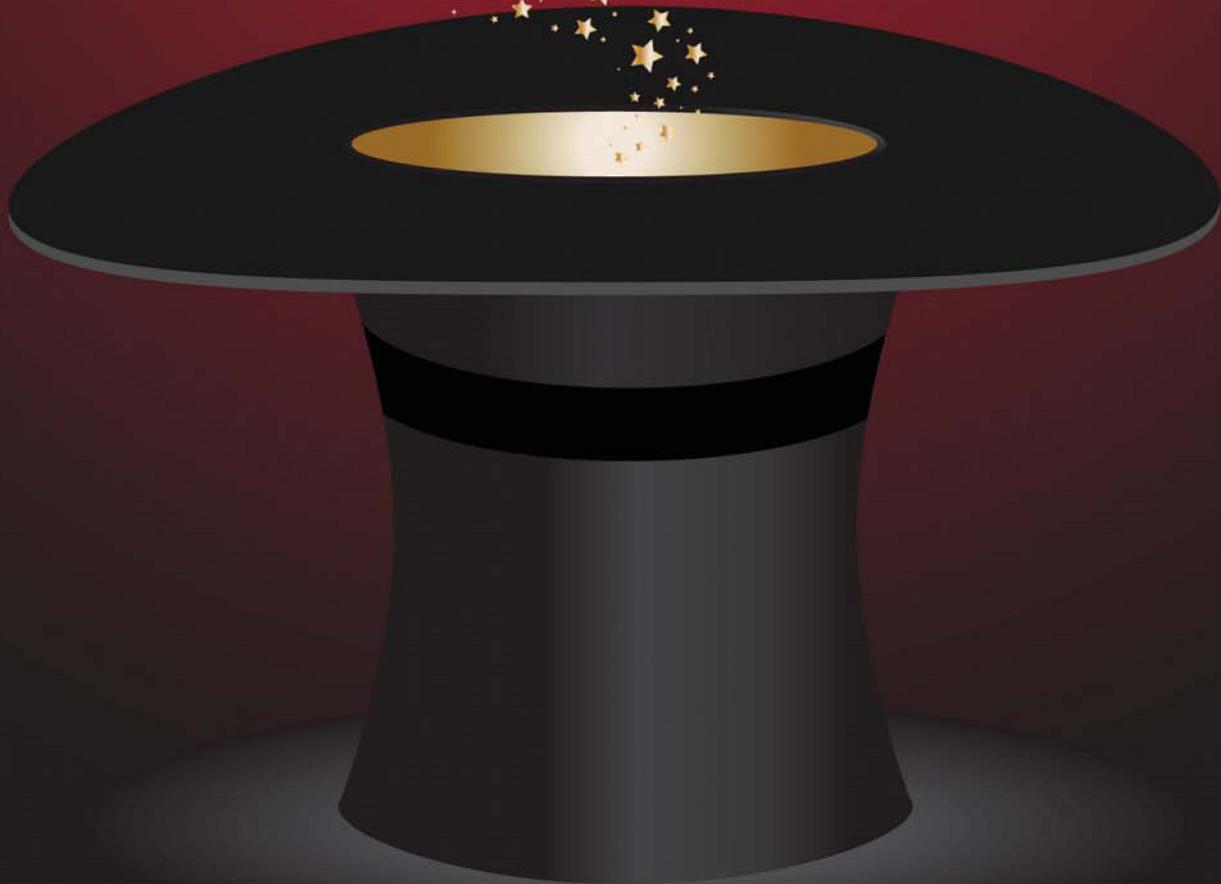
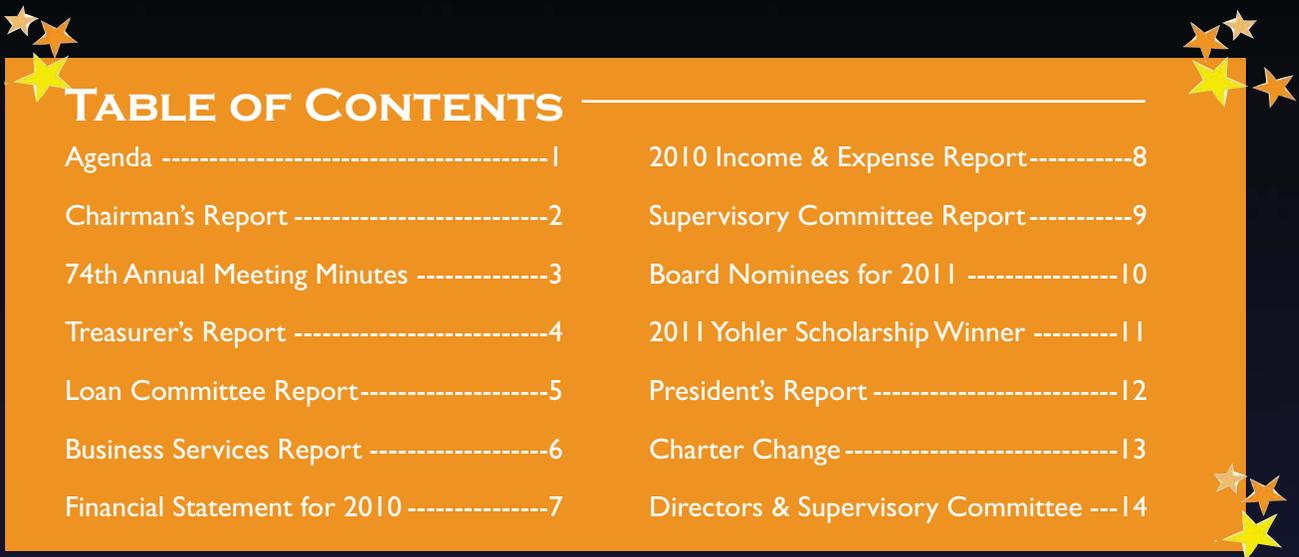


# 2010 ANNUAL REPORT

**WGE**  
FEDERAL CREDIT UNION





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## 2011 BUSINESS MEETING AGENDA

**Call to Order**

*Johnny Reason, Board Chairman*

**Establishment of Quorum**

**Introduction of Directors**

**Reports to Membership** All reports are available in this Annual Report

- |                               |  |
|-------------------------------|--|
| Chairman’s Report             | <i>Johnny Reason</i>                                 |
| Minutes – 74rd Annual Meeting | <i>George McKibben, Secretary</i>                    |
| Treasurer’s Report            | <i>Marilyn Smith, Treasurer</i>                      |
| Loan Committee-----           | <i>Dana Baker, Senior VP of Operations</i>           |
| Business Services Group       | <i>Chris Courtney, Director of Business Services</i> |
| Supervisory Committee         | <i>Steve Rose, Supervisory Chairman</i>              |
- Motion to approve the above reports

**Unfinished Business**

None for this meeting *Johnny Reason*

**New Business**

- |   |   |
|---|---|
| Board of Directors Election Results         | <i>Johnny Reason</i>                    |
| William H.Yohler Memorial Scholarship Award | <i>Johnny Reason</i>                    |
| President’s Comments                        | <i>Jeffrey E. Sikora, President/CEO</i> |
| Recognition of Staff                        | <i>Jeffrey E. Sikora</i>                |

**Questions and Answers**

*General Board*

**Adjournment**

*Johnny Reason*

Motion to adjourn this 75th Annual Meeting of WGE Federal Credit Union

**Door Prize Drawing**



# CHAIRMAN'S REPORT FOR 2010

Tonight, we celebrate our Credit Union's first 75 years in business. Back in 1935, a group of volunteers pooled their money and chartered a financial cooperative with the mission of providing financial benefit for its members. The services available were simple: share accounts to encourage systematic savings, and small-dollar personal loans. Cash was kept in a cigar box, and member account balances were tracked on ledger cards by part-time volunteers.

Our Credit Union has evolved from that humble beginning to the dynamic institution it is today. Those initial volunteers wouldn't recognize the current multi-branch, full service, technology-oriented institution as the same organization they started in 1935! The Credit Union has undergone tremendous development. The fact it's survived for 75 years attests to how successfully the Credit Union has recognized the dynamic nature of member needs and adapted to provide for them. Had it not adapted, it would not have survived.

Turning to look at the Credit Union's future, the need for ongoing change is as important as any time in its 75 year history. In fact, due to the increased pace of change within the financial services market, the need for continual and ongoing development is greater than ever. It doesn't take long to fall behind in today's competitive environment. (Just as) Today's Credit Union could not survive using ledger cards and a cigar box, tomorrow's organization couldn't survive by relying on today's arrangement. In order to continue its Mission of providing financial benefit for its members, the Credit Union must recognize new opportunities, adapt its operations, and continue its progression.

While operational and organizational change will always be necessary, there is one thing that will never change. That one thing is our commitment to the Credit Union philosophies of "Not for Profit, Not for Charity, but for Service!" and "People Helping People". Commitment to these philosophies drove those initial volunteers; it drives our current staff and volunteers, and will continue to drive our future leaders. It's been the cornerstone of our past success and will continue to be into the future.



Johnny Reason,  
Board Chairman



# MEETING MINUTES FROM 2010



George McKibben,  
Secretary

The 74th Annual Meeting was held at the Horizon Convention Center in Muncie, Indiana on April 24, 2010.

**Call to Order:** Chairman Johnny Reason called the business meeting of WGE Federal Credit Union to order at 7:45 p.m.

**Board of Directors Roll Call:** Roll call was taken by Secretary, George McKibben. Present were Johnny Reason, Linda Mann, George McKibben, Marilyn Smith, LaRue Cross, and Jim Butler. Absent was Madlyn Clevenger. Motion to accept roll call by McKibben, second by Mann, motion carried. McKibben recognized a quorum was present.

**Annual Report:** Reason identified the lists of reports included in the 2009 Annual Report brochure; Chairman's Report, Minutes of 73rd Annual Meeting, Treasurer's Report, Loan Committee Report, and Supervisory Committee Report. Motion to accept the reports as printed made by McKibben, second by Smith, motion carried.

**Unfinished Business:** Reason stated there is no unfinished business.

**New Business:** No new business from the floor.

**Election Report:** Reason reported that the nominating committee's slate of officers were all incumbents: Clevenger, Cross, and Mann. There were no nominations by petition so the slate was approved by acclamation. Motion by McKibben to accept the slate, second by Mann, motion carried. Reason thanked the Directors for their dedicated volunteer service. William H. Yohler Memorial Scholarship Award: Jeff Sikora introduced the Scholarship Committee, Lissa Yohler-Campbell and Dorothy McGraw. Campbell announced Anna Ruth Merrill as the recipient of the 2010 Yohler Memorial Scholarship.

**Special Recognition Award:** Sikora introduced John McKenzie, President of Indiana Credit Union League. McKenzie congratulated WGE on 75 years of service to its members. McKenzie awarded Reason and Sikora with two plaques recognizing WGE by the National and State associations.

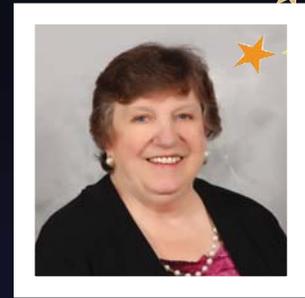
**President's Comments:** Sikora commented that the jungle theme is appropriate because WGE is competing in a financial jungle and only the strong survive. He commented that WGE has been able to survive through adapting to members' needs. This adaptation and staying true to the credit union philosophy have been the keys to our past and will be the keys to our future success.

**Questions from the Floor:** Reason asked for questions from the floor. None were presented.

**Adjournment:** McKibben made motion to adjourn at 8:10 p.m., second by Smith, motion carried.

# TREASURER'S REPORT FOR 2010

WGE FCU's financial performance in 2010 reflected the on-going ripple-effect of the crisis in the financial services market and the poor local economy. At the national level, the Credit Union industry continued to feel the influences of the melt-down of the mortgage industry and its impact on Corporate Credit Unions and the National Credit Union Share Insurance Fund (NCUSIF). Locally, continued high rates of unemployment and on-going job scarcity contributed to higher levels of defaults and low loan demand. As serious as this threat was, WGE FCU had the financial strength to withstand the impact. WGE had a capital level of over 11% at year-end. NCUA defines a capital level of 7% as "well-capitalized", so we remain safe and strong!



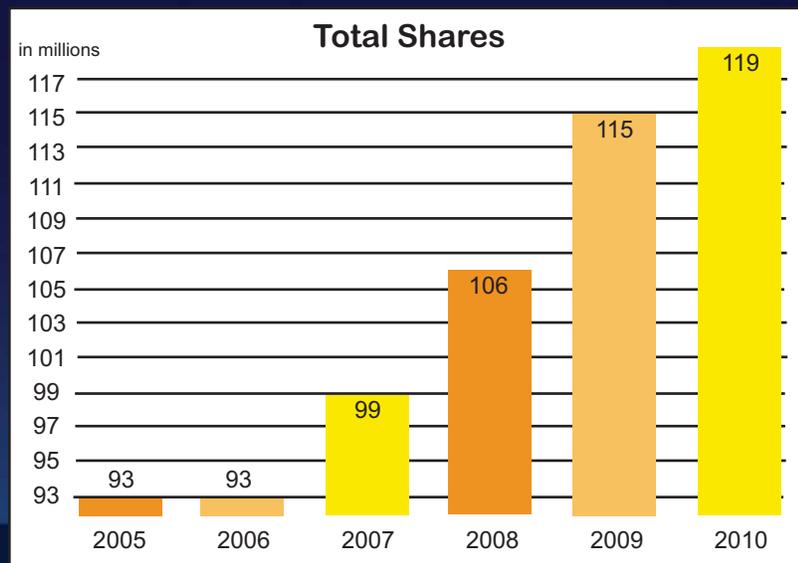
Marilyn Smith,  
Treasurer

Beyond the Credit Union's earnings, 2010 saw the Credit Union diversify itself into other markets. In April, WGE launched its new Business Services Group, which resulted in 34 commercial loans being booked and nearly \$3.5 million being lent to local member businesses. Commercial Lending was a welcome boost to the Credit Union's portfolio.

Other noteworthy items from 2010:

- Assets grew 2.49%
- Loans outstanding grew 5.11%
- Total Loan Production was \$39,470,340
- Deposits grew 3.23%
- WGE paid over \$1.3 million in dividends to depositors

In closing, I want to emphatically state that WGE remains financially safe, strong and well capitalized! Our commitment as a Board is to the long-term viability and survival of your Credit Union!



Total shares rose from \$115,218,432 in 2009 to \$118,938,341 in 2010, creating an 3.13% increase in one year.

# LOAN COMMITTEE REPORT FOR 2010



Dana Baker,  
Senior Vice President  
of Operations

The business year 2010 was a time for WGE to position itself for growth.

WGE launched Commercial Services Group in April, 2010. Since that time, we have originated more than 34 Commercial Loans totaling over \$6,500,000. Commercial Lending and Commercial Deposit products are two ways in which we expanded our offerings to the membership.

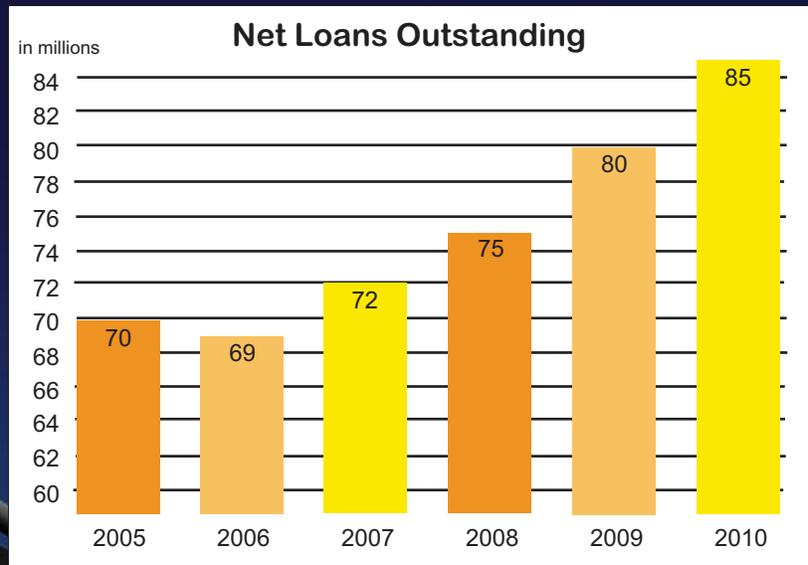
The loan production for 2010 consisted of:

- \$5,939,500 - Real Estate Loans
  - \$24,975,513 - Consumer Loans
  - \$1,966,650 - Credit Cards
  - \$6,588,677 - Commercial
- for total loan production of \$39,470,340

Loan portfolio composition

- \$36,183,242 - Real Estate Loans
  - \$35,980,590 - Consumer Loans
  - \$9,898,388 - Credit Cards
  - \$3,443,858 - Commercial
- for a total loan portfolio of \$85,506,078

WGE's net loans outstanding in 2009 was \$80,434,344. In 2010, it increased to \$84,542,429 for a 4.86% increase.



# BUSINESS SERVICES GROUP REPORT FOR 2010

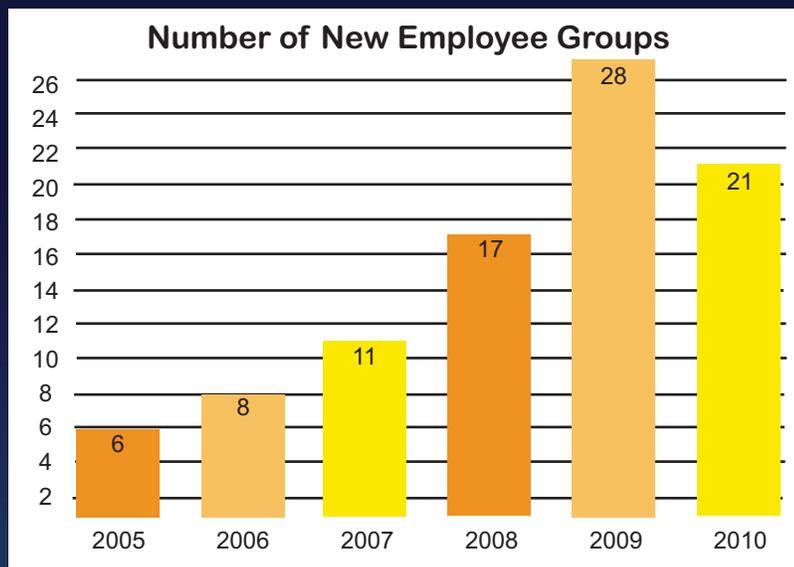
In April 2010, WGE Federal Credit Union was very pleased to roll out its new Business Services Group. Focusing on small- to medium-sized businesses, the Business Services Group enjoyed the immediate impact of success. Total loan production from the Business Services Group was \$5,636,650 with \$5,344,500 in commercial loans and \$292,150 in consumer and mortgage loans. At the end of 2010, the total for loans outstanding for the commercial loan portfolio was \$3,443,858.

The Business Services Group also had success in the business deposit arena. Total deposit balances at the end of 2010 were \$705,000.

In summary, 2010 was a very successful year for the Business Services Group and we hope to continue to build on that success in 2011. We are always looking for “a way to say YES”!



Chris Courtney,  
Director of  
Business Services



*Before WGE changed its charter in 2011, they added 21 more Select Employee Groups (SEGs). These are companies and organizations that joined the Credit Union, allowing their employees and their families access to WGE's services.*

# FINANCIAL STATEMENT FOR 2010

## ASSETS

Home Equity Loans _____	6,802,415.11
Real Estate Loans _____	29,380,826.94
Member Business Loans _____	3,443,858.21
Share Secured Loans _____	787,818.20
All Other Loans _____	35,268,230.26
Visa Gold _____	3,777,361.53
Visa Classic _____	1,384,510.69
Visa Platinum _____	4,736,515.34
Total Loans _____	85,581,536.28
Allowance for Loan Losses _____	(1,039,106.63)
Net Loans Outstanding _____	84,542,429.65
Cash _____	3,563,131.52
Corporate Investments _____	11,752,172.25
Bank CDs _____	28,046,015.00
NCUSIF _____	1,163,880.38
All Other Investments _____	4,195,993.64
Total Investments _____	45,158,061.27
Land & Buildings _____	2,825,095.29
Furniture & Fixtures _____	736,902.81
All Other Assets _____	638,131.69
<b>TOTAL ASSETS _____</b>	<b>137,463,752.23</b>

## LIABILITIES

Accounts Payable _____	335,749.78
Dividends Payable _____	55,427.00
Unapplied DP Exceptions _____	2,645,764.65
All Other Liabilities _____	344,059.24
Share Certificates _____	33,388,588.23
Share Draft Accounts _____	16,875,634.76
Regular Shares _____	37,189,066.43
Money Market Shares _____	18,360,178.37
IRA Accounts _____	13,124,873.99
Total Shares _____	118,938,341.78
Regular Reserves _____	3,147,530.33
Undivided Earnings _____	11,996,879.45
Total Equity _____	15,144,409.78
<b>TOTAL LIABILITIES &amp; EQUITY _____</b>	<b>137,463,752.23</b>



# INCOME AND EXPENSES FOR 2010

2010

2009

## INCOME

Interest Income on Loans	5,804,338.77	5,475,786.34
Investment Income	623,374.17	921,312.99
Other Operating Income	2,557,438.78	3,279,194.36
Total Income	8,985,151.72	9,676,293.69

## OPERATING EXPENSES

Employee Compensation	2,273,000.66	2,071,742.12
Employee Benefits	591,403.28	495,906.02
Travel & Conference	14,376.44	13,221.72
Association Dues	17,573.90	16,705.00
Office Occupancy	412,466.57	451,876.10
Office Operations	2,119,599.00	1,960,724.65
Loan Servicing	360,420.82	355,014.43
Professional & Outside Services	134,928.40	105,963.28
Member Insurance	43,056.09	45,445.03
Supervisory Fees	31,427.07	30,002.09
Miscellaneous Expenses	695,581.70	1,138,128.36
Total Operating Expenses	6,693,833.93	6,684,728.80

## INCOME FROM OPERATIONS

2,291,317.79

2,991,564.89

Dividend Expenses	1,351,400.74	1,862,602.73
Provision for Loan Losses	1,693,613.02	1,016,584.05
Gain/Loss on Investments	(305,760.34)	(806,031.50)
Gain/Loss on Fixed Assets	(14,908.49)	

## NET INCOME/LOSS

(1,074,364.80)

(693,653.39)



# SUPERVISORY COMMITTEE REPORT FOR 2010



Steve Rose,  
Supervisory Chairman

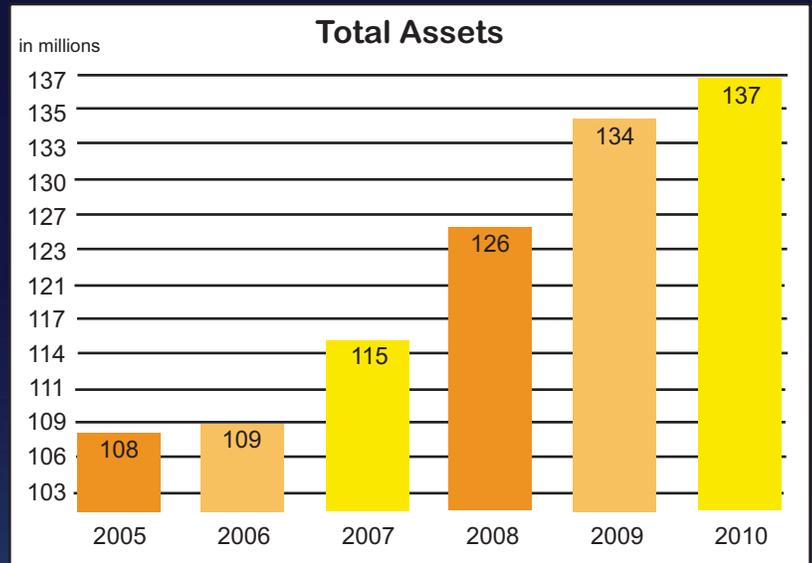
The Supervisory Committee's role within the Credit Union is to insure the financial records of the Credit Union are in order and comply with Federal Regulations.

In addition to the Supervisory Committee's operational oversight, it also employs the accounting firm of Whiting & Company LLC to perform the Annual Audit and Quarterly Reviews as required by the National Credit Union Administration (NCUA).

In 2010, this audit and quarterly reviews were performed by Whiting & Company LLC. They determined that all of WGE's accounts and records were in order and certified that the financial statements accurately reflected the Credit Union's financial position.

The Supervisory Committee also oversees the results of NCUA's Annual Examination. This examination insures the Credit Union is operating in a safe and sound manner and qualifies for Federal Deposit Insurance. The results of the 2010 NCUA Exam determined WGE was operating in a manner that complies with NCUA regulations and expectations, and that it did qualify for Federal Deposit Insurance.

Total Assets grew to \$137,463,752 in 2010 from \$134,126,032 in 2009, representing an increase of more than 2.4%.



# BOARD NOMINEES FOR 2011



Marilyn Smith  
Director

Marilyn is a life-long member of the Muncie community. She has been a member of WGE for over 40 years, and has served on the board for six years.

She is a licensed Realtor for Remax Real Estate Groups.

Marilyn has served on several committees that help make Muncie a better place to live and work.

Her family, four children, and 13 grandchildren, always bring a smile to her face.



Steve Rose  
Committee Member

Steve A. Rose is a 1971 graduate of Muncie Central High School and has spent the majority of his life in Muncie.

He retired from Borg Warner Automotive in 2009 after 30 years of service. While there, he served 12 years on the executive committee and many years as shop steward for Local 287 U.A.W.

He has served on the Supervisory Committee for WGE for the past four years.

He has been married to his lovely wife for 29 years.



Lora Hildreth  
Committee Member

Lora, along with her husband Charlie, has lived in the Gaston area for 26 years. They have two daughters, Holly and Betsy.

Lora is a graduate of Ball State University and is currently employed at the Madison County Community Health Center in Anderson.

She attends Center Chapel United Methodist Church where she serves on the Family Ministries Committee.

Lora has served on the WGE Supervisory Committee for the past two years.

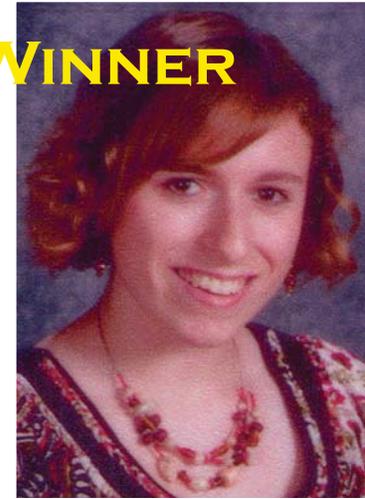


## 2011 WILLIAM H. YOHLER MEMORIAL SCHOLARSHIP WINNER

WGE Federal Credit Union has awarded the 2011 William H. Yohler Memorial Scholarship to Kasey Marie Needham.

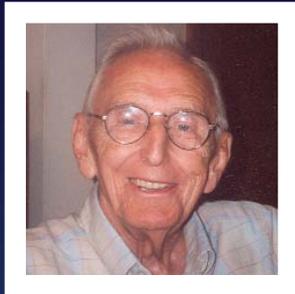
Kasey, a senior at Delta High School, is the daughter of Bruce and Lisa Needham. She plans on attending Ball State University to pursue a degree in Music Education for Voice. Kasey's career goal is to teach music in a school setting. She would also like to offer private lessons and perform in the community.

Included in her many achievements are membership in concert and chamber choir, jazz and prep band, French Club, and Best Buddies. She has volunteered at Muncie Civic Theatre, Minnetrista, and Delta's "Together We Can". Kasey has been a part of the Indiana All-State Honor Choir, Best Buddies International Leadership Conference, page for Representative L. Jack Lutz, ISSMA State Gold and District Gold Medalist, Planet Earth Singers, Ball State Summer Chorus, Swinging Sound assistant Choir Director, High Street UMC assistant Choir Director and Assistant Children's Sunday School Director, and Ball State Summer Jazz Band.



2011 William H. Yohler Memorial Scholarship  
**Kasey Marie Needham**  
Delta High School

## DEDICATED VOLUNTEER: WILLIAM (BILL) H. YOHLER



William (Bill) H. Yohler

The growth and success of WGE Federal Credit Union can be attributed to the many dedicated volunteers who have served over the years. WGE's longest serving volunteer was William (Bill) H. Yohler. Bill became a volunteer in 1944 and served for 57 years. In addition to Bill's dedication to the Credit Union, he was also active in the community as a civic and social volunteer.

After Bill's death in September 2001, WGE established a scholarship in his name. The goal of the scholarship is to recognize a student who shows Bill's dedication and concern for others through their own volunteer efforts.

In 2008, the scholarship was increased to \$4,000 payable in \$1,000 increments over four years. The funds may be used as the student sees fit and may be used at any university or college. Last year's scholarship winner was Anna Ruth Merrill from Cowan High School.

# PRESIDENT'S REPORT FOR 2010



Jeffrey E. Sikora,  
President and CEO

As we celebrate the Credit Union's 75th Anniversary this evening, we also are saying "Good-Bye and Thank You" to a couple of our directors. Family developments caused Director Linda Mann to resign earlier this year. Although she was a relative newcomer to our Board, we appreciated Linda's insights and perspectives. We'll miss her...thank you, Linda, for all your efforts.

Tonight also is Chairman Johnny Reason's last meeting; he is stepping down after serving two terms on our Board. And what a dynamic two terms they have been! Johnny was Board Chairman during a time of unprecedented change in the Credit Union's history. He recognized and accepted that changes were necessary, and he worked to make them happen. Some of the changes were difficult, and the reasoning behind them subject to second-guessing. Sometimes the desired results were not immediately forthcoming. Other times, things beyond our control wreaked havoc on our efforts. It was at these times that Johnny's leadership was most appreciated; he calmly kept sight of the goal and kept us moving forward. He's been a good steward of the Credit Union; fair, open-minded, unwavering in his direction and always driven by "doing the right thing". On behalf of the Membership, and from a very personal level; Thank you, Johnny! You have our deepest gratitude...

And while Johnny steps aside, the direction of the Credit Union continues. We share a clear vision of the Credit Union's future, and we press on towards it with enthusiasm and optimism! The organization continues to progress; some of the progress is evolutionary and not easily recognized. Other parts, like our recent adoption of a community charter, are more visible and revolutionary in nature. In either case, the Credit Union continues to progress through change. To change and adapt is how an organization survives; to stop changing is to die. The Credit Union's demonstrated success at adapting and changing is why we're celebrating our 75th Anniversary tonight.

As an organization, we are committed to the long-term success and survival of your Credit Union, and to our Mission of providing financial benefit to our members. Here's to the next 75 years of success....



# WGE FEDERAL CREDIT UNION OBTAINS COMMUNITY CHARTER

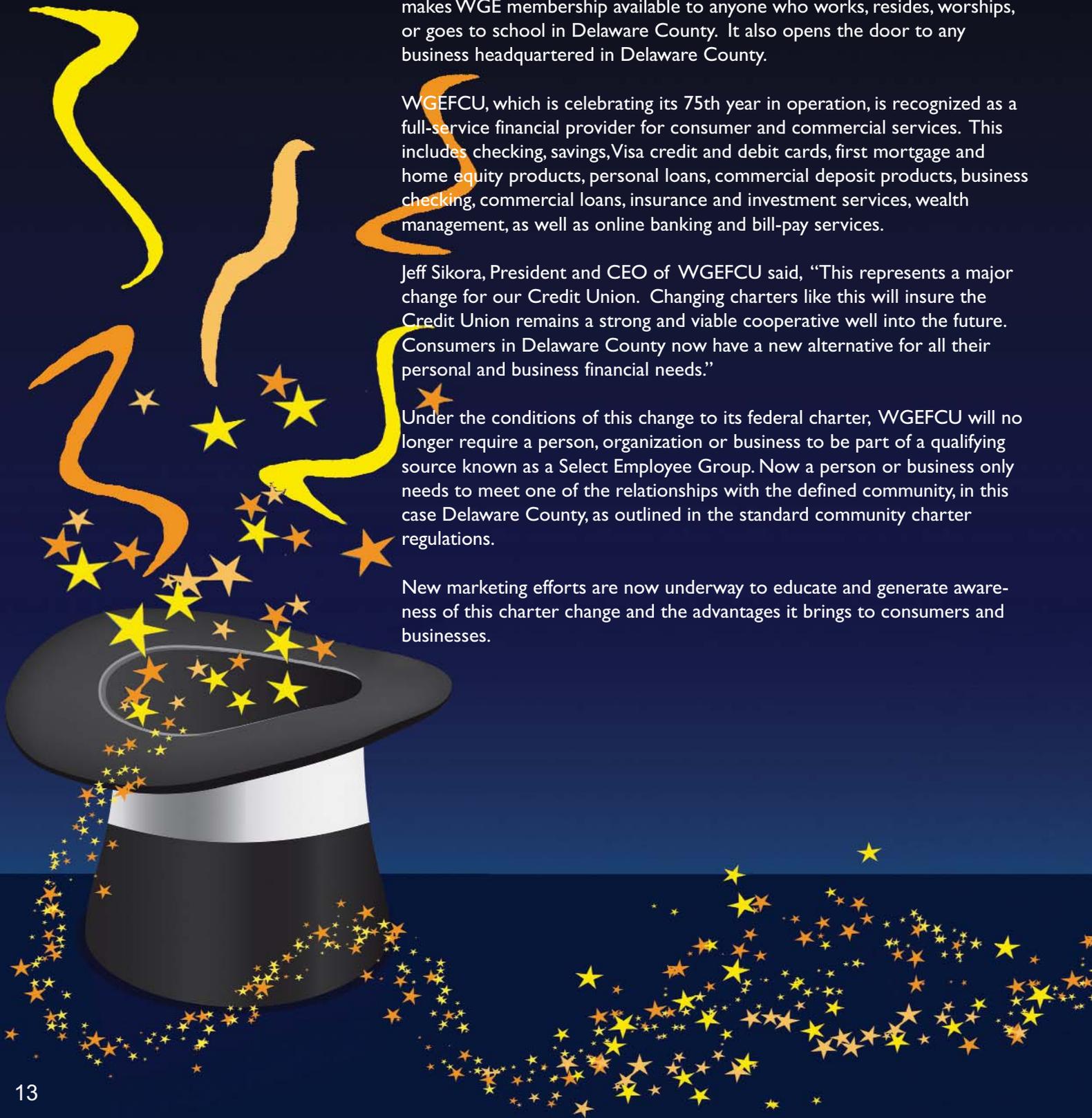
In March 2011, WGE Federal Credit Union (WGEFCU), the largest credit union based in Muncie and the 27th largest in the State of Indiana, announced it has received approval from the National Credit Union Administration (NCUA) to become community-chartered. This new charter makes WGE membership available to anyone who works, resides, worships, or goes to school in Delaware County. It also opens the door to any business headquartered in Delaware County.

WGEFCU, which is celebrating its 75th year in operation, is recognized as a full-service financial provider for consumer and commercial services. This includes checking, savings, Visa credit and debit cards, first mortgage and home equity products, personal loans, commercial deposit products, business checking, commercial loans, insurance and investment services, wealth management, as well as online banking and bill-pay services.

Jeff Sikora, President and CEO of WGEFCU said, "This represents a major change for our Credit Union. Changing charters like this will insure the Credit Union remains a strong and viable cooperative well into the future. Consumers in Delaware County now have a new alternative for all their personal and business financial needs."

Under the conditions of this change to its federal charter, WGEFCU will no longer require a person, organization or business to be part of a qualifying source known as a Select Employee Group. Now a person or business only needs to meet one of the relationships with the defined community, in this case Delaware County, as outlined in the standard community charter regulations.

New marketing efforts are now underway to educate and generate awareness of this charter change and the advantages it brings to consumers and businesses.



# BOARD OF DIRECTORS



Johnny Reason  
Chairman



Madlyn Clevenger  
Vice Chairman



Linda Mann  
Treasurer



George McKibben  
Secretary



Jim Butler  
Director



LaRue Cross  
Director



Marilyn Smith  
Director

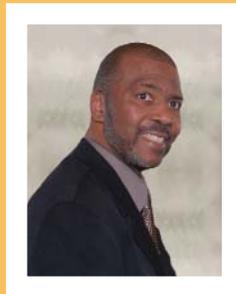
# SUPERVISORY COMMITTEE



Steve Rose  
Committee Member



Lora Hildreth  
Committee Member



John W James III  
Committee Member



Jason Webber  
Committee Member





The charts in this annual report are meant to be graphic representation, not exact numbers.