



*Serving those that serve
on the frontlines of our community*

61st ANNUAL REPORT

People before profits!



2009

**Frontline Financial Credit Union Limited
61st Annual General Meeting**

**The Churchill Senior Centre
345 Richmond Road
April 09, 2010 at 5:00 pm**

BUSINESS AGENDA

- **Registration and Reception of Members**
- **President's Welcome**
- **Moment of Silence**
- **Minutes of the 60th Annual General Meeting**
- **Report of the Board of Directors**
- **Report of the General Manager**
- **Lending Services Report**
- **Report of the Audit Committee**
- **Auditor's Report**
- **Unfinished Business**
- **New Business**
 1. **By-Laws**
 2. **Appointment of Auditors**
 3. **Elections to the Board of Directors**
- **Adjournment**
- **Refreshments**

In Memoriam 2009

Sadie Ardley

Muriel Brownlee

Jean Church

Albert Cousineau

Beatrice Cummings

Bonnie-Lynn Davidson-Bowes

Glen Dicks

Thomas Edwards

Barbara Gareau

Vivian Graham

Eugene Lalonde

Gilbert Levine

Donald McCormick

Allan McDonell

Garfield Mullings

John Neil

Jean Robinson

Maurice Sarazin

Raymond Sauriol

Dorothy Shea

Robert Thibault

Jim Van Egmond

Kenneth Ward



FRONTLINE FINANCIAL CREDIT UNION LIMITED

BOARD OF DIRECTORS:

TERM EXPIRES

Kathy Stewart	-	President	2012
Steve Brabazon	-	Vice President	2010
Neil Warren	-	Corporate Secretary	2011
Joey St. Jacques			2012
Mike Cyr			2010
Craig Morrison			2012
John Carriere			2011
Roger Geoffrion			2010

STAFF

Debbie McCabe	General Manager
Debbie Hamilton	Operations Manager
Paul Leaver	Branch Manager
Lynn Rowsell	Financial Services Officer
Jean Pagé	Wealth Manager
Lorna Wells	Member Service Officer
Colleen Gagnon	Member Service Officer
Sandie Harkins	Administration
Betty Romard	Lending Administration
Elizabeth Fodor	Mortgage Administration
Gina Ranger	Accounting Clerk
Patricia Chan	Clearing Administration
Jill McBane	Receptionist
Lori-Ann Stoparczyk	Member Service Supervisor
Gayle Keeler	Member Service Representative
Meaghan Quinn	Member Service Representative
Janice Campbell	Member Service Representative
Lori O'Reilly	Health Branch Supervisor
Danielle Ropars	Health Branch Member Service Rep.
Jenn Youdell	Health Branch Member Service Rep.
Christine Neal	Part-time Member Service Rep.
Jasmin Kirschner	Part-time Member Service Rep.

REPORT OF THE PRESIDENT

In spite of the economic downturn in 2008 and 2009, our Credit Union had a very successful year in 2009. Thanks to the guidance of the Board of Directors and the hard work of all of our dedicated staff we had another profitable year, including the declaration of a Patronage Reward to all of you, the Members. We are one of a few Ontario Credit Unions that has continuously had profitable years and continue to reward our members by paying you back funds, for your continued support and patronage.

With our bonds of association we are very fortunate to have a membership with rather stable working environments. However we, the Board and staff, will continue to be diligent in monitoring our financial margins and keeping a close tab on our expenses to continue our profitable trend.

A great part of the success of our Credit Union is due to the personal and professional service that our dedicated staff provides to you. Thank you to all of the staff, management and our General Manager, Debbie McCabe for their continued dedication and service to the Credit Union.

I would like to thank all of the Directors for their time and dedication that they have provided this past year to the Credit Union, attending meetings and workshops, and working on projects.

As members of Frontline Financial Credit Union, we should all be very proud of our accomplishments.

It has been a pleasure to serve as President of our Credit Union for the past year and look forward to continue to serve as a Director of the Board.

Kathy Stewart
President
Frontline Financial Credit Union

Report of the General Manager

It gives me great pleasure to report on another successful year for Frontline Financial despite continuing pressures on our margins due mainly to the low interest rate environment. While remaining profitable is important we strive to help our members achieve financial success by offering very competitive products and rates delivered in a professional and personal manner.

2009 was a busy year for us as we endeavoured to bring the new Tax Free Savings Accounts (TFSA) to our members as well as Mobile Banking. Both products are very popular, especially our TFSA which provides one of the highest yielding savings rates in the industry. Our Firefighters' Branch saw the addition of a full-service ATM giving members access to deposits, withdrawals, balance inquiries and bill payment functionality 24 hours a day, seven days a week.

Members' deposits grew by an additional \$3.3 million and we ended the year with a short term loan with Central 1 of \$2 million. This enabled us to increase loans and mortgages to our members by over 5 million dollars increasing our portfolio by 8.5%.

At year end we allocated an additional \$50,000 to our Allowance for Impaired Loans. This provided the Credit Union with a specific allowance of \$157,498 and a generous non-specific allowance of \$297,741. In this economic climate this provides a cushion for unforeseen events and prudent lending practices.

In keeping with our tradition of giving back to our members we allocated \$40,000 back to our member owners by way of a \$10 share to each voting member. This allows us to give back to our members while building capital.

Our net income after tax in the amount of \$203,458 was added to our Reserves. At year end the percentage of reserves to assets was 7.17% exceeding the regulatory limit of 4%.

Our rating for Deposit Insurance premiums once again scored in the top category. This provides us with the lowest premium possible.

Our staff attended various training sessions as well as promoted member awareness through several activities during the year including: the Ottawa Hospital Staff Appreciation BBQ's, Ottawa Hospital Cash Cow Lottery, Ottawa Fire Fighters' Memorial Activities, Help Santa Toy Parade and the Parade of Lights just to name a few.

Again this year we included mini surveys in our newsletters to find out what our members thought of the service they received. Results indicated the staff to be friendly, helpful, knowledgeable and responsive to member needs. We truly have an amazing group of individuals that work together as part of a family and have over the years earned your trust. This certainly sets us apart from other financial institutions and is the major contributor to our success. We are also very fortunate to retain long term employees. This year I would like to congratulate Lynn Rowsell who is celebrating 30 years with the Credit Union. Lynn has definitely been an asset to the Credit Union, serving the Investment needs of our members and always providing them with personal and professional service. In closing I would also like to thank the Board of Directors for their support and co-operation and last, but not least, the Membership for your patronage.

Debbie McCabe
General Manager.

LENDING SERVICES REPORT

During the year 2009, there were 455 loan requests for a total of \$30,417,331. Of these requests 409 loans were disbursed for a value of \$29,519,956. 45 loans were declined for a total of \$707,375 and 1 mortgage was declined for a total of \$190,000.

There were 12 delinquent loans and mortgages greater than 90 Days in the amount of \$309,171 at Dec. 31, 2009.

Our MPP Mortgage Portfolio held 118 mortgages for a total of \$18,940,149.

Loan Disbursements for 2009:

<u>Purpose</u>	<u>Number</u>	<u>Amount</u>
<u>Firefighters' Branch</u>		
New Loans	147	\$ 3,733,461
New Lines of Credit	42	\$ 635,950
New Meritlines	54	\$ 12,236,950
New Mortgages	39	\$ 9,135,332
Total	282	\$ 25,741,693
<u>Hydro Branch</u>		
New Loans	14	\$ 191,841
New Lines of Credit	4	\$ 26,000
New Meritlines	2	\$ 411,920
New Mortgages	0	\$ 0
Total	20	\$ 629,761
<u>Health Branch</u>		
New Loans	86	\$ 780,370
New Lines of Credit	10	\$ 66,661
New Meritlines	4	\$ 818,000
New Mortgages	7	\$ 1,483,471
Total	107	\$ 3,148,502
Credit Union Total	409	\$ 29,519,956

Debbie Hamilton
Operations Manager

REPORT OF THE AUDIT COMMITTEE

The mandate of the Audit Committee is to be in liaison between the Credit Union's Management, Board of Directors, Internal and External Auditors.

The Committee objectives are:

- 1) Assist the Board in meeting their responsibilities, including accountability
- 2) Review key financial disclosure reports
- 3) Ensure the adequacy of internal controls

The Audit Committee met five times since last year's annual meeting including meetings with our Internal and External Auditors. The audit reports from our Internal Auditor Michael Graham and our External Auditors McCay, Duff and Company confirmed proper internal controls are in place and we are in compliance with all regulatory requirements.

The credit union also had two other successful audits, one by Fintrac and the other was for the Credential Asset Management.

Management and staff continued to be efficient and provided excellent service to our members.

Many thanks to the Committee members Craig Morrison, John Carriere and Neil Warren for their assistance this past year.

The Committee has no matters that require reporting or disclosure to our members pursuant to the Act or the Regulations.

This report submitted on behalf of the Audit Committee.

Mike Cyr

Chairperson

Frontline Financial Credit Union - Balance Sheet

December 31	2009	2008
Assets		
Cash	\$ 887,819	\$ 1,182,539
Accounts Receivable	1,800	8,323
Prepaid Index link premiums	114,538	69,738
Income taxes recoverable	-	53,007
Loans to members		
Personal	9,055,454	9,912,758
Residential Mortgages	55,930,317	49,939,623
Commercial	111,011	127,244
Investments	6,570,061	5,958,403
ABCP 2008 Limited Partnership Units	250,368	318,346
Capital	586,912	605,315
	\$ 73,508,280	\$ 68,175,296
Liabilities		
Short-term loan	\$ 2,000,000	-
Accounts payable	466,558	743,912
Income taxes payable	16,353	-
	2,482,911	743,912
Members' Savings		
Deposit accounts		
Bonus savings	2,813,291	2,806,843
Personal chequing	4,367,754	3,906,403
Savings chequing	4,843,848	4,053,040
Daily interest savings	1,314,443	1,413,790
Platinum savings	22,908,478	22,377,147
Term	12,206,474	11,725,591
RRSP	12,938,184	12,562,623
RRIF	3,458,018	3,862,423
TFSA	1,211,482	-
	66,061,972	62,707,860
Members' Equity		
Liability		
Membership shares	295,050	295,975
Patronage reward shares	37,340	-
	332,390	295,975
Equity		
Statutory reserve	2,761,429	2,761,429
General reserve	1,869,578	1,666,120
Undivided earnings	-	-
	4,631,007	4,427,549
	4,963,397	4,723,524
	\$ 73,508,280	\$ 68,175,296

A look back at 2009



Notes

Proudly serving the financial needs of firefighters, health care and hydro employees since 1948

Visit us at www.frontlinefinancial.ca