



MEMBERS
FEDERAL CREDIT UNION

40th Anniversary
1968-2008

Where members come first!

2007 Annual Report



A Little About Us

Since 1968, Members Federal Credit Union has been able to consistently offer our members a wide selection of products and services, great loan and savings rates and superior member service. Being that we are a not-for-profit financial cooperative, income earned is returned to our members in the form of lower loan rates and higher dividends on savings. We are also able to then continuously work to improve our products and services.

Meeting Agenda

Annual Meeting Of the Membership *AGENDA*

April 16, 2008

5:30 Business Meeting

- Call to Order (Mark Stephenson, Chairman of the Board)
- Appoint Parliamentarian (Mark Robey)
- Determination of Quorum
- Approval of Minutes (April 18, 2007)
- Report of the Board Chairman (Mark Stephenson)
- Supervisory Committee Report (Bill Huber)
- Treasurer's Report (Steve Anderson)
- President's Report (Jeff Holler)
- Nominating Committee (Mark Stephenson, Terry Teske, and Craig Nash)
- General Business
- Door Prize Drawing
- Adjournment

2007 Annual Meeting Minutes

Annual Meeting Minutes April 18, 2007

I. CALL TO ORDER

Mark Stephenson, Chairman of the Board, called the meeting to order. A quorum was present.

II. READING OF THE MINUTES

Minutes from the Annual Meeting held April 25, 2006 were approved as read.

III. REPORTS

Mark Stephenson presented the Chairman's Report.
Steve Anderson presented the Treasurer's Report.
The Supervisory Committee's Report is included in the Annual Report
Jeff Holler presented the President's Report

IV. ELECTION OF OFFICERS

Mark Stephenson and Terry Teske were elected by acclamation. No other candidates ran for the two open positions.

V. GENERAL BUSINESS

Drawing for Door Prizes.

VI. ADJOURNMENT

There being no further business to come before the members, the meeting was adjourned at 6:15 p.m.



Respectfully submitted,

Mark Stephenson, Chairman

Terry Teske, Secretary

Report of the Board Chairman

On behalf of the dedicated volunteers of the Board of Directors I offer this year's report.

Many exciting services were expanded or offered in 2007 which will increase both the security and the convenience to our members. A new service called FALCON fraud protection will help protect our members from unauthorized use of their charge cards, while the multi-factor authentication on our website protects our web-based users. Online Bill Pay continues to grow in popularity and is available **free** to our members.

Another great service that many members took advantage of was our association with Automotive Avenues. This service provides a no hassle approach to car buying while enjoying competitive pricing and great financing. The Tax Saver auto loan may even allow you to deduct a portion of the car loan interest.

Very competitive credit card rates combined with the ScoreCard bonus point program make our credit cards a great bargain for our members. Many members obtain free airline tickets or great gifts while enjoying very competitive interest rates. In addition, our members can earn cash back through the Rainbow Rewards program. A large variety of savings and loan products are available including first mortgages, health savings accounts, IRA's, and many others. Your membership also provides for free ATM machines located all across the country.

The Board, President, and staff will continue in our efforts to have your credit union be a leader in services, convenience, and security. Thank you for being a part owner and member of our credit union celebrating a successful 2007!



Mark Stephenson



Deidre Warner



Terry Teske



Steve Anderson



Craig Nash

Mark Stephenson - Chairman

Supervisory Committee Report

The Supervisory Committee is responsible for ensuring that:

1. The financial condition of the credit union is accurately and fairly presented in the credit union's financial statements.
2. The credit union's management practices and procedures are sufficient to safeguard member assets.

To meet those responsibilities, a comprehensive work plan was established and included, but not limited to, the following:

- Verification of new and closed accounts and changes of address
- Review inactive account activity
- Randomly select and review a variety of loans
- Review financials and bank reconciliations
- Review Board of Directors meeting minutes
- Follow up on examination and audit report findings

The Supervisory Committee has continued its relationship with Petersen & Associates,

Certified Public Accountants, to review records for accuracy and to satisfy annual audit requirements. Additional changes with staff absorbing responsibilities has helped create a very positive and safe investment business culture. Although the credit union has expanded, no additional significant exceptions or changes were noted by Peterson.

We look forward to the challenges of the upcoming year and continued economic well-being at Members Federal Credit Union.

Bill Huber
Chairman, Supervisory Committee



Bill Huber



Kin Schuman



Virginia Allen

Meet the Team

Executive Management Team

Jeff Holler President
Rick Hassman EVP/CFO

Member Services Department

Curtis Gardner Member Service Manager
Norma Ragland Teller Manager
Nathan Kauffman Lead Teller
Tara Schwein Assistant Lead Teller/ Vault Teller
Solongo Beasley Member Service Representative
Blake Smith Member Service Representative
Nicole Wambolt Member Service Representative
Luanda Brannon Member Service Representative
Reilyn Meade Member Service Representative
Hollie Gilbert Member Service Specialist
Daisy Frausto Member Service Specialist
Shauna Bradney Receptionist

Marketing Department

Danielle Neuberger Marketing Coordinator

Accounting Department

Sylvia Fajardo-Horton Accounting Manager
Airie Palumbo Staff Accountant
Nancy Lee Accounting Clerk
Roman Shilman Staff Accountant

IT Department

Andrew Salas IT Specialist

Loan Department

Dale Pierce Loan Manager
Remy Lumba Loan Officer
David Hyman Collections Clerk
Donetta Smith Loan Clerk
Dan Howell Loan/Title Clerk

Montrose Branch Team

Lorena Schlauger Branch Manager
Katrina Roman Member Service Specialist
Jodi Homedew Member Service Specialist

2007 Highlights

COMMUNITY/CU EVENTS - 2007 was a great year of community outreach and support. We were involved with many sponsorships and events, including the City of Aurora Hoopla Basketball Tournament, golf tournaments, Northern Aurora Business Association events, holiday family adoptions, and more.

MEMBER RELATIONS - Throughout the year we strengthened the relationships with our Select Employee Groups through open house visits. We also attended new employee orientations, regularly distributed promotional marketing material, and made presentations to staff at open enrollment events.

NEW PRODUCTS- In 2007, MFCU was proud to offer our new Visa Platinum credit card to members. We rolled out the "Power of Platinum" promotion to highlight our new credit card. This new and improved card offers many benefits, including Travel Accident Insurance and a free concierge service. In an effort to offer even more convenience and service to our members and community, MFCU became an acquirer with the Credit Union Service Center Network. We had been an issuer, but this year we began allowing members from other credit unions to conduct business at our credit union. Our shared branching began with the DMEA branch in November.

NEW SERVICES - This year we teamed up with First Mortgages to offer better service and more convenience to members. Our in-house specialists are now available at the main branch five days a week, from 9 a.m. to 5 p.m. We also developed a relationship with Falco, a financial investment and planning service. This service is useful for any member who would like to learn more about their finances or investments. A representative is available to members at the main branch twice a week.

2007 Financial Summary

BALANCE SHEET

As of December 31	2007	2006	Difference	Percent Change
ASSETS				
LOANS	39,012,157	41,291,351	(2,279,194)	-5.52%
LESS: Allow Loan Loss	(225,780)	(287,202)	61,422	21.39%
NET LOANS	38,786,377	41,004,149	(2,217,772)	-5.41%
			-	
CASH	318,562	446,669	(128,107)	-28.68%
TOTAL INVESTMENTS	19,195,770	16,039,998	3,155,772	19.67%
TOTAL INVESTMENTS	19,514,332	16,486,667	3,027,665	18.36%
FIXED ASSETS	2,672,835	2,789,749	(116,914)	-4.19%
NCUIF DEPOSIT	528,992	498,239	30,753	6.17%
ALL OTHER ASSETS	419,858	409,798	10,060	2.45%
TOTAL ASSETS	61,922,394	61,188,601	733,792	1.20%
LIABILITIES AND EQUITY				
ACCOUNTS PAYABLE	226,385	211,810	14,575	6.88%
OTHER LIABILITIES	218,062	206,391	11,671	5.65%
TOTAL LIABILITIES	444,447	418,201	26,246	6.28%
SHARES TO MEMBERS	11,638,212	12,934,044	(1,295,832)	-10.02%
OTHER SHARES	838,877	948,854	(109,977)	-11.59%
HEALTH SAVINGS ACCOUNTS	24,937	12,083	12,854	106.38%
CHECKING ACCOUNTS	6,280,183	7,314,372	(1,034,189)	-14.14%
MONEY MARKETS	9,156,043	8,590,930	565,112	6.58%
SHARE CERTIFICATES	22,410,973	21,055,816	1,355,156	6.44%
IRA ACCOUNTS	4,987,353	4,262,094	725,259	17.02%
TOTAL SHARES	55,336,577	55,118,193	218,384	0.40%
			-	
REGULAR RESERVES	1,826,611	1,826,611	-	0.00%
UNDIVIDED EARNINGS	4,318,545	3,842,866	475,679	12.38%
UNREAL. INVEST G/L	(3,785)	(17,268)	13,483	78.08%
TOTAL EQUITY	6,141,371	5,652,209	489,162	8.65%
TOTAL LIAB & EQUITY	61,922,394	61,188,601	733,792	1.20%

2007 Financial Summary

INCOME STATEMENT

For the Years Ended December 31,	2007	2006	Difference	Percent Change
INCOME				
Interest on Loans	2,726,324	2,654,461	71,863	2.71%
Investment Income	865,417	662,031	203,386	30.72%
Non-Interest Income	973,835	979,940	(6,105)	-0.62%
TOTAL INCOME	4,565,576	4,296,432	269,144	6.26%
EXPENSES				
Provision for Loan Loss	168,498	168,535	(37)	-0.02%
Non-Interest Expense	2,352,965	2,196,269	156,695	7.13%
TOTAL NON-INTEREST EXPENSES	2,521,463	2,364,804	156,659	6.62%
DIVIDEND & INTEREST EXPENSES				
Share Accounts	59,760	73,238	(13,477)	-18.40%
Drafts & MMAs	286,764	284,777	1,987	0.70%
Term Share Certs	1,011,031	813,592	197,439	24.27%
IRAs	210,879	158,023	52,855	33.45%
TOTAL DIVIDEND & INTEREST	1,568,434	1,329,630	238,804	17.96%
NET OPER. GAIN/(LOSS)	475,679	601,997	(126,318)	-20.98%
NON-OPER GAIN/(LOSS)	-	-	-	
NET GAIN/(LOSS)	475,679	601,997	(126,318)	-20.98%

FINANCIAL RATIOS

	Other Credit Unions	Members FCU	Difference
ROA (Profitability)	0.61%	0.77%	0.11%
Cost of Funds (Interest paid to members)	2.35%	2.55%	0.20%
Operating Expenses	4.21%	3.82%	-0.39%