

# 2010

## ANNUAL REPORT

THE FIRE DEPARTMENT EMPLOYEES CREDIT UNION LIMITED



**FIRE SERVICES  
CREDIT UNION**

## IN MEMORIAM

*"They shall grow not old, as we that are left grow old. Age shall not weary them, nor the years condemn. At the going down of the sun and in the morning, We will remember them." - By Lawrence Binyon*

### ACTIVE LOCAL 3888 MEMBERS

David Charles Gray	Acting Captain	Mar 09/10
Andrew Radzevicius*	Fire Fighter	Apr 13/10
Robert Crisp	Fire Fighter	May 14/10
Ken Sheppard*	Captain	Jul 20/10
Aaron Hannah-Matin	Fire Fighter	Aug 26/10

### RETIRED LOCAL 3888 MEMBERS

John Stanway	Captain	Oct 28/09
Douglas Row	Fire Fighter	Nov 05/09
John Renaud	Fire Fighter	Nov 12/09
Frank Fawcett	District Chief	Dec 03/09
Donald Kerfoot	Fire Fighter	Dec 27/09
Jim Plender	Fire Fighter	Dec 28/09
William Patton	Fire Fighter	Jan 01/10
Gary Mugford	Platoon Chief	Jan 03/10
Bill Patton	Fire Fighter	Jan 06/10
Douglas Holt	District Chief	Jan 08/10
Bill Scott LODD	Fire Fighter	Jan 08/10
Tim Kinnear	Captain	Jan 13/10
Tom McAuley	Chief in Training	Jan 26/10
John Lalonde	Dir. Fire Prevention	Feb 02/10
Vern Willis*	Fire Fighter	Feb 09/10
Melvin Slevan	Captain	Feb 11/10
John Davis	Fire Fighter	Mar 10/10
Francis John Sears	Captain	Mar 11/10
Clifford Hooey*	Captain	Mar 31/10
David Wilson*	Captain	May 09/10
Norman Alywin	District Chief	May 19/10
Samuel Boyd	Fire Fighter	May 15/10
Brent Thompson	Captain	May 30/10
Donald Garden*	Fire Fighter	May 26/10
Jack Cadenhead	Captain	June 11/10
Charles Horniblow	Fire Fighter	June 21/10
Reginald McPhadden	Platoon Chief	June 23/10
Herbert Sershall	Fire Fighter	June 25/10
Norman Law	District Chief	July 02/10
John Stockman	District Chief	July 26/10
John Balfour	Captain	Aug 01/10
Joseph Buda*	Captain	Aug 03/10
Ron Carson	Fire Fighter	Aug 12/10
John Levantis Sr.*	Captain	Aug 15/10
Donald Paterson	Captain	Sep 02/10
Stanley Chalis	Captain	Sep 04/10
Wayne Smith*	Fire Fighter	Oct 01/10
George Valliere*	Fire Fighter	Oct 02/10
Charles Clarke	Fire Fighter	Oct 11/10
William Jones*	Captain	Oct 13/10
Brian Robar	Captain	Oct 13/10
William Kilburn	Fire Fighter	Oct 17/10
Robert Wilson	Fire Fighter	Oct 19/10
Cecil McCrossan	Captain	Oct 29/10
Ken Jones	Platoon Chief	Nov 03/10
Andy Sembay*	Captain	Nov 09/10
Douglas Wood*	Fire Fighter	Nov 13/10
Harold Hall	District Chief	Nov 21/10

### OPFFA HONOURED AT 2010 MEMORIAL SERVICE

Desmond Dubroy	Lieutenant	Ottawa	1959
Harry Thompson	Captain	Mississauga	1969
David Exley	O.F.M. Investigator	O.F.M.	1987
Eugene Morand	Deputy Chief	Tecumseh	1995
Brian Mills	Lieutenant	Cumberland	1996
Thomas Pritchard	Captain	Mississauga	1997
Ken Andrews	Fire Fighter	Nepean	1997
Chester Wells	District Chief	Fort Erie	2003
James Willison	Captain	Collingwood	2003
Gary Cross	District Chief	Mississauga	2008
Alex MacDonald	Lieutenant	Ottawa	2008
Garry Morden	Fire Chief	Mississauga	2008
Ray Richards	Captain	Stratford	2009
William Aitken	Fire Fighter	Hamilton	2009
Leo Dorgan	Fire Fighter	East York	2009
Rex Heath	Chief F. P. O.	Pickering	2009
Donny E. Massender	Fire Fighter	Tecumseh	2009
Donald McCormick	Executive Chief	Ottawa	2009
Norman Meeks	Deputy Fire Chief	Wasaga Beach	2009
Lyle Patterson	Fire Fighter	Brampton	2009
Donald A. Willis	Captain	London	2009
Clifford Barrett	Platoon Chief	S. Ste. Marie	2010
W. Grant Bettke	Deputy Chief	Waterloo	2010
David Drainville	Captain	Thunder Bay	2010
David Gray	Acting Captain	Toronto	2010
Brian Heaton	Captain	Brockville	2010
Gary James Kendall	Fire Fighter	Point Edward	2010
William Lawrence	Fire Chief	Prescott	2010
Gerald Oakley	Fire Fighter	Kitchener	2010
William Scott	Acting Captain	Toronto	2010
Daniel Taylor	Fire Fighter	Douro-Dummer	2010

### FIRE CREDIT UNION MEMBERS (not previously designated)

We honour our members who have left us this year.

Annie E Green	Jan 14/10
Katherina Straub	Feb 2010
Helen Ardern	Feb 16/10
Clifford Ardron	Feb 21/10
Donald Pery	Apr 04/10
Carol Belanger	May 09/10
Norma Moffatt	May 26/10
Helen Gray	Jun 24/10
Huguette Robinson	Jul 26/10
Ethel Oldman	Aug 20/10
James Mitchell	Oct 07/10
Herbert Penfound	Dec 05/10
Georgina Clapham	Dec 17/10
Clifford Glover	2010
Kathleen Forty	2010

The Fire Department Employees Credit Union endeavours to minimize any errors or omissions to this memorial list. In the event we have excluded anyone, we sincerely regret the oversight.

\* Denotes Credit Union members.

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## AGENDA

- Call to Order
- Singing of 'O Canada'
- Minute of Silence
- Roll Call
- Adoption of the Minutes of the 68th Annual General Meeting
- Board of Directors' Report
- Chief Executive Officer's Report
- Audit Committee's Report
- Auditors' Report
- Appointment of Auditors
- Presentation of John Rider Award
- New Business
  - a) Elections
  - b) Other new business (if applicable)
- Unfinished Business
- Results of Election
- Adjournment

*Robert Head, Corporate Secretary*

# MINUTES OF THE 68TH ANNUAL GENERAL MEETING

FOR THE YEAR ENDING DECEMBER 31ST, 2009

**These are the minutes of the 68th Annual General Meeting held on April 22 2010 at The Riviera Parque Dining, Banquet & Convention Centre Inc., Concord, Ontario.**

## INTRODUCTION

The meeting was called to order at 7:35 P.M. by the Corporate Secretary, R. Head, who confirmed that we had a quorum and the meeting was open for business. He then welcomed the members to the 68th Annual Meeting.

All present stood for a minute of silence to remember those members who passed away during 2009. A list of last alarms for both active and retired firefighters was located on page 2 of the Annual Report.

## ROLL CALL

Board of Directors

Chair: S. Buckingham

Vice-Chair: M. Neely

Members: K. Hamilton

R. Head

J. D'Aloisio

J. Allard

P. McCabe

M. Jansen

Absent: B. O'Hallarn

Interim CEO: C. Gonsalves

Staff stood and was recognized for their hard work and outstanding contributions to the operations of the Credit Union.

Special guests were then introduced and recognized; Joe Bates from the auditing firm Retford Lane Bates LLP; Scott Marks, President of Local 3888; Jason Bengert from CUMIS Insurance (absent due to the birth of his child); and Gary Jones, our Internal Auditor.

## MINUTES OF THE LAST ANNUAL MEETING

Minutes of the last Annual Meeting (67th) were distributed with the meeting package, for all to read. It was moved by Bob Head and seconded by James Coles that they be adopted. As there were no questions, a vote was held and the motion was **CARRIED**.

## REPORT OF THE BOARD OF DIRECTORS

S. Buckingham, Chair of the Board of Directors, presented the report and assured all that the Credit Union was once again back on track, recording a net income of \$65,796.

In 2009 the central financial facility and trade association for BC and Ontario Credit Unions, Central 1, realized a jump of 275% in net income from 2008. Assets rose to \$11.1 billion at year end and strong financial results translated into dividend payments of \$25,124 to our Credit Union.

The Chair of the Board then reviewed the balance sheet on page 16 of the Annual Report.

On the savings side of the Balance Sheet, member deposits decreased marginally to \$62,866,580 at December 31, 2009 – a decrease of .59%. Demand deposits remained stable with \$10,556,773 on deposit as of December 31, 2009. Term deposits as of December 31, 2009 were \$31,386,172, a decline of \$928,311 from 2008. The decrease was offset by the introduction and investment in the Tax Free Savings Account. We have opened 137 new TFSAs amounting to \$563,689 as of December 31, 2009.

Registered Retirement Savings Plans (RRSPs) and Registered Retirement Income Funds (RRIFs) increased by \$634,665 for a combined total of \$20,433,369 on deposit as of December 31, 2009 an increase of almost 2%. There are 28 Registered Education Savings Plans (RESPs) held off balance sheet by Concentra Trust for a total book value as at year end of \$267,360.

As of December 31, 2009 we opened 120 new accounts. Dormant Account reports are being worked to re-activate them or consolidate them into existing accounts held at the Credit Union. We are closing them if they are truly no longer needed by the member. This has resulted in a high account closure rate and net loss in our membership.

In the loan portfolio, the past year proved to be very challenging for our Credit Union given the difficult economic conditions, market volatility, historically low interest rates and an increase in the inability of our members to pay their financial obligations. Record high personal debts appear to have amplified our members' interest rate sensitivity above all other considerations. As a result, the total credit portfolio declined from \$54,599,288 at December 31, 2008 to \$50,197,547 December 31, 2009 – a decrease of 8.06%. Personal loans decreased from \$10,942,000 at December 31, 2008 to \$9,100,400 December 31, 2009 – a 16.83% decline. Equity Lines of Credit decreased from \$21,554,300 at December 31, 2008 to \$20,640,400 at December 31, 2009, which is a 4.24% decline, and mortgages decreased from \$21,349,250 at December 31, 2008 to \$19,174,150 at December 31, 2009 – a 10.19% decline.

Off balance sheet mortgages administered by Concentra Financial totalled \$1,807,728 and the final Equitable Life mortgage was purchased back by the Credit Union in November.

Our Delinquent Accounts realized an increase in bad debt allowance of \$88,652 and we were forced to set aside an additional \$5,000 each month. For 2010 we are budgeting \$10,000 each month as a loan loss provision. As of year end, loan write-offs totaled \$168,045, a significant increase from the 2008 total of \$94,638. In addition to 12 bankruptcies and consumer proposals received in 2009, a cleanup of unauthorized chequing account overdrafts contributed to the number of written-off accounts.

The Chair of the Board assured members that through all this in 2009 a divided rate of 4.0% was declared at December 31, 2009 to members holding Class A Investment Shares. Furthermore are liquidity levels are strong with the year end ratio of 12.4%, although our internal policy requirement is only 8.00%.

The Chair gave a recap of our marketing efforts and campaigns to reach out to members and potential members. Our Everyday Banking Package—for only \$11.95 per month offers the convenience of unlimited POS transactions and the

benefits of The Exchange Network. Online banking features, telephone banking and two new features – “Save it Up” and “Email Notifications” are all added benefits to the Credit Unions product line by allowing us to have the same competitive advantage as our competitors.

For 2010 emphasis on attracting more youth was made with our goal to form partnerships with colleges offering fire service programs. The Chair reminded the membership that their family members can also join and enjoy the benefits of the Credit Union.

Our service statement of “*We will come to you...*” was reinforced as a flexible service to meet the shifts and varied locations of our membership and allow us to make inroads outside the GTA for potential members.

The increase of deposit insurance coverage for Credit Unions and Caisses Populaires in all deposits in registered plans was also announced. The \$100,000 maximum no longer exists.

Looking ahead for 2010 the “*Send a Kid to Camp*” Camp Bucko – Burn Camp for Kids in Ontario campaign was introduced. Donations are being made for each new product that is opened by current or new members. It costs approximately \$1,600 to “*Send A Kid To Camp*” therefore, when you sign-up for an everyday banking package, open a registered plan such as an RRSP, TFSA, RRIF, or RESP, are approved for a loan or purchase a term deposit or open a new membership with a family member, we’ll donate \$2 for each occurrence. When you borrow for a mortgage, equity line of credit or vehicle loan, that’s a \$5 donation. It’s a cause everyone can be proud of and it’s to be hoped that its success will instill a new pride in firefighters and their families about what your Credit Union stands for and supports.

The idea of a calendar of retired fire fighters as another fundraiser was also put out to the membership and a call for candidates was announced.

As of the end of January 2010, we have accumulated more than \$1,000 in donations from product sales and staff dress-down days. We look forward to presenting our first cheque to Camp Bucko in June. Some of the other initiatives supported by your Credit Union are listed in the Annual Report on page 20. Other advancements for 2010 include the new Chip card that will help to make ATM and debit transactions even more secure and mitigate loss through fraud. We expect to have new cards out to members later this year.

In 2010, we will be implementing the new International Financial Reporting Standards that will mean differences in the way we report and disclose information to our members. These new accounting rules will not have a major impact on the operations of the Credit Union.

We will look into increasing our delivery channels through the new venture of e-marketing. Members can expect to hear from us on a regular basis in order to keep up to date on product promotions and information. For those who do not have e-mail, we will continue to correspond with you by regular mail.

The Chair thanked all for their ongoing trust and loyalty in the Credit Union.

S. Buckingham moved for the adoption of the Board of Directors’ Report, seconded by Al Allmark.

**Questions from the floor were asked by Tom Lloyd.**

1. What happens to those who don’t pay back their debt to the Credit Union?

**The Chair responded:** Once all means of collection are exhausted and the debt is not paid back then membership is revoked. Once revoked, that member is not allowed to join again unless they have paid back their debt and then it goes to the board to review.

2. With the economy and bad debt allowance how does recruiting college students who have not yet established good credit or have been hired by a fire service department affect the Credit Union?

**The Chair responded:** The college program is in the early stages and the main goal is to establish a relationship and awareness that there is a Credit Union which supports their career of choice. The recruits have been older in the past few years and have already established banking practices therefore it is important to reach out to a younger generation interested in the fire service field. Steve reminisced of his own personal experience of being a young recruit and how the Credit Union aided him in obtaining his first car, mortgage etc... Any college student who becomes a member will be subject to regular credit criteria and often co-signors will be required, however the goal is to obtain that new member and guide them through his or her life stages and that will assist them to develop a loyalty to the Credit Union.

3. Please recap the insurance changes on the Registered Products?

**The Chair responded:** The Ontario Government has taken away the \$100,000 maximums in each Registered Product. So in each RRSP, RIF, TFSA and RESP one could have an unlimited amount and the funds would be protected by DICO.

That concluded the questions and a vote was held and the motion was **CARRIED**.

## AUDIT COMMITTEE REPORT

J. Allard, Chair of the Audit Committee, presented the Audit Report confirming that all requirements of the Credit Union and Caisses Populaires Act, 1994 and the Regulations to the Act were met throughout the year. He reported that the three member committee meets quarterly and acts as a liaison between internal and external auditors and the Board of Directors to assist in risk management functions such as accuracy, controls, policies, procedures, and legislative compliance. Focus is placed on liquidity, capital adequacy and interest rate risk management, within the framework of the terms of engagement. He then explained to members that there were no significant recommendations that have not been either implemented or are in the process of being implemented.

J. Allard updated the members on the status of the identification being collected for Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) requirements. The Chair of the Audit Committee noted that there were no further matters that should be reported to the members, nor are there any other matters required for disclosure pursuant to the Act or Regulations.

J. Allard expressed his appreciation to the other committee members, Board of Directors and management for their assistance and full co-operation in fulfilling the committee's mandate and improving the quality of financial reporting to members, while enhancing the overall control structure of the credit union.

J. Allard moved for the adoption of the Audit Committee Report, seconded by Fred Smith. As there were no questions, a vote was held and the motion was **CARRIED**.

## THANK-YOU TO DIANA SANTOS

The Chair of the Board, said a thank you to Diana Santos for her years of service. He thanked Charlene Gonsalves for fulfilling the role as Interim CEO and presented her with a bouquet of flowers.

The Chair of the Board made the formal introduction of our new CEO, Kevin Connolly, who would take the position on June 7, 2010. Kevin relayed his gratitude and thanked the board for this opportunity and their support.

## AUDITOR'S REPORT

S. Buckingham introduced Joe Bates from the auditing firm Retford Lane Bates LLP, to present the Auditor's Report. Joe confirmed to members that the financial statements of the credit union had been examined on a test basis and presents fairly, in all material respects, the financial position of the Credit Union as at December 31, 2009.

Since the Chair of the Board of Directors Report had reviewed the Credit Union's results for 2009 in detail, Joe felt it unnecessary to review the statements again. A copy of the full Financials was available at every table for review. He did, however, reaffirm to the membership that during these economic tough times our Credit Union was in the positive. Many Credit Unions have not done as well as we have and he commended the board, staff and management for a job well done. J. Bates asked if there were any questions on the financial reports.

### Questions from the floor were asked by Tom Lloyd.

1. Mr. Lloyd asked what made up the \$500,000 in Administration expenses.

**J. Bates responded with the aid of J. Ojukwu:** That the Administration was made up of:

- Licensing Software and Anti Virus software
- Legal Expenses
- Marketing Budget
- CUCO

J. Bates reviewed the expenses and reinforced that the \$500,000 for all these expenses were reasonable and necessary.

S. Buckingham moved to adopt the Auditor's Report, seconded by Jimmy Craig. A vote was held and the motion was **CARRIED**.

## APPOINTMENT OF AUDITORS

S. Buckingham made a motion to appoint the auditing firm of Retford Lane Bates LLP, to act as external auditors for the Credit Union for financial year 2010. The motion was seconded by Frank Ramagnano. A vote was held and the motion was **CARRIED**.

## JOHN RIDER MEMORIAL AWARD

K. Hamilton announced the recipient of the John Rider Memorial Award was Gerald Brinston. Members were provided with a glimpse into the giving, caring nature of Gerald who found the time despite other demands and family responsibilities to consistently help, assist, nurture and counsel others.

Our recipient this year is a 25 year member of the Toronto Fire Services starting in former Etobicoke and now working as an Acting Captain.

Two years ago, he started helping the people of the Dominican Republic by building houses and training local people in carpentry skills. Late in 2009, he took a trip to Haiti with a friend and found conditions that were so deplorable that he felt he should also help the Haitians.

He has made several trips to Haiti, prior to the earthquake, taking supplies and helping the local people. Two days before the earthquake he was in the Dominican Republic preparing for another trip to Haiti. He re-entered Haiti two days after the earthquake struck and remained there, living under the stars with the locals until March 9th.

Through the generosity of the Toronto Professional Fire Fighters' Association and the Markham Professional Firefighters Association and many friends he was able to deliver food, medical supplies and 40 tents to shelter orphans living in Port-au-Prince.

Currently, he has his home up for sale and is looking to purchase land in Haiti to continue to help the local population. His plan is to work with his wife, Kwong, in educating the locals with marketable trade skills so they can generate income for themselves and their families.

He states that he will need the continued support of friends, family and fire fighters to help the people of Haiti for many years to come.

K. Hamilton asked everyone to join him in honouring the dedication and accomplishments of Gerald Brinston, our John Rider Memorial Award recipient for 2009.

Gerald was joined at the front of the room by members of his family. He was presented a plaque and thanked the Credit Union for this recognition and the Local 3888 and told a story of little boy in a village who would be the benefactor of the \$300.00 donation cheque going toward his education. His wife received a bouquet of flowers.

## NEW BUSINESS

The Chair of the board introduced the Proposed Amendment to the By-laws booklet, which every member had received at registration, and the synopsis of the amendment.

S. Buckingham moved for the approval for the Proposed Amendment to By-laws booklet as a whole seconded by Norm Brown. As there were no questions a vote was held and the motion was **CARRIED**. 1 opposed.

## NOMINATING COMMITTEE REPORT

The Chair of the board introduced Pat McCabe, Chair of the Nominating Committee to present the report that outlined the responsibilities of the committee, to nominate at least one candidate for each vacancy for which an election is to be held.

P. McCabe along with other committee members, J. Allard and M. Jansen, met with all nominees to ensure all criteria for serving on the Board of Directors was met and an affidavit was signed confirming compliance with the Credit Union Act.

Nominees were:

- John D'Aloisio
- Keith Hamilton
- Joe McCarron
- Michael Neely

Members were asked to place a check mark or "x" on the ballot beside the names of the individuals they were electing. They were instructed to vote for 3 individuals for the Board of Directors only or the ballot becomes null and void. In the event of a tie, the vote will be decided by placing numbers in a "hat" and numbered from one on up as needed.

A request was made for two volunteers from the membership (Al Allmark and Fred Smith) to assist the two members of staff (Ron Smith and Jeffrine Ojukwu), the external auditor (Joe Bates) and the Nominating Committee to count the ballots.

## WHILE BALLOTS ARE COUNTED

The raffle draws were handed out during the counting of votes. The Chair of the board, S. Buckingham, expressed our appreciation to our many generous sponsors who kindly supplied door prizes for the meeting:

AVIVA Traders Insurance	Concentra Financial
CUMIS Insurance	Central 1
World Source Financial	CUETS MasterCard
First Canadian Title	Infonancial Software Inc.
Local 3888	

## ELECTION RESULTS

The Chair of the board, S. Buckingham presented the election results:  
Michael Neely, John D'Aloisio and Keith Hamilton were elected for 3 year terms.

S. Buckingham made a motion to adopt the Nominating Committee's Report and destroy the ballots, seconded by Jimmy Craig. A vote was held and the motion was **CARRIED**.

S. Buckingham asked if there was any additional new business arising. There was none.

## ADJOURNMENT

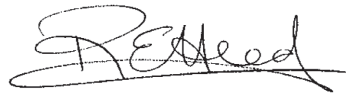
A motion was made by S. Buckingham and seconded by Norm Brown to adjourn the 68th Annual General Meeting. The meeting adjourned at 8:58 P.M.

Number of shareholders present – 77 including board and staff

Number of guests present - 10



Chair



Corporate Secretary

# REPORT OF THE CHIEF EXECUTIVE OFFICER

FOR THE YEAR ENDING DECEMBER 31ST, 2010

In 2010, your Board of Directors made an important decision that will very much benefit our Credit Union going forward. As our Chair alluded to in his report, Management received clear direction from the Board to take the necessary steps to renew our Credit Union and position it for growth. Thanks to some tremendous effort from our management and staff, we are well underway to credibly offer our members a primary banking relationship that not only meets, but hopefully exceeds their expectations.

Since 2007, we have not been very successful growing our Credit Union. Our total assets at 2010 year end were just over \$68 million. In 2007, our year end assets were just under \$69 million. Just as important, we have seen our membership numbers marginally decrease over the same period, meaning that we have not welcomed as many new members as we have lost. There have certainly been external factors that have contributed to this, the economy and strong competition among them, but we need to also acknowledge that there are internal reasons as well. And these internal reasons are what your Board has instructed us to address, and we are moving aggressively to do just that.

Before we report on some of the many changes we have made since the middle of 2010 up until present, here is a brief snapshot of our year from a financial perspective that members can be encouraged by:

- Assets grew nominally from \$68,062,733 to \$68,530,642.
- Comprehensive income grew substantially from \$16,126 in 2009 to \$223,273 in 2010 (including gains from swap agreements). Net income was up 232%, from \$66,000 in 2009 to \$153,000 in 2010. Our net income increase was partially attributable to an increase in the estimated value of ABCP paper holdings received from Central 1.
- Overall operating expenses were up 3.7% in 2010, affected by higher than expected salary and benefits expenses primarily due to employee severance costs that are now completed. Administration expenses were up 3.8% as we began to feel the impact of new projects designed to stimulate our growth as well as normal inflationary increases that every business incurs.
- We have built up our reserve levels for impaired loans from \$98,056 at the end of 2009 to \$207,244 at year-end 2010.
- Our liquidity is excellent, in fact it represents a significant opportunity going forward. At year-end our liquidity ratio was 29.8%, well above Board mandated minimum of 10%.
- Regulatory capital requirements are established at 4%, board direction is 6%, and our actual capital was at 7.7% at year-end, well above both requirements.

Members should be encouraged by the strong foundation that their Credit Union has built; we are positioned for growth that will be available to us in the years ahead as we continue to craft an improved value proposition for our members.

There were also many changes made in 2010, particularly in the second half of the year. Probably the most important change we undertook was the expansion of our product shelf. Our high liquidity level offers us an opportunity to significantly increase member loans which will have a positive impact on our operating margin. Inherent to the opportunity of underwriting more member loans and mortgages is the ability to meet the specific needs of each member, and be rate competitive. Accordingly, we expanded our product line to include a wider range of variable and fixed mortgage and loan products, introduced special pricing that is both attractive to the member and productive for our

balance sheet (this is also true on the deposit side, where new products such as index-linked and step up term deposits were added, along with very attractive interest rates for special promotional term products). The addition of regular monthly asset/liability analysis in the second half of 2010 through our strategic partner PICUZ Solutions, will also assist us in crafting ongoing pricing strategies that will improve our net interest margin, while insuring that new regulatory liquidity and capital reporting requirements are met.

Here are some of the many changes we made in 2010:

- We changed our name, updated our logo, and revised our mission and vision statements to resonate better with our membership and update our image to attract new members.
- We completely revamped our public web site, which now provides on line links to our strategic partners.
- We replaced the external signage at our Main Branch.
- We upgraded our strategic partners adding Credential Securities in Wealth Management, Johnson Incorporated with General Insurance, CRI Canada for Creditor Insurance and Loan System Technology, Carlson Wagonlit Travel for Member VIP Travel Discounts, Tenzing Communications to revamp our Marketing and PICUZ Solutions for asset/liability management.
- We introduced “no-fee” chequing accounts and US dollar accounts.

Additional changes that are in the works include a new, more user friendly on line banking portal that will add full function mobile banking, e-transfers, on line member and loan applications, e-statements, social networking and Skype service that will virtually connect us with members anywhere in Ontario who wish to deal with their Credit Union. We are even in the process of writing a book just for Fire Fighters and their families that we will preview at our April 2011 AGM. The “book” will be written by and for Fire Fighters to help them increase their net worth, taking the job and its uniqueness into full consideration. Publication date is scheduled for May 2011.

If you are wondering why we are doing all of this, the answer is simple. And it is no irony that the answer is also our new “Vision” statement:

**“To be the financial institution of choice in helping Ontario Fire Fighters and their families build secure financial futures.”**

To be the primary Financial Institution of our membership. That is our goal. The changes we are making are absolutely necessary in order to achieve this. And if we have the privilege of presenting the products and services offered by the new Fire Services Credit Union to our membership, both present and future, I have every confidence that the growth goals that our Chairman referred to in his report are very realistic indeed!

In closing, I would like to express my gratitude to our dedicated Board of Directors, committee chairs Mike Neely (HR), John Allard (Audit), Robert Head (Corporate Secretary) and in particular to our Chair, Steven Buckingham (also Governance Committee Chair), for their incredible dedication to our Credit Union. Their knowledge, guidance and wisdom serve our membership very well indeed. Our incredible staff that have embraced the changes we are making and are committed to bringing them to life deserve medals for their patience and flexibility. Your hard work and dedication to our members is very much appreciated.

Finally to our members, we have the very best owners in the world. Without you and your loyalty, we have no Credit Union. Thank you for your support as we build a modern, leading edge Credit Union you can be proud of!

Respectfully Submitted,



**Kevin J. Connolly**  
Chief Executive Officer

# REPORT OF THE BOARD OF DIRECTORS

FOR THE YEAR ENDING DECEMBER 31ST, 2010

**O**n December 24th, 1941, twenty-four Toronto Fire Fighters received confirmation of the incorporation of our Credit Union. Their original vision 70 years ago was to provide Toronto Fire Fighters with an alternative to the large Financial Institutions of the day, but more importantly, one that would understand the unique circumstances and concerns of Fire Fighters. As we write this report almost 70 years later, it is interesting to note that this is the one thing that we would like to think has not changed.

From our humble beginnings at the height of the second world war serving exclusively Toronto Fire Fighters, we have now grown into a significant Credit Union serving all Ontario Fire Fighters and their extended families from our home base on Avenue Road in Toronto, as well as employees of the former City of East York at our satellite facility in the East York Civic Centre. From our original 24 members, we have now grown to a total of 4,300 members with assets at the end of 2010 of over \$68 million. And in 2010, while our assets did not grow significantly over the previous year, we did see a substantial increase in our income that will be outlined in more detail in our annual CEO report that follows.

From a Board perspective, 2010 was a very eventful year. In many ways, this past year was a year of renewal for our Credit Union, where your Board made what it believes was a fundamental decision to move from what might be classified as maintenance mode; to laying the foundation for a new era of growth. With the incredible competition that exists in the Financial Services industry today, this required a number of changes that your Board oversaw, including the re-alignment of our Management team to position us better for the future. Some examples of changes that we believe should be of significant interest and benefit to our membership include:

- Expansion of our product line to include a full array of mortgage, line of credit and deposit options that allow us to effectively compete for our members' business.
- The addition of Johnson Incorporated as a strategic partner in the general insurance area that includes on line insurance quotations and competitive group rates available exclusively to members.
- The addition of Credential Securities as our wealth management partner now allows us to provide complete financial and estate planning and all the products that support a member's individual financial plan. We now also have on line trading on our web site.
- The introduction of "no-fee" chequing accounts. Members who maintain a small minimum balance and do their regular banking with us now do so **without monthly fees**.
- We have also added US dollar accounts and we've even negotiated a VIP travel program for our members to help them save money and enjoy added perks on their next vacation!
- We changed our trade name and logo to better represent our present day environment; we even updated our Vision and our Mission to be more contemporary, but more importantly guide our activities and define our service.

These are just a few of the improvements we have made and there are many more yet to come. Our goal is to become the Financial Institution of choice for every Ontario Fire Fighter and their family. We also believe that there is lots of room to grow at our East York operation and we intend to ramp up our business with our membership that uses this location, be they fire fighter or civic employee.

2010 also was a year where the committees of the Board were also very active. Our audit committee met quarterly to conduct reviews of our operations, review the results of the regular reports from our internal auditor and approve a number of policy changes. Your Governance and HR committees were active as well, ensuring our policies are appropriate for the times and making sure our business practices meet legal and regulatory requirements. We also underwent two separate regulatory audits of our operations by the Deposit Insurance Corporation of Ontario and by CRIMS (Central Risk and Insurance Management Services Limited). I am happy to report that the results were very positive and reflect the prudent manner in which we operate our business. The regulatory environment is expected to get even more demanding in the years ahead, particularly in ensuring that capital, liquidity and other important requirements are met. Your Board will continue to be diligent in protecting the interests of our membership as we move forward. We are indeed in very good shape to build our Credit Union for the next generation of membership.

Our five year plan projects that we will grow our membership to over 5,500 members with assets of approximately \$100 million. Based on our recent trends, these numbers may seem ambitious. We sincerely believe that they are attainable. We are confident in the direction we are taking and excited about our opportunity.

The bottom line is that we must grow our membership, and we must grow our business with the membership we currently have. Indeed, it is through our existing members that we must build that next generation of membership, and we are counting on your support to make this happen.

In 1941 when it all began, the Fire Department Employees Credit Union filled an important role for our members, in many cases creating opportunity that was not necessarily available for them at other Financial Institutions. Perhaps some of you can relate to this. Maybe your first mortgage or loan was underwritten by our Credit Union, and over the years you have stayed loyal as a result. We appreciate you and your business and because of you, we are poised to write a new chapter of success in the years ahead.

We are in a position to earn the business of a new generation of membership. But, as I said before, we need your help in order to grow. In 2011, we will take another step in differentiating ourselves from other Financial Institutions by continuing the process of change and renewal that directly relates to the lives of today's Fire Fighters and their families. It's exciting stuff, but to be successful, we need your help. We can't do it without you.

So, if you haven't seen or benefitted from all of the changes we have made so far, we encourage you to get reconnected with our Credit Union. Who do you know that could become a member? Will you help us spread the word?

I would like to express my appreciation to the Board of Directors and our staff for their dedication and loyalty to our Credit Union during 2010. On behalf of the Board and Staff, thank you for your ongoing business. And I will leave you with one last question:

How can we be of additional service to you?

Check out all of the things we can do on our web site at [www.firecreditunion.ca](http://www.firecreditunion.ca).

Respectfully Submitted,



**Steven Buckingham**

*Chairman of the Board*

# CREDIT SUMMARY

FOR THE YEAR ENDING DECEMBER 31ST, 2010

	2010		2009	
	Number	Dollar (\$) Amount	Number	Dollar (\$) Amount
Personal Loans Granted	176	\$3,306,309	263	\$3,580,095
Mortgage Loans Granted	36	\$5,374,531	76	\$7,975,064
<b>TOTAL</b>	<b>212</b>	<b>\$8,680,840</b>	<b>339</b>	<b>\$11,555,159</b>
Applications Declined	75	–	52	–
Restructured Loans	3	\$45,696	2	\$40,418
Mortgages Under Administration	9	\$880,068	15	\$1,786,494
Impaired Loans	10	\$123,074	21	\$97,804
Realizable Security	–	(23,694)	–	(36,299)
Allowance For Impaired Loans	–	\$163,555	19	\$66,866
General Allowance	–	\$43,689	–	\$31,190
<b>TOTAL ALLOWANCE</b>	<b>–</b>	<b>\$207,244</b>		<b>\$98,056</b>
Charged Off Debts	10	\$95,585	29	\$168,045
Recoverd Debts	–	\$17,042	–	\$14,395
<b>Loans were granted in the following categories in 2010:</b>				
Type	Number	Dollar (\$) Amount		
Consolidation	49	\$1,073,874		
New Car	55	\$1,174,039		
Home Renovations	5	\$60,869		
Investment	17	\$112,247		
Recreation	3	\$30,423		
Used Car / Repairs	10	\$184,654		
Vacations	1	\$3,035		
New Home	6	\$443,355		
Miscellaneous Expenses	1	\$2,073		
Lines of Credit	35	\$709,566		
Equity Lines of Credit	16	\$2,450,033		
First Mortgages	11	\$2,390,976		
<b>TOTAL</b>	<b>209</b>	<b>\$8,635,144</b>		

**Note to Reader:** The Credit Summary in the 2009 Annual Report did not include \$3,852,715 in lines of credit and equity lines of credit held by the Credit Union at the end of the 2009 fiscal year. 2008 figures were accurately reflected in the Credit Summary in the 2009 Annual Report. The discrepancy was caused by a banking system transition issue that was not identified at the time of the printing of our Annual Report. Credit activity was accurately reported in the Financial Statements in all years, including 2009. The correct total for 2009 is reflected in the 2010 summary above. We apologize for any confusion or inconvenience this may have caused.

# MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

FOR THE YEAR ENDING DECEMBER 31ST, 2010

**M**anagement is responsible for the preparation, presentation and consistency of financial information, including the financial statements and other commentary contained in the Annual Report. The financial statements and accompanying notes, prepared in accordance with the requirements of the Credit Unions and Caisses Populaires Act, 1994 and Canadian generally accepted accounting principles, are considered by the Board of Directors and management to be fairly presented. In preparing the financial statements, management has exercised judgement in the selection of significant accounting policies and the determination of reasonable estimates, which are reflected therein.

Management has developed and maintains the necessary systems of internal controls to provide reasonable assurance that the transactions are authorized and assets are safeguarded. The controls are also designed to provide reasonable assurances that relevant and reliable financial information is produced. The Board meets to oversee management's performance and to discharge its other legal obligations as set out in the Credit Unions and Caisses Populaires Act, 1994. The Board has appointed an Audit Committee comprised of four directors, which reviews the financial statements, adequacy of internal controls, the audit process and financial reporting with management and the external auditors.

The Financial Services Commission of Ontario and the Deposit Insurance Corporation of Ontario each conduct periodic examinations and enquire into the affairs of the Credit Union to ensure compliance with the Credit Union's by-laws and the provisions of the Credit Unions and Caisses Populaires Act, 1994 under which the Credit Union is chartered and regulated.

The independent external auditors, Retford Lane Bates LLP, are appointed to conduct an examination of the Credit Union's financial statements in accordance with Canadian generally accepted auditing standards and to report thereon. Their report is available upon request. The external auditors have unrestricted access to the accounting records of the Credit Union and they meet periodically with management, the Audit Committee and the Board of Directors to discuss internal controls, financial reporting and other matters which come to their attention in the course of conducting their audit.



**Kevin J. Connolly**  
*Chief Executive Officer*

**THE FIRE DEPARTMENT EMPLOYEES CREDIT UNION LIMITED**  
(OPERATING AS FIRE SERVICES CREDIT UNION)

# **SUMMARIZED FINANCIAL STATEMENTS**

FOR THE YEAR ENDING DECEMBER 31ST, 2010

# THE FIRE DEPARTMENT EMPLOYEES CREDIT UNION LIMITED

(OPERATING AS FIRE SERVICES CREDIT UNION)

## BALANCE SHEET

AS AT DECEMBER 31, 2010

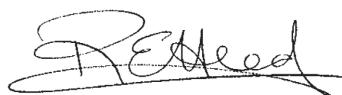
	2010	2009
<b>ASSETS</b>		
Cash resources	\$ 3,030,139	\$ 1,403,979
Investments (Note 3)	16,877,153	15,489,735
Loans to members (Note 4 and 5)	47,686,994	50,197,547
Other assets (Note 6)	229,160	247,823
Property and equipment (Note 7)	707,196	723,649
	<b>\$ 68,530,642</b>	<b>\$ 68,062,733</b>
<b>LIABILITIES AND RETAINED EARNINGS</b>		
Liabilities		
Members' deposits (Note 8)	\$ 63,113,376	\$ 62,866,580
Other liabilities (Note 9)	199,371	185,841
Member shares (Note 10)	2,052,405	2,068,095
	<b>65,365,152</b>	<b>65,120,516</b>
Members' equity		
Retained earnings	3,086,836	2,934,017
Accumulated other comprehensive income	78,654	8,200
	<b>3,165,490</b>	<b>2,942,217</b>
	<b>\$ 68,530,642</b>	<b>\$ 68,062,733</b>

Commitments (Note 4)

Approved by the Board



Director



Director

The financial statements for Fire Department Employees Credit Union Limited were audited by the firm Retford Lane Bates LLP, Chartered Accountants. The statements presented in the annual report represent excerpts from the audited financial statements. A complete copy of the financial statements are available upon request. See accompanying notes to the financial statements.

# THE FIRE DEPARTMENT EMPLOYEES CREDIT UNION LIMITED

(OPERATING AS FIRE SERVICES CREDIT UNION)

## STATEMENT OF MEMBERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2010

	2010	2009
<b>Retained earnings</b>		
Balance, beginning of the year	\$ 2,934,017	\$ 2,868,221
Net income for the year	152,819	65,796
Retained earnings, end of the year	3,086,836	2,934,017
<b>Accumulated other comprehensive income</b>		
Balance, beginning of the year	8,200	57,870
Other comprehensive income (loss) for the year	70,454	(49,670)
Balance, end of the year	78,654	8,200
<b>Total members' equity, end of the year</b>	<b>\$ 3,165,490</b>	<b>\$ 2,942,217</b>

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2010

	2010	2009
Net income for the year	\$ 152,819	\$ 65,796
<b>Other comprehensive income</b>		
Unrealized gain (loss) on interest rate swap agreements designated as cash flow hedges, net of tax effect ( <i>Note 17</i> )	84,770	(34,462)
Unrealized loss on investments classified as available for sale, net of tax effect	(14,316)	(15,208)
Other comprehensive income (loss) for the year	70,454	(49,670)
<b>Comprehensive income, for the year</b>	<b>\$ 223,273</b>	<b>\$ 16,126</b>

See accompanying notes to the financial statements.

# THE FIRE DEPARTMENT EMPLOYEES CREDIT UNION LIMITED

(OPERATING AS FIRE SERVICES CREDIT UNION)

## STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2010

	2010	2009
<b>Interest income</b> (Note 12)		
Member loans	\$ 2,319,713	\$ 2,567,900
Investment income	357,016	283,060
	<b>2,676,729</b>	2,850,960
<b>Interest expense</b>		
Member deposits (Note 13)	897,635	1,233,241
Class A investment shares	65,984	65,984
	<b>963,619</b>	1,299,225
<b>Net interest income</b>	<b>1,713,110</b>	1,551,735
<b>Provision for impaired loans</b> (Note 5)	<b>187,731</b>	120,053
<b>Net interest income after loan losses</b>	<b>1,525,379</b>	1,431,682
<b>Other income</b>	<b>153,367</b>	201,939
<b>Net interest and other income</b>	<b>1,678,746</b>	1,633,621
<b>Operating expenses</b>		
Administrative expenses	598,371	576,432
Amortization	58,778	66,160
Deposit insurance premium	55,046	55,140
Salaries and benefits	899,559	856,035
	<b>1,611,754</b>	1,553,767
<b>Income before unrealized gains and taxes</b>	<b>66,992</b>	79,854
Unrealized gain on ABCP 2008 Limited Partnership units (Note 3)	114,780	-
<b>Income before income taxes</b>	<b>181,772</b>	79,854
<b>Income taxes</b>		
Current	28,953	7,442
Future	-	6,616
	<b>28,953</b>	14,058
<b>Net income for the year</b>	<b>152,819</b>	65,796

See accompanying notes to the financial statements.

# THE FIRE DEPARTMENT EMPLOYEES CREDIT UNION LIMITED

(OPERATING AS FIRE SERVICES CREDIT UNION)

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2010

	2010	2009
<b>Cash flows from operating activities</b>		
Net income for the year	\$ 152,819	\$ 65,796
Adjustments for:		
Amortization	58,778	66,160
Provision for impaired loans ( <i>Note 5</i> )	187,731	120,053
Unrealized gain on ABCP 2008 LP units	(114,780)	-
Future income taxes	-	6,616
	<b>284,548</b>	258,625
Changes in non-cash working capital balances:		
Other current assets	(2,422)	(70,268)
Other liabilities	13,530	122,274
	<b>295,656</b>	310,631
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(16,664)	(15,522)
Purchase of software	(4,576)	(2,643)
Loans to members - net	2,322,823	4,281,688
Investments	(1,202,184)	(3,610,488)
	<b>1,099,399</b>	653,035
<b>Cash flows from financing activities</b>		
Members' deposits	246,796	(379,371)
Membership shares	(15,691)	(15,204)
	<b>231,105</b>	(394,575)
<b>Increase in cash resources</b>	<b>1,626,160</b>	569,091
<b>Cash resources, beginning of the year</b>	<b>1,403,979</b>	834,888
<b>Cash resources, end of the year</b>	<b>\$ 3,030,139</b>	\$ 1,403,979
<b>Interest And Income Taxes Paid:</b>		
Interest paid	\$ 1,082,179	\$ 1,525,596
Income taxes paid (net of refunds)	\$ (22,148)	\$ (33,634)

See accompanying notes to the financial statements.

# OUR FAMILY, YOUR FUTURE

CALENDAR OF EVENTS 2010

OPFFA Health and Safety Seminar  
Southern Ontario Fire Fighters Hockey League Tournament  
Credit Union Presentation to Recruits  
Fire Fighters Ball Luncheon and Awards Ceremony  
“B” Platoon Hockey Tournament  
Local 3888 1st Annual Golf Tournament  
Local 3888 Retirement Night  
Fire Pac Golf Tournament for the Ross Tilley Burn Centre  
Toronto Fallen Fire Fighters Memorial  
Scott Marks Retirement Dinner  
Camp Bucko Cheque Presentation  
Local 3888 Family Picnic  
Roy Head Golf Tournament  
Local 3888 Stewards Meeting  
1st Annual Richmond Hill Charity Tournament  
Ontario Fallen Fire Fighters Memorial  
OPFFA Education Seminar  
Credit Union Day  
Local 3888 Children’s Christmas Party  
Princess Margaret Hospital and Sunny Brook Hospital donations from MasterCard Revenue

## VISION STATEMENT

*To be the financial institution of choice in helping Ontario Fire Fighters and their families build secure financial futures.*

### BOARD OF DIRECTORS

CHAIR	Steve Buckingham
VICE CHAIR	Michael Neely
BOARD MEMBERS	*John Allard *John D'Aloisio Keith Hamilton Robert Head *Mike Jansen *Pat McCabe Bob O'Hallarn

### OFFICE STAFF

CHIEF EXECUTIVE OFFICER	Kevin J. Connolly
MANAGER, MEMBER SERVICES	Christine Chapman
MANAGER, CREDIT AND SPECIAL PROJECTS	Charlene Gonsalves
MANAGER, ADMINISTRATION	Jeffrine Ojukwu
STAFF	Siobhan Ast Rose Cirillo Trevor Clarkson Linda Fernandes Cyndi Grenke Teresa Katsarov Mirella Panza Ron Smith Kathleen Vieira
CONTRACT CHIEF FINANCIAL OFFICER	Greg Greer
INTERNAL AUDITOR	Gary Jones

*\*Denotes Audit Committee*

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F: 416.397.4642

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Telephone Banking: 1.877.430.3473

**[firecreditunion.ca](http://firecreditunion.ca)**