

2012
annual
report



turning the corner



CORNERSTONE
FINANCIAL
CREDIT UNION

Focused on Community

I am pleased to report that 2012 was a very successful year for Cornerstone Financial Credit Union. As the economy improves, our non-profit operational philosophy continues to serve the credit union well with continued growth of over 2,600 new memberships and steady increases in deposits, loans, and net worth. We are focused on providing our members with exceptional service for life.

Offering financial products and services is only part of what Cornerstone does to support our members and community. We're proud to announce the completion of our 3rd Annual Cornerstone Financial Credit Union Scholarship Program which has awarded over \$75,000 to high school seniors in Middle Tennessee! We continuously strive to provide the

tools and resources our members need to improve their personal financial condition. We recently joined forces with GreenPath, our new financial education partner, to provide even greater access to this information through our newly designed website.

Cornerstone also remains committed to the local community by encouraging awareness of local causes through our partnerships. Specifically, we joined with other local credit unions to sponsor the 3rd Annual Credit Union



for Kids Golf Tournament to raise funds for the Monroe Carell Jr Children's Hospital at Vanderbilt. Additionally, we continued assisting local schools in donating food to support the Annual Second Harvest Food Bank Canned Food Drive. We realize as an organization that we're only as strong as the community we represent.

As volunteer representatives, the board of directors of Cornerstone is committed to serving your financial needs and operating in a sound financial manner. We appreciate your loyalty and look forward to continued growth for 2013.



Danny Grant
Chairman



focusedonyou

Caring financial advisors
providing exceptional service for life.

COMPARATIVE FINANCIALS

Statement of Financial Condition

ASSETS

| | 12/31/2012 | 12/31/2011 |
|-------------------------|-----------------------------|-----------------------------|
| Loans to Members * | \$152,224,886 | \$150,092,942 |
| Investments | 67,615,220 | 52,639,507 |
| Cash & Cash Equivalents | 12,963,279 | 18,354,297 |
| Fixed Assets (net) | 9,168,653 | 8,163,618 |
| Other Assets | 4,612,024 | 4,001,873 |
| Total Assets | <u>\$246,584,062</u> | <u>\$233,252,237</u> |

LIABILITIES & CAPITAL

| | | |
|--|-----------------------------|-----------------------------|
| Member Accounts & Salary Distribution Plan | \$220,409,803 | \$208,940,380 |
| Other Payables | 3,484,795 | 3,273,793 |
| Capital (including other comprehensive income) | 22,689,464 | 21,038,064 |
| Total Liabilities & Capital | <u>\$246,584,062</u> | <u>\$233,252,237</u> |

Income Statement

| | | |
|--|----------------------------|----------------------------|
| Gross Income | <u>\$13,505,672</u> | <u>\$13,239,971</u> |
| Dividends & Interest Paid | 756,205 | 1,015,510 |
| Operating Expenses | 10,696,358 | 10,719,422 |
| Total Expenses | <u>\$11,452,563</u> | <u>\$11,734,932</u> |
| Income Before Net Loan Losses | \$2,053,109 | \$1,505,039 |
| Less Net Loan Losses | <u>774,158</u> | <u>806,327</u> |
| Net Growth in Capital from Operations | <u>\$1,278,951</u> | <u>\$698,712</u> |

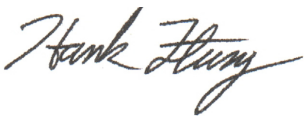
**Loans to members totals are net of \$1,290,830 and \$1,152,378 for 2012 and 2011, respectively for allowance for loan losses.*

Turning the Corner

2012 was a year of continued growth in memberships, deposits, and loans for the credit union. We are hopeful that it will also be remembered as the year that our economy turned the corner from the recession. While many members continue to feel the effects of the recession, there were positive signs of recovery and growth in the economy. The exceptional and unprecedented low interest rate market has allowed many members to purchase their first home or improve their financial situation by refinancing an existing loan. We are committed to continue expanding the types of loan and deposit products that our members need.

In addition to services, we also are committed to providing our members with modern and convenient facilities. The construction of a new facility in Dickson, Tennessee, which opened in February 2013, is the culmination of a facilities improvement plan which began over a dozen years ago and has seen the replacement or renovation of all of our office facilities. Electronic services are also very important and the addition of mobile banking, remote deposit, and online account opening now provide members with many convenient options for doing business with the credit union.

We appreciate the opportunity to serve you as a member owner of Cornerstone Financial Credit Union and we strive to provide the exceptional service you expect and deserve.

A handwritten signature in black ink that reads "Hank Flury". The signature is written in a cursive, flowing style.

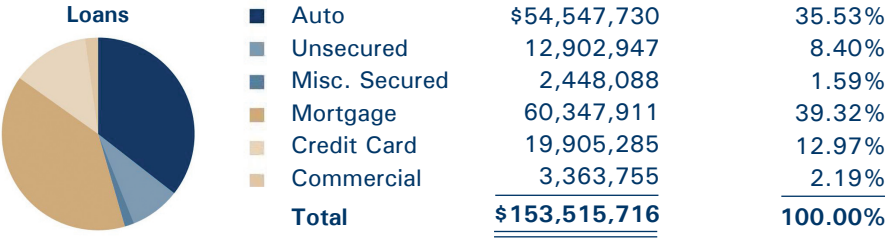
Hank Flury
President

CONTROLLER'S MESSAGE

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
Executive Vice President



Management Team

Hank Flury
President

Joe Spivey
Executive Vice President

William Frye
Vice President Marketing

Roderick Payne
Vice President Information Systems

Debbie Rawls
Vice President Retail Branch Operations

Linda Summarell
Vice President Loans

Laura Williamson
Vice President Insurance & Investments

Donna Young
Vice President Human Resources

Board of Directors

Mr. Danny Grant
Chairman

Mr. Gary Cowan
First Vice Chairman

Mr. Lelan Statom
Second Vice Chairman

Dr. Julie Williams
Secretary

Dr. Frank Ruckman
Treasurer

Dr. Roberta Hill
Director

Mrs. Lisa Batey
Director

Credit Committee

Linda Summarell - Chairman

Donna Hackett

Stephanie Faulkner