

ANNUAL REPORT

2007

РІЧНИЙ ЗВІТ



BUDUCHNIST
CREDIT UNION



БУДУЧНІСТЬ
КРЕДИТОВА СПІЛКА

Прийміть нашу сердечну подяку за Ваш щирий дар призначений для Ювілейної Міжкрайової Пластової Зустрічі у Канаді. Ваша щира підтримка має неоцінене значення для молоді, виховників й організаторів, які беруть участь у цій історичній події.

Крайова Пластова Старшина

Thank you for your kind and generous donation in support of the 5th Annual Walk for Shoes Charity Walk-a-thon. A portion of the funds raised will be used for the 12th annual summer camp for orphans from all over Ukraine.

Help us Help the Children

Хочемо скласти Вашій кредитівці сердечну подяку за Вашу підтримку нашого конкурсу "Для тебе Україно - музична присвята" котрий пройшов дуже успішно. Молоді люди з поза меж Гамільтону зацікавилися тим дуже унікальним і важливим проектом.

*Конгрес Українців Канади
Відділ Гамільтон*

Thank you very much for being a Gala Supporter sponsor of our 2007 Expressions in Art Show and Sale at St. Volodymyr Cultural Centre, Oakville. Our fundraiser for the new chapel continues with much enthusiasm.

Expressions in Art

On behalf of the Ukraine Credit Union Strengthening Program, jointly managed by the Canadian Co-operative Association and the Council of Ukrainian Credit Unions of Canada, we would like to extend our sincerest thanks for Buduchnist Credit Union's participation in our CUCO Training Marketing internship in September-October 2007.

*Council of Ukrainian Credit Unions
of Canada*

We would like to express our sincere thanks for your generous contribution. Your continued support reinforces your commitment to the promotion and preservation of the Ukrainian culture. Out of 16 pavilions, the Ukrainian pavilion secured first place overall!

Ukraine Pavilion Carabram

Хочемо сердечно подякувати Вам за підтримку у проведенні весняної харитативної імпрези. Чайне прийняття мало на меті познайомити гостей із зразками сучасної моди і українською християнською традицією та звичаями.

*Ліга Українських Католицьких
Жінок Канади*

Growing, prospering... together

We are pleased and honoured to report to our members the results of our 2007 fiscal year and the steps taken to position Buduchnist Credit Union for the years ahead. Most importantly, your Credit Union welcomed 1,437 new members and they began to experience the BCU difference! Free chequing, competitive loan and deposit rates, friendly, honest service, pride in our community involvement, patronage rewards.

During the year our deposits increased \$33 million or 10.3% to \$358 million but not enough to meet the demands of our borrowing members. Our members continued to borrow at record levels. In 2007 over \$105 million of new loans were approved pushing our loans portfolio to a balance of \$364 million. As a result, BCU securitized \$28 million of residential mortgage loans during the year which will be brought back to our balance sheet in future years as they mature. These securitized loans continue as our assets under management, not unlike our wealth management assets which are managed on behalf of our investing members. BCU Wealth Management recorded another successful year, increasing assets under management to \$42 million while producing net income of \$383,000.

Buduchnist concluded the year 2007 with \$404 million of balance sheet assets and \$69 million of off-balance sheet securitized loans and wealth management assets for a total of \$473 million of assets under management, a growth of 10.5% or \$45 million for the year.

Earnings for the year were equally impressive. Despite the increased cost of funds due to our overwhelming loan demand, BCU recorded earnings before operating expenses of \$10 million, an increase of \$166,000 over the 2006 fiscal year.

Operating expenses increased \$374,000 principally due to increased personnel and occupancy costs. These reflected costs associated with a full year of operations in our North Toronto branch and in the occupancy costs associated with our investments in two new properties designated for a new back office facility in Etobicoke and expanded Wealth Management operations adjacent to our Head Office in Toronto. We are excited about our plans for the future and look to providing these expanded services in 2008 and beyond.

Net income of \$2.4 million was transferred to retained earnings bringing this balance, that is, the Credit Union's own funds, to \$29 million. At December 31, 2007 retained earnings, together with our membership and bonus shares totaled \$35 million or 8.59% of assets, well in excess of the regulatory requirement of 4.50%.

Once again Buduchnist Credit Union rewarded members for their loyalty and patronage, returning profits to our member-owners. Based on our 2007 financial results and in particular, our financial margin, membership, bonus and patronage dividends of \$478,000 were paid out to our members. Since inception of the BCU Patronage Plan in 1997 \$6.90 million of profits have been returned to our members.

On the strength of our 2007 financial performance, Buduchnist Credit Union allocated over \$1.0 million to community projects, sponsorships and initiatives. Our community has thus been enriched with cultural, educational and musical events. Buduchnist Credit Union, through BCU Foundation, in particular, has inspired our community partners to undertake new and unique projects and initiatives.

The highlights of these 2007 community initiatives included numerous projects commemorating the 75th anniversary of the Holodomor in Ukraine; the 60th anniversary of Akcija Wisla, the forced deportation of Ukrainians by Polish authorities from the Zakerzonnia region; Ukrainian Youth Association (Plast) International Jamboree; special publications commemorating 100 years from the birth of the Commander-in-Chief of the Ukrainian Insurgent Army (UPA) the legendary General Roman Shukhevych.

In addition, Buduchnist Credit Union continued to support our Ukrainian heritage schools and Ukrainian Catholic bilingual schools. Once again, matura celebrations and Grade 8 graduations respectively highlighted our support for these programs. BCU was a proud main sponsor of the “Zolotyj Klen” Music Festival featuring Pavlo Dvorskyj from Ukraine and the Ukrainian Canadian rock band Klooch. In the summer months Buduchnist Credit Union was pleased to once again support the various educational and recreational programs of the Ukrainian Youth Association (SUM) and the Ukrainian Youth Association (Plast) and to be a main sponsor of the Ukrainian Canadian Congress’ Independence Day celebrations. Buduchnist Credit Union is proud of all of our community partnerships and of the success of their many worthwhile initiatives.

In 2007 we continued to thrive - our members, our community, our Buduchnist.

This is the result of the continued confidence, pride and unwavering support of our members in their Credit Union. To you, our members, we say thank you on behalf of the Board of Directors, Board committees and staff. As our ambassadors you are Buduchnist and Buduchnist will continue to be part of our future as we build a strong financial institution and ever-present community together.

Together we thrive as a community. Together we all win!

Theodosij Buyniak
Chairman of the Board

Oksana Prociuk Ciz
Chief Executive Officer

Розвиваємося успішно... разом

З великим задоволенням та гордістю представляємо нашим членам досягнення у 2007 році і наші пляни на майбутнє. Кредитова Спілка Будучність привітала 1,437 нових членів, які оцінили позитиви нашої Спілки. Безкоштовні чеки, позаконкурентні відсотки на позики та інвестиції, професійне та ввічливе обслуговування, гордість бути частиною нашої громади, винагорода за підтримку у вигляді дивідендів.

Нові позики наших членів досягли понад \$105 млн. у 2007 році. Внаслідок цього в загальному позики виносили \$364 млн. Протягом року наші депозити зросли на \$33 млн або 10.3% , досягаючи \$358 млн. Однак, ця сума не була достатня, щоби задовольнити вимоги на кредит. Тому, протягом року, Кредитова Спілка переаренжувала житлові позики вартості \$28 млн, які будуть повернені на наш баянс в наступних роках. Ці позики залишаються в нас у формі активів під управлінням, подібно до активів нашого відділу управління майном, який також відзначив успішний рік. Активи під управлінням зросли до \$42 млн з прибутком в сумі \$383 тисяч.

Кредитова Спілка завершила 2007 рік з активами в сумі \$404 млн та активами під управлінням в сумі \$69 млн. В загальному активи нараховують \$473 млн.

Прибутки у 2007 році також маркантні. Незважаючи на зріст вимог на позики і цим пов'язані видатки, прибутки перед оперативними видатками виносили \$10 млн або \$166 тисяч більше попереднього року.

Оперативні видатки збільшилися на \$374,000, головнo тому, що збільшилися видатки у зв'язку із персоналом і приміщеннями; особливо у зв'язку з відкриттям нового відділу у північному Торонті, а також поширенням засягу праці відділу управління майном.

В кінцевому результаті, чистий прибуток в сумі \$2.4 млн перенесено до нерозподілених прибутків, які становлять \$29 млн. На день 31 грудня 2007 року разом із членськими і бонус уділами майно членів виносило \$35 млн або 8.59% активів, значно перевищуючи 4.5% , які вимагає урядовий закон.

Як і в попередні роки, Будучність винагородила своїх членів за підтримку та лояльність, виплативши їм частину прибутку у вигляді дивідендів. В результаті вище згаданих успіхів у 2007 році, виплачено членам дивіденди та бонуси в сумі \$487,000. Від часу впровадження патронажного пляну (1997 року) виплачено членам \$6.9 млн.

Фінансова стабільність Кредитової Спілки уможливила нам виділити понад \$1.0 млн на громадські спонсорства та ініціативи через Фундацію Будучність. Наша громада була збагачена різноманітними культурними, освітніми і музичними імпрезами. Будучність, через Фундацію зокрема, надихає наших громадських активістів до нових та унікальних проєктів та ініціатив.

Серед багатогранних проєктів у 2007 році вирізнялися - 75-річчя Голодомору в Україні, 60-річчя Акції Вісла (переселення українців Польщею із території Закерзоння), Ювілейна Міжкрайова Пластова Зустріч, видання і відзначення з нагоди 100 років від дня народження головного командира УПА Романа Шухевича.

У 2007 році Кредитова Спілка Будучність продовжувала свою підтримку рідних шкіл та українських цілоденних шкільних програм. Знову, Будучність приймала участь в матуральних святкуваннях та нагородженні випускників восьмої класу. Будучність була основним спонсором музичного фестивалю Золотий Клен, на якому виступали народний артист України Павло Дворський та рок група з Торонто, Ключ. Протягом літа, Будучність підтримувала різноманітні освітні та відпочинкові програми Спілки Української Молоді Пласт і Спілки Української Молоді СУМ, була головним спонсором святкувань Дня Незалежності організований Конгресом Українців Канади. Будучність є горда бути частиною української громади і в свою чергу є частиною успіху її різноманітних проєктів та ініціатив.

В 2007 році ми продовжуємо процвітати - наші члени, наша громада, наша Будучність

Все це є результатом великої довіри, гордості і непохитної підтримки нашими членами своєї кредитової спілки.

Від імені Ради Директорів, Комітетів та працівників, ми висловлюємо щирі подяки нашим членам. Ви є будучність, а Будучність є частиною нашого майбутнього яке ми продовжуємо будувати разом.

Разом будемо процвітати! Разом ми справді досягаємо мети!

Теодосій Буйняк
Голова Ради Директорів

Оксана Процюк Чиж
Головний Управитель

Board of Directors and Committees

BOARD OF DIRECTORS

TERM EXPIRES

Theodosij Buyniak ¹	Chair	2010
Bohdan Leshchyshen ^{1,2}	1st Vice Chair	2010
Roman Medyk ¹	2nd Vice Chair	2009
Orest Kostruba ¹	Secretary	2009
Michael Shepetyk ^{1,2}	Treasurer	2008
Oleh Romanyshyn ³	Director	2008
Andrij Tarapackyy ²	Director	2008

- 1 - Executive Committee
- 2 - Audit Committee
- 3 - Scholarship Committee

CREDIT COMMITTEE

Mykola Koshyk	Chair	2009
Bohdan Kawun	Vice Chair	2008
Anna Kisil	Secretary	2010

TORONTO ADVISORY AND OTHER COMMITTEES

INVESTMENT

Roman Medyk - Chair
Bohdan Leshchyshen
Orest Kostruba

MARKETING

Orest Kostruba - Chair
Bill Handziuk
Bohdan Kawun
Anna Kisil
Bohdan Wynnyckyj

TECHNOLOGY

Andrij Tarapackyy - Chair
Ivan Iwaniura
Orest Kostruba

HAMILTON ADVISORY COMMITTEE

Taras Petrynec - Chair
Marichka Hlibowych Duncan
Ivan Lohin
George Narozniak
Anna Ostapiuk

OTTAWA ADVISORY COMMITTEE

Ronald Tomosk - Chair
Bohdan Goyaniuk
Roman Osadchuk
Cornell Popyk
Emil Senyshyn
Irene Wolanskyj

Personnel

Maria Andruszczenko	Maria Hrywna	Jaroslawa Milewska
Kassandra Balan	Roman Iwasjuk	Andrew Ostapchuk
Stefania Barrios	Marika Jacyla	Josyf Pelech
Maria Bazylewicz	Natalia Steciw Kadlec	Roman Pendzey
Chrystyna Bidiak	Luda Kashuba	Svyatoslav Polyakov
Vera Chayka	Serhiy Kasyanchuk	Nataliya Popovych
Maria Chevtchouk	Olga Katruszenko	Raissa Radejewsky
Oxana Chumak Yarema	Iryna Kisil*	Olha Rashkevych*
Oksana Prociuk Ciz	Yarko Kordiuk	Borys Rymar
Bohdan Cup	Marta Kostetskyi	Roman Sharanewych
Anna Chekas	Oksana Kostiw	Larysa Shved
Pavlo Czerwoniak	Tetyana Kovalenko*	Maria Skira
Olga Czuk*	Maria Kret	Olya Stanislavska
Roma Denderys	Ulyana Kubiv*	Lida Strembicky
Iwona Dmytriak	Krystyna Lewycky	Sonia Maslak-Strychowskyj
Iryna Dovganyk	Kateryna Litvinjuk	Ivanka Szewczuk
Halyna Doubanovitch	Eugenia Lohaza	Anna Teplycky
Halea Dubovici	Nadia Lytosh	Maxym Trojan
Nadia Dubik-Hawryshkewich	Iryna Lytvyn	Alina Tuzyk
Lesia Hischak	Lyubov Maksymiw	Oksana Volynets
Yuriy Horich	Oksana Mikouliak	Halyna Vynnyk

* *part-time staff*

Branches

Head Office and Toronto Branch

2280 Bloor Street West
Toronto, ON M6S 1N9
(416) 763-6883
1-800-461-5941

Mississauga Branch

1891 Rathburn Road East
Mississauga, ON L4W 3Z3
(905) 238-1273

North Toronto Branch

7077 Bathurst Street
Vaughan, ON L4J 2J6
(905) 707-8155

Scarborough Office

221 Milner Avenue
Toronto, ON M1S 4P4
(416) 299-7291

Hamilton Branch

249 Kenilworth Avenue N
Hamilton, ON L8H 4S4
(905) 544-7776
1-877-859-8877

Ottawa Branch

913 Carling Avenue
Ottawa, ON K1Y 4E3
(613) 722-7075
1-800-561-1682

Balance Sheet

Year Ended December 31, 2007 (in thousands of dollars)

	2007 \$	2006 \$
Assets / АКТИВИ		
Cash and Short Term Deposits / Готівка і депозити	35,138	14,157
Interest and Dividends Receivable / Відсотки до одержання	1,227	1,123
Income taxes recoverable / Податки до звороту	29	—
Investments (Notes 1(a), 2 and 3) / Інвестиції	20,793	27,307
Members' Loans (Note 4) / Членські позики	336,246	341,364
Fixed Assets (Note 1(d) and 6) / Нерухомість і устаткування	9,926	6,088
Other Assets / Інші активи	461	171
Total Assets / Разом активи	403,820	390,210
Liabilities / Пасиви		
Accounts Payable / Рахунки до виплати	1,166	354
Income Taxes Payable (Note 9) / Податки до виплати	—	225
Future Income Taxes (Note 8) / Майбутні податки	300	277
Interest and Dividends Payable / Відсотки і дивіденди до виплати	4,992	3,884
Borrowings (Note 10) / Позики	5,000	28,997
Members' Deposits / Депозити членів	357,667	324,412
Total Liabilities / Разом Пасиви	369,125	358,149
Members' Equity / Майно членів		
Membership Shares (Note 11) / Членські уділи	1,708	1,638
Members' Bonus Shares (Note 11) / Членські бонус уділи	3,898	3,469
Provision for Issue of Bonus Shares (Note 11) / Провізія на виплати бонус уділів	418	640
Retained Earnings (Note 12) / Нерозподілені прибутки	28,669	26,314
Accumulated Other Comprehensive Income / Розширений прибуток	2	—
Total Members' Equity / Разом майно членів	34,695	32,061
Total Liabilities and Members' Equity / Разом Пасиви і Майно Членів	403,820	390,210

See notes to financial statements

Дивись примітки до фінансових зіставлень

Statement of Earnings

Year Ended December 31, 2007 (in thousands of dollars)

	2007	2006
	\$	\$
Revenues / Приходи		
Interest on members' loans / Відсотки на позики	19,643	16,951
Investment Interest and Dividends / Відсотки на інвестиції та дивіденди	1,697	1,304
Interest expense (Note 7) / Видатки на відсотки	21,340	18,255
Net Interest Income / Чистий прибуток із відсотків	12,492	9,443
Other Income / Інші приходи	8,848	8,812
	1,137	1,070
	9,985	9,882
Provision for Doubtful Loans / Провізія на сумнівні позики	13	76
Earnings before Operating Expenses / Прибуток перед операційними видатками	9,972	9,806
Expenses / Видатки		
Operating Expenses / Операційні видатки		
Remuneration of staff	2,798	2,626
Deposit Insurance Premium	196	174
Occupancy	620	533
Promotion and donations	1,027	992
Administration	1,482	1,403
Depreciation - furniture, equipment and software	246	266
	6,369	5,994
Earnings before Dividends and Income Taxes / Прибуток перед дивідендами і податками	3,603	3,812
Dividends / дивіденди		
Members' shares / членські уділи	61	44
Patronage dividends / спеціальні дивіденди	417	640
	478	684
Earnings before Income Taxes / Прибуток перед податками	3,125	3,128
Income Taxes (Note 9) / Податки	770	802
Net Earnings from Operations / Чистий операційний прибуток	2,355	2,326

See notes to financial statements

Дивись примітки до фінансових зіставлень

Statement of Cash Flows

Year Ended December 31, 2007 (in thousands of dollars)

	2007 \$	2006 \$
Operating Activities / Операційна діяльність		
Net income for the year	2,355	2,326
Items not affecting cash and short term deposits		
Depreciation and amortization	359	357
Gain on securitization of mortgages	(5)	—
	2,709	2,683
Changes in non-cash operating components		
Increase (decrease) in other assets	(423)	(483)
Increase (decrease) in liabilities to non-members	(1,175)	24
Increase in interest and dividends payable to members	1,107	979
Unrealized losses on interest rate SWAP agreements	78	—
	2,296	3,203
Cash and short term deposits provided by operating activities		
Financing Activities / Фінансова діяльність		
Increase in borrowings	(23,997)	10,585
Increase in members' deposits	33,255	28,798
Increase in share capital	279	451
Proceeds from securitized mortgages	28,894	—
	38,431	39,834
Investing Activities / Інвестиційна діяльність		
Increase (decrease) in investments	(6,514)	11,818
Increase in members' loans	22,063	36,148
Purchase of fixed assets	4,197	624
	19,746	48,590
Increase (decrease) in cash and short term deposits	20,981	(5,553)
Cash and short term deposits, beginning of year	14,157	19,710
Cash and short term deposits, end of year	35,138	14,157

See notes to financial statements

Дивись примітки до фінансових зіставлень

Statement of Retained Earnings and Other Comprehensive Income

Year Ended December 31, 2007 (in thousands of dollars)

	2007 \$	2006 \$
Retained Earnings, at the beginning of the year	26,314	23,988
Net Earnings for the year	2,355	2,326
Retained Earnings at the end of the year	<u>28,669</u>	<u>26,314</u>

Accumulated other comprehensive income net of tax

Balance, at the beginning of the year	—	—
Other comprehensive income	3	—
Income Taxes	(1)	—
Balance at end of year	<u>2</u>	<u>—</u>
Total Retained Earnings and Accumulated Other Comprehensive Income, at end year	<u>28,671</u>	<u>26,314</u>

Statement of Comprehensive Income

Year Ended December 31, 2007

Net income for the year	2,355	2,326
Other comprehensive income for the year, net of taxes		
Net Change in Unrealized Gains on Available for-sale investments	2	—
Comprehensive income for the year	<u>2,357</u>	<u>2,326</u>

Auditor's Report

Year Ended December 31, 2007

To the Members of Buduchnist Credit Union Limited

I have audited the balance sheet of Buduchnist Credit Union Limited as at December 31, 2007 and the statements of earnings, comprehensive income, retained earnings and accumulated other comprehensive income and cash flows for the year then ended. These financial statements are the responsibility of the Credit Union's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Credit Union as at December 31, 2007 and the results of its operations and the changes in its cash position for the year then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Ontario, February 18, 2008
R.W. Gic, Chartered Accountant

Notes to Financial Statements

Year Ended December 31, 2007 (in thousands of dollars)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Change in accounting policies On January 1, 2007 the credit union adopted four new accounting standards that were issued by the Canadian Institute of Chartered Accountants (CICA). These standards are included: Comprehensive Income (CICA Handbook - section 1530), Financial Instruments - Recognition and Measurement (section 3855), Financial Instruments - Disclosure and Presentation (section 3861) and Hedges (section 3865). The adoption of these new standards resulted in changes in the accounting for financial assets and liabilities, non-financial derivatives, and hedge accounting. The comparative amounts for prior periods have not been restated as prescribed by the transition requirements.

b) Financial Assets and Liabilities Effective January 1, 2007 as per CICA Handbook Section 3855, financial assets and liabilities are to be recognized on the Balance Sheet when the credit union becomes a party to the contractual provisions of a financial instrument. Thereby all financial instruments are required to be measured at fair value on initial recognition except for certain related party transactions. Measurement in subsequent periods depends on whether the financial instrument has been classified as held for trading, held to maturity, available for sale, loans and receivables or financial liabilities. Management determines the classification of financial assets and liabilities at initial recognition and the designations made for each financial instrument are described below.

Held for trading financial instruments are classified as such if they are acquired principally for the purpose of selling or repurchasing in the short term, if they are identified as part of a portfolio that are managed together in a pattern of short term profit taking, if they are derivatives, or if they are designated at fair value using the fair value option. Financial instruments in this category cannot be transferred into or out of this category after initial designation. Financial instruments in this category are recognized initially at fair value and transaction costs are taken directly to the Statement of Earnings. Gains and losses arising from changes in fair value of these instruments are also recorded in the Statement of Earnings.

Held to maturity investments are non-derivative financial assets with fixed or determinable payments that the credit union's management has the intention and ability to hold to maturity. These investments are initially recognized at fair value including direct and incremental transaction costs. They are subsequently valued at amortized cost, using the effective interest method.

Available for sale assets are non-derivative financial assets that are designated as available for sale or are not categorized into any other financial instrument category. These instruments are initially recognized at fair value including direct and incremental transaction costs. They are subsequently held at fair value with gains and losses arising from changes in fair value being recognized in other comprehensive income in the Statement of Comprehensive Income.

Loans and Receivables are non-derivative financial assets with fixed or determinable repayment dates, usually with interest, that are not debt securities or instruments classified as held for trading on initial recognition. Loans and Receivables are initially recognized at fair value including direct and incremental transaction costs. These financial assets are subsequently valued at amortized cost using the effective interest method.

Notes to Financial Statements

Year Ended December 31, 2007 (in thousands of dollars)

Financial liabilities are non-derivative financial liability instruments and are measured at amortized cost using the effective interest method.

Investments, prior to January 1, 2007 are carried at cost with an adjustment for unamortized premium or discount, if any. Income on investments is recognized on the accrual basis. No allowance for losses is provided unless there is considered to be a permanent decline in market value.

c) Accounting for loan losses and recoveries The allowance for impaired loans has been computed in accordance with standards prescribed by the Deposit Insurance Corporation of Ontario, as required by provincial statute. This method applies specific percentages, varying with the extent of overdue payments, to the portion of the principal balance not covered by the estimated realizable value of collateral. This calculation also requires the use of estimates and assumptions using judgement about current economic conditions and likely future realization.

A general allowance is established to absorb credit losses attributable to the determination of credit quality within the loan portfolio for which specific allowances cannot yet be determined. The allowance for losses is adjusted to the required amount by a net charge or credit to income for the year.

d) Revenue recognition Interest on loans is recorded as earned as specified in the loan agreement except for loans which are considered impaired. When a loan becomes impaired, recognition of interest income ceases when the carrying amount of the loan, including the accrued interest, exceeds the estimated realizable amount of the underlying security. The initial impairment and subsequent changes are recorded through the provision for credit losses. Interest from investments is recorded as income in accordance with the terms of the instrument. Other income, which is largely comprised of commissions, services charges and documentation fees, is recognized as income when the related service is provided or entitlement to receive income is earned.

e) Fixed Assets Land is carried at cost. Depreciation is provided on office furniture and equipment on the declining balance method at a rate of 10% , on signs on the declining method at a rate of 10% , on building at 2% on a straight line method, and on computer equipment and software at 20% straight line. Leasehold improvements are amortized over the term of the lease. Obsolete assets are written off completely.

f) Income Taxes The asset and liability method is used in accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on differences between financial reporting and tax base of assets and liabilities, and measured using substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse.

g) Use of estimates The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires the credit union to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the balance sheet date and the reported amount of income and expenses during the reporting period. Actual results could differ from such estimates.

Notes to Financial Statements

Year Ended December 31, 2007 (in thousands of dollars)

year. Monetary assets and liabilities are translated at the rate of exchange in effect at year-end. Items appearing in the income statement are translated at rates at the time of transaction. Exchange gains and losses are included in the income statement.

i) Derivatives and Hedge Accounting Derivative financial instruments are contracts that require or provide the opportunity to exchange cash flows or payments determined by applying certain rates, indices or changes there in to notional contract amounts. In order to manage interest rate exposure, derivative financial instruments such as interest rate SWAPs are used. From January 1, 2007 derivatives are carried at fair value and are reported as assets where they have a positive fair value and as liabilities where they have a negative fair value. Prior to January 1, 2007 derivatives that met the standards for hedge accounting were accounted for on an accrual basis.

j) Comprehensive Income Section 1530 of the CICA Handbook introduces Comprehensive Income, which encompasses Net Earnings and Other Comprehensive Income. Other Comprehensive Income represents the change in Members' Equity during the year that is attributable to unrealized gains and losses on financial assets classified as available for sale. As a result, the financial statements include a Statement of Comprehensive Income for the changes in these items during 2007, while the cumulative changes in Other Comprehensive Income are included in Accumulated Other Comprehensive Income, net of taxes, which is represented as a new category of Members' Equity on the Balance Sheet.

k) Mortgage Securitization 2007 marked the first year in which Buduchnist securitized mortgages by selling them to independent special purpose trusts that issue securities to investors. These transactions are accounted for as sales and the mortgages loans are removed from the Balance Sheet when control over the assets has been surrendered and the credit union received consideration in exchange. Gains or losses on securitization sales are recognized in the Statement of Earnings in the period the transaction was initiated. The amount of the gain or loss recognized depends in part on the previous carrying amount of the mortgages receivable involved in the transaction, allocated between the assets sold and the retained interests based on their relative fair values at the date of the transfer. The amounts of these gains and losses is based on the present value of expected future cash flows using management's best estimates of key assumptions, including repayment rates, excess spread, credit losses, discount rates and other factors influencing the fair value of the mortgages. Included in the securitization agreement is a contractual obligation to service the loans on behalf of the trustee and as a result, a servicing liability is recognized on the date of transfer and amortized over the term of the securitized mortgages.

2. INVESTMENTS, AT COST	2007	2006
	\$	\$
Securities Held to Maturity: at cost		
CUCO Liquidity Reserves	15,436	19,264
Securities Available for Sale: at market		
CUCO Shares	3,122	2,082
Cooperators Preferred Shares	5	5
Term deposits, provincial notes	2,230	5,956
	20,793	27,307

Notes to Financial Statements

Year Ended December 31, 2007 (in thousands of dollars)

3. INVESTMENTS VALUATION

The Credit Union is a member of Credit Union Central of Ontario (CUCO). As a condition of membership in CUCO, the Credit Union is required to maintain an investment in the shares of CUCO equal to 0.80% of total assets as at December 31 of the preceding year. No market exists for the shares of CUCO except that they may be surrendered for proceeds equal to the paid-in value in accordance with withdrawals from membership provisions or when the credit union's shares and deposits decline. Accordingly, in the absence of any other determination, market value is considered to be equal to cost

4. ALLOWANCE FOR IMPAIRED LOANS

	Residential Mortgages \$	Commercial Loans and Mortgages \$	Personal Loans \$	Total \$
Provision for impaired loans		24	(11)	13
Loans written off	—	(40)	(36)	(76)
Recovery of provision	—	—	7	7
Increase (decrease) in allowance		(16)	(40)	(56)
Allowance, beginning of year	51	221	170	442
Allowance, end of year	51	205	130	386

5. MEMBER LOANS

a) Residential Mortgage Loans

Residential mortgages are written for prescribed time durations of up to five years. Interest is adjusted quarterly or annually at the anniversary date on open mortgages. Interest rates at year end varied from 3.70% to 8.00%.

	2007 \$	2006 \$
Residential first mortgages	223,706	209,254
Residential second mortgages	2,584	2,339
Residential mortgage lines of credit	36,237	30,132
	262,527	241,725
Less securitized residential first mortgages	(27,182)	---
	235,345	241,725

A pool of first residential mortgages in the amount of \$20,643,761 were securitized on June 30, 2007, of which \$18,655,351 remain outstanding at December 31, 2007. A second pool of first residential mortgages in the amount of \$8,598,596 were securitized on December 1, 2007 of which \$8,526,266 remain outstanding at December 31, 2007.

Notes to Financial Statements

Year Ended December 31, 2006 (in thousands of dollars)

5. MEMBER LOANS (cont'd)

b) Commercial Loans

Commercial loans are repayable under varying repayment terms. Interest rates at year end varied from 4.18% to 11.25%.

	2007 \$	2006 \$
Commercial Mortgages	79,043	80,841
Commercial Loans	2,768	4,142
Commercial Lines of Credit	9,984	5,260
	91,795	90,243

c) Personal Loans

Personal loans are repayable under varying repayment terms. Interest rates at year end varied from 4.25% to 10.75%.

	2007	2006
Personal	2,830	3,366
Auto	1,945	1,461
Lines of credit	4,717	5,011
	9,492	9,838
Total Member Loans	336,632	341,806
Allowance for impaired loans	(386)	(442)
Net member loans	336,246	341,364

6. FIXED ASSETS

	Accumulated		Net Book Value	
	Cost	Depreciation	2007	2006
	2007 \$	2007 \$	2007 \$	2006 \$
Land	5,147	—	5,147	1,951
Buildings	4,660	931	3,729	3,020
Computer equipment	1,053	793	260	255
Computer software	1,573	1,399	174	204
Furniture & equipment	1,301	803	498	511
Leasehold improvements	357	263	94	120
Sign	44	20	24	27
	14,135	4,209	9,926	6,088

7. INTEREST EXPENSE

	2007 \$	2006 \$
Members' Deposits	10,578	8,088
Non-Members	1,914	1,355
Total Interest Expense	12,492	9,443

Notes to Financial Statements

Year Ended December 31, 2007 (in thousands of dollars)

8. FUTURE INCOME TAXES

The Credit Union follows the liability method of accounting for income tax purposes. Future income taxes arise as a result of timing differences in recording income and expenses for tax and accounting purposes.

9. INCOME TAXES

For 2007 the Credit Union is taxed at an effective income tax rate of 24.6% (2006 - 25.6%) of taxable income after reflecting non-taxable dividends, dividends declared to members and utilization of the small business deduction. The total provision for income taxes in the statement of earnings is at a rate less than the combined federal and provincial statutory income rates for the following reasons:

Combined Federal and Provincial Income Tax Rates	2007 %	2006 %
Statutory Income Tax Rates	42.0	40.6
Credit Union Rate Reductions	(18.1)	(15.8)
Other	0.7	0.8
Effective income tax rate for the year	<u>24.6</u>	<u>25.6</u>

10. BORROWINGS

The Credit Union has arranged credit facilities with Credit Union Central of Ontario (CUCO) for amounts up to \$58,500,000. At year end the credit union had drawn \$5,000,000 under contracts repayable at various intervals from April 29, 2008 to May 10, 2008. The interest charged varies from 4.85% to 5.05%. The credit union also has unused credit facilities with CIBC for up to \$510,000.

11. SHARE CAPITAL

Membership Shares consist of capital invested by members as a prerequisite to membership and is only redeemable upon withdrawal from membership. By definition of the by-laws, the value of each share is \$5.00. Each member must maintain 20 shares. The Board of Directors declared a cash dividend of \$60,649 on fully paid membership shares held during 2007. This cash dividend has been accrued and expensed in the current year. In addition, the Board of Directors declared a patronage dividend in respect of 2007 operations of \$417,628 based on members' loan and deposit balances outstanding during 2007, payable in the form of Class B Bonus shares on or before January 31, 2008 to members of record on December 31, 2007. Class B Bonus Shares are Non-Cumulative Redeemable, Non-Voting and Non-Participating. This patronage dividend has been accrued and expensed in the current year.

12. CAPITAL ADEQUACY

The new provincial credit unions legislation requires that class 2 credit unions such as Buduchnist maintain regulatory capital in an amount not less than 4.5% of the Credit Union's total assets (5.0% in 2006) and 8.0% of risk rated assets. The regulatory capital for the Credit Union consists of share capital, retained earnings and accumulated comprehensive income. In accordance with the Credit Union and Caisses Populaires Act, no payments can be made from regulatory capital that would reduce the regulatory capital below the above governing requirements. As at December 31, 2007 the regulatory capital ratio was 8.67% and the Basel II risk capital adequacy ratio was 17.59%.

Notes to Financial Statements

Year Ended December 31, 2007 (in thousands of dollars)

13. COMMITMENTS

The Credit Union has entered into interest rate SWAP agreements whereby it is committed to receive interest at fixed rates and conversely pay interest at floating rates equal to the 30 to 365 day Bankers' Acceptance Rates. As at December 31, 2007 the Credit Union had fixed and pay floating commitments on a notional amount of \$20,000,000. On December 31, 2007 the paying interest rates ranged between 4.586% and 4.609% , while the receiving rates ranged from 4.105% to 4.250% . These agreements expire as follows:

Maturity Date	Amount
	\$
March 11, 2008	3,000
March 18, 2008	7,000
June 18, 2008	7,000
September 11, 2008	3,000
	<u>20,000</u>

In addition, the Credit Union has minimum annual lease commitments of \$155,548 which expire at various periods up to April, 2011.

14. RELATED PARTY TRANSACTIONS

The Credit Union has granted credit in the amount of \$11,528,385 to its directors, officers, committee members, employees and their related spouses, corporations and partnerships as at December 31, 2007. An additional \$4,648,976 was available to them under committed lines of credit. The terms and conditions for these loans are the same as those offered to all members of the Credit Union. All transactions during the year were in accordance with the statutes, by-laws and policies of the Credit Union.

15. FINANCIAL INSTRUMENTS

Unless otherwise noted, the Credit Union's financial instruments, consisting of cash resources, investments, loans and mortgages, accounts receivable, bank indebtedness, accounts payable, members' deposits and shares do not expose the Credit Union to significant interest, currency or credit risk and their fair values approximate carrying values. The fair values of loans and deposits are estimated using a discounted cash flow calculation that uses similar interest rates currently offered for loans and deposits with similar risk characteristics and terms to maturity.

16. COMPARATIVE FIGURES

Certain comparative figures for the preceding year have been restated to conform with the current year's presentation.

Credit Committee Report

Year Ended December 31, 2007 (in thousands of dollars)

Loans and Mortgages Approved

Позики і моргеджі

	2007		2006	
	No.	\$	No.	\$
Mortgages / Моргеджі				
Residential 1st	206	40,622	217	40,047
Residential 2nd	10	1,102	16	1,219
CMHC	63	15,844	75	15,897
Home Equity 1st and 2nd	117	20,416	108	12,958
Personal Loans / Персональні позики				
Personal Lines of Credit	285	2,586	230	2,813
Auto	83	1,272	67	918
Registered Retirement Savings Plan	91	424	100	518
Debt Consolidation	46	479	32	378
Personal	110	1,675	107	1,036
Commercial Loans / Комерційні позики				
Commercial Term Loans	20	1,321	14	292
Commercial Mortgage	34	11,990	46	16,841
Commercial Lines of Credit	71	6,690	51	4,255
Truck Loans	15	848	5	318
Total Loans and Mortgages Разом позики і моргеджі	1,151	105,269	1,068	97,490

	2007	2006
Loan Applications as of December 31		
Number of loan applications received	1,191	1,107
Number of loan applications declined	40	39

	2007	2006
Delinquent Loans as of December 31		
Number of loans more than 90 days in arrears	18	31
Value of loans more than 90 days in arrears	329	\$1,586

Thriving as a community... together

A credit union is community oriented with a goal to encourage and support the growth of the community it serves. Buduchnist Credit Union, the largest Ukrainian credit union in Canada, takes pride in its vital contribution to the growth and development of the Ukrainian community in Canada.

Financial results would be less meaningful without extraordinary accomplishments within the community, without which there would be no foundation upon which to further expand the Credit Union. Buduchnist supports community initiatives which reflect members' interests through charitable donations, the sponsorship of events and Ukrainian media.

To further emphasize its commitment to the community, Buduchnist established BCU Foundation. Launched in 2006, the Foundation is a permanent fund designed to promote and enrich the development of the community ensuring its viability for future generations.

BCU plays a vital role in the development of cultural life within the community. Buduchnist sponsors various local sports teams and tournaments, including the many golf tournaments raising funds for worthy causes.

The foundation for a progressive community is the family. With its activities and financial services, BCU encompasses the needs of the entire family, including the youngest members. The Credit Union always happily participates in activities and events which bring our children closer to their Ukrainian roots.

Buduchnist Credit Union particularly values the role of youth within the community and awards their accomplishments. Understanding the importance of education, Buduchnist honours the graduates of Ukrainian heritage programs, as



Zolotyj Klen Music Festival, held annually at the Ukrainian Youth Association's Camp Weselka, features musical talent from both Canada and Ukraine

well as grade eight graduates of the Ukrainian bilingual programs.

The Buduchnist Scholarship Awards Program honours post-secondary students - BCU members for outstanding academic achievement as well as their contributions to the community.

2007, as every year, offered Buduchnist new and unique opportunities to participate in the community, some of which are featured on these pages. We congratulate all of our community organizations for their accomplishments and we look forward to growing, prospering and thriving as a community together!

Ростемо як громада... разом

Як найбільша українська кредитова спілка в Канаді, Будучність гордо спричиняється до дальшого росту і розвитку громади якій вона служить. Успіхи кредитової спілки можна оцінити не лише цифрами.

Будучність підтримує ті ділянки громадського життя, які віддзеркалюють зацікавлення членів. Вона здійснює це через добротні пожертви, спонсорування різних імпрез і українських засобів масової інформації.

Щоби підтвердити свою відданість громаді, у 2006 році Кредитова Спілка заснувала Фундацію Будучність - постійний фонд якої допоможе вдержати громаду та її надбання для майбутніх поколінь.

Кредитова Спілка підтримує розвиток культурно-мистецького життя українців у Канаді. Вона є спонсором розмаїтих музичних і танцювальних ансамблів. Кредитова Спілка фінансово сприяє спортивним дружинам, допомагаючи у проведенні різних турнірів.

Особливу увагу Кредитова Спілка звертає на нашу молодь, заохочуючи її плекати свою національну ідентичність і брати активну участь у житті української громади. З огляду на важливість шкільництва у виховному процесі, Будучність кожного року нагороджує випускників курсів українознавства. Вона також

відзначає успіхи випускників українських цілоденних шкіл.

У 1999 році Кредитова Спілка Будучність уперше запровадила стипендійну програму для своїх членів, які здобувають вищу освіту. Такі стипендії студенти одержують за академічні успіхи, а також за помітний внесок у розвиток української громади.

У році 2007, як у кожному році, були представлені різні можливості для Кредитової Спілки брати участь у громадському житті. Деякі з них віддзеркалені на цих сторінках. Гратулюємо всім нашим громадським організаціям за успіхи і очікуємо дальшого росту і розвитку разом на користь громади.



Садочок Сонечко вітає Будучність

*Чи є краці в Голлівуді
Як оці малята
То ж вони сьогодні щиро
Вас вітають з святом*

Community marks 60th anniversary of Akcja Wisla



27 квітня біля церкви Успення Пресвятої Богородиці у Міссісага зібралася численна українська громада, щоб засвітити свічку в пам'ять трагедії в історії нашого народу. 28 квітня 1947 року польське військо та служба безпеки оточили українські села, які тепер знаходяться на території східної Польщі та в межах годин мешканців сіл вигнали з їхніх домів. Так почалася військова операція *Акція Вісла*.

The Ukrainian community gathered on the evening of April 27 for a candlelight vigil in front of St. Mary's Ukrainian Catholic Church in Mississauga to mark a tragedy in the history of the Ukrainian people - the military operation code named "Akcja Wisla" that resulted in the deportation of 150,000 Ukrainians from "Zakerzonnia".

Plast welcomes the world

З 4 по 19 серпня в Канаді відбулася Ювілейна Міжкрайова Пластова Зустріч. Більш як 1,200 членів організації з цілого світу з'їхалися на табір Пластова Січ у Графтон. Пластуни відзначили 95-ту річницю Першої міжнародної зустрічі на Північно-американському континенті та 100-ту річницю міжнародного скаутського руху.



The Ukrainian Youth Association Plast held its International Jamboree in Canada August 4-19. Over 1200 members from around the world participated in the final weekend's activities at the organization's camp, Plastova Sich in Grafton, Ontario. The Jamboree marked the 95th anniversary of the first international jamboree in North America and 100th anniversary of the international scouting movement.

BCU awards scholarships for 2007

Buduchnist Credit Union congratulates the 2007 Buduchnist Scholarship Award recipients pictured right and extends best wishes for success in future endeavours!

Buduchnist Credit Union awards up to five scholarships of \$1,000 each to members of the Credit Union who are enrolled full time in a university program and demonstrate both academic achievement and community leadership.

Будучність гратулює студентам які одержали стипендії у 2007 році і бажає найкращих успіхів у майбутньому!

Кредитова Спілка нагороджує до п'ять стипендіатів-студентів які є членами Будучности і мають закінчений один рік програми університету.



Tamara Bolotenko
Ontario Institute for
Studies in Education
Master of Teaching



Daniel Fedorowycz
University of Toronto
Arts and Sciences



Anna Korol
McMaster University
Biology and
Psychology



Alexandra Stadnyk
University of Western
Ontario
Journalism



Community spirit binding generations

BCU Foundation supports unique and inspiring initiatives within the community. Make your contribution to the long-term development of the Ukrainian community in Canada.

BCU Foundation 2280 Bloor Street West, Suite 302 Toronto, Ontario M6S 1N9

In Memoriam



Бл. п. Члени

Алт, Юрій
Баран, Михайло
Бендак, Іван
Бенеш, Роман
Березний, Михайло
Беш, Анна
Бильський, Ілько
Бицик, Дмитро
Блишук, Марія
Бобко, Еміліян
Борис, Андрій
Бурич, Теодор
Вербовий, Наталія
Вишнівський, Елфрід
Гайда, Ольга
Голічек, Соня
Гонтар, Іван
Горват, Джон
Горіх, Наталка
Гулей, Джері
Головатова, Татяна
Грабовський, Франк
Дзюбан, Стефанія
Дзюрко, Іван
Дус, Микола
Душко, Андрій
Єйна, Стефан
Загребельний, Марта
Залеський, Микола
Зелененький, Василь
Івахів, Марія
Качала, Стефан Владислав
Кіт, Іван
Ковальчук, Параня
Козак, Ірена

Козярч, Анастасія
Колісник, Галя
Колодка, Степан
Кон, Джон
Королюк, Дарлін
Космина, Рома
Крушельницький, Йосиф
Кудла, Володимир
Кудла, Марія
Кузьма, Михайло
Кулешник, Василь
Купер, Варвара
Ладвіг, Людмила
Лесів, Наталя
Лесько, Михайло
Лещишин, Іван
Лисик, Катерина
Литвинець, Федор
Литвинюк, Іван
Лойко, Фред
Любінський, Анна
Магур, Василь
Макаревич, Володимир
Маковецький, Марія
Мудрий, Александра
Немилівський, Джон
Няйко, Константин
Олійник, Джон
Ольжина, Борис
Павлик, Марія
Павловський, Валтер
Палісок, Шарлін
Папірка, Валтер
Парубчак, Уляна

Пастух, Володимир
Пащак, Ольга
Пелющак, Іван
Пісоцький, Іван
Подоляк, Роман
Поправа, Михайло
Ризумінський, Джон
Савчин, Марко
Садовий, Николай
Саламон, Василь
Симкин, Марія
Слота, Іван
Смик, Григорій
Соловій, Стефан
Старчевич, Гордана
Стефанюк, Параска
Стефурак, Тарас
Сухий, Стефанія
Судук, Анна
Табака, Йосиф
Теплий, Єлисавета
Терещук, Павліна
Тютюник, Стефанія
Федак, Анна
Флис, Анна
Хрептак, Вініфред
Цурковський, Роман
Цьонка, Ірена
Чабан, Ольга
Чечел, Олександр
Чемерис, Любомира
Шапка, Петро
Януш, Анна
Яремко, Анна

Вічна Їм Пам'ять!