

2005 Annual Meeting Minutes

The Annual Meeting of the MidState Educators Credit Union, Inc. was held on March 11, 2005 at the Villa Milano restaurant. The meeting was called to order at 7:15 p.m. by Chairman David Black.

Attending the meeting were Chairman David Black, Don Eppert, Marvin Gutter, Norman Landry, Paul Smith, Geno Moro, Bonnie Wasson, Barbara Flu-Allen and Barbara Hartgrove-Holley.

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

Chairman Black called the business meeting to order and asked Secretary Norm Landry to declare a quorum, and a quorum was declared.

Chairman Black requested that the members approve the agenda as printed in the 2005 Annual Meeting Agenda. Norman Landry 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 Black requested that the reports of the Officers, CEO and the Committee reports be accepted as printed without reading. Don Eppert made a motion to this effect, which was seconded by Marvin Gutter and was carried by a voice vote of the members present at the meeting.

Chairman Black requested that the minutes of the 2004 Annual Meeting be approved 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.

Norman Landry, the Nominating Committee Chairperson, introduced the Nominating Committee.

David Black announced the results of the election. The newly elected Board members were: Marvin Gutter, Barbara Hartgrove-Holley and Paul Smith.

No new business or old business was presented.

The business meeting was temporarily adjourned and Bonnie Wasson gave the invocation and dinner was served. Entertainment was provided by the Columbus Alternative High School Choral.

After the conclusion of dinner and the entertainment, the business portion of the meeting was resumed and Geno Moro recognized the school liaison representatives.

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

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.

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

Continued...

Don Eppert presented the results of the Political Action Committee raffle. The winner of the raffle was drawn.

The meeting was adjourned at 8:55 p.m. by acclamation of the members present.

Submitted By:
Norman Landry, Secretary

The 2005 Annual Meeting Minutes were recorded and transcribed by David M. Whittaker, Esq.

President's Message

Certainly the most exciting development in 2005 was the opening of our new North Branch in September. Relocating to this space allows us to offer Saturday hours, a drive-up ATM, and drive-through teller service – all items you had requested in our member survey the year before. I encourage you to stop in and experience our newest location.

We were also proud to begin offering Payday Advance Loans this year. Increasingly we had been seeing valued members caught in the trap of check cashing establishments that charge huge fees to advance small loans. If those loans are not repaid on the very next payday, fees pyramid on top of fees until a small loan becomes a huge financial burden. Joining with other credit unions to form a risk pool, we are able to offer reasonably priced payday loans at a fair interest rate with a minimal annual fee. Now our members have an option for short-term cash needs that doesn't put their whole financial future at risk.

Looking forward, 2006 brings the expansion of our first mortgage programs. For example, we are currently introducing two new programs. One will allow first-time homebuyers to borrow as much as 100% of their property value plus a little extra for closing costs. The other allows us to offer a reduced interest rate for those of modest means. We will continue to seek out other special programs so that you will have access to the best home finance choices the market has to offer. Contact us for any real estate need, and if we don't yet have the program you need, we will work hard to help you find it.

We are also excited by the continued growth of the Shared Branching program, which is now up to 36 locations around Central Ohio, 90 statewide and over 2,000 locations nationwide. We expect that this will only continue to grow, offering more and more convenient access points to serve you better.

We look forward to serving the educational industry in 2006. Please don't hesitate to contact me or any member of the staff if you have suggestions for additional ways we can serve you better.

Dick Maslyk,
President/CEO

Board Of Directors

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

Your Credit Union Staff

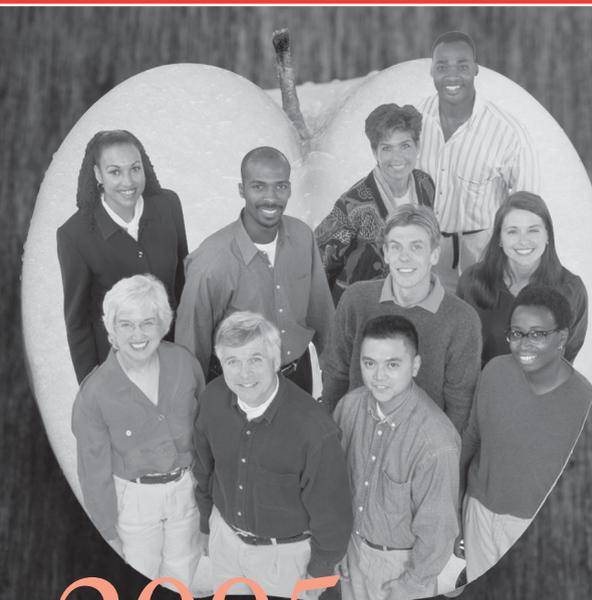
The staff of your credit union is dedicated to providing sound financial services to all members. Please feel free to contact us with any questions you may have.

Sheila Allard	Andrea Kiifner
Ruth Armstrong	Sarah Mason
Teri Ault	Richard Maslyk
Penny Beach	Matt Mecurio
Charmaine Blue	Connie Michalec
Susan Body	Daria Moore
Patricia Carr	Mark Mora
Aimee Chapman	Tara Neiswonger
Linda Eddy	Wes Phillips
Susan Emerson	Staci Rector
Marcia Fisher	Patrick Scanlin
Angie Freeman	Cheryl Schmitt
Barbara Hackett	Amity Smallwood
DaLyn Harper	Dane Smith
Miki Hartman	Grace Swearingen
Jerry Hawkins	Rita Syrkin
Heather Johnson	Billie Wilson



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2005 Annual Report



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A Message From Our Chair

Established in 1936, MidState Educators Credit Union is celebrating 70 years of dutiful service to its members. Please join me in thanking our volunteer board of directors, executive management team and staff for their dedication in providing competitive products and excellent services to our members.

We are very excited about the new format for our Annual Meeting. The Longaberger Alumni House on Olentangy River Road will play the backdrop for an elegant Saturday afternoon reception and Mitchell's Restaurants will cater the two-hour event including hot and cold heavy hors d'oeuvres. The program will continue to offer our traditional raffle, giveaways, scholarship awards presentation, live entertainment and election results. I encourage you to join us for this wonderful day.

Another program worth noting is our *Educators Golfing for Scholarships*. Held at the Riviera Golf Club, the outing benefits the MidState Educators Scholarship Foundation awarding high school senior boys and girls of Central Ohio. Please mark your calendars for June 29, 2006 to participate in this "educators for education" event!

Respectfully Submitted,
David Black

Loan Review Panel Report

MidState Educators Credit Union's Loan Officers and Loan Review Panel made a total of 2,772 loans in 2005, including VISA credit card loans. These loans totaled approximately \$14.4 million, bringing the total loans made since the organization of the credit union in 1936 to \$422.8 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,
Teri Ault, Member Sales Manager



Audit Report

We have audited the accompanying statements of financial condition of MidState Educators Credit Union, Inc. as of December 31, 2005 and 2004 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 audits 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, 2005 and 2004, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Lillie & Company, Inc.
Certified Public Accountants

Treasurer's Report

As Treasurer of the Board of Directors of MidState Educators Credit Union, Inc., I am proud to report that 2005 was another successful year for the credit union. Assets ended the year at \$72 million. Loans grew \$2.1 million while shares grew \$2.4 million. The first mortgage program pulled in \$992,000 in new loans this year. Net income was \$113,046 for the year ended 2005. The Visa Gold program topped \$1 million in outstanding balances this past year and our Indirect Lending program brought in \$2.3 million in auto loans.

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,
Marvin Gutter, Treasurer

Financial Statement

Balance Sheet

	Dec. 31, 2005
Assets	
Loans	\$ 41,907,658
(Less) Allowance for Loan Losses	(423,800)
Loan Participations	1,694,902
Accounts Receivable	59,807
Banks	1,261,785
Corporate One Credit Union	4,262,600
Other Investments	21,506,912
Prepaid & Deferred Expenses	174,601
Furniture & Equipment (Net)	656,907
Land & Building (Net)	901,452
Other Assets	237,644
Total Assets	\$ 72,240,468
Liabilities	
Accounts Payable	\$ 74,457
Accrued Expenses	98,722
Other Liabilities	43,429
Total Liabilities	216,608
Shares	
Regular Shares	22,659,552
Money Management	11,913,859
Share Certificates	18,698,584
IRAs	1,770,632
Checking Accounts	6,634,539
Total Shares	61,677,166
Equity	
Regular Reserves	1,839,147
Undivided Earnings	8,507,547
Total Equity	10,346,694
Total Liabilities, Shares and Equity	\$ 72,240,468

Income Statement

	Dec. 31, 2005
Income	
Interest from Loans	\$ 3,122,386
Interest from Investments	809,979
Other Income	1,272,741
Total Operating Income	5,205,106
Expenses	
Compensation	1,199,669
Employee Benefits	427,057
Travel & Conference	67,835
Office Occupancy Expense	152,704
Office Operations Expense	937,765
Education	25,338
Advertising	99,853
Scholarships	10,000
Loan Servicing Expense	219,363
Professional Services	287,355
Provision for Loan Losses	540,000
State Supervisory Fee	21,586
Annual Meeting Expense	14,400
Misc. Operating Expense	45,594
Total Operating Expenses	4,048,519
Net Income from Operations	1,156,587
Gain (or Loss) on Disposition of Assets	143
Net Income Before Dividends	1,156,730
Dividends	1,043,683
Net Income After Dividends	\$ 113,047
Changes In Undivided Earnings For The Year	\$ 113,047

Statistical Information

Number of Accounts	14,861
Total of Loans Made in Current Year	\$ 14,421,257
Number Made in Current Year	2,772
Total of Loans Made Since Organization	\$ 422,861,836
Number Made Since Organization	225,166