



# Annual Report 2006

**CREDIT UNION**  
DEPOSIT GUARANTEE CORPORATION







## VISION

The vision of the Credit Union Deposit Guarantee Corporation is a credit union system that is strong, stable and successful.

## MISSION

By 2010 the Credit Union Deposit Guarantee Corporation's mission is that it will have improved systems in place to facilitate credit union compliance with sound business practices.

## VALUES

The Corporation believes in carrying out all its responsibilities in a co-operative, equitable, respectful and professional manner. It encourages staff to reach their fullest potential through ongoing training and development. The following values are those that the Board has identified to focus on during 2007.

- Accountability:** Each employee will work to ensure that the commitments of the Board's performance-based plan are fulfilled and the annual report on the results of this plan are released in a timely and accurate manner
- Professionalism:** Each employee will avail of learning opportunities to ensure that they have the appropriate skills and knowledge required for their job responsibilities
- Respect:** Each employee will consider the opinions and points of view of others
- Confidentiality:** Each employee will take all necessary precautions to safeguard client information within the context of their legal responsibilities

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*Tabled by Minister of Government Services  
2007. 11. 16.  
W. McK.*

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## CHAIRPERSON'S REPORT

On behalf of the Board of Directors of the Credit Union Deposit Guarantee Corporation (the Corporation) I am pleased to report on the operations of the Corporation and the Credit Union System for the year ended 2006.

The overall mandate of the Credit Union Deposit Guarantee Corporation is to protect the qualifying investments of Credit Union members. The Corporation facilitates the financial stability of the credit union system by monitoring credit unions and their trade associations to ensure they comply with legislation and exercise sound business practices.

The Board of the Corporation held fifteen meetings during 2006, ten regular board meetings and five meetings with boards of credit unions. One director attended a meeting of Atlantic Stabilization Funds/Insurers and, in addition, directors of the Board of the Corporation attended eight annual general meetings of credit unions.

During the year Mr. Clayton Handrigan was appointed to the Board of the Credit Union Deposit Guarantee replacing Mr. Wilfred Letto who resigned at the end of 2005

I am pleased to report that the Corporation achieved its goals for the year as outlined in its annual plan. Details of the Corporation's performance as well as the performance of the credit unions in the Province are contained in this report.

On behalf of the Board of the Corporation I would like to thank the credit unions and their trade associations for the excellent cooperation received during the past year. I would also like to thank the Directors, Management and Staff for their dedication and support.

On behalf of the Board of Directors,  
**WINSTON MORRIS**  
Chairperson

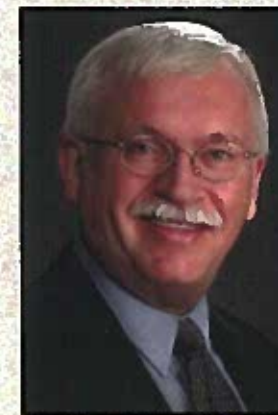


## COMPOSITION OF THE CREDIT UNION DEPOSIT GUARANTEE CORPORATION'S BOARD OF DIRECTORS



Winston Morris is the Assistant Deputy Minister of Consumer and Commercial Affairs with the Department of Government Services, Government of Newfoundland and Labrador, and the Superintendent of Credit Unions, Insurance, Pensions and Securities. Mr. Morris has a Bachelor of Commerce degree from Memorial University and has been on the Board of the Corporation since 1991.

**WINSTON MORRIS**  
*Chair*



Bill Dilny is a realtor and was involved in the education field for 31 years. Mr. Dilny has a Bachelor of Education from Memorial University, Bachelor of Arts Degree from Dalhousie University and a Master of Arts Degree from St. Francis Xavier University. Mr. Dilny has been a Director on the Board of Regents, Memorial University, a Director of the Newfoundland and Labrador Credit Union for 5 years, a Director of the former Teachers Credit Union for 10 years, of which 2 years he was president. He has been a Board member of the Corporation since 1995. Mr. Dilny is a Credit Union System nominee.

**BILL DILNY**  
*Vice-Chair*



William Langthorne is the Executive Director of the Credit Union Deposit Guarantee Corporation and is the Deputy Superintendent of Credit Unions. Mr. Langthorne has been employed with the Credit Union Deposit Guarantee Corporation since 1988. Mr. Langthorne is a Certified General Accountant and has a Bachelor of Arts Degree with a major in Economics and a minor in Business.

**WILLIAM LANGTHORNE**  
*Secretary Treasurer*



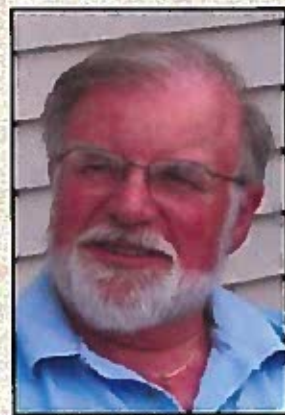


## COMPOSITION OF THE CREDIT UNION DEPOSIT GUARANTEE CORPORATION'S BOARD OF DIRECTORS



Lillian Joy is a retired employee of Aliant where she worked in excess of 31 years in a management capacity. Ms. Joy served on the Board of EasternEdge Credit Union for nine 9 years, including 2 terms as President and was a director of Credit Union Central for a period of 4 years. She has been on the Board of the Corporation since 2000 and is a Credit Union System nominee.

**LILLIAN JOY**  
*Director*



Clayton Handrigan is a retired educator, having spent 30 years as a teacher, guidance counselor, and administrator. He holds a Bachelor of Arts (Education) Degree and a Bachelor of Arts Degree from Memorial University and a Master of Education Degree from the University of Toronto. He served on the Board of Directors of the Newfoundland and Labrador Credit Union for 12 years, three of which he was the president and Chair of the Board. Mr. Handrigan is a Credit Union System nominee and was appointed for three years commencing 2006.

**CLAYTON HANDRIGAN**  
*Director*



Maureen McCarthy is Director of Pensions, Department of Finance, Government of Newfoundland and Labrador. Ms. McCarthy is a Certified Management Accountant and has a Bachelor of Commerce (Honors) degree from Memorial University. Ms. McCarthy has been on the Board of the Credit Union Deposit Guarantee Corporation since 2000.

**MAUREEN MCCARTHY**  
*Director*

## PUBLIC BODY OVERVIEW

The vision of the Credit Union Deposit Guarantee Corporation is a credit union system that is strong, stable and successful.

By 2010 the Credit Union Deposit Guarantee Corporation's mission is that it will have improved systems in place to facilitate credit union compliance with sound business practices.

In 2007 the following objectives will be undertaken by the Credit Union Deposit Guarantee Corporation in support of its mission:

- Facilitation of the Corporate Governance skills of Credit Union Directors through training
- Development and issuance of revised sound business practices
- Initiation of an improved financial reporting system

The Corporation is situated in Marystown, Newfoundland and Labrador, and has six employees including the Executive Director. The Board has six directors with three directors selected from Credit Union System nominees.

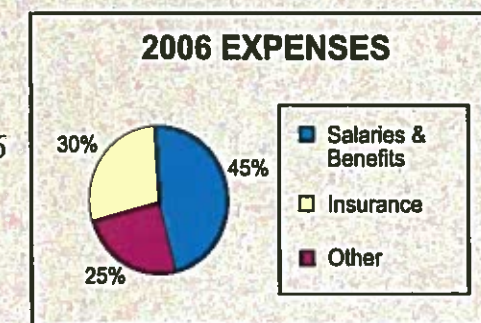
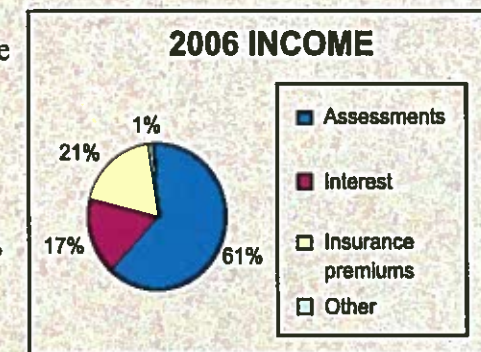
The Corporation is self funding and is operated outside of Government's budgetary process. The Board of directors of the corporation is responsible for the approval of the budget and expenditures of the corporation.

The Corporation's revenues are generated from insurance assessments received from credit unions, premiums received on insurance programs and investment income.

The Corporation's primary operating expenses are salaries and benefits, bonding insurance and other operating costs such as travel and administration.

The Corporation's Fund Balance at the end of 2006 was 5.3 million after a payout of \$482,694 to support a loan guarantee with respect to the amalgamation of two credit unions in 2005 and a grant in aid to another credit union to assist in its deficit recovery over time.

The Corporation is an active participant with respect to national and regional credit union related organizations having representation on the National Risk Management Committee, the Credit Union Stabilization Funds/Insurers Committee, and the National Regulators Committee.





## HIGHLIGHTS / ACCOMPLISHMENTS

Both the Credit Union Deposit Guarantee Corporation and the Credit Union System continued to perform well in 2006.

### Financial Performance – Corporation

The Corporation reported net income of \$487,460 in 2006 compared to \$399,930 in 2005. This increase is primarily a result of an increase in interest earned on Investments and on an increase in bonding insurance premiums.

The Deposit Guarantee Fund Balance at the end of 2006 was \$5,298,655 as compared to \$5,293,889 at the end of 2005. During 2006 the Corporation provided assistance from the fund totaling \$482,694. A grant in aid of \$280,000 was paid to a credit union to assist in the reduction of its deficit and a payment of \$202,694 was paid under a loan guarantee.

The Corporation reported assets of \$5,838,288 in 2006, an increase of 5.3% compared to a decrease of 4.7% in 2005.

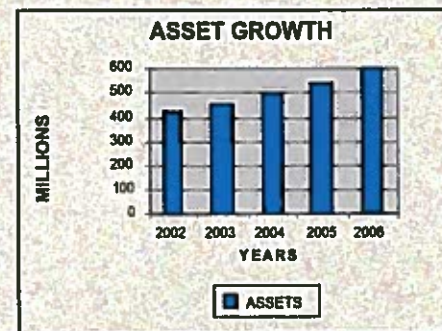
The audited financial statements of the Corporation are contained in pages 11 to 18 of this report.

### Financial Performance – Credit Union System

As at December 31, 2006 there were 13 credit unions with 41 service locations.

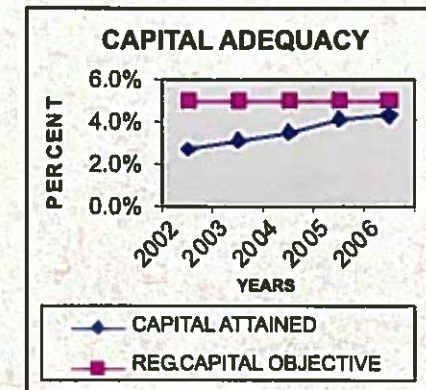
Credit Union system assets were \$597 million at the end of 2006 compared to \$536 million in 2005, a growth a rate of 11.4% in 2006 as compared to 9.4% in 2005.

System net earnings for 2006, net of assistance provided by the Credit Union Deposit Guarantee Corporation, were \$2,443,086 or 43bp as compared to \$2,205,037 or 43bp in 2005. The impact on earnings as a result of assistance from CUDGC in 2006 was \$482,694 as compared to \$1,627,175 in 2005.

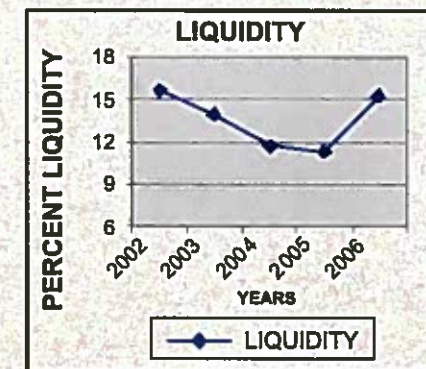


## HIGHLIGHTS / ACCOMPLISHMENTS

There continues to be steady improvement towards the members' equity target of 5%.



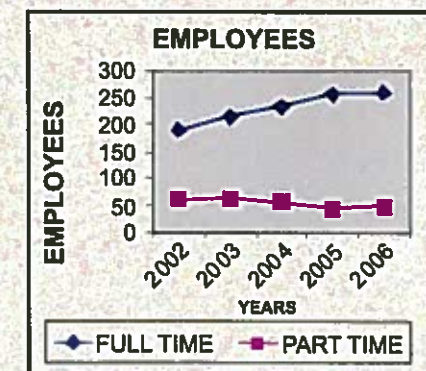
System liquidity remains good at 15.2% compared to 11.3% in 2005. The system's utilization of lines of credit is well managed. All credit unions were compliant with statutory liquidity as at December 31, 2006.



Membership declined by 106 or .2% in 2006. Presently there are 43,437 members (as defined by Regulations) obtaining services from credit unions. This represents approximately 8.5% of the population of Newfoundland and Labrador.



The credit union system experienced a net increase of 7 employees in 2006, an increase of 3 fulltime and 4 part time jobs. The salaries and benefits paid in 2006 totaled \$13,485,242 as compared to \$12,606,818 in 2005, an increase of \$878,424 or 7%. Approximately 6.5 million was paid to employees living and working outside St. John's and surrounding area.



Credit Union System audited financial information can be found in pages 19 to 25 of this report.





## 2006 GOALS

**Goal 1:** Compliance with legislation and sound business practices

**Goal 2:** Effective scrutiny of credit unions under supervision

**Goal 3:** Knowledgeable staff in the credit union system

**Goal 4:** Good governance practices by Credit Union Boards

## KEY ACHIEVEMENTS / PRIORITIES

- The Corporation completed six examinations.
- The Corporation reviewed the status of three credit unions that did not meet regulatory capital adequacy and implemented plans of action to address another one.
- The Corporation reviewed the interest rate risk management position of thirteen (13) credit unions.
- The directors of the corporation attended eight (8) annual general meetings.

- The Corporation continued to participate in the ongoing operating decisions of two supervised credit unions.
- The Corporation reviewed the business plans of three supervised credit unions. One plan was approved and two credit unions were requested to provide revised plans.
- The Corporation placed one credit union under supervision and closed the branch of another supervised credit union.

- The Corporation sponsored training for managers in the legal issues involved and the management of bankrupt accounts
- The Corporation provided each credit union with a DVD "Are You Prepared" which provides staff training in procedures to be followed before, during and after a robbery.

- The Corporation sponsored a credit union directors' conference on Corporate Governance and related topics.
- The directors of the Corporation held five joint meetings with Boards of credit unions.
- The Corporation provided another fifty copies of the Credit Union Director Handbook for distribution.





## OPPORTUNITIES / CHALLENGES FOR 2007

### INTERNAL CHALLENGES

**Deficit Credit Union** – Resolving the deficit of one credit union without severely impacting the Fund of the Corporation.

### EXTERNAL OPPORTUNITIES

**System Training** – Assist in providing training to directors and staff of credit unions which will reduce risk to the System and the Credit Union Deposit Guarantee Corporation.

### EXTERNAL CHALLENGES

**Corporate Governance of Credit Unions** – It is difficult to attract qualified, competent Directors to Credit Union Boards.

**Attracting Qualified Personnel** - It is difficult to recruit qualified personnel to work in credit unions.

## STRATEGIC ISSUES FOR 2007



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### Capital Adequacy

Nine of thirteen credit unions have met regulatory capital requirements. However, there are four that have not. Addressing these four deficit credit unions could have a negative impact on the financial resources of the Corporation and the System.

### Training for the Credit Union System

Ongoing training for the directors and managers of credit unions in areas such as corporate governance, marketing, product and service pricing, interest rate risk management, investment, and liquidity management is necessary for the continued success of the credit union system. Without training credit unions could incur losses which would eventually impact the financial resources of the Corporation and the Credit Union System.

*Financial Statements of*

## CREDIT UNION DEPOSIT GUARANTEE CORPORATION

*December 31, 2006*



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# AUDITOR'S REPORT



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 Canada

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## Auditors' Report

To the Board of Directors of the  
 Credit Union Deposit Guarantee Corporation

We have audited the balance sheet of the Credit Union Deposit Guarantee Corporation as at December 31, 2006 and the statements of earnings and fund balance and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Deloitte & Touche LLP*

Chartered Accountants  
 March 2, 2007

# STATEMENT OF EARNINGS AND FUND BALANCE

	2006 \$	2005 \$
<b>REVENUE</b>		
Assessments on credit unions	807,972	776,344
Interest	227,319	135,455
Bonding insurance	276,083	227,214
Other	10,360	8,370
	<b>1,321,734</b>	<b>1,147,383</b>
<b>EXPENSES</b>		
Salaries and benefits	377,227	371,112
Bonding insurance	210,325	166,681
Travel	45,042	38,310
Legal	39,233	21,471
Meetings	36,284	37,690
Office and administration	31,151	26,799
Rent	30,895	29,603
Training	23,507	14,274
Advertising and promotion	14,262	3,029
Amortization	8,892	10,983
Vehicle	7,430	15,056
Directors' fees	6,895	9,075
Loss on disposal of capital assets	1,397	1,471
Insurance	1,044	1,037
Membership fees	690	862
	<b>834,274</b>	<b>747,453</b>
<b>NET EARNINGS</b>	<b>487,460</b>	<b>399,930</b>
<b>DEPOSIT GUARANTEE FUND BALANCE, BEGINNING OF YEAR</b>	<b>5,293,889</b>	<b>5,614,284</b>
<b>ASSISTANCE TO CREDIT UNIONS</b>	<b>(482,694)</b>	<b>(720,325)</b>
<b>DEPOSIT GUARANTEE FUND BALANCE, END OF YEAR</b>	<b>5,298,655</b>	<b>5,293,889</b>






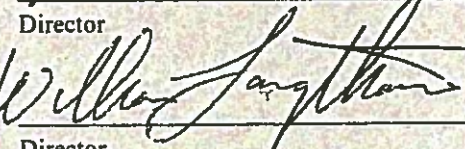
## BALANCE SHEET

	<u>2006</u>	<u>2005</u>
	\$	\$
<b>ASSETS</b>		
Cash	1,021,974	154,041
Investments (Note 3)	4,693,174	5,299,080
Receivables (Note 4)	78,856	63,464
Prepaid expenses	4,197	5,738
Capital assets (Note 5)	40,087	23,750
	<u>5,838,288</u>	<u>5,546,073</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	539,633	252,184
<b>FUND BALANCE</b>		
Deposit guarantee fund balance	5,298,655	5,293,889
	<u>5,838,288</u>	<u>5,546,073</u>

Contingency (Note 7)  
Commitments (Note 8)

**APPROVED BY THE BOARD:**

  
Director

  
Director



## STATEMENT OF CASH FLOWS

	<u>2006</u>	<u>2005</u>
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Net earnings	487,460	399,930
Adjustments for:		
Amortization	8,892	10,983
Loss on disposal of capital assets	1,397	1,471
Increase in receivables	(15,392)	(12,952)
Decrease (increase) in prepaids	1,541	(604)
Increase in accounts payable and accrued liabilities	287,449	45,090
	<u>771,347</u>	<u>443,918</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	(31,136)	(2,582)
Proceeds on disposal of capital assets	4,510	5,600
Purchase of investments	(30,504,730)	(36,642,369)
Redemption of investments	31,110,636	37,032,642
	<u>579,280</u>	<u>393,291</u>
<b>FINANCING ACTIVITY</b>		
Assistance to other credit unions	(482,694)	(720,325)
	<u>867,933</u>	<u>116,884</u>
<b>INCREASE IN CASH</b>	<b>867,933</b>	<b>116,884</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>154,041</b>	<b>37,157</b>
<b>CASH, END OF YEAR</b>	<b>1,021,974</b>	<b>154,041</b>





## NOTES TO THE FINANCIAL STATEMENTS

### 1. DESCRIPTION OF BUSINESS

The Credit Union Deposit Guarantee Corporation (the "Corporation") is established as a corporation without share capital under the provisions of Section 176 of the Credit Union Act.

The Corporation guarantees the deposits of members of credit unions in the Province of Newfoundland and Labrador. This guarantee is supported by the investments held by the Corporation.

### 2. SIGNIFICANT ACCOUNTING POLICIES

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

#### Revenue recognition

The Corporation recognizes assessment revenue based on a percentage of insured deposits of individual credit unions operating within the Province of Newfoundland and Labrador. Interest revenue is recognized based on the investment interest collected and accrued during the year, and bonding revenue is recognized based on a percentage of individual credit unions' assets plus a 20% administrative charge.

#### Assistance to credit unions

Assistance to credit unions is recorded only when it can be reasonably determined by the Corporation that such a payment will be required and when the Board of Directors has assessed the reasonableness of such a charge and authorized the assistance as a commitment of the Fund. The determination of the assistance requires the exercise of judgement because the precise amount, method and timing of such assistance is dependent upon future events. The amount of actual assistance paid, and future possible assistance is disclosed in the financial statements.

#### Cash

Cash consists of balances with banks.

#### Investments

Investments are recorded at cost. When, in the opinion of management, a permanent decline in the value of the investments has occurred, the carrying value is adjusted accordingly.

#### Capital assets

Capital assets are recorded at cost. Amortization is provided on a declining balance basis at rates which will reduce original cost to estimated residual value over the useful life of the assets.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Severance pay

Severance pay, which is included with accounts payable and accrued liabilities, is accrued for all employees for whom the right to such compensation is vested.

No provision for the ultimate severance pay liability is made in the accounts for any employee who has less than nine years of service.

#### Pension Costs

Employees of the Corporation are included in the Public Service Pension Plan and the Government Money Purchase Plan administered by the Government of Newfoundland and Labrador. Contributions to the plans are required from both the employees and the Corporation. The annual contributions for pensions are recognized in the accounts on a current basis. Contributions to this plan totaled \$18,062 in 2006 (2005 - \$17,317).

#### Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### 3. INVESTMENTS

Issuer	Type	Rate	Maturity Date	Maturity Value \$	Cost \$
Credit Union Central of Nova Scotia	Shares			1,000	1,000
Newfoundland and Labrador Credit Union Ltd.	Shares			100	100
				1,100	1,100
Bank of Montreal	Bankers Acceptance	4.28%	25/1/07	1,050,000	1,042,787
Bank of Montreal	Bankers Acceptance	4.27%	3/1/2007	3,686,000	3,649,287
				4,737,100	4,693,174

### 4. RECEIVABLES

	2006 \$	2005 \$
Accrued interest	15,256	22,728
Other	63,600	40,736
	78,856	63,464





## NOTES TO THE FINANCIAL STATEMENTS

### 5. CAPITAL ASSETS

	Rate	2006		2005	
		Cost	Accumulated Amortization	Net Book Value	Net Book Value
		\$	\$	\$	\$
Vehicles	30%	28,733	3,232	25,501	6,386
Furniture and equipment	20%	24,643	21,527	3,116	3,895
Computer equipment	30%	66,519	55,049	11,470	13,469
		119,895	79,808	40,087	23,750

### 6. INCOME TAXES

The Corporation has the following non-capital losses available which can be used to reduce future years' taxable income.

Year of Expiry	Amount
	\$
2007	81,018
2008	73,257
2009	319,521
2010	463,065
2014	438,667
2015	362,558
2026	350,333
	2,088,419

The potential income tax benefit associated with these losses has not been recognized in these financial statements.

### 7. CONTINGENCY

The Corporation has provided a deficiency guarantee to Eagle River Credit Union Limited in respect to certain long-term loans outstanding in its accounts which arose from the acquisition of the net assets of Labrador Savings Credit Union Limited. There are 23 remaining loans guaranteed by the Corporation to Eagle River Credit Union Limited as a result of the amalgamation with Labrador Savings Credit Union Limited. At December 31, 2006, the balance of the guarantee is \$960,144 (2005 - \$1,651,213). Loans paid by the Corporation under the guarantee for the year ended December 31, 2006 totalled \$202,694.

### 8. COMMITMENTS

The Corporation has entered into a lease agreement for office space which expires June 30, 2011. The amount of the annual rent payable is \$30,895.

### 9. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of cash, investments, receivables, and accounts payable and accrued liabilities approximate their fair value due to their relatively short periods to maturity.

*Audited Information*

## CREDIT UNION SYSTEM

*December 31, 2006*



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## COMBINED BALANCE SHEET

### NEWFOUNDLAND AND LABRADOR CREDIT UNION SYSTEM

Year Ended December 31, 2006  
(based on audited financial statements)

	2006	2005
<b>Assets</b>		
Cash	\$25,800,142	\$24,358,615
Investments	91,628,778	65,663,969
Loans (Net of Allowance)		
2006-(\$5,251,279)	458,607,882	429,219,778
2005-(\$5,360,921)		
Other Assets	2,976,881	2,437,432
Fixed Assets	18,010,038	13,939,144
	-----	-----
Total Assets	\$597,023,721	\$535,618,938
	-----	-----
<b>Liabilities</b>		
Borrowings	0	1,453,368
Payables	5,482,773	3,960,615
Members Deposits	565,754,988	508,403,539
	-----	-----
Total	571,237,761	513,817,522
	-----	-----
Member Surplus		
Shares	10,331,633	9,272,869
Retained Earnings (Deficit)	15,454,327	12,528,547
	-----	-----
Total	25,785,960	21,801,416
	-----	-----
Total Liabilities and Member Surplus	\$597,023,721	\$535,618,938



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, 2006  
(based on audited financial statements)

	2006	2005
Total Financial Revenue	\$37,283,046	\$32,662,019
Total Financial Expense	13,993,400	11,688,154
	-----	-----
Financial Margin	23,289,646	20,973,865
Other Income	8,585,245	9,448,285
	-----	-----
Gross Margin	31,874,891	30,422,150
Total Operating Expenses	27,506,486	25,520,430
Income Before Dividends & Taxes	4,368,405	4,901,720
Dividends	679,610	469,490
Taxes	763,015	600,018
	-----	-----
Net Income	\$2,925,780	\$3,832,212
Retained Earnings (Deficit) & Other Reserves Beginning of Year	12,528,527	8,696,335
	20	
Prior Period Adjustment	-----	-----
	-----	-----
Retained Earnings (Deficit) & Other Reserves End of Year	\$15,454,327	\$12,528,547



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, 2006  
(based on audited financial statements)

Credit Union	Cash & Cash		Allowance		Net	Other	Fixed	Total
	Equivalents	Investments	Loans	For Doubtful Loans				
	\$	\$	\$	\$	\$	\$	\$	\$
Brook Street	951,163	5,096,170	13,528,844	354,552	13,174,292	69,213	677,699	19,968,537
CBC	407,651	976,057	4,698,493	40,494	4,657,999	22,913	20,646	6,085,266
Codroy Valley	1,129,777	1,595,192	21,494,101	248,525	21,245,576	39,740	430,933	24,441,218
Community	705,480	7,830,646	18,968,966	575,136	18,393,830	31,640	134,334	27,095,930
Eagle River	3,722,675	13,357,617	42,075,233	353,540	41,721,693	650,365	2,411,894	61,864,244
EasternEdge	2,871,318	1,954,546	27,130,581	249,718	26,880,863	55,668	69,628	31,832,023
First Coastal	3,237,287	2,341,146	14,600,795	146,764	14,454,031	92,298	768,941	20,893,703
Hamilton Sound	1,394,399	4,671,592	11,834,018	314,245	11,519,773	33,927	312,299	17,931,990
Humber Valley	573,092	1,513,223	5,341,333	85,136	5,256,197	5,354	307,408	7,655,274
Nfld. & Labrador	5,643,522	45,424,449	251,206,445	730,568	250,475,877	1,452,267	10,532,197	313,528,312
Public Service	2,018,328	2,248,854	25,809,710	471,426	25,338,284	168,554	1,815,374	31,589,394
Reddy Kilowatt	307,651	1,322,506	17,807,455	164,335	17,643,120	45,718	108,649	19,427,644
Tri-Island	2,837,799	3,296,780	9,363,187	1,516,840	7,846,347	309,224	420,036	14,710,186
<b>TOTAL SYSTEM</b>	<b>25,800,142</b>	<b>91,628,778</b>	<b>463,859,161</b>	<b>5,251,279</b>	<b>458,607,882</b>	<b>2,976,881</b>	<b>18,010,038</b>	<b>597,023,721</b>



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, 2006  
(based on audited financial statements)

Borrowings	Payables	Member	Total	Share	Retained	Member	Total
\$	\$	\$	\$	\$	\$	\$	\$
	98,855	19,537,128	19,635,983	188,200	144,354	332,554	19,968,537
	38,726	5,673,948	5,712,674	128,620	243,972	372,592	6,085,266
	235,635	22,403,105	22,638,740	638,531	1,163,947	1,802,478	24,441,218
	177,833	24,482,617	24,660,450	312,705	2,122,775	2,435,480	27,095,930
	1,063,327	57,941,187	59,004,514	862,571	1,997,159	2,859,730	61,864,244
	247,214	30,588,463	30,835,677	246,750	749,596	996,346	31,832,023
	40,912	20,231,842	20,272,754	224,045	396,904	620,949	20,893,703
	57,234	17,985,714	18,042,948	225,960	(336,918)	(110,958)	17,931,990
	5,429	6,896,237	6,901,666	91,725	661,883	753,608	7,655,274
	2,691,323	294,048,833	296,740,156	6,343,616	10,444,540	16,788,156	313,528,312
	474,779	28,522,165	28,996,944	534,500	2,057,950	2,592,450	31,589,394
	313,543	17,703,271	18,016,814	370,830	1,040,000	1,410,830	19,427,644
	37,963	19,740,478	19,778,441	163,580	(5,231,835)	(5,068,255)	14,710,186
	<b>5,482,773</b>	<b>565,754,988</b>	<b>571,237,761</b>	<b>10,331,633</b>	<b>15,454,327</b>	<b>25,785,960</b>	<b>597,023,721</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, 2006 (based on audited financial statements)

Credit Union	Total Financial Revenue \$	Total Financial Expense \$	Financial Margin \$	Other Income \$	Gross Margin \$	Member Security \$	General \$	Personnel \$	Occupancy \$
Brook Street	1,345,029	587,903	757,126	399,274	1,156,400	52,205	607,412	502,513	93,219
CBC	354,967	141,349	213,618	59,498	273,116	20,637	92,869	122,875	16,802
Codroy Valley	1,764,833	549,417	1,215,416	639,835	1,855,251	52,097	525,116	684,354	75,254
Community	1,760,767	501,373	1,259,394	360,690	1,620,084	56,836	432,706	491,408	94,930
Eagle River	3,909,546	1,139,461	2,770,085	1,388,174	4,158,259	148,322	1,359,654	1,678,164	252,681
EasternEdge	2,079,249	757,621	1,321,628	337,800	1,659,428	88,640	493,561	500,148	67,529
First Coastal	1,425,801	453,708	972,093	550,481	1,522,574	52,269	464,768	679,701	100,428
Hamilton Sound	1,160,781	400,164	760,617	541,030	1,301,647	62,295	430,781	526,188	68,290
Humber Valley	539,902	186,773	353,129	205,361	558,490	20,090	200,741	157,779	30,451
Nfld. & Labrador	18,243,071	7,640,441	10,602,630	2,676,411	13,279,041	755,768	3,152,934	6,525,866	1,290,340
Public Service	2,123,580	514,245	1,609,335	534,087	2,143,422	60,465	698,504	865,539	104,529
Reddy Kilowatt	1,578,389	579,164	999,225	304,334	1,303,559	78,914	330,293	435,050	21,523
Tri-Island	997,131	541,781	455,350	588,270	1,043,620	58,082	224,761	315,657	68,021
<b>TOTAL SYSTEM</b>	<b>37,283,046</b>	<b>13,993,400</b>	<b>23,289,646</b>	<b>8,585,245</b>	<b>31,874,891</b>	<b>1,506,620</b>	<b>9,014,100</b>	<b>13,485,242</b>	<b>2,283,997</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, 2006 (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 \$
(55,132)	1,200,217	(43,817)		(6,339)	(37,478)	181,832	144,354
6,000	259,183	13,933	5,350	829	7,754	236,218	243,972
133,777	1,470,598	384,653	85,360	54,144	245,149	918,798	1,163,947
150,000	1,225,880	394,204		88,719	305,485	1,817,290	2,122,775
185,759	3,624,580	533,679	339,200	64,708	129,771	1,867,388	1,997,159
85,550	1,235,428	424,000		80,147	343,853	405,743	749,596
72,503	1,369,669	152,905		32,113	120,792	276,112	396,904
50,083	1,137,637	164,010			164,010	(500,928)	(336,918)
25,390	434,451	124,039		21,023	103,016	558,867	661,883
293,133	12,018,041	1,261,000	74,700	332,863	853,437	9,591,103	10,444,540
162,763	1,891,800	251,622		62,403	189,219	1,868,731	2,057,950
56,000	921,780	381,779	175,000	32,405	174,374	865,626	1,040,000
50,701	717,222	326,398			326,398	(5,558,233)	(5,231,835)
<b>1,216,527</b>	<b>27,506,486</b>	<b>4,368,405</b>	<b>679,610</b>	<b>763,015</b>	<b>2,925,780</b>	<b>12,528,547</b>	<b>15,454,327</b>

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





## OUR TEAM



**Winston Morris**  
*Chair*



**Bill Dilny**  
*Vice Chair*



**Lillian Joy**  
*Director*



**Clayton Handrigan**  
*Director*



**Maureen McCarthy**  
*Director*



**Robert Piercey**  
*Manager of Operations*



**Al Spencer**  
*Supervisor of Stabilization*



**Perry Crocker**  
*Supervisor of Examinations*



**Sarah Slaney**  
*Credit Union Examiner*



**Eileen Matthews**  
*Administrative Assistant*

## NEWFOUNDLAND AND LABRADOR CREDIT UNIONS

### CENTRAL ALLIANCE OF NEWFOUNDLAND AND LABRADOR CREDIT UNIONS

#### Community Credit Union Limited

Marystown Mall, Marystown, NL  
Service locations: Marystown, NL  
Bay Bulls, NL  
Hermitage, NL

#### First Coastal Credit Union Limited

Eastport, NL  
Service locations: Eastport, NL  
Glovertown, NL  
Gambo, NL  
Catelina, NL

#### Humber Valley Credit Union Limited

1 Church Street, Deer Lake, NL

#### Newfoundland and Labrador Credit Union Limited

240 Water Street, St. John's, NL  
Service locations: 341 Freshwater Road, St. John's, NL  
38 Main Street, Corner Brook, NL  
1 Pinsent Drive, Grand Falls-Windsor, NL  
Labrador Mall, Labrador City, NL  
Powell Plaza, Carbonear, NL  
51 Commonwealth Avenue, Mount Pearl, NL  
Gander Mall, Gander, NL  
272 Torbay Road, St. John's, NL  
120 Conception Bay Highway, Conception Bay South, NL  
263 Memorial Drive, Clarenville, NL  
69 Main Street, Stephenville, NL  
240 Water Street, St. John's, NL

#### Tri-Island Credit Union Limited

1 Rink Road, Twillingate, NL  
Service locations: 1 Rink Road, Twillingate, NL  
1 Rink Road, Twillingate, NL  
184 Road To The Isles, Summerford, NL

#### Public Service Credit Union Limited

403 Empire Avenue, St. John's, NL





## NEWFOUNDLAND AND LABRADOR CREDIT UNIONS

### CREDIT UNION CENTRAL OF NEWFOUNDLAND AND LABRADOR

**Brook Street Credit Union Limited**

Millbrook Mall, Corner Brook, NL  
Service locations: Corner Brook, NL  
Pasadena, NL

**CBC Credit Union Limited**

95 University Avenue, St. John's, NL

**Codroy Valley Credit Union Limited**

Doyles, NL  
Service locations: Doyles, NL  
McKays, NL  
St. Georges, NL  
Port Aux Basques, NL

**Eagle River Credit Union Limited**

8 Branch Road, L'Anse au Loup, NL  
Service locations: L'Anse au Loup, NL  
Mary's Harbour, NL  
Cartwright, NL  
St. Anthony, NL  
Port Saunders, NL  
Happy Valley – Goose Bay, NL

**EasternEdge Credit Union Limited**

10 Factory Lane, St. John's, NL

**Hamilton Sound Credit Union Limited**

Carmanville, NL  
Service locations: Carmanville, NL  
Musgrave Harbour, NL  
Joe Batt's Arm, NL  
Triton, NL

**Reddy Kilowatt Co-operative Credit Society Limited**

50 Duffy Place, St. John's, NL





[www.cudgc.nf.net](http://www.cudgc.nf.net)