

## Statement of Financial Condition

For the years ended December 31, 2009 and 2010

<b>Assets</b>	<b>2009</b>	<b>2010</b>
Loans to members (net)	\$11,666,848	\$10,408,604
Cash & Investments	8,962,813	11,999,461
Equipment / Facilities (net)	1,351,020	1,296,937
All Other Assets	<u>216,240</u>	<u>219,103</u>
<b>Total Assets</b>	<b><u>\$22,196,921</u></b>	<b><u>\$23,924,105</u></b>
<b>Liabilities</b>		
Accounts Payable	\$ 14,982	\$ 1,226
All Other Liabilities	<u>120,253</u>	<u>143,864</u>
<b>Total Liabilities</b>	<b><u>\$135,235</u></b>	<b><u>\$145,090</u></b>
<b>Equity</b>		
Shares	\$17,544,870	\$19,500,819
Regular Reserve	1,108,057	1,108,057
Undivided Earnings	<u>3,408,759</u>	<u>3,170,139</u>
<b>Total Member Equity</b>	<b><u>\$22,061,686</u></b>	<b><u>\$23,779,015</u></b>
<b>Total Liabilities &amp; Equity</b>	<b><u>\$22,196,921</u></b>	<b><u>\$23,924,105</u></b>

## Statement of Income & Expense

For the years ended December 31, 2009 and 2010

<b>Income</b>	<b>2009</b>	<b>2010</b>
Interest on Loans	\$ 866,708	\$ 763,851
Income on Investments	108,161	76,550
Other Income	<u>243,247</u>	<u>241,404</u>
<b>Total Income</b>	<b><u>\$1,218,116</u></b>	<b><u>\$1,081,805</u></b>
<b>Expenses</b>		
Employee Compensation & Benefits	\$ 507,462	\$ 546,242
Professional & Outside Services	242,936	256,323
General Office Expense	181,644	175,825
All Other Expenses	<u>246,409</u>	<u>269,456</u>
<b>Total Expenses</b>	<b><u>\$ 1,178,451</u></b>	<b><u>\$1,247,846</u></b>
<b>Income Before Dividends</b>	<b>\$ 39,665</b>	<b>&lt;\$166,041&gt;</b>
<b>Dividends</b>	<b>\$135,931</b>	<b>\$ 72,579</b>
<b>Net Income &lt;Loss&gt;</b>	<b><u>&lt;\$96,266&gt;</u></b>	<b><u>&lt;\$238,620&gt;</u></b>



# 2010 Annual Report

53rd Annual Meeting  
May 5, 2011

Silverdale Office  
10200 Silverdale Way NW  
(360) 307-6400 / fax (360) 307-6440  
Monday – Friday 9:00 AM to 5:00 PM  
(Drive-up open until 5:30 M-Th, 6:00 F)

Port Orchard Office  
Givens Community Center  
1026 Sidney Ave, Room 145  
(360) 337-7009  
Monday – Friday 10:00 AM to 5:00 PM  
(Closed 1:30 PM to 2:00 PM for lunch)

Mailing Address  
P O Box 3990  
Silverdale WA 98383

[www.connectioncu.org](http://www.connectioncu.org)

## Supervisory Committee Report

The Supervisory Committee is responsible for making sure the credit union's financial records are in order and that internal controls are in place to protect the assets of the credit union and its members.

The Committee meets regularly to review and discuss internal controls and auditing matters. They also perform the bi-annual verification of member accounts, hire an accounting firm to perform the required audits, and review the actions of the board of directors and officers to ensure they are exercising proper control over the credit union's affairs.

The financial statements presented in this report and the results of the 2010 annual audit performed by the Moss Adams CPA firm have affirmed our belief that Connection Credit Union has adequate financial control and is financially sound.

**Brandi Sefton, Madeline Durham, Tom Saunders**  
*Supervisory Committee Members*

## President's Report

2010 was another year of unprecedented challenges in the economy. Despite these challenges, your credit union has remained strong and true to our values and conservative roots. Our capital at the end of 2010 was 17.88% which is an exceptionally strong level of capital that allows us to weather difficult economic times such as these. The financial services industry has lost a few participants the past few years but your credit union is on strong financial footing and is poised to continue serving our members.

In 2010, your credit union did sustain a loss of \$238,620. Factors that contributed to this were continued sluggish loan demand and a low rate environment. Your credit union also continued to pay our fair share of assessments necessary to stabilize the share insurance fund and corporate credit union systems. We also had higher expenses related to a leadership change as Tracy Olson, former President/CEO, has moved to a new phase of her life after 28 years of service to your credit union. We wish to thank her for her dedication to the membership.

We will continue to be diligent with our expenditures and good stewards of the hard earned dollars entrusted to us by our membership. We are continually looking for ways to improve and expand our services and will focus on serving the loan and deposit needs of our membership and communities. New programs have been added such as expanded mortgage options, dealership loans and development of a new website to make it easier to do business with us.

As we look to the future, we will continue to stay true to the principles this credit union was built on and retain a member oriented approach to our business. As a not-for-profit financial cooperative we're owned by our members and recognize it's important to be active participants in our communities. We actively support the American Cancer Society, Credit Unions for Kids, as well as local food banks and schools. We also participate in numerous local fundraisers and events as we seek to practice what we preach and spread the word about how we can help.

Our mission is building financial futures, one relationship at a time. We encourage you to contact us to see if we can help you with your financial future. We are *your* credit union and are here to help.

Thank you for your membership.

**Scott Prior**  
*President/CEO*

## Chairman's Report

Welcome to the 2011 Annual Meeting. This will be my last annual report as I am not running for reelection. I have been on the Board of Directors for over 20 years and have served as Chairman for 16 years. I am on my third CEO and have seen the passing of three board members over the years. It has been a pleasure to have served with the current and previous board members. I feel that it is time to step down and let someone else have the pleasure of volunteering with the credit union.

The credit union is in good financial shape and I see exciting times ahead with our new CEO, Scott. I would like to thank the staff for all of their hard work and dedication. It is a pleasure to come in and talk with them and conduct business. I would like to also thank all the volunteers with the credit union for their hard work and dedication to the credit union in making it a better place.

Your credit union works hard for you. Please tell family and friends about the credit union and the good things we do. Remember, this is YOUR credit union.

**Tom Burrows**  
*Chairman of the Board*

## OFFICIAL FAMILY

### Board of Directors

Chairman: Tom Burrows  
Vice Chair: Jim McCready  
Secretary: Janet Lunceford  
Member: Jim Svensson  
Member: Doug Bear  
Member: James Durham  
Member: Charlotte Belmore-Schmidt

### Supervisory Committee

Brandi Sefton, Chairman  
Madeline Durham  
Tom Saunders

### Management & Staff

President/CEO: Scott Prior  
Vice President: Cindy Berry  
Member Service Mgr: Claudette Tulp  
Loan Officer: Summer Schurr  
Loan Processor: Joyce Holdren  
Member Service Rep: Mary Ann Hansen  
Member Service Rep: Evie Webb  
Member Service Rep: Sharon Edinger  
Member Service Rep: Jenna Collins  
Support Services: Jade Hanley

### **Mission**

*Building financial futures one relationship at a time.*

### **Vision**

*Connection Credit Union is a premier financial organization that provides superior service to our member/owners in a personal and respectful manner.*