

**FASNY FEDERAL CREDIT UNION
ANNUAL REPORT
FISCAL YEAR 2009**

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ANNUAL MEETING NOTICE

DATE: AUGUST 18, 2010
TIME: 8:15 AM
LOCATION: HYATT REGENCY WIND WATCH
1717 VANDERBILT MOTOR PARKWAY
HAUPPAUGE NY 11788

MEETING AGENDA

ASCERTAIN A QUORUM IS PRESENT
CALL THE MEETING TO ORDER
ANNUAL MEMBERSHIP REPORT: BOARD CHAIRMAN JAMES H WILLIAMS
REPORT OF SUPERVISORY COMMITTEE: CHAIRMAN DAVID A QUINN
UNFINISHED BUSINESS
NEW BUSINESS
ELECTIONS
ADJOURNMENT

CHAIRMAN & PRESIDENTS' REPORT

Fiscal Year 2009 was another year of outstanding growth for your credit union. We ended the year with total assets of \$13,865,847 - an increase of 19% over year-end 2008. Over the past two years assets have increased \$5,118,639, or 58.5%, which was the largest two-year expansion we've ever realized.

Much of the asset growth over the past two years can be attributed to a flight to safety and quality, as members move deposits from high-risk investments to the safety and security of the Credit Union. Generally speaking, they are concerned with an uncertain Wall Street, mounting losses at some of the nation's largest banks, low-yielding money market accounts, and ever-increasing bank fees.

As we do every year, we aggressively promoted the benefits of Credit Union membership, but sometimes it takes tough economic times to drive these lessons home. During 2009 we originated over \$3.5 million in loans to our member owners. This past year saw many organizational members begin to take advantage of our better rates and loan terms just as our individual members have for years.

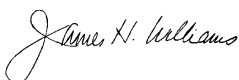
Across the board our loan quality continues to be exceptional! Thanks to sound underwriting standards and timely collection efforts, loan delinquencies remained low at 0.87% - over 90 basis points lower than our peer group credit unions whose ratio stands at 1.78%.

Although we did not participate in any of the sub-prime mortgage lending that has plagued the nation for the better part of the last two years, the ripple effect from that crisis has significantly impacted our bottom line. Several credit union failures throughout the U.S. prompted the National Credit Union Share Insurance Fund (NCUSIF) as well as the banks' Federal Deposit Insurance Corporation to impose large fee assessments on all financial institutions. Our assessment for 2009 was \$14,426. It should be noted, however, that your deposits continue to be backed by the "full faith and credit" of the U.S. Government up to \$250,000 through the NCUSIF.

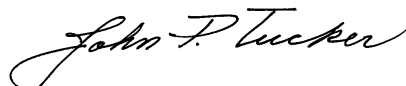
Despite these serious economic circumstances, we still would have been able to report record core net earnings of \$78,020 in 2009 had we not been forced to take a \$61,442 write-down from our ownership share in Members United Corporate Federal Credit Union due to their involvement with mortgage-backed securities.

This year is likely to be another formidable one. Since problems created by the mortgage meltdown are not totally behind us, we expect additional unusual expenditures in 2010. But thanks to the many advantages we offer our member-owners and our proven ability to manage risk effectively we are confident that FASNY Federal Credit Union will emerge from the national recession strong and well-capitalized.

Looking back on all of the challenges we faced, 2009 was truly an exceptional year. FASNY Federal Credit Union continues to be one of the best small credit unions. With our friendly and knowledgeable staff, exemplary member service, favorable interest rates, low fees, industry-leading products and services, and strong capital position, we are excited about the future. And we will continue to work hard to retain your trust and support!



James H. Williams
Chairman
Board of Directors



John P. Tucker
President
FASNY Federal Credit Union

BALANCE SHEET & STATEMENT OF INCOME

Balance Sheet				
Assets		12/31/2007	12/31/2008	12/31/2009
Cash & Cash Equivalents		\$221,339	\$979,980	\$2,370,250
Investments		\$2,924,971	\$4,372,500	\$4,353,058
Loans				\$6,987,918
Less Participation Sold				\$27,575
Less Allowance for Loss				\$23,598
Net Loans		\$5,474,742	\$6,083,025	\$6,936,745
Premises & Equipment (net)		\$68,497	\$57,662	\$22,933
Other Assets		\$57,658	\$126,593	\$182,861
Total Assets		\$8,747,207	\$11,619,760	\$13,865,847
				19%
Liabilities				
Deposits				
Checking Accounts		\$1,555,375	\$1,179,739	\$1,512,254
Savings Accounts		\$2,119,146	\$4,360,870	\$3,963,212
Certificates of Deposit		\$3,538,501	\$4,518,227	\$6,859,916
All Other Savings		\$469,663	\$387,802	\$393,404
Total Deposits		\$7,682,685	\$10,446,638	\$12,728,786
				22%
Other Liabilities		\$36,794	\$21,426	\$11,803
Total Deposits & Liabilities		\$7,719,479	\$10,468,064	\$12,740,589
				22%
Equity				
Undivided Earnings		\$1,027,727	\$1,151,696	\$1,125,258
Capital to Asset Ratio		11.74%	9.91%	8.11%
				-2% Well-Capitalized
Total Liabilities & Equity		\$8,747,207	\$11,619,760	\$13,865,847
				19%
Statement of Income				
Interest Income				
Interest on Loans		\$353,107	\$412,740	\$447,965
Interest on Investments		\$126,168	\$130,213	\$121,580
Other Income				
Fee Income		\$22,012	\$26,350	\$26,201
Other Operating Income		\$4,758	\$3,447	\$4,403
Non-Operating Income		\$170,000	\$100,000	-
Total Income		\$676,045	\$672,750	\$600,149
Interest Expense				
Dividends Paid to Members		\$201,380	\$230,363	\$250,764
				9%
Non-Interest Expenses				
Compensation & Benefits		\$136,801	\$177,258	\$149,182
Travel & Conference		\$7,695	\$9,170	\$10,671
Office Occupancy		\$1,939	\$1,486	\$917
Office Operations		\$97,092	\$96,276	\$90,158
Education & Promotion		\$12,617	\$16,810	\$10,682
Loan Servicing		\$7,703	\$12,508	\$10,611
Professional & Outside Services		\$1,055	\$585	\$9,657
Provision for Loan Loss		\$38,874	\$1,289	\$2,185
Miscellaneous Operating Expense		\$1,533	\$3,037	\$88,760
Total Non-Interest Expenses		\$305,309	\$318,419	\$372,823
				17%
Total Expenses		\$506,689	\$548,782	\$623,587
Net Income (loss)		\$169,356	\$123,968	\$(23,438)

BOARD OF DIRECTORS, SUPERVISORY COMMITTEE MEMBERS & STAFF

<u>BOARD OF DIRECTORS</u>	<u>POSITION</u>	<u>SERVING SINCE</u>	<u>TERM</u>
JAMES H WILLIAMS NORWICH, NEW YORK	CHAIRMAN	ORIGINATION	2009
JOSEPH A FINNEGAN MADRID, NEW YORK	VICE CHAIRMAN	ORIGINATION	2009
EDWARD A CARPENTER, JR. SAYVILLE, NEW YORK	SECRETARY	ORIGINATION	2010
ROY K DAHLEN MERRICK, NEW YORK	TREASURER	AUGUST 2003	2010
EDWARD M COOKE MONTICELLO, NEW YORK	DIRECTOR	ORIGINATION	2010
K WILLIAM GRANT CANTON, NEW YORK	DIRECTOR	ORIGINATION	2010
ANTHONY J BOSCO, JR. OSSINING, NEW YORK	DIRECTOR	AUGUST 2003	2010
ANDREW E PILECKI NORTH TONAWANDA, NEW YORK	DIRECTOR	AUGUST 2005	2009
JUNE L GUNZA HIGHLAND FALLS, NEW YORK	DIRECTOR	APRIL 2007	2009

<u>SUPERVISORY COMMITTEE</u>	<u>POSITION</u>	<u>SERVING SINCE</u>	<u>TERM</u>
DAVID A QUINN CASTLETON-ON-HUDSON, NEW YORK	CHAIRMAN	ORIGINATION	2009
JAMES A RYAN WALDEN, NEW YORK	MEMBER	2005	2009
MARILYN FARRELL ATHENS, NEW YORK	MEMBER	2007	2009

<u>STAFF</u>	<u>POSITION</u>	<u>SERVING SINCE</u>
JOHN P TUCKER CORTLAND, NEW YORK	PRESIDENT	ORIGINATION
TODD B STEVENS COLONIE, NEW YORK	CHIEF OPERATING OFFICER	APRIL 2007
GERALDINE M PICCOLO SCHENECTADY, NEW YORK	MEMBER SERVICE REPRESENTATIVE	APRIL 2004