

## President/CEO Report

Jeffrey L. Hayes

Despite the many challenges that faced North Star Community Credit Union, 2008 ended relatively successful. Total Assets grew 10.14% to \$45,060,594 and net earnings improved 61.25% over the previous year ending at \$345,194, thus providing a 7.24% favorable increase in capital reserves. As a not-for-profit financial cooperative, the only avenue available to the credit union for generating capital reserves is by favorable year-end net earnings.

Other measurable positives also impacted the credit union. Total membership increased 1.15% to 8,722 strong. The overall loan portfolio increased 1.66%; however, this was offset by a 10.67% increase in deposit growth, which increases credit union liabilities. Nevertheless, through a process of wise asset-liability management, the credit union was able to manage the deposit increase in a manner that enabled the offering of very favorable savings, money market, and certificate deposit rates. After all, it is the favorable rates that attracted these deposits to the credit union.

The credit union constantly strives to update its products and services in a manner that will bring value and benefit to its membership. In 2008 we successfully implemented a new Internet online account access program along with eStatements and online bill pay. The new Internet access program provides a fresh and secure passage for registered users to access their accounts wherever they might have Internet access. eStatements are available to those that register so as to have access to their monthly statements electronically. This process is free and provides the ability to electronically store your statements, as opposed to maintaining the paper statements. The bill pay program provides members with a secure process to make payment of their various obligations without the need of writing a check, stuffing an envelope, and getting it in the mail. Bill pay is free for the first six months with unlimited transactions; thereafter members receive three free transactions per month with each additional transaction being only \$0.41, less than the cost of a postage stamp.

The credit union movement in the United States of America is now 100 years old. The movement has been continually successful at providing service and opportunity to credit union members that otherwise might not be available through other financial type institutions. Each of us may be proud of our credit union involvement, whether as member, volunteer, or employee. Working together is the key to success. The board, management, and staff of North Star Community Credit Union will continue working to keep our credit union strong and viable. We already know that 2009 will present a new set of challenges and we will diligently face them as they approach. By the end of 2009 we anticipate a relatively successful year, although off-set by regulatory impact related to efforts to stabilize the financial industry. Nevertheless, regardless of the challenges that come, we will stick to our credit union principles of "people helping people."

## North Star Community Credit Union 36th Annual Meeting Minutes

March 1, 2008

The 36th Annual Meeting of North Star Community Credit Union was held Saturday, March 1, 2008 at the Western Iowa Tech Conference Center, Cherokee, Iowa. Dinner began at 6:00 p.m., followed by the business meeting.

### Call to Order

The business meeting was called to order at 7:00 p.m. by Chairman Ralph Semerad. A quorum was ascertained. There were 214 in attendance.

### Approval of April 28, 2007 Annual Meeting Minutes

Motioned by Leroy Jenness and seconded by Doug Woods to approve the minutes as written. Passed.

### Introductions

Jeff Hayes introduced the board and staff.

### Elections of Officers

Jeff Hayes introduced those running for positions on the Board of Directors: Ron Oman, Joe Peterson and Linda Struck. There were no nominations from the floor. Mike Morrow motioned nominations cease. Tim Perrin seconded. Passed. Bonnie Thomas motioned to accept the nominations as members of the Board of Directors. Eva Kollasch seconded. Passed.

### Report of the Chairman

Ralph Semerad welcomed everyone to the 36th Annual Meeting of North Star Community Credit Union. He reported that 2007 had been a profitable year, but his focus would be on what is ahead in 2008. The economy would be the number one issue for 2008. It is expected that the Federal Reserve would lower interest rates again and that the board would have to watch loan and savings rates closely.

### Report of the Chief Financial Officer

Joe Peterson encouraged the members to look over the financial statements included in the annual report.

### Report of the Audit Committee

Ron Oman reported the credit union is in compliance with regulations. He reported that there are more regulations every year that the credit union must comply with.

### Report of the Credit Committee

Val Woods presented the report of the credit committee.

### Report of the Chief Executive Officer

Jeff Hayes discussed the interest rate environment that the financial

industry is currently experiencing, and explained how the credit union board and management approaches the consideration and setting of interest rates for both deposit and loan programs. Regarding the national mortgage issue, Hayes explained the credit union provides only fixed rate mortgage loans, therefore, shielding the credit union against negative impact from the current national ARM (adjustable rate mortgage) issue. Hayes also discussed new account offerings in response to member requests for money market and health savings account programs. The credit union now proudly offers these programs to its membership. He announced that eStatements and a bill pay program will be offered in the near future. Lastly, Hayes discussed the issue of the credit union's efforts to purchase a portion of land directly to the north and east of the Cherokee main office site.

### Old Business

None.

### New Business

Donna Burkhardt informed members on the Economic Stimulus Package and answered questions.

Members of the Board of Directors were sworn in.

Roger Meth motioned for the meeting to adjourn, seconded by Jim Hein. Meeting adjourned at 7:42 p.m.

Entertainment by ventriloquist, David Malmberg.

Cash prizes were drawn.

Respectfully submitted, ATTEST:

Laurie Gerstandt  
Acting Secretary

Ralph Semerad  
Chairman

Barb Kratz  
Secretary



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[www.nscu.org](http://www.nscu.org)



From sidewalks and side streets to thoroughfares and boulevards, our nation's not-for-profit cooperatively owned credit unions have been helping American families thrive for 100 years. Every day Americans from all walks of life count on credit unions to provide high quality, affordable financial services. From heartland farms to city neighborhoods, credit union services have helped deliver a stronger financial future to more than 90 million member borrowers and savers.



A TRADITION OF  
PEOPLE HELPING PEOPLE



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PEOPLE HELPING PEOPLE



## ANNUAL MEETING AGENDA

CALL TO ORDER  
 ASCERTAINMENT OF QUORUM  
 MINUTES OF THE LAST MEETING  
 INTRODUCTIONS  
 ELECTIONS  
 REPORT OF THE CHAIRMAN  
 REPORT OF THE CHIEF FINANCIAL OFFICER  
 REPORT OF THE AUDIT COMMITTEE  
 REPORT OF THE INDEPENDENT AUDITOR  
 REPORT OF THE CREDIT COMMITTEE  
 REPORT OF THE PRESIDENT/C.E.O.  
 OTHER BUSINESS  
 UNFINISHED BUSINESS  
 NEW BUSINESS  
 OATH OF DIRECTORS  
 ADJOURNMENT  
 ENTERTAINMENT BY "A TOUCH OF BROADWAY"  
 DRAWINGS FOR DOOR PRIZES

## NORTH STAR COMMUNITY CREDIT UNION STAFF

### CHEROKEE STAFF

JEFF HAYES—*President/C.E.O.*  
 LAURIE GERSTANDT—*Vice President*  
 JEANNETTE OTT—*Operations Manager*  
 LISA PERRIN—*Loan Officer*  
 KRISTEN WEILAND—*Loan Officer*  
 KALLIE MORROW—*Marketing Specialist*  
 JULIE MOYE—*Loan Clerk/Receptionist*  
 DEB ERICKSON—*Teller*  
 KATHY WITTRICK—*Teller*  
 MARY BERGER—*Teller*  
 ELAINE MEYER—*Teller*  
 ANITA McCLAIN—*Teller*  
 HAYLEY HEIMS—*Teller*  
 JERRY CHETTINGER—*Custodian*

### IDA GROVE STAFF

SANDY GRAY—*Branch Manager*  
 CRYSTAL JEPSEN—*Loan Officer*  
 ANGIE SCHIERNBECK—*Member Services Representative*  
 ANGELA REHSE—*Branch Loan Clerk*  
 ALLYSON IVERSEN—*Teller*  
 KRISTINA WALLACE—*Part-Time Teller*  
 LAURA WALTER—*Part-Time Teller*

## REPORT OF THE CHAIRMAN OF THE BOARD

On behalf of the Board of Directors, I would like to welcome our members and guests to the 37th Annual Meeting of North Star Community Credit Union.

North Star Community Credit Union had a successful year. Net earnings increased 61.25% and membership grew 1.15% for fiscal 2008. The loan portfolio also increased 1.66%, which helped to provide the Credit Union with the results that we saw in 2008. The Credit Union was able to keep savings and CD rates at stable levels. We continue to look at ways to help our members. I feel the board and staff did an excellent job in continuing to provide high standards of service to the members.

During 2009, the economy will be an issue for the Board. The recession we are in will cause the Credit Union to be proactive on interest rates, on both savings and loans, in order to provide members with the best results. The Credit Union will continue to strive to provide competitive rates and great service. I encourage members to visit with the staff if you have any questions and concerns.

I would like to thank the members for their support and patience during the past year. Your continued support helps make North Star Community Credit Union successful. I would like to thank the board members for the time they have volunteered during the past year.

I look forward to serving you, the members, during the coming year.

RALPH SEMERAD  
*Chairman of the Board*

## BOARD OF DIRECTORS

### Executive Committee

RALPH SEMERAD <i>Chairman</i>	VALERIE WOODS <i>Vice Chairman</i>
JOE PETERSON <i>Chief Financial Officer</i>	BARB KRATZ <i>Secretary</i>

### Credit Committee

LINDA STRUCK	BRIAN WIERSEMA	VALERIE WOODS
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### Audit Committee

RON OMAN	DONNA BURKHARDT	BECKY WESTPHAL
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## FINANCIAL STATEMENT FOR NORTH STAR COMMUNITY CREDIT UNION CHIEF FINANCIAL OFFICER'S ANNUAL REPORT

ASSETS	12/31/2008	12/31/2007
LOANS.....	\$32,359,405.31	\$31,833,363.11
ALLOWANCE FOR LOAN LOSS .....	(\$ 284,409.17)	(\$ 210,079.07)
CASH IN BANK .....	\$ 1,043,655.58	\$ 737,912.67
INVESTMENTS .....	\$10,592,265.43	\$ 7,200,354.17
FIXED ASSETS.....	\$ 749,738.36	\$ 782,144.26
ACCRUED INTEREST—INVESTMENTS .....	\$ 2,256.39	\$ 5,608.30
OTHER ASSETS .....	\$ 129,578.71	\$ 88,558.22
NCUSIF DEPOSIT .....	\$ 355,690.42	\$ 364,429.13
ACCRUED INTEREST—LOANS .....	\$ 112,412.66	\$ 109,010.46
<b>TOTAL ASSETS</b> .....	<b>\$45,060,593.69</b>	<b>\$40,911,301.25</b>
LIABILITIES, SAVINGS, EQUITY		
PROMISSORY NOTES .....	\$ 0.00	\$ 0.00
ACCRUED EXPENSES .....	\$ 34,966.84	\$ 34,233.69
DIVIDENDS PAYABLE .....	\$ 92,963.98	\$ 104,945.84
OTHER LIABILITIES .....	\$ 8,706.31	\$ 31,348.85
<b>TOTAL LIABILITIES</b> .....	<b>\$ 136,637.13</b>	<b>\$ 170,528.38</b>
SHARE CERTIFICATES .....	\$21,641,613.75	\$20,284,742.22
SHARE ACCOUNTS .....	\$12,823,515.11	\$11,875,254.41
SHARE DRAFT ACCOUNTS .....	\$ 4,366,214.79	\$ 3,781,183.03
HEALTH SAVINGS ACCTS [HSA].....	\$ 16,918.19	\$ 2,754.24
MONEY MARKET ACCOUNTS .....	\$ 963,912.91	\$ 30,251.34
<b>TOTAL SAVINGS, SHARES</b> .....	<b>\$39,812,174.75</b>	<b>\$35,974,185.24</b>
LEGAL RESERVES .....	\$ 2,443,204.11	\$ 2,443,204.11
OTHER RESERVES .....	\$ 2,323,383.52	\$ 2,109,311.46
UNDIVIDED EARNINGS .....	\$ 345,194.18	\$ 214,072.06
<b>TOTAL RESERVES &amp; UNDIVIDED EARNINGS</b> .....	<b>\$ 5,111,781.81</b>	<b>\$ 4,766,587.63</b>
<b>TOTAL LIABILITIES, SAVINGS &amp; EQUITY</b> .....	<b>\$45,060,593.69</b>	<b>\$40,911,301.25</b>
INCOME		
INTEREST FROM LOANS .....	\$ 2,359,299.41	\$ 2,270,964.07
INTEREST FROM INVESTMENTS .....	\$ 438,669.05	\$ 359,245.92
OTHER INCOME .....	\$ 387,948.74	\$ 370,377.18
<b>TOTAL INCOME</b> .....	<b>\$ 3,185,917.20</b>	<b>\$ 3,000,587.17</b>
EXPENSES		
SALARIES & BENEFITS .....	(\$ 814,791.76)	(\$ 772,492.15)
OFFICE OCCUPANCY EXPENSE .....	(\$ 104,001.16)	(\$ 104,749.31)
OFFICE OPERATIONS EXPENSE.....	(\$ 638,433.16)	(\$ 640,532.64)
DUES .....	(\$ 13,584.77)	(\$ 12,923.27)
ANNUAL MEETING.....	(\$ 6,500.00)	(\$ 6,500.00)
PROMOTIONAL EXPENSE.....	(\$ 99,260.15)	(\$ 82,215.65)
BOARD EXPENSE .....	(\$ 15,835.24)	(\$ 17,426.80)
<b>TOTAL EXPENSES</b> .....	<b>(\$ 1,692,406.24)</b>	<b>(\$ 1,636,839.82)</b>
<b>NET EARNINGS</b> .....	<b>\$ 1,493,510.96</b>	<b>\$ 1,363,747.35</b>
TRANSFER TO RESERVES .....	(\$ 108,797.51)	(\$ 101,567.63)
DIVIDENDS TO MEMBERS .....	(\$ 1,039,519.27)	(\$ 1,048,107.66)
<b>TO UNALLOCATED EARNINGS</b> .....	<b>\$ 345,194.18</b>	<b>\$ 214,072.06</b>

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
 North Star Community Credit Union  
 Cherokee, Iowa

We have audited the accompanying statements of financial condition of North Star Community Credit Union as of March 31, 2008 and 2007, and the related statements of income, changes in retained earnings, and cash flows for the years then ended. These financial statements are the responsibility of the Credit Union's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the United States of America generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of North Star Community Credit Union as of March 31, 2008 and 2007 and the results of its operations and its cash flows for the years then ended in conformity with the United States of America generally accepted accounting principles.

PETERSEN & ASSOCIATES  
 Papillion, Nebraska  
 May 1, 2008

## REPORT OF THE AUDIT COMMITTEE

The main purpose of the Audit Committee is to assure the directors and members that the financial dealings of the credit union are in good order. The committee strives to protect members from loss caused by inadequate operational methods.

The Audit Committee is required by law to regularly inspect cash, securities, notes, and accounts.

Another main role of the Audit Committee is to monitor the performance of the elected officials.

Two outside entities review the operations of the credit union. North Star was honored in 2008 with inspections of its operations receiving a highly commendable report from both examinations.

## REPORT OF THE CREDIT COMMITTEE

The function of the Credit Committee is to approve and review loans the Credit Union grants. We are appointed by our fellow board members immediately after the annual meeting and serve in this capacity for one year. We meet monthly to consider many requests that affect the present loans as well as loan applications for additional credit.

Loan Balance 12/31/08	Amount	% of Total
New Car Loans .....	\$ 4,198,042.60	12.97%
Used Car Loans.....	\$ 9,875,732.29	30.52%
<b>Total Car Loans</b> .....	<b>\$ 14,073,774.89</b>	<b>43.49%</b>
Real Estate Loans .....	\$ 13,026,061.69	40.26%
Consumer Loans.....	\$ 4,149,899.36	12.82%
MasterCard.....	\$ 502,361.77	1.55%
Member Business Loans.....	\$ 607,307.60	1.88%
<b>Total Loans</b> .....	<b>\$32,359,405.31</b>	<b>100.00%</b>

New dollar loans generated in 2008.....\$14,165,017.33  
 Number of loans granted .....

*Of the above totals, the Ida Grove Branch granted 1,422 loans in the amount of \$6,603,664.75 in new loan dollars.*

### Credit Committee Members

LINDA STRUCK      BRIAN WIERSEMA      VALERIE WOODS

RON OMAN      DONNA BURKHARDT      BECKY WESTPHAL