

2009 Annual Meeting Minutes

The Annual Meeting of the MidState Educators Credit Union, Inc. was held on March 7, 2009, at the Berwick Manor Party House.

Attending the meeting were Chairman Marvin Gutter, Don Eppert, Paul Smith, Geno Moro, Barbara Flu-Allen, Barbara Hartgrove-Holley, Bonnie Wasson and David Black. Norman Landry was not present.

Also present were President/CEO Dick Maslyk and attorney David Whittaker who took the minutes of the meeting.

Chairman Gutter called the business meeting to order and asked Secretary Barbara Flu-Allen to declare a quorum, and a quorum was declared.

Chairman Gutter requested that the members approve the agenda as printed in the 2009 Annual Meeting Agenda. Don Eppert made a motion to this effect, which was seconded by Geno Moro and was carried by a voice vote of the members present at the meeting.

Chairman Gutter requested that the reports of the Officers, CEO and the Committee reports be accepted as printed without reading. Barbara Hartgrove-Holley made a motion to this effect, which was seconded by Barbara Flu-Allen and was carried by a voice vote of the members present at the meeting.

Chairman Gutter requested that the minutes of the 2008 Annual Meeting be approved as printed without reading. Don Eppert made a motion to this effect, which was seconded by Barbara Hartgrove-Holley and was carried by a voice vote of the members present at the meeting.

Bonnie Wasson reported that the Nominating Committee had nominated only three candidates for the three open Board positions and that no contested election was necessary. The nominated candidates were David Black, Geno Moro and William Bailey. Chairman Gutter advised the members present at the meeting that the Credit Union's Code of Regulations permitted the nominated candidates to be approved by acclamation and the members indicated their approval by voice vote and David Black, Geno Moro and William Bailey were elected as new Board members.

Dick Maslyk reported to the members regarding the Credit Union activities during the prior year. Mr. Maslyk thanked the Board and staff for their work and assistance.

No new business or old business was presented.

Barbara Flu-Allen and Barbara Hartgrove-Holley presented the scholarship recipients with their scholarships.

The Annual Meeting Committee of Barbara Hartgrove-Holley (Chairman), Don Eppert, Barbara Flu-Allen and Geno Moro presented the door prizes.

Don Eppert presented the results of the 50/50 raffle and advised that the proceeds from the raffle would be donated to the scholarship fund. The winner of the raffle was drawn.

The meeting was adjourned by acclamation of the members present.

Barbara Flu-Allen, Secretary

The 2009 Annual Meeting Minutes were recorded and transcribed by David M. Whittaker, Esq.

A Message From Our President

Our focus has remained unchanged since 1936. We are dedicated to expertly serving the financial needs of our members. Despite a very challenging economic year, we experienced loan, asset and membership growth. We expect this growth to carry on as we enter 2010.

MidState Educators Credit Union continues to receive the highest ratings from our regulators as well as from Bankrate.com and Bauer Financial Group. These ratings signify that we exhibit strong capitalization, good asset quality, have ample liquidity and are profitable. You can certainly rest assured that your money is well protected and that you belong to a safe and sound financial institution.

Our continued emphasis on education is evident with our annual scholarship competition. Since beginning this program we have awarded over \$100,000 in scholarships to very deserving high school students. We are very proud of this milestone accomplishment.

In 2009 we implemented several new products to support our continued focus on financial literacy and financial education. "CU Student Choice" is a private student loan program that is structured to help students supplement the funding gap that federal financial aid does not cover. To enhance our financial literacy efforts we also have a free web-based financial literacy program available to high school students, college students and families - "FoolProof". We also will continue to offer our free financial seminars and student financial literacy programs. To learn more specific details on these products please visit our website.

The Board of Directors along with the Executive Management Team has been working at length to develop a well-defined strategic business plan. With the development of this extensive strategic business plan we intend to explore new markets to develop and expand new products and services in 2010 and beyond. Our priority however remains unchanged - to serve our members to our fullest capabilities.

It is a privilege to lead MidState Educators Credit Union and I would like to thank members of the Board of Directors and Staff for their dedication in 2009. Collectively we maintain the philosophy on which credit unions were built "People Helping People."

Dick Maslyk
President / CEO

Board Of Directors

Marvin Gutter, Chairman
David Black, Vice Chairman
Don Eppert, Treasurer
Barbara Hartgrove-Holley, Secretary
Bill Bailey, Director
Barbara Flu-Allen, Director
Geno Moro, Director
Paul Smith, Director
Bonnie Wasson, Director

Your Credit Union Staff

The staff of the credit union is dedicated to providing sound financial services to all members. Please feel free to contact us with any questions you may have.

April Arledge	Daria Moore
Lindsay Ault	Elizabeth Moore
Teri Ault	Debbi Morris
Penny Beach	Tara Neiswonger
Charmaine Blue	Wes Phillips
Amity Bosworth	Dottie Riffle
Michelle Carr	Amber Ross
Patricia Carr	Patrick Scanlin
Julia Cesa	Cheryl Schmitt
Linda Eddy	Dane Smith
Angie Freeman	Rita Syrkin
Barbara Hackett	Ashlee Waderker
Miki Hartman	Daniel Walraven
Jerry Hawkins	Nathan White
Andrea Kiifner	Vicki Williams
Dick Maslyk	
Sarah Mason	
Connie Michalec	

www.educu.org

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ANNUAL REPORT

2009



A Year In Review

A Message From Our Chair

MidState Educators Credit Union is a not-for-profit cooperative currently serving over 18,000 members. MidState Educators Credit Union, as are most credit unions, governed by a volunteer Board of Directors who are elected by the credit union membership. MidState Educators Credit Union returns earnings to its members through higher interest rates on deposits, lower loan rates, and lower fees on financial services.

The Board of Directors along with the Executive Management Team has developed a clear and precise strategic business plan. This business plan provides MidState Educators Credit Union with growth and expansion opportunities well into the future. MidState Educators Credit Union will continue to focus on service to its members including providing financial education and financial literacy, especially to our younger members. These young members are the future of our credit union and it is our hope that we can instill in them strong financial habits that will last a lifetime.

MidState Educators Credit union will always be a safe place for your deposits and is your source to turn to for credit. Members can be confident knowing MidState Educators Credit Union will always make financial decisions that ensure the safety and soundness of the credit union now and into the future.

As we look ahead to the coming year MidState Educators Credit Union will continue to provide its members with caring, friendly and expert member service – as we have since 1936. I want to express my gratitude to the Board of Directors, Management, and Staff for their hard work and enduring loyalty to our members. Our accomplishments would not be possible without everyone's commitment and daily efforts. The success of this credit union is because and on behalf of our members.

Thank you for allowing me to serve as your Chairman.

Marvin G. Gutter
Marvin G. Gutter
 Chairman of the Board

Loan Review Panel

MidState Educators Credit Union's Loan Officers and Loan Review Panel made a total of 2,363 loans in 2009, including VISA credit card loans. These loans totaled approximately \$14,099,743, bringing the total loans made since the organization of the credit union in 1936 to \$473,653,877 million.

The Loan Review Panel recognizes the cooperation and attention of the entire credit union staff, and extends a special thanks to them for their help and assistance throughout the year.

Respectfully Submitted,
 Patrick Scanlin,
 Member Sales Manager

Audit Report

We have audited the accompanying statements of financial condition of MidState Educators Credit Union, Inc. as of December 31, 2009 and 2008 and the related statements of income, members' equity and cash flows for the years then ended. These financial statements are the responsibility of the Credit Union's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MidState Educators Credit Union, Inc. as of December 31, 2009 and 2008 and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Treasurer's Report

As Treasurer of the Board of Directors of MidState Educators Credit Union, Inc., I am proud to report that 2009 was another successful year for the credit union. Assets ended the year at \$82.9 million. The credit union originated \$14 million in total loans in 2009. MidState Educators Credit Union originated almost 5.5 million in first mortgage loans as well. Net income was \$53,632 for the year ended 2009.

I, along with the Board of Directors, appreciate the ongoing support and financial responsibility that the senior management team and staff have exercised this past year. Through their dedication, your credit union continues to maintain financial safety and stability.

Respectfully Submitted,
 Don Eppert, Treasurer

Financial Statement

Balance Sheet

	31-Dec-09
Assets	
Loans.....	\$ 49,764,877
(Less) Allowance for Loan Loss	(459,797)
Accounts Receivable	142,748
Banks	972,044
Corporate One Credit Union.....	9,584,795
Other Investments	20,652,634
Prepaid & Deferred Expenses.....	453,635
Furniture & Equipment (Net)	401,053
Land & Building (Net).....	918,170
Other Assets	409,893
Total Assets	\$ 82,840,052
Liabilities	
Accounts Payable.....	\$ 45,194
Accrued Expenses.....	776,430
Other Liabilities	126,442
Total Liabilities.....	948,066
Shares	
Regular Shares	20,828,447
Money Management	18,875,957
Share Certificates	19,642,046
IRAs	2,980,885
Health Savings Accounts	628,849
All Other Savings	458,767
Checking Accounts	8,035,308
Total Shares	71,450,259
Equity	
Regular Reserves	1,839,147
Undivided Earnings	9,413,792
Sub Total	11,252,939
Other Comprehensive Gain (Loss)*	(811,212)
Total Equity	10,441,727
Total Liabilities, Shares & Equity	\$ 82,840,052

*Represents Defined Benefit Plan FAS 158 Transition

Income Statement

	31-Dec-09
Income	
Interest from Loans	\$ 3,623,882
Interest from Investments	746,921
Other Income	1,892,171
Total Operating Income.....	6,262,974
Expenses	
Compensation	1,476,058
Employee Benefits	690,904
Travel & Conference	33,626
Office Occupancy Expense	223,746
Office Operations Expense	1,345,960
Education	34,270
Advertising	89,761
Scholarships	5,000
Loan Servicing Expense	377,278
Professional Services	283,888
Provision for Loan Loss.....	400,000
State Supervisory Fee	26,543
Annual Meeting Expense.....	14,400
Misc. Operating Expense.....	28,925
Total Operating Expenses	5,030,359
Net Income from Operations	1,232,615
Gain (or Loss) on	-
Disposition of Assets	-
Net Income Before Dividends.....	1,232,615
Dividends.....	1,076,183
Net Income After Dividends.....	156,432
NCUSIF Stabilization Plan Expense	(102,800)
Changes in Undivided Earnings for the Year	\$ 53,632
Statistical Information	
Number of Accounts	18,036
Loans Made in Current Year	\$ 14,099,743
Number Made in Current Year.....	2,363
Loans Made Since Organization.....	\$ 473,653,877
Number Made Since Organization.....	234,137