Operating Statement

INCOME	Y/E 12/31/09	Y/E 12/31/10
Interest on Loans	$1,016,320	$1,020,069
Investment Income	249,437	135,066
Fee Income	158,683	157,249
Total Income	$1,424,440	$1,312,384
EXPENSES		
Contract Services	$425,198	$436,051
Marketing & Education	13,237	12,014
Association & Chapter Dues	17,045	19,436
Supplies	9,020	11,725
Bond/Officer & Staff Insurance	15,065	15,861
Bank Service Charges	74,859	63,756
Loan Servicing Expenses	18,294	20,992
Provision for Loan Losses	77,799	93,115
Life Savings & Loan Protection Insurance	28,624	34
NCUSIF Share Insurance	127,010	63,921
Examination Fees	8,989	9,699
Annual Meeting Expense	1,228	1,841
Professional & Outside Services	80,066	73,400
Miscellaneous	1,528	2,264
Total Operating Expenses	$897,960	$824,109
Net Operating Income Before Dividends	$526,480	$488,275
Dividends Paid to Members	(334,664)	(303,623)
Net Income After Dividends	$191,815	$184,652
Non-Operating Loss on Investment	(108,805)	0
Net Income	83,010	184,652

Comparative Balance Sheet

ASSETS	12/31/09	12/31/10
Loans	$15,959,737	$18,021,965
Allowance for Loan Loss	(80,901)	(89,512)
Prepaid Expenses	270,272	230,002
Fixed Assets	1,542	-
Investments & Cash	8,576,237	7,849,948
Total Assets	$24,726,887	$26,012,403
LIABILITIES & EQUITY		
Shares	11,063,243	11,465,320
Share Draft/Checking	1,561,725	1,352,192
Share Certificates	8,113,864	9,016,453
Regular Reserve	956,634	1,081,186
Contingency Reserve	3,005,655	3,070,985
Total Equity	$24,701,121	$25,986,136
Accounts Payable	25,766	26,266
Total Liabilities & Equity	$24,726,887	$26,012,403

Membership Statistics

	12/31/09	12/31/10
Employees	1,242	1,240
Employees' Spouses	219	212
Employees' Children	1,039	998
Employees' Grandchildren	145	149
Retirees	298	292
Former Employees	386	366
Total Membership	3,329	3,257
Employee Membership	1,242	1,240
Total Employees	1,455	1,445
Percentage of Employees	85%	86%

Statistics

Assets Increased	$1,285,516	5.20%
Loans Increased	$2,062,229	12.92%
Deposits Increased	$1,095,134	5.28%
Membership Decreased	(72)	-2.16%
Reserves Increased	$189,882	4.79%

Loan Portfolio

	# Outstanding	$ Amount
Consumer Loans	1,275	9,832,295
Real Estate Loans	99	6,790,064
VISA Loans	784	1,399,607
TOTAL	2,158	$18,021,965

Annual Report

57th Annual Meeting

Tuesday, April 12, 2011
5:00 p.m.

Blue's Café Dining Room

Business Meeting
Election of Officers

AGENDA

Welcome	Mary Beth Klecan
Determination of a Quorum	Mary Beth Klecan
Minutes of the Last Meeting	Mary Smith
President's Report	Mary Beth Klecan
Manager's Report	Pete DiDio
Treasurer's Report	Ron Simmons
Credit Committee Report	Erin Harries
Supervisory Committee Report	Mark Zillinger
Service Recognition Awards	Ron Revelle
Board of Directors – Mary Beth Klecan and Mary Smith	
Supervisory Committee – Connie Thonen and Mark Zillinger	
Election of Officers	Ron Revelle
Board of Directors – Lyle Thiessen and Marcy Weekley	
Supervisory Committee – Phyllis Hughes and Cathy Rabe	
Announcement of Grand Prize Winner	
Adjournment	

CREDIT UNION OFFICIALS AND STAFF

CREDIT UNION STAFF

Pete DiDio – Manager
Ron Revelle – Assistant Manager
Stacy Montgomery – Senior Financial Analyst
Jerry Lee – Financial Analyst
Angie Treinen – Loan & Member Service Representative
Debbie Morgan – Member Service Representative
Deb Mannen – Member Service Representative
Bernadette Smith – Member Service Representative
Mitch Carver – Member Service Representative
Michele Dempewolf – Member Service Representative
Kim Farkas – Member Service Representative

BOARD OF DIRECTORS

Mary Beth Klecan – President
Louie Smith – Vice President
Mary Smith – Secretary
Ron Simmons – Treasurer
Randy Lambrecht – Board Member
Mayflor Dageforde – Board Member
Barbara Moore – Board Member

SUPERVISORY COMMITTEE

Mark Zillinger – Chair
Jodi Harkin
Marguerite Mzhickteno
Karen Real
Connie Thonen

CREDIT COMMITTEE

Erin Harries – Chair
Marcia Henderson
CG Varble

KANSAS BLUE CROSS BLUE SHIELD CREDIT UNION ANNUAL MEETING MINUTES • APRIL 13, 2010

CALL TO ORDER The Annual Credit Union Meeting was called to order by Mary Beth Chambers at 5pm. It was confirmed that 12 members were present which constituted a quorum.

MINUTES Mary Smith referred members to the minutes from last year's meeting on the tables. A motion was made and seconded to approve the minutes as written. Motion carried. At this point, the Grand Prize winning ticket was drawn and set aside until the end of the meeting.

PRESIDENT'S REPORT Mary Beth Chambers shared the credit union's effort to save paper and expense led to the Annual Report being available upon request or on the website. Pertinent details will be shared during the reports and on the overhead screen. She then went on to review the 2009 accomplishments which included a member survey conducted in July, which revealed a 4.42 overall satisfaction rating on a 5.0 scale. A couple of issues identified in the survey were convenience and lack of knowledge about all services offered. As a result, two initiatives for 2010 are a part-time branch office in Building D for BCBSKS employees and more marketing and promotion of services to educate members. Another focus for 2010 and into the future is 'your money • your credit union.' Mary Beth encouraged attendees to check with the credit union first when needing any financial service. At the conclusion of Mary Beth's remarks, she drew and announced the first door prize winner of a $100 Visa gift card to Penny Unruh.

MANAGER'S REPORT Pete DiDio welcomed everyone and introduced all CU staff members. Some of the accomplishments for 2009 included awarding 2 college scholarships, refreshing PAT, the Personal Audio Teller, with a long over-due upgrade, completing website enhancements, and very low delinquency levels even during difficult economic times. As a reminder, the scholarship deadline is Monday, April 19. Goals for 2010 include increasing loans, as the credit union has money to loan, promote products and services to increase awareness, and launch the new Virtual Branch, a replacement for CU@Home. He then drew the next winning ticket which belonged to Michelle Arnold. Pete's report was followed immediately with a demonstration of the new Virtual Branch by Stacy Montgomery.

TREASURER'S REPORT Bebo Lowery-Born referred attendees to the 2009 financial highlights detailed on the screen. Assets grew 15% from 2008 to 2009, while loans increased 12% and deposits went up by 18%. During 2009, the credit union paid over $300,000 in dividends to members or 64% of total income, which is the same level as 2008. After all expenses were paid, $83,000 was added to reserves. Total employee membership grew during the year, ending December with 85% of BCBSKS employees as members of the credit union, demonstrating the valuable benefit the credit union offers to our members. As her final action as a board member, Bebo drew the next door prize winner, Stacy Treinen.

SPECIAL PRESENTATION Pete presented Bebo with a plaque recognizing her 23 years of service to the credit union as treasurer of the Board of Directors. She has stepped down from her board position after giving many hours of service and leadership to the staff and members.

CREDIT COMMITTEE REPORT Suzanne Morgan recognized the other members of the Committee, Erin Harries and CG Varble and shared the duties of the Credit Committee. During 2009, the credit union granted 755 loans for a total of almost $6.4 million. She also pointed out the low loan delinquency ratio at 12/31/2009 was .91%, compared to a state-wide average of 1.57% and national average of 1.82%. Suzanne drew a winning ticket which belonged to Debbie Henderson.

SUPERVISORY COMMITTEE REPORT Janet Blakesley recognized the other members of the Committee –Velma Lohmeyer, Karen Real, Connie Thonen, and Mark Zillinger. The Committee performed 4 surprise cash counts (including the ATMs), quarterly loan file reviews, the ACH audit, the Bank Secrecy Act compliance audit, as well as quarterly verifications of new and closed accounts. In addition, they oversaw the outside CPA audit completed by J Tenbrink and Associates and reported no significant findings on any of these occasions. The last ticket for a $100 Visa gift card was drawn and awarded to Alicia McAdoo.

SERVICE RECOGNITION AWARDS Ron Revelle presented Mary Beth Chambers, Janet Blakesley, Velma Lohmeyer, and Suzanne Morgan with a certificate of appreciation and thanked them for all their hard work.

ELECTIONS The Board of Directors as the nominating committee has submitted Mayflor Dageforde and Barb Moore for the open Board positions, Marcia Henderson for the open Credit Committee position, and Jodi Harkin and Marguerite Mzhickteno for the open Supervisory Committee positions. Ron requested a motion to cease nominations and elect these nominees. The motion was made, seconded, and approved.

DOOR PRIZES The winning prize ticket drawn at the beginning of the meeting was announced. Jane Bailey came forward to claim the $500 Visa gift card.

ADJOURNMENT With no further business, the meeting was adjourned at 5:40pm.