \$320,000 donated in 2009.

The Guiding Hands Recreation Society-Tipi Camp, located on the East Shore of Kootenay Lake, helps youth connect with nature. One teenage

With over 80 regulars, Rossland's annual seniors lunch hosted by NDCU has turned out to be a must-go-to event. Wendy Strelloff, a Rossland branch employee and community volunteer, shares the positive outcome of the annual lunch: "We all benefit. The Legion ladies receive our donation, the seniors enjoy lunch and a social, and the NDCU staff and board have fun serving." Community investment confirms our co-operative power when our interest stays local.

An important aspect of being a strong financial co-operative is the innovative banking solutions and alliances we continue to develop. NDCU received recognition for our 100 Mile Mortgage-Keeping Interest Local campaign at a provincial awards ceremony last November.

enriching your life

SIIF's Managing Director John Drope states, "SIIF is actively looking for opportunities to deploy capital in local companies that can demonstrate high-growth potential, existing revenues and a clear exit strategy. Our alliance with NDCU helps open up new possibilities in the West Kootenay."

Wellness enriches lives and staff have embraced this concept. Your credit union has a dedicated team addressing the importance of a balanced approach to wellness in the workplace. They identified seven aspects of wellness that benefit staff and harmonize with the strategies of the credit union. In 2009, the team challenged peers to improve personal wellness. Seventy-one per cent of staff participated with over 1,400 hours of physical activity in a two-month period.

amazing!" This unique program continues to keep the wellness of staff a priority.

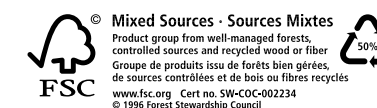
Nelson & District Credit Union is dedicated to the future of our organization and our communities by making a commitment to youth financial literacy that surpasses the efforts made by other Canadian financial institutions.

This commitment comes with a responsibility to develop support resources. In 2009, our youth services team visited high school classes and emphasized the importance of financial literacy. A new development for grade 12 students is Financial Literacy 101, a four-class introduction to

www.nelsoncu.com

Our youth website received a makeover in 2009. Zippitydodog.com is an online resource entirely dedicated to the development of financial literacy skills for our young members.

At your credit union, we recognize youth as a vital component of our communities. We continually strive to offer solutions that best serve the needs of members, regardless of age. These are the reasons we say Logically. Locally.



Printed in Canada. © Product contains 50% post-consumer waste, 100% recycled, processed chlorine free. Design: www.frolixdesign.com Cover Photo Credit: Francois Laurent, Honourable Mention, Osprey Community Foundation Eco-Photo Contest for Youth.

OPERATIONAL HIGHLIGHTS FOR 2009

Nelson & District Credit Union had another solid financial year and reached a community-giving milestone in 2009. The financial strength NDCU has built over the years enabled us to gracefully weather the economic downturn and continue to Keep Interest Local.

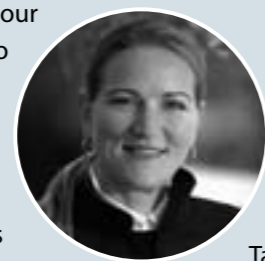
Our conservative approach to financial performance and investing was key during this financial crisis. As a financial co-operative, we follow a simple model: we raise deposits from our members through chequing, savings and registered products and lend them out to other members to buy homes and cars, operate small businesses and invest in their future. We have declined investing in global markets or international assets, as we believe strongly in the 100-mile theory.

Our solid 2009 earnings enabled NDCU to grant \$320,000 to community groups in our local area, bringing our total giving under the Community Investment Program to over \$2 million since 2000. We are proud of our communities and pleased to be able to support the numerous community groups and dedicated volunteers.

NDCU strives to remain current and community-minded. In 2009, we relaunched our youth financial literacy website zippitydodog.com, introduced the Tax Free Savings Account, and offered our 100 Mile Mortgage & 100 Mile Investment programs. Our plans for 2010:

- eStatements are a secure and conscious way for members to access their statements
- Chip-enabled cards will help limit the growing fraud risk to members
- Banking system upgrades will allow NDCU to serve its members more effectively

We are looking forward to an exciting year in 2010. With our high liquidity position, a unique challenge for us will be to lend money in our community to local borrowers. If you know someone looking for a mortgage or a loan please refer them to your credit union. Our friendly and knowledgeable staff would be delighted to serve. Thanks for a successful 2009.



Tara Keirn
Tara Keirn, Senior Manager



Doug Stoddart
Doug Stoddart, CEO



Linda MacDermid
Linda MacDermid, Chair

REPORT FROM THE CEO AND CHAIR

The recession started in mid-2008 and interest rates started a downward trend that impacted your credit union. The net income from continuing operations has dropped from \$1,002,855 in 2007 to \$870,538 in 2008, and further to \$540,845 in 2009. Despite the recession, Nelson & District Credit Union's assets have continued to grow, reaching \$161 million at year's end. A positive sign from Keeping Interest Local was loan growth of over \$4 million in 2009. One of the key factors to our loan growth was the 100 Mile Mortgage concept, which won a provincial innovation award.

In 2009, we converted \$3 million in liquidity to the Canadian bond market by investing through our 100 per cent-owned wealth management subsidiary, Allard Insurance Agencies Ltd. This investment is providing a good return to your credit union. Members' equity continues to grow and now stands at over \$12 million. Capital adequacy is 19.9 per cent, and your credit union is one of the strongest financial co-operatives in the province. NDCU was fiscally responsible and weathered the economic downturn, and we are poised to assist our communities rebuild following these challenging times.

This past year NDCU continued the Community Investment Program. After a review by the board of directors, new requests were capped at \$2,500 per application in order to maximize our support. It was a unique year, with 60 per cent of NDCU's net income returned to our communities through our Community Investment Program. Members earned seven per cent dividend on their equity shares.

Looking ahead to 2010, your credit union is reviewing options for a new banking platform that would deliver additional products and services to the membership. We hope to make this decision in spring 2010 and move forward with the required employee training.

Despite the challenges of the recession, it was a good year. A big thank you goes to the staff who ensure the member's needs are met, to the management team who support the staff, and to the board of directors who provide strategic direction, governance and oversight. To the members, your support holds together the foundation of the credit union. Without you, we are not relevant!

MESSAGE TO MEMBERS

The accompanying condensed consolidated financial statements have been prepared from the consolidated balance sheet of Nelson & District Credit Union as at December 31, 2009, and the consolidated statements of income and comprehensive income, and changes in members' equity for the year then ended. Readers are cautioned that these condensed financial statements do not include all the disclosures necessary for complete and fair presentation. Complete audited financial statements for the year ended December 31, 2009, together with the auditor's report thereon, are available at any branch of Nelson & District Credit Union or online at www.nelsoncu.com/2009AnnualReport_Audited.pdf



Doug Stoddart, CEO



John R. Yowek, CGA, Controller

DIRECTOR DISCLOSURE

2009 Board Meeting Attendance Record			
Director	Representative Area	Board Meetings Attended	Percentage Attended
Marjorie Bailey	Nelson Director	10 of 10	100%
Andy Chute	Nelson Director	9 of 10	90%
John Edwards	East Shore Director	10 of 10	100%
Linda MacDermid	At Large Director	9 of 10	90%
Mark Martin (Elected April 2009)	Rossland Director	7 of 7	100%
Christine McCandlish	At Large Director	10 of 10	100%
Colin McClure	Nelson Director	8 of 10	80%
Gordon Player	Rossland Director	10 of 10	100%
Bernie Swendson	Nelson Director	8 of 10	80%
Lorne Westnedge (Term expired April 2009)	At Large Director	3 of 3	100%

PEOPLE

COMMUNITY INVESTMENT

INNOVATION

WELLNESS

YOUTH

CONDENSED CONSOLIDATED BALANCE SHEET

as at December 31, 2009

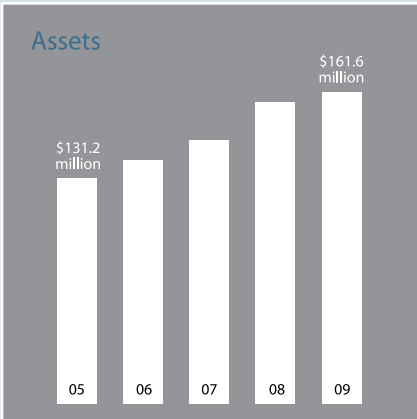
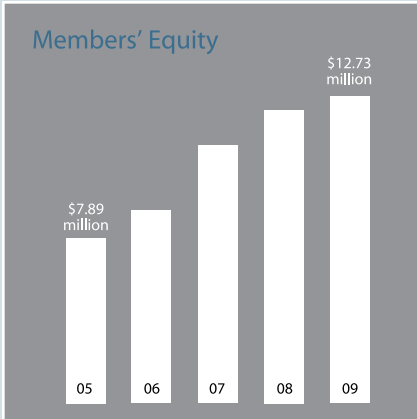
ASSETS

	2009	2008
Cash and term deposits	\$ 27,454,243	\$ 41,973,679
Loans (net of allowance for doubtful loans)	112,898,931	108,596,068
Other investments	17,737,687	3,527,983
Property, plant and equipment	3,253,139	3,370,035
Other assets	210,419	440,431
	<u>\$161,554,419</u>	<u>\$ 157,908,196</u>

LIABILITIES and MEMBERS' EQUITY

Members' Deposits		
Demand	\$ 86,292,438	\$ 80,707,063
Term	36,278,432	39,861,575
Registered	25,213,938	24,191,805
	<u>147,784,808</u>	<u>144,760,443</u>
Other liabilities	1,042,175	931,846
	<u>148,826,983</u>	<u>145,692,289</u>
Members' Equity		
Equity shares	1,222,394	1,251,710
Contributed surplus	762,796	762,796
Retained earnings	10,742,246	10,201,401
	<u>12,727,436</u>	<u>12,215,907</u>
	<u>\$ 161,554,419</u>	<u>\$ 157,908,196</u>

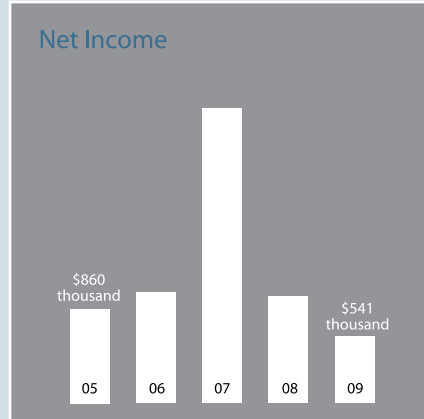
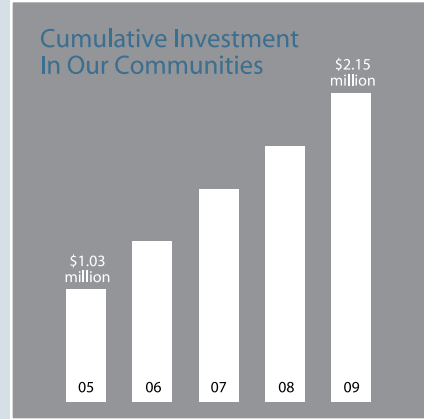
Approved by the Directors:



CONDENSED CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS

for the year ended December 31, 2009

Financial income	\$ 6,864,384	\$ 7,868,145
Financial expense	1,920,233	2,683,125
Financial margin	<u>4,944,151</u>	<u>5,185,020</u>
Other income	1,639,983	1,661,154
	<u>6,584,134</u>	<u>6,846,174</u>
Operating expenses		
Provision for losses on loans (recovery)	(40,477)	165,957
Salaries and employee benefits	2,947,897	2,869,539
Other administrative expenses	2,420,279	2,503,630
	<u>5,327,699</u>	<u>5,539,126</u>
Earnings before dividends, community investment and taxes	<u>1,256,435</u>	<u>1,307,048</u>
Distribution to members	75,951	78,000
Community investment	318,433	283,985
Income taxes	321,206	74,525
Net Income	<u>540,845</u>	<u>870,538</u>
Retained earnings, beginning of year	<u>10,201,401</u>	<u>9,330,863</u>
Retained earnings, end of year	<u>\$ 10,742,246</u>	<u>\$ 10,201,401</u>



Complete consolidated financial statements including notes are available at any branch of Nelson & District Credit Union or on our website at www.nelsoncu.com/2009AnnualReport_Audited.pdf



Nelson & District

CREDIT UNION  *Logically. Locally.*

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Wealth Management

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Wealth Management

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