



2010 ANNUAL GENERAL MEETING

— 2009 in Review —

Articles • Pictures • Reports • Financial Statements



Booklet for the
2010 Annual General Meeting

March 30, 2010
The Days Inn & Conference Centre
Bridgewater, Nova Scotia

Agenda: Page 7

Guest Speaker
Paul Émile LeBlanc, B. Comm., ACUIC
General Manager, Caisse populaire de Clare;
Secretary, BALLE - Nova Scotia
(Business Alliance for Local Living Economies)

Front Cover Photo: A mother enjoys the convenience of LaHave River Credit Union's renovated drive-through ATM (see story, page 4), while her daughters enjoy the ride.

Back Cover Photo: General Manager Dave Fancy appreciates the qualities of the colourful LaHave River Credit Union float that won first place in the 2009 South Shore Exhibition Parade.

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A Credit Union Success Story: Climbing the Ladder
Profile: Branch Manager Cindy Veinotte

Little did she know, twenty-nine years ago, when she set out to buy a new car at Saunders Motors, that Cindy Veinotte was putting the wheels in motion for a career at LaHave River Credit Union.

It was a case of the right people crossing paths at the right time. And Cindy and the Credit Union have reaped the benefits ever since.

Brian Richards, who worked at the car dealership, also happened to be on the Credit Union Board. Brian knew the Credit Union was looking for a teller, so when he discovered Cindy was a qualified teacher looking for work, he encouraged her to consider another option..

Cindy said followed up the suggestion right away. “It sounded like a very interesting job,” she recalled.

Increasing responsibilities

Her banking career began when the Credit Union was next door to the old LaHave Stationers on King Street. The job description “teller” only told part of the story.

“I was a jack of all trades in those days,” says Cindy. “Those were the days before electronics,’ she said. “We did everything manually, from opening accounts to balancing the books to using a manual posting machine.”

Over the years — as the Credit Union’s assets, membership and staff levels grew — Cindy took on increasing responsibilities.

She became Assistant Manager after the Credit Union moved to the modular home on Aberdeen Rd. “I had the seniority to oversee the other staff, and started to be introduced to loans.”

Now supervising all in-house operations

At today’s North Street location she become Branch Manager and now supervises all in-house operations. Cindy said this arrangement gives General Manager Dave Fancy more flexibility to concentrate on commercial accounts and promote Credit Union services out in the community.

Cindy said she has enjoyed dealing with the member-

ship over the years, as she’s watched children grow up to have children of their own. “It’s rewarding,



for instance, to help someone line up a mortgage to purchase a new home, or loan for buying a special item.”

She continues to seek a balance between being social and being professional. “We could probably all do more to promote our services, such as RRSP’s, TFSA’s and our website,” Cindy said.

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Cindy Veinotte: Climbing the Ladder (continued)

Her biggest trial, she said, is the amount of paperwork required by government regulations. “It doesn’t leave enough time to spend with the membership.”

The Branch Manager said the Board and management of the Credit Union have treated her well over the years. “If someone wants to climb the ladder, they will give you every opportunity to move up.”

Some of the courses Cindy has taken over the

years include Introductory Accounting, Supervision 1, Consumer Lending, Ethical Funds, Branch Compliance for Ethical Funds, and Fundamentals of Personal Financial Planning.

Dave Fancy said Cindy has earned everything she’s achieved. Here’s an example,” he said, “of someone who is willing to work hard and to take the many courses required to succeed. She began with no business training and went from being a teller to a branch manager.”

Drive-Through ATM Upgraded for Security in 2009



Lunenburg County’s only drive-through ATM service has been upgraded to provide improved security to members of LaHave River Credit Union.

The original ATM, installed in 1988, was replaced with one that included chip technology.

The drive-through ATM continues to be a very popular service. The young mother, pictured at right with her daughters, said, “I think it’s wonderful. I can do my banking without getting out of my car.”

General Manager Dave Fancy said the biggest advantage is for parents of small children. “Their children are never out of their sight.”

Dave said the ATM is part of the Credit Union’s ongoing commitment to serve the community.

\$181,890.00



Look
how
our
rebates
have
grown!

When
LaHave River Credit Union Ltd.
has a good year all our customer owners benefit.
We share our profits with our members.
We put money in *your* account.

The Board of Directors is pleased to announce that Rebates and Dividends totalling \$181,890.00 have been paid to existing members' surplus share accounts, except the RSP rebate which has been paid to existing members' RSP savings accounts.

Payments were made as follows:

- \$26,048.00 Bonus on interest earned during 2009 on all Personal and Commercial deposit accounts with LaHave River Credit Union only (not related companies).
- \$130,084.00 Rebate on interest paid on all Personal and Commercial Loans with LaHave River Credit Union only (not related companies) during 2009.
- \$18,651.00 Dividend on share accounts.
- \$7,107.00 Bonus on LaHave River Credit Union Ltd. RSP interest earned during 2009 has been paid directly to RSP savings accounts only (not related companies).

What does this mean to you? – Well, add it up!

For payment details please contact your Credit Union or visit our website at www.lahaverivercreditunion.ca

The Board of Directors has approved this payment based on the excellent financial results of your Credit Union. We are committed to providing you professional, efficient service while striving to obtain financial results which will allow us to continue making these payments in the future.

Getting You There!

Madelyn Bowers, President

7-YEAR TOTAL MADE FROM REBATE	2003	\$ 107,061.09
	2004	\$ 126,672.00
	2005	\$ 136,184.52
	2006	\$ 167,403.15
	2007	\$ 180,360.60
	2008	\$ 166,516.15
	2009	\$ 181,890.00
	Total:	\$1,066,087.51

Returned to customer owners in our community.



LAHAVE RIVER CREDIT UNION LTD.

29 North St., Bridgewater, NS B4V 2V7

Phone #: 902-543-3921 Fax #: 902-543-3947 Web site: www.lahaverivercreditunion.ca

Locally owned but part of a \$70 billion network

LAHAVE RIVER CREDIT UNION LIMITED
ANNUAL MEETING

March 30, 2010

PLACE: DAYS INN
BRIDGEWATER
NOVA SCOTIA

MEETING TIME: 7:15 pm	REGISTRATION	6:00 pm
	MEAL	6:20 pm
	MEETING	7:15 pm

AGENDA

(Underlined items are included in this booklet)

REGISTRATION

CALL TO ORDER AND GREETINGS

OPENING REMARKS, PURPOSE OF MEETING, CHAIRMAN'S APPOINTMENT AND INTRODUCTIONS

MINUTE OF SILENCE FOR MEMBERS WHO HAVE BECOME DECEASED SINCE THE LAST ANNUAL MEETING

APPROVAL AND BUSINESS ARISING FROM THE MINUTES OF THE LAST MEETING

REPORT OF THE PRESIDENT

REPORT OF THE GENERAL MANAGER

REPORT OF THE AUDIT COMMITTEE

REPORT OF THE NOMINATING COMMITTEE

ELECTIONS FOR THE FOLLOWING:

3 MEMBERS OF THE BOARD

APPOINTMENT OF THE AUDITOR FOR 2010

GUEST SPEAKER

OTHER BUSINESS

CLOSING REMARKS

ADJOURNMENT

Minutes of the 2009 Annual General Meeting

Days Inn, Bridgewater March 21, 2009

Registration: 6:00 pm

Meal: 6:30 pm

Meeting: 7:40 pm

Meeting called to order at 6:30 pm by Madelyn Bowers, President of Board of Directors. Madelyn then introduced the head table – Cindy Veinotte, Branch Manager, Bill Fancy, external auditor from the accounting firm Raymond Yuill, Debbie Kelly, spouse of David Fancy, David Fancy, General Manager, Peter Bowers, spouse of Madelyn Bowers, and Madelyn, President of Board of Directors. Madelyn then introduced the two guests in attendance: Norbert Gagnon from Credit Union Deposit Insurance and Ray Surette, Central Director representing District 5. Also attending the meeting was the following Board of Directors:

Frank Fawson, Vice-President, Mary Veinot, Secretary, Carol Ann Knell, Rick Hebb, Frank Zwicker, David Maxwell, Troy Naugler, Rainer Bressmer. Although the staff was not named individually, most were in attendance.

After the introductions, the members were invited to enjoy the meal. Carol Ann Knell gave grace.

The actual business meeting was called to order at 7:40 pm. There were ninety-two members and eight guests in attendance. Madelyn advised the members of the purpose of the annual general meeting: to review and approve the minutes of the last general annual meeting, to receive and approve the President's Report, the General Manager's Report, The Audit Committee Report, The Nominating Committee Report, the external auditors report for the Financial Year 2008, to appoint an external auditor for 2009, and finally to nominate three directors to terms of office.

Madelyn asked for volunteers to chair the meeting. As none was received, Madelyn accepted the position as Chair of the meeting. Madelyn then asked for a volunteer to act as secretary of the meeting. Several members from the floor volunteered Cindy Veinotte, Branch Manager for the position which she accepted.

Next there was a minute of silence for those members who have become deceased since the last meeting.

Madelyn then asked for approval of the agenda for the meeting.

Motion 1:09

Moved by David Bolivar, seconded by Carol Ann Knell to approve the agenda for the 2009 Annual Meeting as presented. Motion carried.

Madelyn then asked if there were any errors and/or omissions to the minutes of the 2008 Annual Meeting. As nothing was brought forward, Madelyn asked for approval of the 2008 Annual Meeting

continued on next page

Minutes of 2009 AGM (continued)

Minutes as presented.

Motion 2:09

Moved by David Bolivar, seconded by Rainer Bressmer to approve the minutes of the 2008 Annual Meeting as presented. Motion carried.

Business Arising from the 2008 Minutes

Nil

President's Report

This report was presented by Madelyn Bowers. Madelyn reported that the duties of the Board of Directors are to offer guidance to management as well as to ensure that sound business practices are followed. The board members spent many hours on behalf of the membership to ensure the Credit Union remains a viable financial institution. Board members also participate in various committees to ensure regulations and policies are adhered to. Madelyn thanked the Board of Directors and staff for their dedication to LaHave River Credit Union.

General Manager's Report

This report was presented by General Manager, David Fancy. Mr. Fancy reported that despite economic turmoil, LaHave River Credit Union had another successful year. Low interest rates and increased government regulations continue to pose difficulties for our Credit Union. Mr. Fancy then commented “ to offset these difficulties in the future we must either grow so costs represent a reduced percentage of our assets or amalgamate with other Credit Unions so these costs are consolidated or spread over a wider asset base.” Mr. Fancy then went on to say that LaHave River Credit Union is a strong financial institution which has many strong points: the superior deposit insurance, the guidance and advice given to members is always in their best interest, and that the Credit Union does not invest in asset backed securities or predatory lending. Mr. Fancy thanked the Board of Directors and staff for their dedication to LaHave River Credit Union.

Audit Committee Report

This report was presented by Rainer Bressmer, Chair of the Audit Committee. Other members of the Audit Committee were Carol Ann Knell, Rick Hebb, with David Fancy, staff liaison. The Audit Committee met three times throughout the year: twice to review the expense accounts of Board and staff, and once with the external auditor, Bill Fancy, to review the financial statement for the year ending December 31, 2008. Mr. Bressmer reported that new auditing regulations are coming into effect for the year 2010. In 2010 the audit will be performed twice in parallel – once based on current regulations and once based on new international regulations.

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Minutes of 2009 AGM (continued)

Motion 3:09

Moved by Rainer, seconded Martin Bell to appoint Raymond Yuill as the external auditor for the year 2009 with a price of 14,500.00 plus HST. Motion carried._

Financial Report

This report was given by Bill Fancy from the auditing firm Raymond Yuill. Mr. Fancy reported that the audit went without incident and that the Credit Union had another successful year. Mr. Fancy reported that cash resources grew 1.4 million dollars. It is better to have excess cash loaned out as investing in GICs does not give the profits of loans. However it is not always easy to give quality loans. Mr. Fancy reported that there was no growth in the loan portfolio – actually there was a small drop. The Central rebate increased approximately \$22,000.00. Member deposits increased approximately one million over the previous year. Mr. Fancy also reported that loan interest decreased – mainly due to the loan interest rates and the drop in the loan portfolio. Mr. Fancy also reported that the Credit Union's ALM was not within limits. The ALM is the matching of deposit rates with that of loan rates. Mr. Fancy reported that Management was working to correct this situation and always works with the best interest of the Credit Union in mind. As previously mentioned by Mr. Bressmer in the Audit Committee Report, Mr. Fancy also reported that in 2010 the Credit Union will be adopting the new international reporting standards. Mr. Fancy thanked management and staff for their assistance during the audit.

Madelyn thanked Mr. Fancy for his report and then asked the members if there were any questions concerning any of the reports that were presented.

Eric Hustvedt – Mr. Hustvedt asked why member's deposits grew so much. Mr. Fancy, General Manager, responded by saying that with the economy many members were moving to more secure investments instead of being concerned with rate of return. Our deposit insurance is very attractive to a lot of individuals.

Wynne Jordon – Ms. Jordon was concerned with General Manager's Report where it suggested that the Credit Union must grow or amalgamate. Ms. Jordon asked is growth less likely and amalgamation more likely? General Manager, David Fancy, responded that his position is to be forward thinking and to consider the best interest of the Credit Union. There is more behind the scene duties each year because of government regulations and staff training. With amalgamation tasks would be centralized, product specialists would be available, and even other services may become available (such as call centers and dealer plans). The Credit Union was involved in amalgamation talks with other credit unions but they have since fallen through and we will not be proceeding further at this time. Mr. Fancy also reassured the membership that they would need to approve any move to amalgamate with other Credit Unions. The Board and Management can only talk to other Credit Unions.

Mr. Fancy then went on to say that we need growth but the right type of growth. We need to be able to match deposit rates with that of loan rates. Lending personnel have been instructed to grant fixed

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Minutes of 2009 AGM (continued)

rate loans to help get our ALM in line. We need to have good quality loan growth.

Madelyn then asked if there were any other questions. None received.

Motion 3:09

Moved by Charmaine Romkey, seconded by Mickey Stewart to approve the President's Report, General Manager's Report, The Audit Committee Report, The Financial Report of the External Auditor as presented. Motion carried.

Nominating Committee Report

This report was presented by Frank Fawson. The Nominating Committee consisted of Mary Veinot, Chair, Frank Fawson, Rick Hebb and Cindy Veinotte, staff liaison. Frank reported that board members can serve for three terms of three years each. With this time frame the board consists of experienced members but also have new members joining the board bringing new ideas to the table. When trying to find new board members the Nominating Committee considers the following: age, gender, geographic location so all members are represented, the ability to understand financial statements, and the need to be a member of good standing. Frank Fawson and Troy Naugler were leaving the board. Three positions were up for nomination. Rainer Bressmer reoffered for another three year term. Paul Rogers and Jerry Schofield were nominated for each a three year term. As there were no other nominations, Rainer Bressmer, Paul Rogers, and Jerry Schofield were elected by acclamation.

Motion 4:09

Moved by Frank Fawson, seconded by Carol Ann Knell to accept the report of the Nominating Committee. Motion Carried.

Dave Fancy, General Manager, now returned to the podium. Mr. Fancy wanted to reassure the membership that the Credit Union is a strong financial institution and is doing very well. He hoped that he had not given the impression that the Credit Union was in any type of trouble. Mr. Fancy stated that his position as General Manager is to be forward thinking and to look ahead to the future.

Madelyn then also reassured the membership that the Credit Union was doing well considering the times by agreeing with the statements of Mr. Fancy.

Madelyn asked the new board members to stand so all membership could see them. Madelyn welcomed Paul and Jerry to the board.

Frank Fawson now welcomed our guest speaker, Leon deVreede. Mr. deVreede is the Sustainability Officer of the Town of Bridgewater. Mr. deVreede spoke that sustainability is the project of the century. We need to learn how to protect our environment and what steps we can take to sustain our environment. Each person has a role in this. We need to focus on values and learn to live within our means. We need to learn how to make our communities strong. We need to think local, buy local so that our communities can live within their means. We need to encourage youth to be part of the com-

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munity. We need to conduct energy audits so that we can live within our energy requirements. This credit union is part of the sustainability process – locally owned, empowered by membership, and relationships are valued and nurtured.

Madelyn thanked Mr. deVreede for his enlightening talk and presented him with a gift of appreciation.

Other Business

Madelyn presented staff member, Lisa Seamone with a five year pin.

Madelyn presented the two retiring board members, Frank Fawson and Troy Naugler, with gifts of appreciation. During his time on the board Frank has served as president, vice-president and secretary as well as being a member on several committees. Troy was the first board member to complete the seven tutorials that board members need to complete and we believe the only one to complete the computer simulation module. Troy was also the Chair of the Credit Committee. Madelyn thanked both Frank and Troy for their commitment as board members.

Madelyn asked the membership if they had any other business to be brought forth in this meeting. Hearing none, Madelyn thanked all for attending and for the privilege of serving on the board. She encouraged others to think about serving on the board or as a committee member.

Motion 5:09

Moved by Madelyn, seconded by Carrol Daniel to adjourn the meeting. Motion carried.

Meeting adjourned at 9:13

Respectfully submitted,

Cindy Veinotte

Madelyn Bowers

Chair, Board of Directors

Draw Prize Winners – Funds for door prizes come from the ticket sales. The meal provided is a gift from the Credit Union to the membership

Christine Bolivar, Peter Bowers, Sean Smith, Debbie Woodworth, Eric Canes, Allison Rew,

Hans Bateman, John Fancy, Martin Bell.

Board of Directors 2009-2010



Seated (l. to r.): Frank Zwicker, Madelyn Bowers and David Maxwell. Standing (l. to r.): Rick Hebb, Carol Ann Knell, Paul Rogers, Rainer Bressmer and Gerald Schofield. Not pictured: Mary Veinot.

Madelyn Bowers, President
David Maxwell, Vice-President
Carol Ann Knell, Secretary
Rainer Bressmer
Rick Hebb
Paul Rogers
Gerald Schofield
Mary Veinot
Frank Zwicker



President's Report

Madelyn Bowers

Looking back at 2009 it is difficult to forget about all the challenges in the world and more specifically in the financial sector. The headlines repeatedly told us how dire the situation was as we moved from crisis to survival mode. At LaHave River Credit Union, while not immediately impacted, we did share the trepidation felt by some of our members and in our community. The Board of Directors of LaHave River Credit Union is therefore pleased to be able to report a profitable year.

The nine Directors on the Board of LaHave River Credit Union are chosen by the membership at our annual meeting in March. Each year three director positions are up for election and any customer owner of the Credit Union, in good standing, is eligible to offer for election. The Board of Directors meets monthly at the Credit Union with the principle of acting in the best interests of our customer owners. Attached to this report you will see a listing of Board Committees, their members and the attendance record of Board members at regular board meetings.

Newest committee: our Green Committee

The role of the Board of Directors is to offer guidance to management and ensure that sound business practices are being followed. The Board had six working committees with members including both directors and customer owners of the Credit Union. Our newest committee is our Green Committee which worked not only on energy efficiency but also on the criteria for green loans. During the

second part of 2009 the Board spent a considerable amount of time on strategic planning, mapping out the direction for the Credit Union in 2010 and beyond. This will become an ongoing planning committee as we look at all the options for the growth and development of your Credit Union.

Over the next few years customer owners will see a variety of changes at LaHave River Credit Union as we adapt new technologies to better serve your financial needs. Staffing will be realigned reflecting these adjustments and the Board will continue to support management in making these changes.

Largest patronage rebates ever approved

With profits of over \$332,000, we were able to approve dividends and patronage rebates of \$181,890. This is the seventh year for patronage rebates and this is the largest return to members we have been able to approve. The financial achievement of the Credit Union can be attributed to the hard work and dedication of our staff lead by our General Manager Dave Fancy and our Branch Manager Cindy Veinotte. Your support as customer owners is critical to this success.

Thank you to Dave, Cindy & all staff

It has been a privilege to be the President of LaHave River. President is not only a title. It also has a lot of opportunities for education, cooperation and growth. I would like to thank all the Board members for their support and confidence. Special thanks go to Dave, Cindy and all the staff who have shown their commitment to our Credit Union in 2009.

Committees of LaHave River Credit Union 2009 - 10

<p>Executive: Madelyn Bowers, President David Maxwell, Vice-President Carol Ann Knell, Secretary</p>	<p>Audit Committee: Rainer Bressmer, Chair Members: Carol Ann Knell, Mary Veinot Resource: David Fancy</p>
<p>Credit Committee: Frank Zwicker, Chair Members: Gerry Schofield, David Bolivar, Mickey Stewart, Resource: Cindy Veinotte</p>	<p>Succession Committee: Rick Hebb, Chair Members: Gerry Schofield, Frank Zwicker</p>
<p>Nominating Committee: Rick Hebb, Chair Members: Frank Zwicker, Paul Rogers Resource: Cindy Veinotte</p>	<p>Policy Committee: Mary Veinot, Chair Members: Carol Ann Knell, Rick Hebb Resource: David Fancy</p>
<p>Delegates: Madelyn Bowers, David Maxwell Alternates: David Fancy, Rainer Bressmer</p>	<p>Green Committee : David Maxwell, Chair Members: Mary Veinot, Carol Ann Knell, Rick Hebb Resource: David Fancy</p>

Board Member attendance at regular board meetings

April 2009 to February 2010 inclusive.

Number of regular Board meetings: 10

Name	# of meetings attended
Madelyn Bowers	10
Rainer Bressmer	7
Rick Hebb	10
Carol Ann Knell	8
David Maxwell	10
Paul Rogers	10
Gerry Schofield	9
Mary Veinot	7
Frank Zwicker	8

Staff 2009-2010



Seated (l. to r.): Debbie England, David Fancy and Nadine Murray. Standing (l. to r.): Stacey Zinck, Margo Wentzell, Debbie Kenyon, Cindy Veinotte, Lisa Seamone and Janet Smith. Not pictured: Sandy Nowe and Peggy Mosher.

David Fancy	General Manager
Cindy Veinotte	Branch Manager
Debbie England	Human Resource Manager
Nadine Murray	Member Service Officer
Debbie Kenyon	Member Service Rep
Sandy Nowe	Member Service Rep
Margo Wentzell	Member Service Rep
Stacey Zinck	Member Service Rep
Peggy Mosher	Member Service Rep
Lisa Seamone	Administrative Support Officer
Janet Smith	Personal Loans Officer



General Manager's Report 2009

By Dave Fancy

This year began with world-wide troubles in the financial industry.

We, along with many others, were very concerned over the general economic situation. This on top of low margins because of falling interest rates and the potential of higher than normal loan write-offs was scary.

We cut expenses and delayed reducing our prime rate, awaiting a rough year. Instead of high loan losses we saw no dramatic increase in loan arrears. Half way through the year our Central was advising not to expect much in rebates and by year-end we were shocked to receive very high rebates.

The end result is that we had a very good year and were able to pay sizeable rebates and, in fact, increased the portion of borrowers as they deserve much of the credit for our success.

This year our Credit Union is planning many changes. The three major changes will be cheque imaging, on-line statements, with the time savings being directed to member service. This will allow our staff more time to advise our members and promote our products. In order to continue growing and provide low cost services we must use technology to alleviate mundane tasks and have our staff actively involved with the membership.

I would like to ask you to consider how long it took for basic television to convert to cable. Now consider how long it took for basic television to go from cable to VHS tapes, DVD's, satellite TV, movies on demand and now virtually everything is on-line. Change can pass you by before you knew it arrived.

We are at risk of falling behind the times and must initiate changes now. Some of our membership would prefer we not change but it is apparent that not-so-young young people have embraced technology and only need personalized service when choosing a product or service. They prefer to do their own transactions and make inquiries when it is convenient for them.

More people deal with companies that provide select services at a low cost and we can only compete by building our business and spreading the costs over a larger member base. We cannot do this by having our staff do paperwork; they must be serving the membership and promoting our products and these products must be very competitive.

Members repeatedly tell me our Credit Union is their main place of business even though they only have a small chequing account at our office. Their investments, loans and mortgage are with one of our competitors. They truly believed we are their main financial institution provider because they regularly visited our convenient and friendly office and seldom went to our competitors except to do business.

The net result is we pay the cost to provide personalized service and our competition gets the profitable business because of price.

Members have voted for change with their pocket books by doing more business elsewhere.

Balance is important — both the old ways and new ways have benefits, and we intend to try and keep the best of both.

— Feb 16, 2010

Staff in the Community

Credit Union staff continued to be active in the life of the community in 2009.

Branch Manager Cindy Veinotte was once again a key volunteer for the annual South Shore Knowledge Festival organized by the Park View IB (International Baccalaureate) Society, April 18.

The event draws approximately 1500 elementary and junior high participants from around the South Shore to compete in such events as Superword, Autotech Challenge and the Amazing Social Studies Race. And then there are the 3500 observers!

For the fourth straight year, LaHave River Credit Union sponsored the Mental Math competition (500 participants. The 2009 donation was \$3050.

Cindy's all-day role during the Festival is to keep track of winners, distribute prizes for all events and keep the related bookwork in order. She is also Festival treasurer and active with the IB Society throughout the school year.

The Society supports the IB program, which consists of challenging pre-university courses recognized by universities around the world.

The 2010 Knowledge Festival is April 17.

Manager Debbie England, Human Resource Manager, helped the 2009 Bridgewater Relay for Life raise \$142,432, held on the Kinsmen Field on June 5, bringing the 7-year total for the event to approximately \$800,000.



Member Service Rep Peggy Mosher navigates an entry in the Canada Day River Race, from the South Parkade to Shipyard's Landing.

Eighty teams participated in the event which drew a thousand participants and volunteers.

Debbie has been involved since the event began in 2003, and is in charge of all finances and team registrations. Throughout the year there are monthly meetings with the organizing team as well as communications with team captains.

The 2010 Relay for Life is June 4.

Member Services Rep Debbie Kenyon served a second year as Treasurer of the Canada Day committee that organized "Bridgewater Rocks the River" in 2009.

The celebration included a lively mix of music and competitions, including the River Race where Member Service Rep Peggy Mosher helped paddle her boat to a fourth place finish in a seven-boat field (see picture, above).

Audit Committee Report for 2009

The Audit Committee of the Board of Directors of the LaHave River Credit Union met three times since the last Annual General Meeting.

This year's Audit Committee are Carol Ann Knell, Mary Veinot and Rainer Bressmer as Chair.

The Audit Committee met twice to examine and review expense accounts of the Board, Staff and Management of the LaHave River Credit Union.

All expenses were properly accounted for - as required by policy.

The Audit Committee met with the external auditor from Raymond Yuill, Chartered Accountants – Bill Fancy. The auditor explained the Audit Committee, that this year's audit was performed more extensively to prepare for new regulations to harmonize Canadian banking regulations with International banking regulations.

The 2010 Audit needs to be performed twice in parallel – once based on current regulations and once based on the new International regulations.

Together with the auditors we reviewed this year's audit report and the Financial Statements for the year ending December 31 2009.

Mr. Bill Fancy informed the Audit Committee, that the audit went without incident with no financial issues to report.

The auditor testifies, that the Credit Union remains well managed with excellent controls in place in all areas to protect assets and record revenues and expenses in a correct and timely fashion.

Mr. Bill Fancy advised, that the Audit Committee has been active and that the Board of Directors are knowledgeable and in control.

The auditor commended Management and Staff for a job well done - especially on the background of a very difficult economic and banking environ-

ment.

Also the Board of Directors and



the Committees had been commended by the auditor on the operation of a successful Credit Union.

Even after this year further increased member rebates of \$181,890, there was a surplus after tax of \$127,570 to add to retained earnings which further strengthened the financial position of the Credit Union. The surplus added to members' equity put equity at strong 10.5% of total assets - a minimum of 5% requires the Credit Union Act. This year bottom line result was as well strongly supported by very low loan write-offs, tight expense controls and very favourable rebates and special rebates from CUCNS, CUMIS and League Savings & Mortgage.

The issue raised by Bill Fancy last year, that our ALM (Asset Liability Management) is not within guidelines has significantly improved and is meanwhile at a satisfactory level.

A loan review performed mid of last year by CUDIC confirmed that, LaHave River Credit Union performance of controls is clearly above CUs average.

I would like to take this opportunity and thank Management and Staff of the LaHave River Credit Union for an excellent year and for a job well done.

And another "Thank You" to the Committee Members attending our meetings and supporting the Credit Union.

Respectfully submitted,

Rainer W. Bressmer,
Chair of Audit Committee

LAHAVE RIVER CREDIT UNION LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

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AUDITORS' REPORT

**To the Members of
LaHave River Credit Union Limited
Bridgewater, Nova Scotia**

We have audited the balance sheet of LaHave River Credit Union Limited as at December 31, 2009 and the related statements of income, retained earnings, and statement of cash flows for the year then ended. These financial statements are the responsibility of the Credit Union'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 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 Credit Union as at December 31, 2009 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

CHARTERED ACCOUNTANTS

Bridgewater, NS

February 15, 2010

LAHAVE RIVER CREDIT UNION LIMITED
BALANCE SHEET
AS AT DECEMBER 31, 2009

	2009	2008
	\$	\$
ASSETS		
Cash resources (Note 3)	9,248,108	8,158,880
Members' loans (Notes 4 & 16)	14,009,505	13,289,542
Investments, at cost (Notes 2 & 6)	773,658	775,658
Property, plant and equipment (Notes 2 & 7)	460,439	498,436
Other assets (Note 8)	202,590	212,099
	24,694,300	22,934,615
LIABILITIES		
Accounts payable and accrued liabilities (Note 9)	126,997	150,871
Members' deposits (Note 10)	21,775,488	20,188,914
Member rebate payable (Note 13)	185,233	166,516
	22,087,718	20,506,301
MEMBERS' EQUITY		
Share capital (Note 12)	631,268	580,570
Retained earnings	1,975,314	1,847,744
	2,606,582	2,428,314
	24,694,300	22,934,615

APPROVED ON BEHALF OF THE BOARD:

Title

Title

LAHAVE RIVER CREDIT UNION LIMITED
STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2009

	2009	2008
	\$	\$
REVENUE		
Loan interest	863,105	962,996
Investments	232,658	306,195
	<u>1,095,763</u>	<u>1,269,191</u>
COST OF CAPITAL		
Distribution to members	207,853	296,825
Loan interest	189	584
	<u>208,042</u>	<u>297,409</u>
CAPITAL CONTRIBUTION MARGIN	<u>887,721</u>	<u>971,782</u>
OTHER INCOME		
Service charges	328,879	325,264
Insurance commission	12,197	20,035
Other - Schedule A	146,618	99,528
	<u>487,694</u>	<u>444,827</u>
	<u>1,375,415</u>	<u>1,416,609</u>
EXPENSES		
Administrative - Schedule B	834,780	794,079
Amortization	46,006	53,824
Banking service charges	60,642	64,919
CUDIC assessments	18,734	18,007
Occupancy - Schedule C	82,344	73,740
Provision for impaired loans	-	51,420
	<u>1,042,506</u>	<u>1,055,989</u>
INCOME FROM OPERATIONS BEFORE MEMBER REBATE	<u>332,909</u>	<u>360,620</u>
MEMBER REBATE	<u>181,890</u>	<u>164,518</u>
INCOME FROM OPERATIONS BEFORE INCOME TAXES	<u>151,019</u>	<u>196,102</u>
INCOME TAXES (RECOVERY)		
Current	18,949	32,762
Future (Note 17)	4,500	(1,800)
	<u>23,449</u>	<u>30,962</u>
NET INCOME FOR THE YEAR	<u>127,570</u>	<u>165,140</u>

The accompanying notes form an integral part of these financial statements.

**LAHAVE RIVER CREDIT UNION LIMITED
STATEMENT OF RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	2009	2008
	\$	\$
BALANCE - beginning of year	1,847,744	1,682,604
NET INCOME FOR THE YEAR	127,570	165,140
BALANCE - end of year	1,975,314	1,847,744

The accompanying notes form an integral part of these financial statements.

LAHAVE RIVER CREDIT UNION LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2009

	2009	2008
	\$	\$
SOURCE OF CASH RESOURCES		
Operations:		
Net income for the year	127,570	165,140
Expenses not requiring a cash outlay:		
Amortization	46,006	53,824
Provision for doubtful loans	-	51,420
	46,006	105,244
	173,576	270,384
Members' loans repayments	5,732,264	5,935,066
Recoveries of members' loans previously written off	15,210	11,806
Increase in members' deposits	1,586,574	1,007,579
Increase in equity shares	50,698	92,334
Cash over	1,303	501
Increase in accounts payable and accrued liabilities	-	52,140
Increase in member rebate payable	18,717	-
Decrease in other assets	9,509	-
Decrease in investments	2,000	-
	7,589,851	7,369,810
USES OF CASH RESOURCES		
Additions to property, plant and equipment	8,007	59,411
Members' loans granted	6,466,642	5,774,211
Increase in other assets	-	119,265
Increase in accrued interest on loans	2,100	281
Decrease in member rebate payable	-	16,259
Decrease in accounts payable and accrued liabilities	23,874	-
	6,500,623	5,969,427
INCREASE IN CASH RESOURCES	1,089,228	1,400,383
CASH RESOURCES - beginning of year	8,158,880	6,758,497
CASH RESOURCES - end of year	9,248,108	8,158,880
Other Cash Flows:		
Income taxes paid	21,349	64,748

The accompanying notes form an integral part of these financial statements.

LAHAVE RIVER CREDIT UNION LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

1. STATUS AND NATURE OF ACTIVITIES

LaHave River Credit Union Limited is a community Credit Union in Nova Scotia and is incorporated and operates under the Credit Union Act of Nova Scotia.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for Credit Unions, and reflect the following policies:

Income Determination

These financial statements are prepared using the accrual method of accounting. Consequently, accruals for interest on members' loans and deposits have been taken into account in determining the income for the year.

Investments

The Credit Union invests in debt securities as prescribed in Sections 49 and 50 of the Nova Scotia Credit Union Act and Regulations. The Credit Union does not invest in risk securities and gains or losses in the portfolio are recognized in the statement of income only when realized. However, if there were a permanent impairment in value, securities would be written down to market value, and the loss would be recognized in the statement of earnings.

Investment in shares are recorded at the lower of cost and net realizable value.

Property, Plant and Equipment

Land, building, furniture and equipment and paving are stated at net book value. Amortization is being provided in the accounts over the useful life of the assets, except land, on a straight line basis at the following annual rates:

Buildings	4%
Paving	10%
Furniture and equipment	20%
Computer equipment	30%

Credit Risk Management

The Credit Union is exposed to credit risk on loans receivable from its members. In order to reduce its credit risk, the Credit Union has adopted policies which include the analysis of the financial position of its members and the regular review of their credit limits. The Credit Union requires payment guarantees and obtains insurance coverage for all loans.

The Credit Union does not have significant concentration of credit risk.

LAHAVE RIVER CREDIT UNION LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Assets and Financial Liabilities (Financial Instruments)

The Credit Union classifies its financial assets and financial liabilities according to their characteristics and management's intentions related thereto for the purposes of ongoing measurements. Financial assets and financial liabilities are initially recognized at fair value regardless of classification choice and are subsequently accounted for based on the classifications described below.

Financial assets are classified as either held-for-trading, available-for-sale, held-to-maturity or loans and receivables. Financial liabilities are classified as either held-for-trading or other financial liability. All financial instruments, including any derivatives, are subsequently measured on the balance sheet at fair value except for loans and receivables, held-to-maturity financial assets and other financial liabilities which are measured at amortized cost.

Changes in fair values of financial assets and financial liabilities classified as held-for-trading are recognized in net earnings, while changes in fair value of available-for-sale financial assets are recognized in other comprehensive income until the financial asset is disposed or becomes impaired.

Accumulated other comprehensive income is reported on the balance sheet as a separate component of Members' Equity (net of tax) and includes any unrealized gains and losses on available-for-sale financial assets. The Credit Union has classified its equity investments as available-for-sale. However, because there is no active market for these investments, the Credit Union has not recorded any comprehensive income as a result of these.

The Credit Union has classified its financial instruments and liabilities as follows:

<u>Financial Asset/Liability</u>	<u>Classification</u>	<u>Subsequent Measurement</u>
Cash and cash equivalents, on hand	Held-for-trading	Fair value
Deposits with financial institutions	Loans and receivables	Amortized cost
Long term investments		
shares	Available-for-sale	Fair value
debentures	Held-to-maturity	Amortized cost
Members' loans (inc. accrued interest) and accounts receivable	Loans and receivables	Amortized cost
Members' deposits (inc. accrued interest) borrowings and payables	Other financial liabilities	Amortized cost

Transactions costs other than those related to financial instruments classified as held-for-trading, which are expensed as incurred, are added to the fair value of the financial asset or liability on initial recognition and amortized using the effective interest method.

LAHAVE RIVER CREDIT UNION LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Allowance for Impaired Loans

The Credit Union maintains an allowance for impaired loans that reduces the carrying value of loans, identified as impaired, to their estimated realizable amounts. Loans are considered impaired when there has been a deterioration in credit quality to the extent the Credit Union no longer has reasonable assurance of timely collection of the full amount of principal and interest.

The allowance consists of a portion directly attributable to specific loans and a portion which is not directly attributable to any loan or loan group. The specific allowance is determined considering factors such as the financial condition of the borrower, payment history and security pledged. The general portion of the allowance is based on such factors as historical write-off experience.

Use of Estimates

Canadian generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Management does not anticipate that actual results will differ materially from those estimates.

3. CASH RESOURCES

	2009	2008
	\$	\$
Cash on hand	359,379	405,736
Current account	677,416	443,454
US Dollar account at CDN	56,345	89,895
Liquidity deposit - Credit Union Central - interest bearing	2,112,119	3,219,795
Short term deposit - Credit Union Central		
1.42% maturing 10/04/10	500,000	4,000,000
Term Deposits - Concentra		
2.2% maturing 17/07/11	\$3,000,000	
3.4% maturing 18/03/12	<u>\$2,542,849</u>	
	5,542,849	-
	9,248,108	8,158,880

The fair value of these Concentra investments at December 31, 2009 was \$5,606,965.

LAHAVE RIVER CREDIT UNION LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

4. MEMBERS' LOANS

	2009	2008
	\$	\$
<u>Loans Outstanding</u>		
Personal - Consumer	\$ 2,364,753	
Personal - Line of Credit	1,391,885	
Personal - Mortgage	4,645,507	
Commercial - Loans	3,162,148	
Commercial - Line of Credit	1,794,712	
Government Agencies	170,654	
Government Guaranteed	459,309	
Syndicated Loan	147,504	
Accrued interest	<u>14,136,472</u>	13,481,471
	25,823	<u>23,723</u>
	14,162,295	13,505,194
Allowance for impaired loans	<u>152,790</u>	<u>215,652</u>
Net loan balance	14,009,505	13,289,542

The following is an analysis of loans in arrears based on the age of repayments outstanding:

	2009	2008
	\$	\$
31 to 60 days	34,161	-
61 to 90 days	3,596	60,160
91 to 180 days	1,065	-
Over 180 days	-	39,690
	<u>38,822</u>	<u>99,850</u>

LAHAVE RIVER CREDIT UNION LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

4. MEMBERS' LOANS (continued)

	2009	2008
	\$	\$
Continuity of Provision for Impairment		
Balance - beginning of year	<u>215,652</u>	<u>202,786</u>
Add:		
Loans recovered	15,212	11,806
Current provision	-	51,420
Cash overage	<u>1,303</u>	<u>501</u>
	<u>16,515</u>	<u>63,727</u>
	<u>232,167</u>	<u>266,513</u>
Less:		
Loans written off	<u>79,377</u>	<u>50,861</u>
Balance - end of year	<u>152,790</u>	<u>215,652</u>

Loan Impairment

At year end the Credit Union had identified impaired loans in the amount of \$119,242. The carrying amount of these loans has been reduced by a provision for loan impairment in the amount of \$82,703. In addition a general provision of .50% of the balance of the portfolio in the amount of \$70,086 has been provided for.

5. RELATED PARTY TRANSACTIONS

At year end, members of the Board of Directors, Committees and Staff had loans owing to the Credit Union totaling \$689,265. All transactions were in the normal course of business with interest rates on loans and deposits and dividends on shares at identical rates offered to all members of the Credit Union.

6. INVESTMENTS, AT COST

	2009	2008
	\$	\$
Shares		
Credit Union Central of Nova Scotia	353,010	353,010
League Savings and Mortgage	88,278	88,278
League Data Limited	6,870	6,870
Loan Guarantee Program	500	2,500
Subordinated Debenture - League Savings and Mortgage 6% - maturing December 31, 2024	<u>325,000</u>	<u>325,000</u>
	<u>773,658</u>	<u>775,658</u>

LAHAVE RIVER CREDIT UNION LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

7. PROPERTY, PLANT AND EQUIPMENT

	Cost \$	Accumulated Amortization \$	2009 Net \$	2008 Net \$
Land	109,800	-	109,800	109,800
Building	545,944	239,478	306,466	328,303
Paving	67,425	64,726	2,699	7,437
Fixtures and equipment	220,346	178,872	41,474	52,896
	943,515	483,076	460,439	498,436

8. OTHER ASSETS

	2009 \$	2008 \$
Accrued receivable - term deposits	54,114	97,381
Prepaid expenses		
Bonding	7,452	7,693
Insurance	4,264	3,645
Other Accounts receivable		
Credit Union Central - rebate	39,580	54,780
Credit Union Central - regarding sale of CUMIS	23,405	-
League Savings and Mortgage	26,781	-
Commissions receivable - Concentra	319	-
Renewal fee receivable	175	-
Income taxes - current	14,000	11,600
Income taxes - future	32,500	37,000
	202,590	212,099

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2009 \$	2008 \$
Credit Union Central	16,733	18,840
League Data fees payable	8,130	7,321
Interest on deposits	39,267	44,098
Audit	20,000	15,255
League Data - New ATM	-	48,312
Other	42,867	17,045
	126,997	150,871

LAHAVE RIVER CREDIT UNION LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

10. MEMBERS' DEPOSITS

	2009	2008
	\$	\$
Chequing	8,040,667	6,870,159
Savings payable on demand	7,511,945	8,170,185
Term	3,004,019	3,068,173
Member savings	1,467,327	355,946
R.R.S.P.	1,751,530	1,724,451
	21,775,488	20,188,914

11. EQUITY

In accordance with 1995 Amendments to the Credit Union Act (Reg.23) the Credit Union is required to accumulate a level of equity for financial stability at not less than 5% of assets at year end. At year end this Credit Union had equity of \$2,606,582 which is 10.5% of total assets.

12. SHARE CAPITAL

Under provisions of the revised Nova Scotia Credit Union Act of 1995, Credit Unions are required to create a class of common shares. LaHave River Credit Union passed new by-laws at a special general meeting held on November 21, 1995. Article 2 of the by-laws create a class of common shares with an issue price of \$5. Each Credit Union member is required to purchase ten fully paid common shares for a total of \$50.00. Members under the age of nineteen (19) can purchase 1 share and fulfill their membership requirement upon reaching the age of 19. At year end the paid up common share capital was \$102,520.

In addition to the common shares the Credit Union has a class of surplus shares. These surplus shares consist of member rebates paid from profits over the past number of years. At year end the amount in this class amounted to \$528,748. Members can withdraw their surplus shares upon request and approval of the board.

13. MEMBER REBATE

As a result of current year earnings the Credit Union has declared a member rebate and dividend on equity shares of \$185,233 for the 2009 year. Approximately, 70% of this rebate relates to interest paid on loans by members and the balance relates to deposits, RRSP's and share capital dividends. This rebate was posted to member accounts in February, 2010.

LAHAVE RIVER CREDIT UNION LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

14. INTEREST RATE SENSITIVITY

The Credit Union's major source of income is the financial margin between the income earned on investments and loans to members and the interest paid to members on their deposits. The objective of "interest rate sensitivity" management is to keep interest-sensitive assets and interest-sensitive liabilities in balance by amount and term to maturity, thus minimizing fluctuations of income during periods of changing interest rates.

The following schedule sets out the scheduled maturities or repricing dates, whichever occurs earlier, of the financial assets and liabilities as at December 31, 2009, together with the weighted average interest rates being earned on the financial assets and paid on the financial liabilities.

Expected Repricing or Maturity Date	Financial Statement Amount			
	<u>Assets</u> \$	<u>Rate</u>	<u>Liabilities</u> \$	<u>Rate</u>
Demand principal	3,060,300	0.90	7,113,800	0.00
Variable	5,944,100	4.95	10,365,600	0.68
Year 1	2,203,700	6.68	1,339,300	1.95
2	4,518,000	3.82	823,800	3.18
3	5,045,000	4.89	1,165,300	4.20
4	566,300	7.36	936,200	3.21
5	1,320,600	7.33	34,200	1.96
Over 5 years	363,800	6.08	-	
	23,021,800		21,778,200	

Interest sensitive assets and liabilities cannot normally be perfectly matched by amount and term to maturity. One of the roles of a Credit Union is to intermediate between the expectations of borrowers and depositors. As a matter of policy, the Credit Union attempts to maintain a maximum acceptable level of interest rate risk at .20% for a 1% change in prime rate. At year end, the current level of interest rate risk for a 1% shock was .21% which means that the Credit Union was within policy guidelines at year end.

LAHAVE RIVER CREDIT UNION LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table sets out the approximate fair values of financial instruments as at the balance sheet date:

	2009		2008	
	Fair Value	Book Value	Fair Value	Book Value
Assets				
Loans and mortgages	\$8,394,500	\$8,153,600	\$6,241,100	\$6,229,700
Liabilities				
Members' deposits - fixed rate	\$4,316,700	\$4,298,800	\$4,747,983	\$4,538,100

Fair values of items which are short-term in nature or are variable instruments have been deemed to approximate their carrying value and have been excluded from this analysis. Fair values of loans and deposits with fixed interest rates have been determined using discounted cash flow techniques based on interest rates being used in similar types of loans and deposits being completed at December 31, 2009.

The above noted fair values, presented for information only, reflect conditions that existed only at December 31, 2009 and do not necessarily reflect future value or amounts which the Credit Union might receive if it were to sell some or all of its loan or deposit portfolio to a willing buyer in a free open market.

16. ASSIGNMENT

The book debts of the Credit Union are assigned to Central for a line of credit limit in the amount of \$1,000,000.

17. FUTURE INCOME TAXES

Income taxes are accounted for by the asset and liability method. Under this method, future income taxes are recognized for the future income tax consequences attributable to differences between carrying values and their respective income tax bases (temporary differences). Future income tax asset and liabilities are measured using enacted income tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled. The effect on future income tax assets and liabilities of a change in tax rates is included in income in the period in which the change occurs. The amount of future income tax assets recognized is limited to the amount that is more likely than not to be realized.

LAHAVE RIVER CREDIT UNION LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

18. FUTURE CHANGE IN ACCOUNTING POLICY

On January 1, 2011 the Credit Union will be required to adopt International Financial Reporting Standards (IFRS). As such, the Credit Union will be required to prepare its 2011 financial statements including comparative information for 2010 in compliance with IFRS.

The Credit Union's IFRS implementation project plan includes three phases: (1) Scope, (2) Plan, Design and Build and (3) Implement and Review. The Scope phase has been completed and the Planning phase is in progress. The standards that are expected to have a significant impact on the Credit Union's recognition, measurement, presentation and disclosure of its financial statements have been identified.

The Credit Union is participating in the National IFRS Readiness Project for Credit Unions sponsored by Credit Union Central of Canada and have completed a detailed Diagnostic/Impact assessment with respect to the IFRS standards of relevance to our conversion. Management is currently in the process of assessing the differences between the Credit Union's current accounting policies and those provided by IFRS, as well as the elections and policy choices available on adoption. At this stage, management is not able to reliably quantify the expected impact on the Credit Union's financial statements.

Managements' analysis of changes and policy decisions reflects their expectations regarding the accounting standards that they anticipate will be effective at the time of the Credit Union's transition. Significant changes to IFRS accounting standards are expected to be issued by the International Accounting Standards Board (IASB) throughout 2010 and 2011. As a result, there is uncertainty regarding the expected accounting standards that will ultimately be in place in 2011, and therefore applicable to the Credit Union's first IFRS financial statements, including comparatives and opening IFRS balance sheet. The Credit Union's IFRS project plan includes activities to ensure management monitor these changes.

LAHAVE RIVER CREDIT UNION LIMITED
SCHEDULE OF OTHER INCOME
FOR THE YEAR ENDED DECEMBER 31, 2009

	2009	2008
	\$	\$
SCHEDULE A - OTHER INCOME		
Commissions	6,140	6,020
Commission - travellers cheques	10	7
Commission - utilities	3,597	3,917
Extra distribution from League Savings & Mortgage	26,781	-
Foreign exchange	35,814	37,184
League Data rebate	8,180	6,514
Miscellaneous	1,775	3,565
Money orders	681	397
Mortgage referral fees	26,997	26,097
Rent - debit machines	9,430	11,805
Rent - safety deposit box	3,808	4,022
Special rebate from Central on sale of CUMIS	23,405	-
	146,618	99,528

LAHAVE RIVER CREDIT UNION LIMITED
SCHEDULE OF EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2009

	2009	2008
	\$	\$
SCHEDULE B - ADMINISTRATIVE EXPENSES		
Advertising and promotion	18,373	21,015
Audit	20,000	15,255
Computer	91,385	91,223
Courier service	10,320	9,355
Credit reports	2,248	2,152
Directors expense	11,328	13,260
Donations	3,807	4,715
Dues	31,616	45,508
Education	2,938	1,984
Insurance	15,161	14,472
Interac fees	11,992	12,074
Legal and collection	2,829	6,321
Meetings	9,646	12,162
Non cash loss	3,346	-
Postage and office supplies	22,214	22,135
Salaries and benefits	532,016	476,131
Service contracts and administrative fees	28,178	25,585
Sundry	5,695	7,969
Telephone	5,165	5,101
Teller risk fund	1,226	882
Telpay fees	4,101	5,764
Travel - office	1,196	1,016
	834,780	794,079
SCHEDULE C - OCCUPANCY EXPENSES		
Heat, light and water	9,661	9,335
Insurance	7,916	7,007
Repairs and maintenance	35,878	30,562
Taxes	28,889	26,836
	82,344	73,740

The accompanying notes form an integral part of these financial statements.

Nominating Committee Report

The members of the Nominating Committee were Rick Hebb, Chair, Paul Rogers, Frank Zwicker, and staff liaison, Cindy Veinotte.



Nominating committee members

The Nominating Committee's agenda is to fill the vacant positions on the Board of Directors. There are three 3-year positions up for nomination. There are four customer owners offering for the three board positions of which one is a present board member.

Following are the customer owners offering for the three board seats:

Stephen Garlick

Richard Hebb

Karen Reinhardt

Allen Sullivan

I would like to thank members of the committee for their work and efforts concerning the Nomination Committee.

Respectfully submitted,

Rick Hebb
Nominating Committee Chair

— Guest Speaker —

Paul Émile LeBlanc, B. Comm., ACUIC
General Manager, Caisse populaire de Clare Ltée.

— Topic —

BALLE (Business Alliance for Local Living Economies)

Paul Émile LeBlanc obtained his Bachelor of Commerce from Saint Mary's University in Halifax Nova- Scotia. He has also obtained his Associate of Credit Union Institute of Canada (ACUIC) designation.

Mr. LeBlanc has over 27 years experience in the Retail Banking Industry, including 15 years in the Credit Union movement in Nova Scotia. Additionally Mr. LeBlanc has been involved in numerous organizations that are involved in community economic development. Since 1997 Mr. LeBlanc is General Manager of Caisse populaire de Clare Ltée. a financial institution with four branches and an administration office situated in the predominantly Acadian community of Clare and serving all the surrounding areas.

Mr. LeBlanc is presently President of the Chambre de commerce de Clare, volunteer with the Festival acadien de Clare and a member of

several community based organizations in Clare.

Mr. LeBlanc is a member and secretary of the board of directors of BALLE - Nova Scotia (Business Alliance for Local Living Economies).



This association promotes a network of locally-owned businesses and people working together to build sustainable communities with green, locally-driven economies. Mr. LeBlanc is also director of the Clare Lions Jr C Hockey Team as well as a founding board member of the cultural interpretative centre le Rendez-Vous de la Baie.

Some of the benefits of joining BALLE

- Access to a network of like-minded entrepreneurs with ideas to share
- Promotion of your products and services to like-minded customers
 - Access to key partners and resources
- Education and public awareness of the importance of buying from independent local businesses.
 - Media visibility and promotion of the buy-local philosophy
- Collaboration with strategic partners, such as the Community Foundation of Nova Scotia, the Ecology Action Centre, and the Atlantic Sustainability Initiative
- Information on how you can take advantage of the Provincial Government's new procurement policy
 - A website with online for listing local businesses

Booklet by Eric Hustvedt,
Talent Bank Communications, Broad Cove,
under the supervision of Dave Fancy,
with essential help from Cindy Veinotte and Lisa Seamone.

Thanks also to:

Debbie England
Rick Hebb
Paula MacKinnon
Penny McDonald, Lighthouse Publishing
Michelle Oickle, Raymond Yuill Chartered Accountants

Back Cover Photo: General Manager Dave Fancy appreciates the qualities of the colourful LaHave River Credit Union float that won first place in the 2009 South Shore Exhibition Parade.

