

70 percent of credit union
[members] say their financial
institution puts their interests first.

Forrester Research
2009 Customer Advocacy Ratings Report

It's often been
said that there are
no free lunches.
But Clark thinks
that credit unions
are pretty close.

Clark Howard 6/16/08



Together We Save!



2009 Annual Report

Board of Directors

Chair: **Tony Tucker**, Irwin EMC
Vice Chair: **Tim Williams**, GreyStone Power
Secretary: **Joe Simpson**, Excelsior EMC-Retired
Chief Financial Officer: **Richard West**, GEMC
Matt Brinson, Planters EMC
Julianna McConnell, The Preston Group
Ray Miller, SEDC-Retired

Credit Union Management

President: **Denise Swan**
Vice President: **Thomas Rudd**
*Director of Marketing & Business
Development:* **Mark Nofi**
Controller: **Denise Garrett**

NOMINATING COMMITTEE

The 2009 GEMC Federal Credit Union nominating committee submitted three nominees to fill with three-year terms that begin at the March 24th, 2010 Annual Meeting of Members.

The nominating committee members are: Sue Wagner, Excelsior EMC; Sandra McNeal, Little Ocmulgee EMC; and Ronnie Crews, Okefenoke EMC.

The Nominating Committee nominates the following individuals: Tim Williams, GreyStone Power

Matt Brinson, Planters EMC

Richard West, Georgia EMC

Chief Financial Officer Report

Economic conditions throughout our country were some of the worst we have experienced for many decades. We have seen banks and brokerage houses that were thought 'too big to fail' close their doors. Thankfully, in 2009 GEMC Federal Credit Union remained on stable, financial footing still open, still serving members!

GEMC Federal Credit Union did not realize its goals achieved in previous years, but, given the unstable, declining economy, results were quite acceptable. As the financials shown here bear out, asset growth was phenomenal at 10.51% with a total savings increase over 2008 of 12.34%. This is in direct result of consumers' "flight to safety". Many of our members have confidence in the Credit Union that we are a safe and sound financial institution and trust us with their hard earned life savings. We appreciate that vote of confidence! Also, federal insurance for deposits, through the National Credit Union Share Insurance Fund, was extended up to \$250,000 per account owner. This extension has been granted by federal regulation through December 2013. Greater deposit insurance protection has provided our members even more assurances of safety as well as the ability to consolidate more of their resources.

Our members, like consumers all over the country, refrained from borrowing. During the uncertain times of 2009 a threat of job loss and the down cycle in the economy caused members to ease away from using credit cards, buying vehicles and discretionary spending. There was just a modest gain on Total Loans of only 3.40%. Since loan interest is the credit union's major source of income for which to manage expenses and pay dividends, the impact caused Gross Income to trend down 5.80% from 2008 comparison.

During 2009, the Federal Reserve Bank, the government entity that controls the country's monetary policy, recognized a need to drop

interest rates because of the shrinking economic conditions and high unemployment. Credit Union investments, which are a surplus of deposits not loaned out to members, were adversely affected causing the investment income stream to diminish. The decline in rates also greatly affected member deposit rates. Total dividends paid to members for 2009 decreased sharply by almost 29% even though more of our members' money was on deposit.

Our credit union staff, who manage the day-to-day operations of GEMC FCU, have done a great job given the circumstances of this past year. This is reflected in the modest increase of 4.72% in operating expenses over 2008. The variable costs associated with operating the Credit Union were reviewed and relevant changes made but not at the expense of serving our members' financial well-being.

During 2009, the Credit Union industry was challenged with keeping the National Credit Union Share Insurance Fund at proper levels. Federal mandates required that all credit unions who participate in the fund be charged with a Stabilization Expense. Given our assets size, GEMC FCU'S expense was \$95,663. Unfortunately, this Stabilization Expense will continue in the immediate years to come. The expense along with decreased earnings on loans and investments caused a reduction in Reserves of \$57,547. But, Regular Reserves are set aside by the Credit Union for precisely this purpose, bad economic times.

We are grateful GEMC FCU is weathering these economic conditions. Your Credit Union continues to be a safe and sound place for members' money. Our members are our BEST asset!

Richard West
Chief Financial Officer

Chair/President's Report

Confidence and Trust are the most important characteristics that build a strong foundation in any relationship. We very thankful that over 11,000 credit union members have chosen to have a relationship with us to care for them, their families and their hard-earned money! There are so many choices for financial services in the marketplace and we're proud our members have the confidence and trust to choose us. GEMC FCU works hard to earn our members' approval and values our relationship with each and every one of you. THANK YOU!

2009 has been an extra-ordinary year. The economic recession and unemployment in our state has made for very challenging times. But, our members are meeting those challenges! Our Credit Union has been a safe-haven for them. Members have demonstrated their confidence and trust in us by depositing a large amount of savings this past year, 12% growth over 2008.

Many members are taking advantage of the great opportunities of low interest rates which became a product of this recession. Our mortgage provider, Credit Union Financial Services, in cooperation with many credit unions in Georgia, has continued to offer affordable mortgages with lower fees for members. Credit Unions continued to lend throughout 2009 despite the news that many banks could not. The ability to serve and lend even in tough times, is a testament to the cooperative spirit as credit unions come together for the greater good for all of our members.

GEMC FCU members were introduced to our new *Spark Checking Account* in 2009. Our new account allows members to earn a very high rate of return on an average balance and can be accessed through the Internet. Free Bill Pay, E-statements and debit card access makes *Spark* affordable and easy to manage.

During 2009 and into 2010, our credit union staff will visit each one of our EMC's to conduct financial seminars and one-on-one counseling sessions. We feel it's very important now more than ever, to answer the call of our members with whatever needs arise. Members who have attended our programs are very appreciative and are amazed that we'd come to THEM to sit down to talk. That's why we're here- to serve. When was the last time a bank did something like that?

In the early 1900's, credit unions were created precisely because of what is happening right now during this recession. Banks at that time would not lend to people of modest means at reasonable rates. So, people brought their resources together, usually through their employer, and decided to lend to each other and share in the profits as well as the risk. Fast forward to today and there are over 7,900 credit unions in the United States which serve over 91 Million members. Each member of a credit union is not only a customer of the credit union but is also a shareholder by virtue of their membership. We think it's important to always remember where we came from as a credit union and to recognize the accomplishments made by those before us.

THANK YOU to our volunteer Board of Directors. Your dedication and time to GEMC FCU is greatly appreciated. And, THANK YOU to all of our volunteer Credit Union Service Advisors at each EMC. Because of you, our members get first-class service!

Chair, Tony Tucker
President, Denise Swan

SUPERVISORY COMMITTEE Report

The Supervisory Committee is pleased to report that the Credit Union's assets have been protected and operations have been conducted in an acceptable manner as set forth by the Federal Credit Union Act.

To help provide a continuous audit we have employed an outside accountant, meeting the recommendation of generally accepted accounting principles. This audit takes place in addition to the annual examination conducted by examiners of the National Credit Union Administration.

FINANCIAL CONDITION

Assets

Loans to Members	\$41,219,094
Cash on Hand	\$565,202
Investments	\$31,849,335
All Other Investments	\$1,027,226
Total	\$74,660,857

Statement of Income

Interest on Loans	\$2,603,685
Investment Income	\$865,555
Other Income	\$820,649
Total	\$4,289,889

Liabilities and Equity

Savings & Certificates	\$66,254,087
Reserves	\$8,231,628
All Other Liabilities	\$175,142
Total	\$74,660,857

Distribution of Income

Dividends	\$855,707
Operating Expenses	\$3,316,125
NCUSIF Stabilization Expense	\$95,663
Disposition of GCCU Investment	\$79,941
Total	\$4,347,436

Reductions

Reserves	\$(57,547)
Total Income Distribution	\$4,289,889

FINANCIAL STATEMENT AS OF DECEMBER 31, 2009

	2008	2009	Amount of Change	Percentage of Change
Total Assets	\$67,558,963	\$74,660,857	\$7,101,894	10.51%
Loans	\$40,038,638	\$41,416,809	\$1,378,171	3.44%
Savings	\$58,979,109	\$66,254,086	\$7,274,977	12.34%
Reserves	\$8,289,175	\$8,231,628	\$(57,547)	(0.69)%
Gross Income	\$4,553,841	\$4,289,889	\$(263,952)	(5.80)%
Operating Expenses	\$3,166,730	\$3,316,125	\$149,395	4.72%
Dividends	\$1,204,329	\$855,707	\$(348,622)	(28.95)%
Number of Members	11,232	11,212	(21)	