

2010 ANNUAL REPORT

REPORT FROM THE CHAIRMAN

Board of Directors

Dean Weiberg, Chairman

Anna Kurtz, Vice-Chair

Justin Mattson

Sarah Royseth

Susan Sowers

Dennis Hanson

Aaron Undeland

As I look back on the challenges that your Credit Union has faced during the past few years, I am extremely pleased that we have successfully navigated through one of the most difficult financial periods of modern history. NorthRidge Community Credit Union has emerged from this economic crisis as a strong, well capitalized, and financially sound organization. The Credit Union's prudent lending practices and conservative financial management have served us well during this difficult time. As we look forward, NorthRidge Community Credit Union is poised to continue to provide our members with personalized service and all the financial tools they need to succeed in today's complicated world. While we are proud of our financial performance

and the service we provide to our members, we are proud of our commitment to the communities we serve.

Operationally, NorthRidge is stronger than ever. We have responded to the faltering economy exactly as a member-owned cooperative should: emphasizing efficiency while providing quality services to our membership.

Our bottom line for the year was an impressive \$150,819, which translates into a .46 Return on Assets (ROA). NorthRidge's Net Worth grew an impressive full percentage point during 2010, ending the year at 12.19%.

NorthRidge's mission is to improve our member's lives.



NorthRidge
Community Credit Union

Helping to reach your financial summit

We take pride in serving you through good times and bad, throughout every stage of your life. In closing, I want to express my personal thanks to our employees for their loyalty and support, and appreciation to all our members and community partners for helping make this Credit Union one of which we are all proud.

Sincerely,

Dean Weiberg, Chairman

REPORT FROM THE SUPERVISORY COMMITTEE

Supervisory Committee

Connor Michels, Chairman

Tamara Paine

David Blaisdell

Duane Rudolph

The Supervisory Committee's role is to ensure the safety and soundness of the credit union.

We review financial records for completeness and accuracy; check to see that internal controls, policies and procedures are maintained and followed; make certain appropriate safeguards are in place to protect credit union assets; and ensure that Board and Management continue to serve the best interests of NorthRidge Community

Credit Union and its members while maintaining strict adherence to federal and state regulations.

While outside auditors also provide oversight, the Supervisory Committee functions year-round to be certain the above objectives are achieved.

Annually, we select an independent auditor to conduct an Agreed Upon Procedures audit. In 2010, we selected Larson Allen to perform

this important audit. After completion, we review the audit to make certain all recommendations have been implemented.

For 2010, I am pleased to report that the Board of Directors and Management have been excellent stewards of the credit union and your assets.

Respectively submitted,

Connor Michels, Chairman

REPORT FROM THE PRESIDENT/TREASURER



Credit Union Staff

By Years of Service:

- 25 Tracy Welch
- 21 Sharon Nelson
- 17 Bonnie Siltman
- 12 Jackee Little
- 10 Doris Kopp
- 8 Cathy Peterson
- 6 Trish Matthews
- 5 Becky Elko
- 5 Winnie Koivisto
- 5 Liz Nartnik
- 5 Bonnie LaFrenier
- 3 Deana Bauer
- 3 Sara Elvish
- 1 Erika Bauman
- .5 Eva Johnson

At NorthRidge Community Credit Union, we believe that who you are is a reflection of both where you've been and where you're going. So as we celebrate our 54th Anniversary, we're not simply taking a nostalgic look back, but also looking forward to how we can continue to create new opportunities for our members.

Of course, we must always remember what brought us to this point. From humble beginnings in Al Jenkin's basement, NorthRidge has grown into one of the largest credit unions on the Iron Range. And through the years, we've treated members as family, guiding you through the challenges of your lives and the mining industry and sharing in your community and family triumphs.

Like many financial institutions, NorthRidge experienced a decrease in total loan portfolio as the recession convinced many to pay down their debt and delay borrowing. Plus, the troubled economy led to an overall deterioration in credit. As a result, in 2010, NorthRidge loan portfolio decreased by 7.06 percent; however loan quality has improved over the past year. With charge-offs below peers, we will continue to monitor overall

credit quality while doing everything we can to serve our member's individual needs. We finished the year at \$22,488,515 in loans. The credit union charge-off total was \$114,572. We have invested \$4,817,110 of our member's funds in insured investments. Our total assets on December 31, 2010 was \$32,173,155.

Our total membership on December 31, 2010 was 4,612. We opened 263 new memberships in 2010.

In 2010, the Management Team performed cost analysis on product and services offered. We evaluated the services that are an expense to the credit union and are not profitable. We reviewed the credit union operational expenses and made cuts were appropriate.

Over the past 54 years, we have managed the Credit Union with integrity, protecting its safety and soundness, and fostering the confidence of our members.

Many things have changed since we opened our doors in 1952, but our mission is very much the same. Our focus

is still people helping people. We build upon our past by expanding and improving our services. Moving forward, we'll continue to lead the way with better service, better rates, and lower fees.

Because, in the end, it's not just about what we have accomplished in 54 years, it's about serving our members for a lifetime.

We honor the Spirit of Community, Warmth of Family, and the Pride of our Membership.

Sincerely,

Trish Matthews
President/Treasurer

Mission

**Our Credit Union Family Helping Your Family
Make Positive Changes in Your Life!**

What We Do

**We are People Helping People move
through all financial stages in your life.**

REPORT OF CU FINANCIAL SERVICES OF MN, INC.

CU Financial Services of Minnesota, Inc. is a wholly owned subsidiary of NorthRidge Community Credit Union. The Credit Union Service Organization (CUSO) provides Health, Dental and Life Insurance services.

In 2010, CU Financial contributed to its parent organization, NorthRidge Community Credit Union, an income of \$3,635.

It holds 280 policies.

NorthRidge Community Credit Union

Unaudited Financial Statements

Income Statement

	<i>2010 YTD</i>	<i>2009 YTD</i>	<i>Budget 2011</i>
TOTAL INTEREST INCOME	1,743,427	1,859,101	1,665,570
TOTAL INTEREST EXPENSE	292,471	460,137	254,000
PROVISION FOR LOAN LOSSES	114,752	156,458	105,000
NET INCOME AFTER PROVISION FOR LOAN LOSS	1,336,205	1,242,505	1,306,570
NON- INTEREST INCOME	396,169	392,987	405,707
NON-INTEREST EXPENSE	1,436,637	1,526,337	1,439,923
NET INCOME/LOSS BEFORE NCUSIF	295,737	109,155	272,354
NCUSIF STABILIZATION EXPENSE	(144,918)	(43,625)	(88,500)
NET INCOME/LOSS	150,819	65,531	183,854



Statement of Condition

	<i>December 31, 2010</i>	<i>December 31, 2009</i>	<i>Budget 2011</i>
LOANS TO MEMBERS	22,488,515	24,196,038	22,079,075
ALLOWANCE FOR LOAN LOSSES	(143,730)	(144,618)	(143,730)
CURRENT ASSETS	7,341,491	7,287,951	7,770,402
FIXED ASSETS	1,838,323	1,954,094	1,799,089
ALL OTHER ASSETS	648,556	589,916	669,266
TOTAL ASSETS	32,173,155	33,883,380	32,174,102
ACCOUNTS PAYABLE	82,689	84,262	91,322
BORROWED MONEY	206,906	258,646	152,655
TOTAL LIABILITIES	289,596	342,908	243,977
MEMBER SHARES	27,882,736	29,731,219	27,745,447
MEMBER CAPITAL	4,000,823	3,809,253	4,184,678
TOTAL EQUITY	31,883,560	33,540,472	31,930,125
LIABILITIES+EQUITY	32,173,155	33,883,380	32,174,102

Statement of Cash Flows Condensed

	<i>2010 YTD</i>
NET INCOME 2010	150,819
OTHER OPERATING ACTIVITIES	179,440
NET CASH PROVIDED BY OPERATING ACTIVITIES	330,259
NET CASH PROVIDED BY INVESTING ACTIVITIES	2,142,788
NET CASH PROVIDED BY FINANCING ACTIVITIES	(1,848,578)
NET CASH PROVIDED BY ALL ACTIVITIES	624,469
CASH AT BEGINNING OF PERIOD	1,899,913
CASH AT END OF PERIOD	2,524,382
NET CHANGE IN CASH AND EQUIVALENTS	624,469

“We honor the Spirit of Community, Warmth of Family, and the Pride of our Membership.”

Candidates

BOARD: Three Positions Open, Three Candidates

Brief Background of the 2011 Candidates

Anna Kurtz: Running for a three-year Board of Director term. Anna has forty years working experience that included finance/banking and is a retired Controller at Dunlo Motors in Crystal, MN. She is currently serving as a member of the Inter Church Committee, member of the Administration Board for her church, member of the Aurora Food Shelf Committee and member of the Hoyt Lakes Library Board. Anna and her husband William have been residents of Hoyt Lakes since 1999 and a member since 1988.

Jean Newton: Running for a three-year Board of Director term. She has been an active member of the credit union since 2001. Jean is employed as the City Clerk for the City of Biwabik and has worked there for thirteen years. Jean's educational background: AAS Degree from Mesabi Community College. Jean's past volunteer work includes Woman's Life, Debbie's Dance Studio and Mesabi Thunder Ski Team. Jean and her husband Jerry have been residents of Biwabik for 30 years.

Lucas Greschner: Running for a three-year Board of Director term. Lucas has five years experience in the mining industry and is currently employed at Cliffs Natural Resources in Forbes, MN. He has been an active member of the credit union since 2004. Lucas educational background: Bachelors degree in Business Administration and Marketing at the University of Wisconsin, Eau Claire. Lucas is a United Way volunteer and volunteers for the annual Laskiainen Finnish Sliding Festival in Palo. Lucas and his wife Janelle have been residents of the Markham/Palo area for seven years.

A Fond Farewell

On behalf of the Board of Directors, the employees and members of the Credit Union, we would like to thank Justin Mattson and Aaron Undeland for their years of volunteer service for the credit union. Justin joined the board in April of 2008 and served until May of 2011. Since 2009, Justin has served as the Secretary for the Board of Directors.

Aaron Undeland joined the Board of Directors in April of 2007 and served until April of 2010. Aaron filled a vacant board position for the past six months. In his prior term, Aaron has served as the Vice Chair of the Board of Directors. Aaron is an active director for our CUSO, CU Financial Services of MN, Inc.

We wish both of these gentlemen well and sincerely thank them for their services to our credit union.