

### Board of Directors

John Lester - Chairman  
 Shawn Davis - Vice-Chair  
 Owen Daniels - Treasurer  
 Lois Sattory - Secretary  
 R. Bruce Noffsinger - Director  
 James Lewis - Director  
 Jean Sibley - Director

### Supervisory Committee

R. Bruce Noffsinger - Supervisory Committee Chairman  
 William Abbott - Member  
 Nelvin Jager - Member  
 Steve Wisneski - Member

### Management

John Rupert - President/CEO  
 Charlene Rodgers - Chief Financial Officer  
 Kevin Hillman - Loan Manager  
 Leah Arends - Marketing Manager  
 Justin Bamford - Branch Manager  
 Rachel Moser - Cash Operations Manager  
 Sandra Griffin - Human Resources Supervisor

### Staff

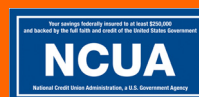
Deb Batchelder  
 Tracy Brandel  
 Tyler Cebulla  
 Sherri Christiansen  
 Amber Crawford  
 Amber Freeman  
 Danyale Garrett  
 Deb Gaunt  
 Ana Geisler  
 Dick Isley  
 Susan Jandt  
 Tracy Johnsen  
 Debra Lambert  
 Trena Moore  
 Velma Murphy  
 Wanda Plough  
 Lacey Vanderlaan  
 Robbie Wolverton

# Annual Report

62<sup>nd</sup> Annual Meeting  
 March 27, 2012

Holiday Inn Muskegon Harbor  
 Muskegon, Michigan

[www.muskegoncoop.com](http://www.muskegoncoop.com)



Savings are federally insured by the NCUA to at least \$250,000.



Welcome to  
Muskegon Co-op  
Federal Credit Union's  
62<sup>nd</sup> Annual Meeting  
March 27, 2012

|         |                     |
|---------|---------------------|
| 6:00 pm | Social Hour         |
| 6:30 pm | Invocation & Dinner |
| 7:30 pm | Business Meeting    |
| 8:00 pm | Sports Trivia       |

### President's Report

Welcome to the Muskegon Co-op Federal Credit Union Annual Meeting. 2011 was the third year in a row that saw big challenges in the economy, both locally and nationwide. An extended period of extremely low interest rates and low loan demand has made things interesting, to say the least.

In 2011, Muskegon Co-op once again had growth in membership, deposits and loans. We did so by seeking to serve the needs of our membership. Some highlights:

- Increased the loan portfolio by \$1.2 million (3.8%),
- Increased member deposits by \$3.6 million (10.2%),
- Increased the number of Members 233 (2.8%), and
- Kept our capital ratio strong at 11.6%.

Now it's time for us to look ahead to 2012. The Credit Union is well positioned to weather a slow economic recovery. We have money to lend and competitive rates for loans and deposits.

We have had the honor and privilege of serving our members since 1949 and look forward to providing exceptional service, innovative products and high value in 2012 and beyond. Join us as we work together to build a better foundation for the future of your credit union.

John Rupert  
President/CEO

## 2011 Treasurer's Report

### Statement of Income & Expense

|                                    | INCOME             |                    |
|------------------------------------|--------------------|--------------------|
|                                    | 12/31/2010         | 12/31/2011         |
| Interest on Loans                  | \$2,201,548        | \$2,210,182        |
| Investment Income                  | \$308,853          | \$230,525          |
| Other Operating Income             | \$626,296          | \$700,281          |
| <b>Total Income</b>                | <b>\$3,136,697</b> | <b>\$3,140,989</b> |
|                                    | <b>EXPENSES</b>    |                    |
| Salaries and Related Expense       | \$1,033,913        | \$1,186,847        |
| Office Occupancy & Operations      | \$268,506          | \$293,884          |
| Outside Services                   | \$259,760          | \$268,775          |
| Meetings and Conference            | \$33,914           | \$36,344           |
| Advertising, Education & Promotion | \$54,199           | \$63,314           |
| Loan Servicing                     | \$183,395          | \$215,941          |
| Provision for Loan Loss            | \$213,577          | \$103,448          |
| Association Dues & NCUA Fee        | \$16,799           | \$14,711           |
| Misc Exp. & Negative Accounts      | \$9,270            | \$13,426           |
| Disposition of Assets              | \$22,586           | \$7,034            |
| NCUSIF Assessment                  | \$112,777          | \$97,720           |
| <b>TOTAL OPERATING EXPENSES</b>    | <b>\$2,208,696</b> | <b>\$2,301,443</b> |
| Net Earnings Before Dividends      | \$928,001          | \$839,546          |
| Interest on Borrowed Money         | \$44               | \$11               |
| Dividends Paid to Members          | \$415,654          | \$359,232          |
| <b>TOTAL NET EARNINGS</b>          | <b>\$512,303</b>   | <b>\$480,304</b>   |

## 2011 Treasurer's Report

### Statement of Financial Condition As of December 31, 2011

#### ASSETS

|                         | 12/31/2010          | 12/31/2011          |
|-------------------------|---------------------|---------------------|
| Loans                   | \$30,973,589        | \$32,145,715        |
| Allowance for Loan Loss | -\$248,498          | -\$232,656          |
| Net Loans Outstanding   | \$30,725,091        | \$31,913,059        |
| <br>                    |                     |                     |
| Cash                    | \$990,047           | \$1,227,981         |
| Investments             | \$8,074,305         | \$10,570,273        |
| Fixed Assets            | \$707,800           | \$816,652           |
| Other Assets            | \$284,826           | \$193,947           |
| <b>Total Assets</b>     | <b>\$40,782,069</b> | <b>\$44,721,912</b> |

#### LIABILITIES AND EQUITY

|                                       |                     |                     |
|---------------------------------------|---------------------|---------------------|
| Cencorp Line of Credit                | \$0                 | \$0                 |
| Accounts Payable                      | \$136,692           | \$144,466           |
| Cashier Checks Payable                | \$329,930           | \$304,875           |
| Dividends Payable                     | \$1,774             | \$1,041             |
| Shared Branch Settlement              | \$11,958            | -\$14,402           |
| Shares, 8552 Members                  | \$35,367,441        | \$38,980,546        |
| Non-Member Deposits                   | \$199,001           | \$99,000            |
| Reserves                              | \$1,380,472         | \$1,380,472         |
| Undivided Earnings                    | \$3,340,084         | \$3,820,388         |
| Market Value Gains/Losses             | \$14,717            | \$5,527             |
| <b>Total Liabilities &amp; Equity</b> | <b>\$40,782,069</b> | <b>\$44,721,912</b> |

## Chairman's Report

Strength, vision, and growth are meaningful words describing Muskegon Co-op Federal Credit Union. Our credit union originated in 1949 thanks to the vision of a few, and it has grown to serve many. At year-end Muskegon Co-op served over 8,500 members along with their families.

Our Credit Union's strength comes from its members, and Muskegon Co-op finished a major remodeling of the Laketon branch in 2011 as part of our commitment to increase member value and service.

Muskegon Co-op Federal Credit Union is a member owned credit union dedicated to providing an array of constant quality financial products and services that exceed members' expectations.

Your Board's vision for the future is to continue to serve our members through outstanding member service and through high quality products and services offered at fair and reasonable rates.

Our mission is to serve our members well, because it is our members who are the ultimate source of our credit union's strength and growth.

Thanks to our volunteer Board of Directors and staff who work diligently to bring you the best products and services. They strive to keep Muskegon Co-op Federal Credit Union on the cutting edge of technology while not sacrificing your financial security.

John Lester  
Chairman

## Supervisory Committee Report

Our annual review was conducted by the Financial Standards Group auditing firm. The audit examined the financial condition, related statements of income, changes in member's equity, and cash flows. The audit concluded that the financial statements present fairly, in all material aspects, the financial position of Muskegon Co-op Federal Credit Union.

Additionally, the Supervisory Committee has conducted surprise cash counts on the office vaults and teller drawers with excellent results.

R. Bruce Noffsinger, Supervisory Committee Chairman

## Nominating Committee Report

The Bylaws of the Credit Union allow for members of the Board of Directors to hold terms of 3 years. This year, two of these terms expired. The nominating committee has placed the following names on the ballot:

### **James Lewis and R. Bruce Noffsinger**

Additionally, there was a vacancy on the Board of Directors that was filled by appointment since the last membership meeting. This individual must now be affirmed by the members of the Credit Union:

### **Jean Sibley**

The bylaws of the credit union allow for individuals to be added to the ballot by submitting a petition signed by one percent of the membership (a minimum of 20 and a maximum of 500 signatures). The election will not be held by ballot and there will be no nominations from the floor when there is only one nominee for each position to be filled. A notice of this petition process was mailed to all members on January 5, 2012, with a deadline for submission of nominations of February 28, 2012. The nominating committee received no nominations before this deadline.

Therefore, the Nominating Committee submits the names of the three people listed above for the open positions on the Board of Directors.

Nominating Committee: Bill Abbott, Chairman  
Owen Daniels  
Nelvin Jager

## Minutes from the 61st Annual Meeting

Held March 22, 2011 at Holiday Inn Muskegon Harbor

Chairman Lester welcomed the members to the 61<sup>st</sup> Annual Meeting. An invocation was given and the Pledge of Allegiance said. Dinner was then serviced.

Chairman Lester called business meeting to order at 7:30PM. He then introduced the Official Family and Guests.

Chairman Lester stated that the Chairman's Report and Supervisory Committee's Report were printed in the program.

Secretary Lois Sattory stated that there were 97 people in attendance, declared a quorum was present and Roberts Rules of Order were adopted for the business meeting. Minutes from the 2010 Annual Meeting were printed in the program. A motion was moved, supported and carried to approve minutes as printed. The Financial Report from year-end 2010 was included in the printed program. A motion was moved, supported and carried to approve Financial report as printed.

Nominating Committee Chairperson Jean Sibley stated the nominating committee's report is printed in the program. The candidates for two positions for three-year terms are John Lester and Gilbert Vanas. Since there were no challengers on the ballot a motion was moved, supported and carried to cast a unanimous ballot in favor of Lester and Vanas.

President/CEO Rupert thanked the Annual Meeting Committee for doing a fine job. He also thanked Staff, Management Team, Board of Directors and Supervisory Committee for their hard work and time spent during the past year. He stated the President's Report was printed in the program but would like to take a few minutes to highlight a couple of items. He commented on membership that is up by five percent (5%) and loans that are up by eighteen percent (18%) from last year. A slide show on Loan Quality and the Remodeling of Laketon Branch was shown.

Old Business: None.

New Business: None

Meeting adjourned at 7:50PM.

Drawings for Door Prizes took place.

Submitted by: Lois Sattory, Secretary