

A steady course of growth.

I am pleased to report that during 2010 your credit union has maintained a steady course through these difficult economic times. Your confidence in Cornerstone Financial Credit Union is evidenced by continued growth in our membership, deposits, and loans.

In recent years, we have made a strong commitment to providing exceptional service to our members and developing products that make good financial sense. This year, a major survey of our membership was conducted and we were pleased to learn that you recognize and appreciate our efforts in this area. In the survey, 95% of members rate their service experience with Cornerstone as excellent or good and 93% of members said that the credit union is an excellent or good value. We will continue our focus on meeting the needs of each individual member and providing a friendly and professional service experience.

In 1974, the credit union opened our first Murfreesboro office in the Rutherford County Board of Education building. Since that time, our membership in the Murfreesboro area has grown to include many diverse groups in the community including MTSU, and our office has grown accordingly. I am pleased to announce that a new Murfreesboro office location has been purchased and an opening is planned for March 2011. This new office at 130 West Northfield Boulevard will be more spacious and provide more convenient drive-up service access. Look for the grand opening announcement on our web site.

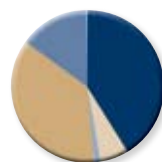
Thanks to members like you, Cornerstone Financial Credit Union continues to grow and prosper. We are committed to meeting your financial needs while protecting your hard-earned assets.

Hank Flury
Hank Flury
 President

The enclosed Comparative Financial Statements of Cornerstone Financial Credit Union have been accurately prepared and reported in accordance with regulations of the Tennessee Department of Financial Institutions.

Joe Spivey
Joe Spivey
 Executive Vice President

Loans



Auto	\$59,925,127	41.21%
Unsecured	8,969,584	6.17%
Misc. Secured	2,099,562	1.44%
Mortgage	52,879,352	36.37%
Credit Card	21,389,514	14.71%
Commercial	150,176	0.10%
Total	\$145,413,315	100.00%

Deposits



Certificate	\$51,959,560	27.02%
MMA	49,308,472	25.65%
Draft	32,447,276	16.88%
IRA	8,170,124	4.25%
Share	50,379,837	26.20%
Total	\$192,265,269	100.00%

Management Team

- Hank Flury** · President
- Joe Spivey** · Executive Vice President
- Shirley Gibbs** · Senior Vice President
- Roderick Payne** · Vice President
Information Systems
- Debbie Rawls** · Vice President
Retail Office Operations
- Linda Summirell** · Vice President
Loans
- Laura Williamson** · Vice President
Insurance & Investments
- Donna Young** · Vice President
Human Resources

Board of Directors

- Dr. Ed Whittington** | Chairman
- Dr. Frank Ruckman** | First Chairman
- Mr. Danny Grant** | Second Chairman
- Dr. Julie Williams** | Secretary
- Mrs. Linda Cooper** | Treasurer
- Mr. Lelan Statom** | Director
- Mr. Gary Cowan** | Director

Credit Committee

- Linda Summirell** · Chairman
- Donna Hackett**
- Stephanie Faulkner**



focused
 on you



Focused on education.

While our economy struggled in 2010, Cornerstone Financial Credit Union has remained stable and profitable, and we have continued to grow. Throughout these turbulent times, we have remained focused on what benefits our members the most: superior service and offering financial services based on sound financial principles. This philosophy has served us well and continues to be the benchmark for our future success.

Membership in the credit union continues to grow steadily with over 2,400 new members joining during 2010. Member deposits grew over 10% this year and overall loans increased around 3%. Mortgage loans continue to be a popular service as real estate loan balances increased some \$3.3 million dollars for the year. Profitability increased strongly in 2010, and the capital or "net worth" of CFCU continues to be very secure. We're also encouraged by new regulations such as the Credit Card Act for consumers. We're pleased to position our cards as an exception

to the rule that all credit cards must have high rates and fees. We will continue to strive to be your best financial choice.

During 2010, we have focused efforts on providing financial education for our members and within our community. Seminars on important financial subjects were presented to many of our

member groups throughout the year and we expect demand to increase for these informative discussions. This year we will continue and expand our efforts in this area by emphasizing fundamental financial education for children and young adults. To further enhance our dedication to educating our youth, we're pleased to announce the awarding of multiple scholarships for graduating seniors in the middle Tennessee area. On behalf of Cornerstone's Board of Directors, management, and staff, we thank you for your continued loyalty and we look forward to a prosperous 2011!



Dr. Ed Whittington
Chairman



Caring financial advisors
providing exceptional service for life.

Statement of Financial Condition

Assets	12/31/10	12/31/09
Loans to Members*	\$144,276,754	\$140,373,380
Investments	38,335,983	90,842,123
Cash & Cash Equivalents	23,598,113	12,912,147
Fixed Assets (net)	8,165,239	7,782,135
Other Assets	3,628,890	3,228,052
Total Assets	\$218,004,979	\$255,137,837
Liabilities & Capital		
Member Accounts & Salary Distribution Plan	\$193,824,983	\$176,226,632
Other Payables	3,012,784	58,096,417
Capital	21,167,212	20,814,788
Total Liabilities & Capital	\$218,004,979	\$255,137,837

Income Statement

Gross Income	\$13,480,592	\$13,333,112
Dividends and Interest Paid	1,430,055	2,184,840
Operating Expenses	10,318,598	9,782,303
Total Expenses	\$11,748,653	\$11,967,143
Income Before Net Loan Losses	\$1,731,939	\$1,365,969
Less Net Loan Losses	1,185,030	812,576
Net Growth in Total Capital		
Before Stabilization Expense	\$546,909	\$553,393
NCUA Stabilization Expense	0	551,595
Net Growth in Total Capital	\$546,909	\$1,798
Total Members	27,202	26,470

*Loans to members totals are net of \$1,136,561 and \$871,531 for 2010 and 2009, respectively for Allowance for Loan Losses.