



ANNUAL REPORT

MEMBERS
COOPERATIVE
CREDIT UNION
Real life. Real benefits.®

REPORT FROM THE BOARD OF DIRECTORS

2010 proved to be another difficult year for financial services providers throughout the region and around the country, but we as a Board of Directors are proud to report that Members Cooperative Credit Union remains strong and solvent. It's our fervent belief that the Management Team and staff at MCCU have played a key role in our continued strength. Throughout the recent economic challenges, they have found ways to innovate, view challenges as opportunities, expand product offerings, and become even better stewards of your dollars.

The Board itself has seen the departure of one familiar face, and the arrival of a new one. Dennis Genereau has resigned, and we thank him for his service to our membership.

We are pleased to welcome Pascha Parks to the Board of Directors. Pascha is the Vice President and Partner at a Duluth marketing firm, The JPG Group, and she is also the Vice President and Partner for Gizmoz Promotional Products. Pascha is a lifelong member of MCCU, and brings substantial professional credit union experience to the Board. She worked as the Duluth branch manager for Affinity Plus Federal Credit Union, and served as Vice Chairwoman of the Arrowhead Chapter of the Minnesota Credit Union network. We are fortunate to have someone with Pascha's background on our Board!

We continue to focus on the betterment of youth in our communities. I'm pleased to share with you that our Community Youth Foundation is up and running. In 2010, we awarded \$5,000 in scholarships, as well as several thousand dollars in contributions to organizations in our communities which serve our youth. Look for continued growth and activity from the Foundation in 2011. In addition, we are pleased to now offer our BuckWise™ financial education classes for teens online at membersccu.org. If you have a teenager in your life, remember it's never too early to start them down the path to a healthy financial future!

Thank you for trusting Members Cooperative Credit Union for your financial services needs. If you are currently working with other financial institutions, I'd encourage you to take a look at moving all of your business to MCCU. The MCCU staff would be pleased to help you find ways to save money and simplify your life.

Respectfully submitted,

Harvey Korby
Board Chair
Members Cooperative Credit Union



THE MCCU BOARD OF DIRECTORS:

(left to right) Mary Nutting,
Andy Bailey, Sandy Green,
Harvey Korby, Adele Hartwick
and Pascha Parks
(not pictured) Steve Micke

20
10

REPORT FROM THE PRESIDENT

2010 has been a year of challenges that has tested us all. MCCU has remained strong, and is committed to the credit union industry and to our membership. As economic conditions continue to test the financial industry, the National Credit Union Association's (NCUA) insurance fund has been stretched to support those credit unions that are experiencing challenges.



“Your money is safe
with MCCU, and
with our products
your money works
hard for you.”

As a member of NCUA, we share in our responsibility with all credit unions to maintain the insurance fund and operate as partners. Our strong performance in 2010 has provided income to support our membership and the credit union industry, and continue to meet our obligations in helping restore and maintain the corporate credit union's capitalization.

This last year has brought us unforeseen challenges, with the necessary closure of our Central Office. Damage from water and weather has forced us to shut down the office, out of concern for our member's and our employee's health and safety. We recognize the inconvenience to those loyal members served by the office, and we have worked hard to provide options and access to our nearby Miller Hill and Spirit Valley offices, as well as 24/7 electronic access to accounts and services. Employees affected were reassigned to other offices and we have been able to prevent any job loss from this closure. We remain committed to a presence in the East Side and will continue to look for viable and financially sound opportunities in the coming years.

Our commitment to our membership and our mission to provide financial solutions and opportunities has been further enhanced through our MembersPlus suite of financial products. As we encourage our members to use MCCU as their primary financial institution, savings products have been introduced that provide some of the highest rates in the Northland for members who keep and maintain their checking and savings accounts with us. Our consumer loan rates are also made more attractive by the features of lower rates for members who enroll in an automatic payment schedule from an MCCU account. Member benefits provide the best rates on Money Market savings accounts, certificates of deposit, IRAs and our newest product, the MembersPlus Health Savings Account (HSA).

We continue to explore partnerships and opportunities with local and national vendors to enhance the benefits to our members. Our share savings account still provides you with free life insurance benefits for those who qualify that match the balance of your share savings to a life insurance benefit, up to a maximum of \$4,000. Our partnership with Sprint provides discounted services simply by being a member of MCCU. In addition, Sam's Club and AAA will soon be offering additional discounts and services to our members. Look for details about both of these new benefits in upcoming member communications.

Our soundness means your safety. Your money is safe with MCCU, insured to \$250,000, and with our products your money works hard for you. We owe our success and our strong financial position to our membership, and to our committed Board of Directors, Supervisory Committee and staff who work hard to live our mission.

We promise to treat you with the highest level of professionalism and respect, identify your needs and provide solutions that will help you, make it easy to work with us, and strive to exceed your expectations every time.

Respectfully submitted,

Tammy Heikkinen
President/CEO
Members Cooperative Credit Union



SUMMARY STATEMENTS OF FINANCIAL CONDITION

AS OF DECEMBER 31	2010	2009
ASSETS		
Cash and cash equivalents	\$14,979,751	\$6,990,888
Net investments	6,844,305	12,519,615
Loans, net	251,035,003	240,898,195
Accrued interest receivable	1,016,380	1,113,307
Fixed assets, net	9,324,495	9,854,718
NCUSIF deposit	2,377,826	2,238,471
Other assets	12,638,926	9,109,021
TOTAL	298,216,686	282,724,215
LIABILITIES AND MEMBERS' EQUITY		
Liabilities		
Member savings	256,351,373	236,340,694
Other liabilities	6,711,126	14,705,399
	263,062,500	251,046,093
Members' Equity		
Statutory reserves	8,062,717	8,062,717
Undivided earnings	27,091,469	23,615,405
	35,154,186	31,678,122
TOTAL	\$298,216,686	\$282,724,215

SUMMARY STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31	2010	2009
Interest income	\$17,792,819	\$17,115,882
Dividend and interest expense	3,033,573	4,095,531
Net interest income	14,759,247	13,020,351
Provision for loan losses	2,650,585	2,593,333
Net interest income after provision for loan losses	12,108,662	10,427,018
Non-interest income and (expense)		
Service fees and other income	3,910,500	3,600,032
Operating expenses	(11,929,403)	(11,408,514)
Corporate credit union and NCUA charges	(613,695)	(1,835,772)
	(8,632,598)	(9,644,254)
Net income	\$3,476,064	\$782,764

OUR SERVICES

CHECKING

We offer two versions of our regular checking accounts - or earn while you save paper with EcoChoice™.

- Basic Checking
- Classic Checking (50+)
- EcoChoice™ Checking

SAVINGS

Whether saving for college, the holidays or that proverbial rainy day, we have an account to meet your needs.

- Savings
- MembersPlus Money Market Savings
- Emergency Fund Account
- Christmas Club
- Dollar Dog Kids Club
- BuckWise™ for Teens

INVESTMENTS

We're proud to offer some of the most competitive rates around on:

- MembersPlus CDs
- MembersPlus IRAs
- MEMBERS Financial Services™ Investments and Financial Planning

MORTGAGE

- Conventional
- FHA
- VA
- Construction

LOANS

We'll help you get there, with loans for:

- Home Equity
- Lines of Credit
- Private Student Loans
- Vehicle
- Recreational Vehicle
- VISA™ Credit Card

E-SERVICES

With our e-banking services, you can access your accounts or pay bills anytime, anywhere.

- Online Banking
- Online Bill Pay
- e-Statements

REPORT FROM THE SUPERVISORY COMMITTEE

2010

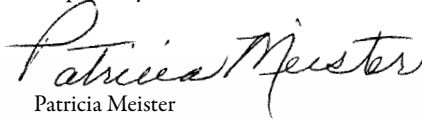
The Supervisory Committee's role is to ensure the safety and soundness of the credit union. We review financial records for completeness and accuracy; check to see that internal controls, policies and procedures are maintained and followed; make certain appropriate safeguards are in place to protect credit union assets; and ensure that Board and Management continue to serve the best interests of MCCU and its members while maintaining strict adherence to federal and state regulations. While outside professional 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 annual opinion audit of MCCU's records. In 2010, we selected Larson Allen to perform this important audit, and we chose RSM McGladrey to carry out additional audits throughout the year. After completion, we review the audits to make certain all recommendations have been implemented.

In addition to the audits, we conduct cash counts at each branch on a quarterly basis. These unannounced counts serve as a check on the credit union's operations. Through these, we ensure that policies, procedures and external regulations are being adhered to, and that operations are running smoothly. We also hold a quarterly "work day," where we review accounts payable, employee loans, board and committee expense vouchers and other items.

For 2010, the Supervisory Committee is pleased to report that MCCU's Board of Directors, management and staff have been excellent stewards of the organization's assets - your assets.

Respectfully submitted,



Patricia Meister
Supervisory Chair
Members Cooperative Credit Union

THE MCCU SUPERVISORY COMMITTEE:

(left to right) Tom Mettner,
Don Walsh, Patricia Meister
and Steve Kimber



MEMBERS
COOPERATIVE
CREDIT UNION
Real life. Real benefits.®

MEMBERSCCU.ORG
218-625-8500 • 800-296-8871

AITKIN
18 First Street North East

CLOQUET
101 14th Street

DULUTH-MILLER HILL
1600 Miller Trunk Highway

DULUTH-SPIRIT VALLEY
215 North 40th Avenue West

MCGREGOR
149 West Highway 210