
FINANCIAL STATEMENTS

**NEW BRUNSWICK CREDIT UNION
DEPOSIT INSURANCE CORPORATION**

31 DECEMBER 2003



AUDITOR'S REPORT

To the Chairperson and Directors of the
New Brunswick Credit Union Deposit Insurance Corporation

I have audited the balance sheet of the New Brunswick Credit Union Deposit Insurance Corporation as at 31 December 2003 and the statement of revenue, expenditure and net assets for the year then ended. These financial statements are the responsibility of the Corporation'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 Corporation as at 31 December 2003 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in cursive script that reads "K.D. Robinson".

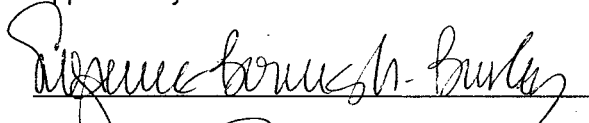
K. D. Robinson, CA
Deputy Auditor General


Fredericton, N. B.
19 February 2004

**NEW BRUNSWICK CREDIT UNION
DEPOSIT INSURANCE CORPORATION
BALANCE SHEET
31 DECEMBER 2003**

	2003	2002
ASSETS		
Cash	\$ 17,010	\$ 7,434
Accounts receivable	771	2,738
Assets held in trust funds (Note 4)	1,188,000	1,119,333
	<u>\$ 1,205,781</u>	<u>\$ 1,129,505</u>
LIABILITIES		
Advances - stabilization boards (Note 2 (a))	\$ 17,781	\$ 10,172
NET ASSETS OF THE DEPOSIT INSURANCE FUND (Note 5)	<u>1,188,000</u>	<u>1,119,333</u>
	<u>\$ 1,205,781</u>	<u>\$ 1,129,505</u>

Approved by the Board

 Chairperson

 Director

**NEW BRUNSWICK CREDIT UNION
DEPOSIT INSURANCE CORPORATION
STATEMENT OF REVENUE, EXPENDITURE AND NET ASSETS
FOR THE YEAR ENDED 31 DECEMBER 2003**

	2003	2002
REVENUE		
Contributions - stabilization boards (Note 5)	\$ 108,337	\$ 144,473
EXPENDITURE		
Professional services and other	1,114	890
Board of Directors	6,278	710
Distributions - stabilization boards (Note 5)	32,278	416,033
	<u>39,670</u>	<u>417,633</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE FOR THE YEAR	68,667	(273,160)
NET ASSETS OF THE DEPOSIT INSURANCE FUND - BEGINNING OF YEAR	1,119,333	1,392,493
NET ASSETS OF THE DEPOSIT INSURANCE FUND - END OF YEAR	<u>\$ 1,188,000</u>	<u>\$ 1,119,333</u>

**NEW BRUNSWICK CREDIT UNION
DEPOSIT INSURANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2003**

1. Authority and objective

The Corporation is an independent entity created under the provisions of the *Credit Unions Act* proclaimed on 31 January 1994. The mandate of the Corporation is to provide deposit insurance to members of credit unions in New Brunswick. Currently, a maximum basic coverage of \$60,000 is provided for insured deposits of each credit union member. The Corporation may also assist stabilization boards in providing financial assistance to credit unions.

The affairs of the Corporation are administered by a Board of Directors of five persons. The Superintendent of credit unions is responsible for the administration of the *Credit Unions Act* and is the Chairperson of the Board. Each stabilization board appoints two representatives to the Board of Directors of the Corporation.

2. Significant accounting policies

(a) Contributions – Administrative expenses

The Corporation receives advances from the stabilization boards to cover its administrative expenses. The Corporation records portions of the advances as revenue when expenses are incurred.

The Corporation operates as a separate entity within the Credit Unions, Co-operatives and Trust Companies Branch of the Department of Justice. As such, the Branch assumes the salary and some overhead costs which relate to the administration of the Corporation.

(b) Contributions/Distributions – Deposit insurance fund

Contributions to the deposit insurance fund are recorded as revenue as they become due for payment.

When the balance of the deposit insurance fund exceeds the amount required, as calculated by the Corporation, the excess from the trust funds is distributed to the stabilization boards. This distribution is recorded with the expenses of the Corporation.

(c) Accrual for deposit insurance losses

The Corporation accrues expenses for any known or likely losses from specific credit unions, which it expects cannot be paid or assumed by the stabilization board of which the credit union is a member. No such expenditures have been recorded by the Corporation since it began operations in 1994.

(d) Assets held in trust funds

Investments held in the trust funds are recorded at cost except when a decline in value has occurred that is other than temporary.

**NEW BRUNSWICK CREDIT UNION
DEPOSIT INSURANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2003**

3. Income taxes

The Corporation is subject to income taxes under the *Income Tax Act*. The provisions of the Act generally exclude assessments contributed to the deposit insurance fund from taxable income.

4. Assets held in trust funds

The trust funds held the following assets at 31 December 2003:

	Book Value	Market Value
Cash	\$ 5,289	\$ 5,289
Interest receivable	7,092	7,092
Contribution receivable (refundable)	(21,522)	(21,522)
Government of Canada Bonds	410,367	412,456
Provincial and Municipal Bonds	786,774	805,597
Total - 2003	<u>\$ 1,188,000</u>	<u>\$ 1,208,912</u>
Total - 2002	<u>\$ 1,119,333</u>	<u>\$ 1,157,093</u>

5. Deposit Insurance Fund

Section 223 of the *Credit Unions Act* requires that the Corporation establish and maintain a deposit insurance fund. The Corporation is required by the Act to maintain the fund in two separate accounts. Each account consists of the amount paid into the fund by one of the stabilization boards together with investment income, less any expenditures charged to the account.

The Corporation has entered into a trust agreement with each stabilization board for the administration and investment of the funds in their respective account. Under the terms of the agreements, each stabilization board will invest the funds in accordance with the investment policy of the Corporation.

The Net Assets of the Deposit Insurance Fund must be maintained at a level determined annually by a formula approved by the Board of Directors of the Corporation. The formula requires that a risk rating be given to each caisse populaire and credit union.

The amount of assets of the trust funds is adjusted annually based on the requirement of the formula. This results in a contribution to the trust funds or a distribution to the stabilization boards.

At 31 December 2003 the balance in the trust fund account administered by l'Office de Stabilisation de la Fédération des Caisses Populaires Acadiennes Limitée was \$458,627 (2002 - \$490,905). The balance in the trust fund account administered by the Brunswick Credit Union Federation Stabilization Board Limited at the same date was \$729,373 (2002 - \$628,428).

**NEW BRUNSWICK CREDIT UNION
DEPOSIT INSURANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 DECEMBER 2003**

6. Related parties

Transactions between the Corporation, the two stabilization funds and the two trust funds are considered related party transactions. Each of the two stabilization boards nominates two directors to sit as directors of the Corporation. Each stabilization board exercises significant influence on the activities of the Corporation.