

Interim Financial Statements Of

**1ST CHOICE SAVINGS AND CREDIT  
UNION LTD**

First Quarter 2010

# 1ST CHOICE SAVINGS AND CREDIT UNION LTD

## BALANCE SHEET

As at January 31, 2010, with comparative figures for October 31, 2009

	2010	2009
<b>ASSETS</b>		
Cash	\$ 30,736,213	\$ 11,090,494
Investments and accrued interest	68,415,596	83,444,700
Prepaid expenses	152,966	96,641
Income Taxes Receivable	-	256,223
Future Income Taxes	162,000	162,000
Loans to members, net of allowance for loan impairment	292,635,502	292,825,805
Property, plant and equipment	9,347,354	9,462,297
	<b>\$ 401,449,631</b>	<b>\$ 397,338,160</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 704,043	\$ 706,334
Income Taxes Payable	-	-
Deposit accounts and accrued interest	379,367,150	375,702,446
	<b>\$ 380,071,193</b>	<b>\$ 376,408,780</b>
<b>MEMBERS EQUITY'</b>		
Allocations distributable	\$ -	\$ 178,465
Common Shares	5,095,588	5,061,119
Investment Shares	3,458,986	2,646,236
Retained earnings	12,823,864	13,043,560
	<b>\$ 21,378,438</b>	<b>\$ 20,929,380</b>
	<b>\$ 401,449,631</b>	<b>\$ 397,338,160</b>

See accompanying notes to financial statements.

# 1ST CHOICE SAVINGS AND CREDIT UNION LTD

## STATEMENT OF INCOME

As at January 31, 2010, with comparative figures for January 31, 2009

	2010	2009
	3 months (unaudited)	3 months (unaudited)
FINANCIAL INCOME:		
Interest on members' loans	\$ 3,576,122	\$ 3,928,491
Investment Income	101,604	199,351
	<u>3,677,726</u>	<u>4,127,842</u>
FINANCIAL EXPENSES:		
Interest on deposit accounts	1,397,143	1,684,107
Interest on financing	344	4,136
	<u>1,397,487</u>	<u>1,688,243</u>
Net Derivative Interest	(533,938)	501,753
FINANCIAL MARGIN	<u>1,746,301</u>	<u>2,941,352</u>
Provision for credit losses	10,592	14,073
Financial margin after provision for loans	<u>1,735,709</u>	<u>2,927,279</u>
Service charges and other income	670,005	551,012
Operating expenses	(2,625,412)	(2,584,745)
Income before Income taxes	<u>(219,698)</u>	<u>893,546</u>
Income taxes	-	205,516
Net Income	<u>\$ (219,698)</u>	<u>\$ 688,030</u>

See accompanying notes to financial statements.

# 1ST CHOICE SAVINGS AND CREDIT UNION LTD

## STATEMENT OF RETAINED EARNINGS

As at January 31, 2010, with comparative figures for January 31, 2009

	2010	2009
	3 months (unaudited)	3 months (unaudited)
Retained earnings, beginning of period	\$ 13,043,561	\$ 11,188,750
Net Income	(219,698)	688,030
Retained earnings, end of period	\$ 12,823,863	\$ 12,013,042

See accompanying notes to financial statements.

# 1ST CHOICE SAVINGS AND CREDIT UNION LTD

## STATEMENT OF CASH FLOW

As at January 31, 2010, with comparative figures for January 31, 2009

	2010	2009
	3 months (unaudited)	3 months (unaudited)
Cash provided by (used in):		
<b>OPERATIONS:</b>		
Net Income	\$ (219,698)	\$ 688,030
Items which do not involve cash:		
Provision for credit losses	10,592	14,073
Depreciation	144,171	143,265
Future Income Taxes (recovery)	-	-
Net changes in other items	1,399,267	(134,940)
	1,334,332	710,428
<b>FINANCING:</b>		
Loans payable	-	-
Net contribution by members	(61,803)	(39,868)
Proceeds on investment share issuance	730,557	-
Increase in deposits	3,516,417	11,446,906
	4,185,171	11,407,038
<b>INVESTMENTS:</b>		
Decrease (increase) in investments	14,111,251	(2,463,737)
Loans to members	86,623	(10,144,478)
Plant and equipment acquired	(71,658)	(67,621)
	14,126,216	(12,675,836)
Increase (decrease) in cash	19,645,719	(558,370)
Cash, beginning of period	11,090,494	9,133,089
Cash, end of period	\$ 30,736,213	\$ 8,574,719

See accompanying notes to financial statements.

# 1<sup>ST</sup> CHOICE SAVINGS AND CREDIT UNION LTD.

Notes to Financial Statements

Three Months ending January 31, 2010

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The interim financial statements for 1<sup>st</sup> Choice Savings and Credit Union Ltd. have been prepared by management in accordance with Canadian generally accepted accounting principles. The interim financial statements have been prepared following the same accounting policies and methods of computation as the financial statements for the fiscal year ended October 31, 2009. The disclosures provided below are incremental to those included with the annual financial statements. The interim financial statements should be read in conjunction with the financial statements and the notes in the Company's annual report for the year ended October 31, 2009.

**Note 1** Dividends occur annually at the discretion of the Board of Directors