

2006 Annual Meeting Minutes

The Annual Meeting of the MidState Educators Credit Union, Inc. was held on March 18, 2006 at the Longaberger Alumni House at The Ohio State University.

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 Barbara Flu-Allen to declare a quorum, and a quorum was declared.

Chairman Black requested that the members approve the agenda as printed in the 2006 Annual Meeting Agenda. Geno Moro made a motion to this effect, which was seconded by Paul Smith 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. Bonnie Wasson 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 2005 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.

Paul Smith, the Nominating Committee Chairperson, introduced the Nominating Committee.

David Black announced the results of the election. The newly elected Board members were: David Black, Geno Moro and Norman Landry.

No new business or old business was presented.

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

Geno Moro recognized the school liaison representatives.

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

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

The meeting was adjourned by acclamation of the members present.

Submitted By:
Barbara Flu-Allen, Secretary

The 2006 Annual Meeting Minutes were recorded and transcribed by David M. Whittaker, Esq.

David M. Whittaker

President's Message

A strong commitment to financial literacy guided many of our key efforts in 2006. One great success was our partnership with the Lawrence Funderburke Youth Organization, which resulted in the *Money – Keepin' It Real* program introducing critical skills to young people for their personal financial futures.

Continuing to build upon financial literacy efforts in 2007, our credit union hopes to initiate and pilot the first of several Student Run Credit Unions in Central Ohio schools.

Students enrolled in the Franklin County Educational Service Center's Crossroads Kids program became members to manage their money in a responsible manner, encouraging credit union membership benefits after graduation.

We are pleased to be represented on the Board of Directors of the Franklin County Retired Teachers Association by Angie Freeman, Marketing Specialist, as our main office continues to serve as host for their monthly meetings.

Capital University installed its first MidState Educators Credit Union ATM and hopes to open other ATM locations on their campus in the coming year. We are also very excited about our new affiliation with Columbus State Community College and placement of ATMs on their campus as well.

Our Shared Branching program, now up to 25 locations around Central Ohio, 124 statewide and over 1,500 locations nationwide, continues to strive for convenience as, in response to member feedback, we are searching for additional branches with a particular focus on Columbus' east side.

Introduced in 2006, our Stretch Pay Loan program, the credit union alternative to check cashing stores, enables us to offer our members a less expensive option for short-term cash needs, unlike payday lenders who put financial futures at risk.

We also offer a multitude of low-cost mortgage loan products, as well as the best HELOC rate in the Central Ohio area, with rates as low as prime minus 1%. Please contact our loan department for all of your real estate decisions and we will certainly do our very best to help you find a program to meet your needs.

MidState Educators Credit Union's administration and staff look forward to serving the educational community across Ohio in 2007. Please let us know if you have any suggestions for additional ways in which we may better serve you.

Dick Maslyk,
President/CEO

Board Of Directors

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

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	Richard Maslyk
April Arledge	Sarah Mason
Ruth Armstrong	Connie Michalec
Teri Ault	Daria Moore
Penny Beach	Mark Mora
Matt Berry	Tara Neiswonger
Charmaine Blue	Wes Phillips
Michelle Carr	Staci Rector
Patricia Carr	Dottie Riffle
Julia Cesa	Amber Ross
Linda Eddy	Patrick Scanlin
Angie Freeman	Cheryl Schmitt
Carly Glick	Amity Smallwood
Barbara Hackett	Dane Smith
Miki Hartman	Rita Syrkin
Jerry Hawkins	Nathan White
Heather Johnson	Vicki Williams
Andrea Kiifner	

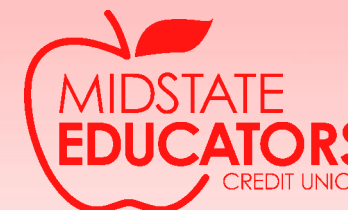


AMERICA'S
CREDIT UNIONS™
Where people are worth more than money.™

Celebrating
71
Years of
Service



2006 ANNUAL REPORT



Main Office
399 E. Livingston Avenue
Columbus, Ohio 43215
(614) 221-9376

North Office
8400 North High Street
Columbus, Ohio 43235
(614) 885-2921

www.educu.org

A Message From Our Chair

It has been a privilege serving as your Chairman of the Board of Directors for the year 2006. In financial terms, 2006 was a good year for your credit union. We officially posted earnings of \$304,539. Earnings are important to the credit union because they allow us to continue to add services and products to better meet your financial needs.

We are proud that the MidState Educators Scholarship Foundation continues to award scholarships annually to graduating high school seniors. Currently five students are awarded \$2,000 each to assist in meeting their collegiate goals. The third annual Educators Golfing for Scholarships event will be held at the Riviera Golf Club on Monday, June 18, 2007. The golf outing benefits the scholarship foundation; please mark your calendars and plan to attend.

I want to recognize the faithfulness of our members and the continued hard work of our volunteer board of directors, executive management team and staff. It is the credit union philosophy of "People Helping People" that continues to make our organization strong.

I am excited and proud to be a part of the continued success and growth of MidState Educators Credit Union as we look ahead to 2007.

Respectfully submitted,
David Black

Loan Review Panel Report

MidState Educators Credit Union's Loan Officers and Loan Review Panel made a total of 228 loans in 2006, including VISA credit card loans. These loans totaled approximately \$1,025,000, bringing the total loans made since the organization of the credit union in 1936 to \$434.7 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, 2006 and 2005 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, 2006 and 2005, 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 2006 was another successful year for the credit union. Assets ended the year at \$69 million and loans grew \$1.9 million. The first mortgage program pulled in \$3 million in new loans this year. Net income was \$304,539 for the year ended 2006. The Visa Gold program for the year grew by \$557,423 and our Indirect Lending program increased by 1.1 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,
Geno Moro, Treasurer

Financial Statement

Balance Sheet

	Dec. 31, 2006
Assets	
Loans	\$ 43,796,268
(Less) Allowance for Loan Losses	(493,027)
Loan Participations	868,171
Accounts Receivable	45,080
Banks	1,018,691
Corporate One Credit Union	2,372,941
Other Investments	19,946,842
Prepaid & Deferred Expenses	204,795
Furniture & Equipment (Net)	506,410
Land & Building (Net)	887,804
Other Assets	291,430
Total Assets	<u>\$ 69,445,405</u>
Liabilities	
Accounts Payable	\$ 137,961
Accrued Expenses	105,385
Other Liabilities	68,970
Total Liabilities	<u>312,316</u>
Shares	
Regular Shares	21,470,148
Money Management	11,412,523
Share Certificates	17,423,468
IRAs	1,653,767
Checking Accounts	6,521,950
Total Shares	<u>58,481,856</u>
Equity	
Regular Reserves	1,839,147
Undivided Earnings	8,812,086
Total Equity	<u>10,651,233</u>
Total Liabilities, Shares and Equity	<u>\$ 69,445,405</u>

Income Statement

	Dec. 31, 2006
Income	
Interest from Loans	\$ 3,397,786
Interest from Investments	1,004,408
Other Income	1,727,878
Total Operating Income	<u>6,130,072</u>
Expenses	
Compensation	1,314,847
Employee Benefits	486,669
Travel & Conference	62,051
Office Occupancy Expense	189,005
Office Operations Expense	1,064,203
Education	30,547
Advertising	104,472
Scholarships	10,000
Loan Servicing Expense	272,282
Professional Services	376,685
Provision for Loan Losses	485,000
State Supervisory Fee	27,109
Annual Meeting Expense	14,400
Misc. Operating Expense	44,400
Total Operating Expenses	<u>4,481,670</u>
Net Income from Operations	<u>1,648,402</u>
Gain (or Loss) on Disposition of Assets	30
Net Income Before Dividends	<u>1,648,432</u>
Dividends	1,343,893
Net Income After Dividends	<u>\$ 304,539</u>
Changes In Undivided Earnings For The Year	<u>\$ 304,539</u>

Statistical Information

Number of Accounts	14,899
Total of Loans Made in Current Year	\$ 1,025,050
Number Made in Current Year	228
Total of Loans Made Since Organization	\$ 434,699,513
Number Made Since Organization	227,390