

February 20, 2010



COCONINO FEDERAL CREDIT UNION

55th Annual Meeting

Agenda

1. Call the meeting to Order
2. Ascertainment of a Quorum
3. Approval of the minutes of 2009 meeting
4. Acknowledgement of Officer's Reports
5. Call for New Business
6. Elections
7. Door Prizes



Annual Report

Minutes of 2009 Annual Meeting

Coconino Federal Credit Union's annual meeting was held February 21st, 2009 at the Woodlands Village Office.

The meeting was called to order at 10:00am by Chairman Dan Smith. Also in attendance were the following Board members; Bob Orrill, Gary Krcmarik, Olivia Lorents, Rob Cook, and Secretary Helen Heal. Jims Muns was absent. Members of the Board and Supervisory Committee who were in attendance were introduced. Also present were: President/CEO Jennifer Harris, CFO Katherine Escalera, Manager Marlene Baca, Andrea Eubanks and several other staff members. There were also approximately 14 members present.

The first order of business was the ascertainment of a quorum. After reviewing the 2008 Annual Meeting's minutes, Bob Orrill moved to approve the minutes as written; member Hobart Tompkins seconded the motion from the floor, and the motion carried unanimously.

The acknowledgement and review of the Officer Reports

were duly noted.

There were no new items of business.

After more than three decades of service to Coconino Federal Credit Union, Chairman Dan Smith tendered his resignation. Two incumbents, Gary Krcmarik and Helen Heal, were both seeking reelection. Dana Rich, a member in good standing ran for the third position. Three times, Chairman Smith called for nominations from the floor, but none were forthcoming. Bob Orrill then moved and Marge Ellis seconded that the three candidates be accepted to the Board of Directors. The motion passed. After the elections were completed, Barbara and Joe Brown, long-time members of the Supervisory Committee, were honored. Presentations were made by Chairman Smith, honoring the Browns with gifts for their devoted service. Bob Orrill then presented a gift to Dan Smith for his long and dedicated service.

Drawings were held for door prizes. After the numerous prizes were won, Gary Krcmarik moved that the annual meeting be adjourned; Bob Orrill seconded the motion. The motion carried. Adjournment by Chairman Smith concluded the meeting at 10:20 a.m.

At 10:23 a.m. the Board members met in a closed executive session to elect officers for the new terms. The newly elected officers are as follows: Chairman Bob Orrill, Vice-Chairman Gary Krcmarik, and Secretary Rob Cook. The other members of the Board include Olivia Lorents, Jim Muns, Dana Rich and Helen Heal. With no further business, Helen Heal made the motion to adjourn; Gary Krcmarik seconded, the motion carried unanimously. The meeting was then adjourned at 10:30a.m. by our new presiding officer, Chairman Bob Orrill.

Helen Heal
Secretary

3 Locations for Your Convenience:

East Flagstaff—2215 E Seventh Ave. 928-526-9179 Fax— 928-527-0971

West Flagstaff —2800 S Woodlands Village Blvd. 928-913-8100 Fax-928-913-8139

Page—112 E Sixth Ave. Ste 2 928-645-2035 Fax-928-645-5944

www.coconinofcu.org

Chairman of the Board's Report

Dear Coconino Federal Credit Union members:

While 2009 was another challenging year for everyone, uncertainty continues to surround almost everything we do, especially in the financial industry. There does not seem to be a week that goes by without hearing on the news about questionable decisions and ethics by some of the larger financial firms.

What makes us different?

Coconino Federal Credit Union is owned by its members. It does not need to produce profits for stock holders and boards. It reinvests earnings to benefit all owner/members. The board of directors is comprised of volunteers. One member, one vote, regardless of the amount of money you have invested. A credit union is a cooperative financial

institution that is owned and controlled by its members, and operated for the purpose of promoting thrift, providing credit at reasonable rates, and providing other financial services to its members.

I am proud to be, not just the Chairman of the Board of Directors, but also most importantly, I am a member of Coconino Federal Credit Union. While these times are difficult for everyone, rest assured your management and staff is working tirelessly for you, to keep our credit union safe and secure. I have witnessed first hand the commitment and dedication of the member employees and the member volunteers of our credit union as they work to guide us through these times.

You have a choice on which financial institution you use. Thank you for

choosing Coconino Federal Credit Union as your financial partner. We will continue to provide our member/owners with the best financial value available by providing top products, competitive rates, and friendly and neighborly service.

Thank you.

Bob Orrill

Chairman

Coconino Federal Credit Union

Supervisory Committee Report

The Board of Directors appoints the members of the Supervisory Committee whose task is to monitor and evaluate the operation of the credit union in following credit union policies and regulations of the National Credit Union Administration. This is done with the help of internal auditors and an independent accounting firm appointed by the supervisory committee. The independent accounting firm then reports to the supervisory committee and the credit union. The supervisory committee also engages an independent firm to perform a 100% membership verification every 2 years. This was completed in 2009 to our satisfaction.

Audits and reviews by internal auditors, as well as an independent accounting firm give a clear picture of how the credit union is doing financially.

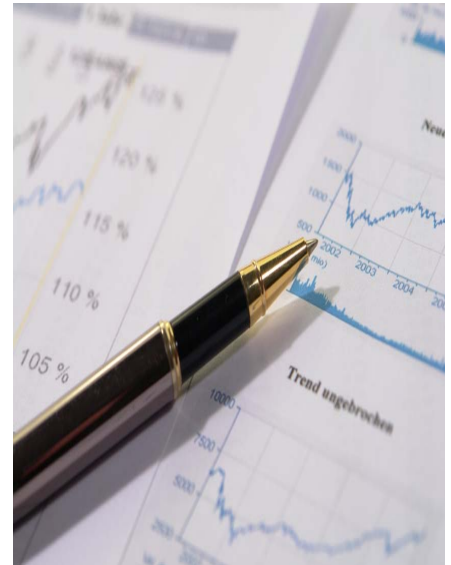
Together the committee and auditors determine if the credit union is following regulations and ensure that the credit union is actively using sound financial loan and investment programs which comply with NCUA regulations.

The supervisory committee will continue to meet in 2010 to monitor the safe and sound operation of Coconino Federal Credit Union which continues to grow.

Betsy Suter

Chairperson

Supervisory Committee



President's Report

During tough economic times it is good to know your credit union is still a safe, secure and strong financial institution. Thanks to the dedicated staff and our volunteer board of directors, we have weathered the 2009 financial storm. We don't think it is over and we still have plenty of challenges ahead but our duty remains clear; to continue to offer our members the best service, products and services we possibly can.

Now more than ever, the difference between a bank and credit union is clear. Our volunteer board of directors is unpaid. Our members (you) are our owners, so instead of paying board members or stock holders we

pay you with low rates on loans, competitive rates on savings and low fees.

The recent financial turmoil has created some new opportunities and some new hurdles. During this past year credit unions have distinguished themselves as the best choice for a financial institution. Our not-for-profit cooperative spirit is alive and well, which gives us the opportunity to tell the world how valuable the credit union movement is. We look forward to growing in 2010 and offering new products and services to better serve our membership. Recent events have also created a new batch of updated regulations. You will start to see the changes soon. The look of your statement will be different and more

information will be provided to help you make informed financial decisions. Over the next few months keep an eye on your mail for important notices from us explaining upcoming changes to your accounts.

Remember, your credit union is federally insured by NCUA (National Credit Union Administration) for \$250,000 per account and IRAs are insured separately.

We appreciate your membership and we are committed to taking care of your financial needs.

Jennifer R Harris

President/CEO

Mission Statement

Coconino Federal Credit Union's Mission Statement

"People Helping People"

We are a not-for-profit financial institution providing quality products and services, while returning value to our member owners



Did you know?

- ◆ Coconino Federal Credit Union has been serving Coconino County since 1955.
- ◆ We operate 7 ATMs—6 in Flagstaff and 1 in Page.
- ◆ We have free online banking and FREE online bill pay
- ◆ We offer a full range of saving, checking and loan products to meet your every need.
- ◆ We are the only financial institution based in Coconino County.
- ◆ Anyone that lives, works or worships in Coconino County can open an account, tell your friends!

Financial Statements

Statement of Financial Condition

December 31	2008	2009
ASSETS		
Loans to Members	\$27,069,365	\$27,918,938
Allowance for loan losses	(\$474,053)	(\$570,810)
Investments	\$4,499,593	\$11,097,141
Property and Equipment	\$2,083,603	\$2,010,925
Cash and Cash Equivalents	\$6,200,934	\$1,882,035
Other Assets	\$631,832	\$336,099
Total Assets	\$40,011,274	\$42,674,328
LIABILITIES		
Accts Payable/Accrued Exp	\$509,510	\$188,597
Members Share Accounts	\$35,665,128	\$38,783,863
Regular Reserve	\$1,614,110	\$1,614,110
Undivided Earnings	\$2,222,526	\$2,087,759
Total Liabilities & Members' Equity	\$40,011,274	\$42,674,328

Board of Directors:

Chairman—Bob Orrill
 Vice-Chairman—Gary Krcmarik
 Secretary—Rob Cook
 Member—Helen Heal
 Member—Jim Muns
 Member—Olivia Lorents
 Member—Dana Rich

Supervisory Committee:

Chairperson—Betsy Suter
 Member—Sam Grammer
 Member—Erin Moore

Statement of Income

December 31	2008	2009
Income		
Net Interest from Loans	\$1,851,243	\$1,915,391
Investment Income	\$299,079	\$201,666
Other Income	\$1,022,169	\$1,048,633
Total Income	\$3,172,491	\$3,165,690
Operating Expenses		
Comp. & Employee Benefits	\$889,825	\$899,978
Office Occupancy	\$183,803	\$180,743
Office Operating Expenses	\$647,418	\$679,586
Other Expenses	\$256,708	\$266,622
Total Operating Expenses	\$1,977,754	\$2,026,929
Income before Dividends	\$1,194,737	\$1,138,761
Provision for Loan Losses	(\$634,455)	(\$664,950)
Dividends to Members	(\$677,176)	(\$488,712)
NCUSIF Corp Stabilization Exp		(\$53,363)
Loss on Investments (FirstCorp CU Write Down)		(\$66,504)
Total Net Income (Loss)	(\$116,894)	(\$134,768)

Growth Charts

