

ANNUAL REPORT

2005/2006



WINDSOR FAMILY CREDIT UNION

"LIKE A BANK, ONLY BETTER!"

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MESSAGE TO OUR MEMBERS



Martin J. Komsa, President and Chief Executive Officer

To Our Members,

May 2005 marked the end of a five year planning cycle for Windsor Family Credit Union and the beginning of planning for a new transformation. For several years, we have commented on the increase in competition within the financial services industry.

This year saw no change in this ever-growing competitive environment and we knew that our keen sense for innovation needed to be put to the test. Windsor Family embraces the concept of competition that exists for the best interest of consumers, but we stress again that it must occur on a level playing field. This field unfortunately appears to becoming more diluted by new entrants and covered with gray areas where regulations do not exist, while the black and white regulations of the Credit Union Act put up roadblocks for the credit union industry to advance. The unfortunate situation that has been created does not always put the consumers' best interests first and therefore it is increasingly important for Windsor Family to communicate to our members and to the public the positive role we can play in protecting their financial well-being.

While we encourage our governments to move rapidly to repair this disparity before it erodes the financial services industry any further, Windsor Family made a conscious decision not to wait and stand still. In 2005-2006, we challenged old ways of thinking through a review process of our company that left no stone unturned. We embarked on an overall review of our business model - processes, procedures, organizational structure and more. By engaging the expertise of our staff in a free-spirited environment, innovation ran wild and new ideas generated positive changes for Windsor Family and our members.

The suggestions brought forward, through more than 50 staff committee meetings, member feedback, additional Management discussions and the support of the Board of Directors, resulted in a final decision for Windsor Family to strive for organic growth and to continue on our strategic direction of building the best credit union to meet our members' needs. The time was right for a new strategic direction, a new corporate identity, new products and services and a renewed community commitment. Our goal is to be the preferred financial institution in Essex County.

In addition to developing a plan to transform Windsor Family and strive to be the preferred financial institution in Essex County, we also kept our commitment of Financial Performance Management along with moving forward on the construction of a new Corporate Head Office.

Membership at Windsor Family was monitored under the four identified market segments that we serve: Personal, Commercial, Organization and Institutional. Yearly results indicated that we experienced growth in service totals held by all four segments.

Our members' financial commitment to Windsor Family again showed prominently in our results. Assets grew by 12.1 percent to \$500.8 million and total Assets Under Administration increased by 10.3 percent ending at a total of \$552.6 million. Deposits grew to \$450.5 million and loans to \$422.4 million, an increase of 10.9% and 7.1% respectively.

Our commitment to surpass regulatory capital levels remained solid as total capital reached \$45.3 million. As part of the plan to build our capital, \$6.0 million was raised in Series 4 Investment Shares and

Windsor Family again paid dividends to members on their membership and investment shares. Profit of over \$3.0 million was transferred to Financial Reserves, enhancing the financial strength of the credit union.

The implementation of the wealth management service delivery plan provided for the expansion of Windsor Family's service and expertise in this area especially with the introduction of a Financial Planning Consultant and the development of a comprehensive financial program titled 'My Plan'. We will see results of this endeavour in the coming years.

Continued progress on the construction of a new Corporate Head Office will ultimately aid in improved efficiencies for staff, service for our members as well as provide for anticipated future growth of the credit union. The project clearly depicts Windsor Family's investment in our community and in the future of our company.

The Board expresses its extreme gratitude and support of Windsor Family's Management for its visionary and determined leadership. This past year was an immense endeavour and our staff need to be commended for their enthusiasm and obvious commitment to help make Windsor Family the best that it can be.

We want to be top of mind when residents of Essex County think of financial services. We want to be first to offer them what they need and to do this in a manner that provides assurance and comfort that their needs are in good hands.

The launch of this new planned transformation occurred in June 2006 and we began introducing

members and the public to an enhanced and updated corporate identity. The development of a new logo and the use of the tag line 'Like a Bank, Only Better!' are at the forefront and distinguish Windsor Family or WFCU from the past. We are quick to remind that although we will be introducing changes, our core values and philosophies remain intact and WFCU continues to grow and evolve in many directions in order to meet, exceed and anticipate our members' needs. We are always looking to better serve our members.

We are certain that these changes will ensure WFCU continues to provide the highest quality products and services with some of the most attractive and worthwhile offerings that will benefit our members and leave our non-members questioning why they have not looked to us sooner. No one financial institution in Essex County will offer the comprehensive package of products coupled with the experienced top level service offered by WFCU employees. Service is the essence of WFCU and we exist to service our members. 2006-2007 will see WFCU operate not as a changed credit union but as a stronger financial institution that will truly enhance our members' quality of life.



Martin D. Gillis
Chair, Board of Directors



Martin J. Komsa
President and Chief Executive Officer



Martin D. Gillis, Chair, Board of Directors

FIVE YEAR FINANCIAL HISTORY

May 31 Year-End Balances (000's)	2006	2005	2004	2003	2002
Balance Sheet					
Personal Loans	\$ 45,219	\$ 43,578	\$ 40,034	\$ 36,221	\$ 32,213
Mortgage Loans	215,173	203,713	181,667	160,505	143,091
Commercial Loans	161,988	147,079	121,487	98,878	76,589
Total Loans*	\$ 422,380	\$ 394,370	\$ 343,188	\$ 295,604	\$ 251,893
Variable Rate Deposits	\$ 144,699	\$ 132,290	\$ 120,008	\$ 101,997	\$ 97,697
Fixed Rate Deposits	305,797	274,054	248,445	215,606	179,152
Total Deposits**	\$ 450,496	\$ 406,344	\$ 368,453	\$ 317,603	\$ 276,849
Assets	\$ 500,848	\$ 446,736	\$ 405,611	\$ 350,700	\$ 305,899
Annual % Increase	12.1%	10.1%	15.7%	14.6%	34.7%
Other Services Under Administration	\$ 51,800	\$ 54,300	\$ 55,377	\$ 50,455	\$ 48,373
Annual % Increase (Decrease)	(4.6)%	(2.0)%	9.7%	4.3%	53.4%
Total Assets And Other Services Under Administration	\$ 552,648	\$ 501,036	\$ 460,948	\$ 401,155	\$ 354,372
Annual % Increase	10.3%	8.7%	14.9%	13.2%	37.2%
Statement Of Income					
Net Interest Income	\$ 12,600	\$ 11,815	\$ 11,107	\$ 10,125	\$ 8,515
Other Income	4,762	4,865	4,700	3,934	3,586
Operating Margin	\$ 17,362	\$ 16,680	\$ 15,807	\$ 14,059	\$ 12,101
Operating Expenses	\$ 13,510	\$ 13,218	\$ 11,901	\$ 10,457	\$ 9,600
Income Before Distribution To Members	\$ 3,852	\$ 3,462	\$ 3,906	\$ 3,602	\$ 2,501
Reserves, Undivided Earnings And Equity Shares	\$ 45,266	\$ 35,419	\$ 32,017	\$ 28,183	\$ 24,617

* Excludes accrued interest receivable and allowance for impaired loans.
 ** Excludes accrued interest payable.

'THE PLAN' - THE WHO, WHAT, WHERE AND HOW OF NOW AND WOW!

Developing a new strategic plan was an extensive process as the credit union evaluated our existing business model, principles and practices.

The process enabled us to identify what we needed to accomplish over the next five to ten years in order to be competitive in the financial services marketplace and attract more business from our members and potential members. Service alone was no longer enough.

Not only did we look back at the past but we looked to the current marketplace and our members' feedback to determine if we were still on track while at the same time determining what new routes we should consider taking.

Ensuring that no stone remained unturned, 'New Business Model' (NBM) committees were created. The committees identified what changes needed to be made in order to provide more attractive options to develop more business with our existing and potential members.

The 12 NBM committees, made up of 87 percent of Windsor Family Credit Union (WFCU) staff, reviewed every

facet of our operations including:

- Member Classification - Segment Opportunities for Future Growth
- Products and Services; Financial, Investments and Insurances
- Channels of Distribution
- Human Resource Management
- Future Organizational Structure
- Marketing & Community Investment
- Financial Performance
- Finance - Accounting Infrastructure
- Information Technology - Focus on supporting and affecting members directly
- Communications - Internal and External

Evaluated by WFCU's Board of Directors, the over 300 recommendations that were put forth would result in the biggest transformation in WFCU's history. These changes would ensure that WFCU would continue to provide the highest quality products and services with some of the most attractive and worthwhile offerings that will benefit our members and leave our non-members questioning why they haven't looked to us sooner.

Throughout the NBM review process, WFCU continued to operate as usual



From left, Rochelle Molaren, Katie Regier, Bonnie Vrabel, Krista Emery, Corinne Davis, Alastair Fleming and Monica Taylor onsite at WFCU's South retail location



From left to right, Ruth Hobert, Julie Dunlop, Alice Naeve, Karen Milford and Lise Pipitone onsite at WFCU's Riverside retail location

'THE PLAN'



From left, Elizabeth Davidson, Sandy Kosak, Jill Olejniczak and Matthew Bellis onsite at WFCU's Riverside retail location



From left, Genevieve Maleyko, Lisa Iler, Lynn Sampson, Nancy Beard, Cary Jo Banks and Rosemary Stewart onsite at WFCU's Main retail location

resulting in yet another financially successful year. And as the completion of the NBM review process drew near, 'The Plan' began to take shape.

MEMBER SEGMENTS

As in the past, WFCU monitored the service holdings of our four member segments - Personal, Commercial, Organization and Institutional. Holdings by Institutional members increased 29.5 percent from \$73.6 million at May 31, 2005 to \$95.3 million at May 31, 2006. The Commercial member segment grew 18.5 percent in service totals to represent \$247.7 million of total WFCU member holdings. The Organization member segment increased 6.8 percent in service totals over last year as total holdings were \$46.7 million at May 31, 2006. Personal members now hold \$481.3 million in service totals representing an increase of 1.7 percent from the 2004-2005 fiscal year-end.

Through the NBM review, these four member segments were evaluated to identify the essential market groups for WFCU's future success. 'The Plan' would ensure that these member groups will not only be serviced professionally and courteously, but they will have the products and access to the

products they require when they need them.

PRODUCTS & SERVICES

In the past, categorizing our products and services into Financial Services, Investment Services, Insurance Services and Trust Services has allowed members the opportunity to easily identify all we have to offer and has given them the ability to look to us for all their financial needs. We continued to do this throughout the 2005-2006 fiscal year with an understanding that as our identification of our products and services are easy to understand, our actual products themselves may benefit from a complete review.

With the infinite number of unique financial needs to meet, so many financial institutions have gone out of their way to bombard the market with a multitude of products that seem to appeal to different people but are really the same. The NBM review asked the question, 'why not offer one product that can meet the needs of everyone?'

As the credit union approached the end of the 2005-2006 fiscal year we engaged in the development of products that had no fluff, no unnecessary disclaimer or no hidden

'THE PLAN' - THE WHO, WHAT, WHERE AND HOW OF NOW AND WOW!

requirements so that our products could appeal to everyone at any stage of life. 'The Plan' incorporated products that included Free Chequing, Low Rate Mortgages, Cashback Mortgages, High Interest Savings and Low Rate Loans and would be ready for implementation at the start of the 2006-2007 fiscal year.

Along with the redefined financial and investment products, WFCU will now offer an extended financial planning service called 'My Plan' that includes assistance in planning all aspects of financial, investment, insurance and estate plans.

SUPPORTING LOCAL BUSINESS

WFCU's Commercial Services area and the Strictly Business Program have contributed significantly to the success of the credit union for many years. As a credit union with long-time roots within the community, it was of the utmost importance for WFCU to make a conscientious effort to attend to the financial needs of all local businesses no matter the size. We assist our members with their financial goals and provide them with not only the financial services they need right now, but the kind of service that will keep them here well into the future.

With chartered banks re-entering the mortgage market with extremely aggressive pricing, WFCU remained in an extremely competitive market and still ended the year successfully. WFCU also financed local members' expansion projects outside of the Windsor and Essex County market.

Member satisfaction resulted in a high number of members referring friends and colleagues to the credit union. Commercial members continued to bring more of their personal business, and their combined holdings contributed approximately 54.3 percent of the total credit union growth in service holdings during the 2005-2006 fiscal year.

As 'The Plan' is put into place, WFCU will be enhancing commercial service lending to small and medium sized businesses and entering the commercial equipment leasing market, making our services even more accessible to the local business community.

ACCESS CHANNELS

WFCU makes it possible for our members to connect to the credit union and their money, at their convenience. Over the years, the credit union has



From left, Sandra St. Denis, Michael Scherer, Elisa Yu onsite at WFCU's Main retail location



From left, Deanna Boyle, Mike Scott, Pam Ibrahim, Lori Roy-Sanko, Gordana Livinska onsite at WFCU's Main retail location

'THE PLAN'



From left, Danielle O'Kane, Janet Kelly, Adam DeMartin, Francine Sorrell, Steve Deneau onsite at WFCU's Tecumseh retail location



From left, Susan Bézaire, Dawn Martinuzzi and Kim Thibert onsite at WFCU's Tecumseh retail location

continually monitored and added to our line of access channels. Five retail locations, live and automated telephone banking, internet banking, automated teller machine access, INTERAC® Direct Payment and MasterCard® Services are all ways our members access their funds 24 hours a day. Members also use direct deposit services to have all or part of their paycheque, or co-ordinate regular payments sent to their account, electronically.

As a result of the NBM review, 'The Plan' consisted of a schedule of system and technology enhancements that were to be made to many existing as well as new access channels offered by the credit union. Enhancing our live telephone banking area and existing credit card program that would include instant approvals as well as on-line access to loan and mortgage applications with instant approvals on-line or in a retail location are all slated to be offered during the 2006-2007 fiscal year.

Another new initiative to be implemented through 'The Plan' is a reformatted retail service delivery plan whereby members will be able to be serviced by virtually any member of the retail location staff. Whether at the wickets or a desk, WFCU Member

Consultants will be able to service members' financial needs, from withdrawing funds to applying for a loan.

EMPLOYEE DEVELOPMENT

Named one of Canada's Best Small and Medium Employers for the second year in a row, WFCU takes pride in the professional and personal well-being of our employees. Recognizing that our staff are also valuable members, WFCU emphasizes the importance of the key components of our Human Resources strategy including, recruitment, orientation, training and development, benefit and salary administration, performance management, legislative compliance and employee relations.

During the 2005-2006 fiscal year, steps were taken to promote a healthier lifestyle at WFCU with the introduction of a Smoking Cessation Program for staff as well as monthly newsletter features that included tips on enhancing work-life balance, stress management, parenting, healthy holiday eating, winter driving and choosing heart smart foods, to name only a few.

The Annual Staff Survey was distributed to all staff. 94 staff completed the survey, an 89 percent participation rate.

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Some highlights of staff responses:

- 98 percent stated WFCU provides good job opportunities
- 98 percent would recommend WFCU as a place to work
- 100 percent of staff stated that they like the job they do
- 99 percent of staff agreed with the statement that WFCU's total compensation package is competitive
- 98 percent of staff agreed with the statement that the total benefit package meets their needs

Commitment to post-secondary education continued with WFCU's support of the University of Windsor's Co-operative Education Program by hiring four Bachelor of Commerce students for the summer semester.

For the first time, WFCU's Marketing & Community Investment Department was assisted by a University of Windsor student through its Voluntary Internship Program. WFCU also provided volunteer Co-op placements for students from St. Clair College.

As of May 31, 2006, the total number of employees is now over 110 and they are our best asset.

We recognize the WFCU staff who played an integral part in the NBM review process including the communication of and development of 'The Plan'.

As front line staff continued to benefit from the monthly product and procedural training sessions throughout the year, the Member Consultants and Sales Assistant staff attended over 40 hours of training to prepare for their new roles in the implementation of 'The Plan'.

Additional training was also provided to our management staff in the areas of coaching and mentoring skills.

To assist us in achieving our goals, the new positions of Manager, Business Services, Financial Analyst, Commercial Account Manager, Financial Planning Consultant and several new Member Service Representatives were added to our team.

In ensuring that the goals of 'The Plan' are carried out successfully, two internal management staff members were appointed as Vice President, Finance and Vice President, Systems and Administration, effective June 2006.



From left, Kelly Calhoun, Pam Seney, Amanda Udell, Gay Chong, Sheila Geddes, Patti Martin and Penny Bachmeier onsite at WFCU's Corporate Head Office



From left, Liz Campbell, Susan Cota, Dawn Stallard, Kathleen Grillo, Martin Pittana and Jim Meunier onsite at WFCU's Corporate Head Office

'THE PLAN'



From left, Jeanne Sutton, Kellie Bacon, Barb Van Nickerk, Jennifer Newman, Suzanne Matteis and Teresa Lopez onsite at WFCU's Administration Office



From left, Rebecca Tesarski, Colleen Fairry, Norberta Lamp, Irene Bui, Peter Wasyluk, Karmel Marshall, Jane Grainger, onsite at WFCU's Administration Office

QUALITY ASSURANCE

Our on-going commitment to quality service has ensured our compliance to our two core quality service programs: ISO 9001:2000 certification and WFCU's internal Five Star Quality Program. Through these two programs, staff are empowered to review and document every aspect of our everyday dealings with our members to help identify performance improvements and eliminate non-conformances. 'The Plan' will ensure the credit union continues to maintain these service standards well into the future.

MARKETING

WFCU's continued focus on public awareness through marketing initiatives and investments in the community carried through the 2005-2006 fiscal year.

Although the year was dedicated to the review of the NBM and the development of 'The Plan', the importance of getting the word out about who we are, what we offer and how we can help the community never diminished.

External advertising mediums utilized this past year include newspaper, magazines, radio, transit advertising and billboards.

Member communication of products and services as well as retail location and access channel enhancements continued this year through statement inserts, direct mail and quarterly newsletters.

The second year of the Member Promotions Program designed to offer our members a unique and interactive experience when visiting the retail locations, was once again well received. Members were encouraged to participate in a number of events and promotions. Alliances with Community Groups were formed whereby members were involved in a number of wellness initiatives hosted by WFCU's Member Promotions Representative and groups such as Fire & Rescue Services of Windsor, LaSalle and Tecumseh, Centres for Seniors, Heart and Stroke Foundation and the Child Abuse Council, to name a few.

Beginning the last quarter of the 2005-2006 fiscal year, marketing efforts concentrated on the preparation for the implementation of 'The Plan'. 'The Plan' identified a number of changes in how both WFCU's image and WFCU's products would be portrayed.

In 2006-2007, WFCU's image will

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convey where WFCU is headed. The enhanced image will incorporate a new logo and corporate colours along with the member-expressed definition of how members see WFCU - 'Like a Bank, Only Better!' For the 2006-2007 fiscal year, WFCU's Marketing Department will focus on marketing the new products and services launched through 'The Plan' as well as continue with the Member Promotions Program.

COMMUNITY INVESTMENT

Having served the community for over 60 years, WFCU is committed to assisting and supporting organizations and individuals that will contribute to the well-being of our community, with particular emphasis on youth, education and health.

Traditionally supported initiatives along with some new and special one-time events made for an exciting time at WFCU. Playing a role in two incredible events like Super Bowl XL and the Pan Am Junior Games truly showed how a local organization like WFCU can make a difference and help to showcase what our community has to offer. It just takes us to believe and to support the leaders that are willing to provide us with opportunities; a direct example of what WFCU can do for our members.

Expansion of community relations programs saw increased visibility of WFCU at various community events with the WFCU community relations vehicle and with WFCU staff volunteers lending expertise on community committees and boards. There is a growing realization of the knowledge and expertise that WFCU can provide outside of traditional monetary funding.

WFCU strives to remain a responsible corporate citizen and invest in Windsor and Essex County through our participation, donations and support of the community. Assisting our community is a sound investment with both short and long-term benefits.

As a result of WFCU's continued community dedication we proudly display the Imagine Canada 'Caring Company' logo and are one of only 100 companies in Canada to do so.

A review of WFCU's Community Investment Program will be completed within the next year to ensure we are providing a renewed community commitment that will build upon the \$3.3 million WFCU has returned to the community through our Community Investment Program over the past five years.



From left, Keith Stainer, Laurie Hussey, Jason Fabbro and Chris Malnberg onsite at WFCU's Administration Office



From left, Sabrina Zuech, Heather Greczylo, Barbara Gosselin, and Kathleen Marchand onsite at WFCU's Administration Office

'THE PLAN'



From left, Julie Lachance, Debra Lee and Nancy Hogan onsite at WFCU's LaSalle retail location



From left, Molly Stabile, Susan Stockwell Andrews, Jason Tinwick and Barbara Towns onsite at WFCU's LaSalle retail location

'THE PLAN' - RESULTS SUMMARY

The new and enhanced products and services that WFCU will offer as a result of the extensive review conducted under 'The Plan' includes:

- ABSOLUTELY Free Chequing - deposits earn interest, no minimum balance and more
- High interest savings account - high rate of interest and easy access
- Lower mortgage, personal loan, line of credit and overdraft rates
- Cashback mortgages - up to \$7,500 cashback
- Instant loan and mortgage approvals
- On-line loan and mortgage applications
- Better investment rates
- A new and improved credit card program with instant approvals
- Expanded trust and estate planning services
- Enhanced commercial service lending to small and medium-sized businesses
- Commercial equipment leasing
- Renewed emphasis on home, auto and life insurance needs
- Employee group pricing plans
- New retail location organizational structure - Member Consultants will provide all financial needs
- Conditional sales contracts through local automotive dealerships
- On-line statements
- Revised retail location hours of operation
- A greater investment in our Community Investment Program
- Expanded emphasis on providing service to all of Essex County

FINANCIAL PERFORMANCE

WFCU's 2005-2006 fiscal year was another year of double-digit growth. Members continued to turn to the credit union for access to a full range of financial products and, of course, outstanding service. Total Assets Under Administration increased 10.3 percent to \$552.6 million at May 31, 2006 and Reserves increased \$3.0 million to \$21.3 million.

To provide a firm foundation for future growth, the credit union offered and members quickly subscribed to a fourth series of Investment Shares in the amount of \$6.0 million.

Members' deposits increased 10.9 percent and at fiscal year-end amounted to \$450.5 million. Within this category, term deposits increased \$33.1 million or 19.7 percent to just over \$200.0 million and comprised approximately 45 percent of the total.

In an increasingly competitive market, total loans to members increased \$28.1 million to \$422.4 million. Commercial loans and mortgages grew an encouraging 10.1 percent to \$162.0 million. Residential mortgages remain the largest component in the category and finished the year at \$215.2 million, an increase of \$11.5 million.

Despite generally more difficult local

economic conditions, operating revenues increased to \$26.9 million from \$24.5 million. Financial margin increased \$0.8 million from last fiscal year and as a result Net Income, all of which is transferred to Reserves, totalled \$3.1 million.

Members earned a greater benefit from rising interest rates when they received over \$14.3 million in interest on deposits. This is an increase of \$1.7 million from the year ended May 31, 2005. In addition, members benefited from share dividends declared. Members holding Investment Shares Series 1, 2 and 3 received a dividend of 3.96 percent; and, as planned, the Board declared a \$5 membership/patronage dividend totaling \$108,000.

The credit union has remained in compliance with all legal requirements for Regulatory Capital. At \$45.3 million or 9.0 percent of Total Assets at year-end, Regulatory Capital exceeded the requirement of 5.0 percent. Regulatory Capital of 16.3 percent of Risk Weighted Assets also exceeded the requirement of 8.0 percent.

Member acceptance of other services offered through our affiliated organizations continued throughout the fiscal year. By year-end, total holdings amounted to \$51.8 million.

The table below includes the mandatory reporting of lending activity for the year ended May 31, 2006 (as required by Section 25, Regulation 76/95 pursuant to the Credit Union and Caisses Populaires Act 1994).

TOTAL LENDING ACTIVITY AT MAY 31, 2006		
(Amount in thousands of dollars)	Number	Amount
Personal Loans	1,215	\$ 19,485
Personal Mortgages	370	48,921
Commercial Loans	41	17,296
Commercial Mortgages	30	35,862
Total Approved	1,656	121,564
Total Not Approved	556	11,989
Total Above	2,212	133,553
Loans In Arrears In Excess Of 90 Days	70	\$ 1,537

AUDITOR'S REPORT ON SUMMARIZED FINANCIAL STATEMENTS

To the Members:

The accompanying summarized balance sheet and statements of undivided earnings and reserves and operations are derived from the complete financial statements of Windsor Family Credit Union Limited as at May 31, 2006 and for the year then ended on which we expressed an opinion without reservation in our report dated June 30, 2006. The fair summarization of the complete financial statements is the responsibility of management. Our responsibility, in accordance with the applicable Assurance Guideline of The Canadian Institute of Chartered Accountants, is to report on the summarized financial statements.

In our opinion, the accompanying financial statements fairly summarize, in all material respects, the related complete financial statements in accordance with the criteria

described in the Guideline referred to above.

These summarized financial statements do not contain all the disclosures required by Canadian generally accepted accounting principles. Readers are cautioned that these statements may not be appropriate for their purposes. For more information on the credit union's financial position, results of operations and cash flows, reference should be made to the related complete financial statements.

KPMG LLP

Chartered Accountants
Windsor, Canada
June 30, 2006

BALANCE SHEET

As at (In thousands of dollars)	May 31, 2006	May 31, 2005
Assets		
Cash and short-term deposits	\$ 39,744	\$ 18,733
Investments	25,778	22,526
Loans to members	422,107	393,988
Property and equipment	12,303	10,264
Other assets	831	1,165
Future income taxes	85	60
	<u>\$ 500,848</u>	<u>\$ 446,736</u>
Liabilities and Undivided Earnings and Reserves		
Members' deposits	\$ 453,585	\$ 409,123
Other liabilities	1,997	2,194
Equity shares	23,934	17,121
	<u>479,516</u>	<u>428,438</u>
Undivided Earnings and Reserves	21,332	18,298
	<u>\$ 500,848</u>	<u>\$ 446,736</u>

On behalf of the Board:



Martin D. Gillis
Chair



Rick Martinello
Corporate Secretary

STATEMENT OF UNDIVIDED EARNINGS AND RESERVES

Year Ended (In thousands of dollars)	May 31, 2006	May 31, 2005
Undivided Earnings:		
Balance, beginning of year	\$ 5	\$ 5
Add: Net income for the year	3,096	2,719
	<u>3,101</u>	<u>2,724</u>
Less: Transfer to reserves	3,096	2,719
Balance, end of year	<u>5</u>	<u>5</u>
Reserves:		
Balance, beginning of year	18,293	15,574
Add: Transfer from undivided earnings	3,096	2,719
Deduct: Investment share origination costs (net of income tax)	(62)	-
Balance, end of year	<u>21,327</u>	<u>18,293</u>
	<u>\$ 21,332</u>	<u>\$ 18,298</u>

STATEMENT OF OPERATIONS

Year Ended (In thousands of dollars)	May 31, 2006	May 31, 2005
Operating revenues:		
Interest on member loans	\$ 25,354	\$ 23,746
Investment income	1,532	756
	26,886	24,502
Financial expenses:		
Interest on members' deposits	14,286	12,597
Distributions to members	756	743
Other interest expenses	-	90
	15,042	13,430
Financial margin	11,844	11,072
Other income	4,762	4,865
Provision for losses on loans	(319)	(330)
	16,287	15,607
Operating expenses:		
Employee salaries and benefits	6,552	6,400
Administrative	3,483	3,282
Occupancy	1,028	1,105
Data processing	996	1,056
Member deposit insurance	247	235
Director and committee	165	122
Loan	46	58
Deposits and loan life insurance	17	34
	12,534	12,292
Income before income taxes	3,753	3,315
Provision for (recovery of) income taxes:		
Current	682	629
Future	(25)	(33)
	657	596
Net income	\$ 3,096	\$ 2,719

MANAGEMENT REPORT

Management is responsible for the preparation, presentation and consistency of the accompanying financial statements and other information contained in this Annual Report.

The financial statements have been prepared in accordance with generally accepted accounting principles and have been audited by KPMG LLP Chartered Accountants.

Management maintains the necessary system of internal controls to provide reasonable assurance that transactions are authorized, assets safeguarded and proper records maintained. This

system of internal controls provides reasonable assurance that financial records are reliable and are a proper basis for preparation of the financial statements.

The Audit Committee and the Board of Directors, in carrying out their responsibility, have reviewed and approved the financial statements.



Peter Wasylyk
Vice President, Finance

REPORT OF THE AUDIT COMMITTEE

Windsor Family Credit Union has maintained an Audit Committee pursuant to Section 125 of the Credit Unions and Caisses Populaires Act, 1994. The committee consists of five directors and has adopted a mandate which covers all of the duties which are specified to be performed by audit committees in the Regulations to the Act.

The Audit Committee meets at least quarterly and arranges its agenda so that, on an annual basis, its required duties are performed and appropriate action is taken as necessary. Based on its findings, the Audit Committee issues reports and makes recommendations to the Board of Directors or senior management, as appropriate, with respect to the matters presented to the committee and follows up to ensure that the recommendations are considered and implemented, as appropriate.

The Audit Committee is pleased to report to the members of the credit union that it is functioning pursuant to the requirements of the Act and has made significant progress in fulfilling its annual

mandate. The committee receives full co-operation and support from management to enable it to play an effective role in ensuring the quality of financial reporting to the members and enhancing the overall control structure of the credit union.

There are no significant recommendations made by the Audit Committee that have not been either implemented or are in the process of being implemented. There are no matters the Audit Committee believes should be reported to the members, nor are there any matters which are required to be disclosed pursuant to the Act or the Regulations thereto.

Respectfully submitted by the Audit Committee.



David Rowland
Chair, Audit Committee

2006-2007 will mark the beginning of a very exciting time for WFCU and for our members. All of the time and effort committed over the past year will unfold as we officially introduce the new and improved products and new organizational structure, all with the same five star service delivered by our amazing staff.

Striving to keep a balance of strengthening our financial position, remaining responsible to and building relationships with our members and adding value to our communities will continue to be our priority. WFCU has always maintained a tremendous necessity to be a responsible corporate member of our community. We know our track record is in good standing and still we recognize that we must continue to challenge ourselves to develop and pursue new opportunities to be innovative in this role.

We will be disciplined in our management and use effective corporate governance. This has guided our company to where it is today and we intend to continue with a performance record recognized in the top level by our regulators.

Our message is clear and concise and comes from our members. WFCU is 'Like a Bank, Only Better!' We will communicate this with a renewed energy and with the support of our members, staff and marketing efforts. WFCU will be seen and heard everywhere as we continue to grow our brand as a

true household name; one born and raised in Windsor and Essex County.

Looking to the future, we believe we have listened to our members, analyzed the data and implemented the programs that will grow our business from within. We remain focused on leveraging the innovation and resources within our company that allow us to stay relevant to our members. We will look closely at removing barriers for our staff to do what they do best - serve our members. We want to ensure we cultivate leadership and creativity in our staff. We also believe that we have ample opportunities to expand our business in Windsor and Essex County. Over the next year we will drive the implementation of our new plan and accelerate progress. We are optimistic that the power of the WFCU brand will be enhanced and provide confidence to sustain a competitive advantage in our market for the future.



Martin D. Gillis
Chair, Board of Directors



Martin J. Komsa
President and Chief Executive Officer

WINDSOR FAMILY CREDIT UNION BOARD OF DIRECTORS



William Bedore
First Vice Chair



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Director



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Rick Martinello
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Director



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