DIRECTIONS CREDIT UNION

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

DECEMBER 31, 2009

Cindrich, Mahalak & Co., P.C.
Certified Public Accountants & Consultants

DIRECTIONS CREDIT UNION AND SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION
DECEMBER 31, 2009

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Independent Auditor's Report

Board of Directors and
Audit Committee
Directions Credit Union and Subsidiary
Sylvania, Ohio

We have audited the accompanying Consolidated Statement of Financial Condition of Directions Credit Union and Subsidiary as of December 31, 2009 and December 31, 2008, and the related Consolidated Statement of Income, Changes in Members Equity, and Cash Flows for the year then ended. These consolidated financial statements are the responsibility of the credit union's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Directions Credit Union and Subsidiary as of December 31, 2009 and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Cindrich, Mahalak & Co.

Cindrich, Mahalak & Co., P.C.

St. Clair Shores, Michigan

March 17, 2010

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DIRECTIONS CREDIT UNION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2009

ASSETS	
Cash and Cash Equivalents (Note 6)	$ 31,225,173
Investment Securities	
Securities Available-for-Sale (Note 2)	45,576,775
Securities Held-to-Maturity (Note 3)	36,222,321
Other Investments (Note 4)	51,121,136
Loans Receivable, Net of Allowance for Loan Losses (Note 5)	330,873,866
Accrued Interest Receivable	2,076,114
Property and Equipment (Note 7)	13,366,899
Prepaid Expenses	508,800
NCUSIF Deposit	4,683,876
Loan Servicing Rights	929,899
Other Real Estate Owned	550,692
Other Assets	1,040,105
TOTAL ASSETS	518,175,656
LIABILITIES AND EQUITY	
Members' Shares (Note 8)	463,519,946
Dividends and Interest Payable	29,434
Accounts Payable and Other Liabilities	1,232,989
Accrued Expenses	1,310,518
Notes Payable (Note 9)	8,906,367
Commitments and Contingent Liabilities (Note 12)	
Members Equity, Substantially Restricted	43,176,402
TOTAL LIABILITIES AND EQUITY	$518,175,656

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DIRECTIONS CREDIT UNION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 2009

INTEREST INCOME	
Loans Receivable	$20,848,910
Investment Securities	3,771,171
TOTAL INTEREST INCOME	24,620,081
INTEREST EXPENSE	
Members' Shares	8,072,654
Borrowed Funds	445,279
TOTAL INTEREST EXPENSE	8,517,933
NET INTEREST INCOME	16,102,148
Provision for Loan Losses (Note 5)	4,000,834
Net Interest Income After Provision for Loan Losses	12,101,314
NON-INTEREST INCOME	
Loss on Sale of Securities	(17,398)
Gain on Sale of Loans	720,161
Loss on Sale of Other Real Estate Owned	(109,746)
Fees	5,266,937
Other	1,765,165
TOTAL NON-INTEREST INCOME	7,625,119
NON-INTEREST EXPENSE	
Compensation and Benefits	9,488,740
Occupancy	1,312,870
Operations	2,813,032
Loan Servicing	1,525,782
Professional Services	3,378,354
Other	2,032,876
TOTAL NON-INTEREST EXPENSE	20,551,654
NET LOSS	$ (825,221)

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DIRECTIONS CREDIT UNION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' EQUITY
YEAR ENDED DECEMBER 31, 2009

	REGULAR RESERVE	UNDIVIDED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME	TOTAL
BALANCES, DECEMBER 31, 2008	$11,380,528	$32,342,581	$173,884	$43,896,993
Comprehensive Income				
Net Loss		(825,221)		(825,221)
Net Change in Unrealized Gain or Loss on Available-for-Sale Securities			104,630	104,630
Total Comprehensive Income				(720,591)
BALANCES, DECEMBER 31, 2009	$11,380,528	$31,517,360	$278,514	$43,176,402

DIRECTIONS CREDIT UNION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2009

CASH FLOWS FROM OPERATING ACTIVITIES	
Net Loss	$ (825,221)
Adjustments to Reconcile Net Income to Net Cash Flows From Operating Activities	
Provision for Loan Losses	4,000,834
Loans Charged Off	(3,279,060)
Recoveries on Charged Off Loans	432,881
Depreciation	970,966
Increase in NCUSIF Deposit	(320,533)
Increase in Other Assets	(607,257)
Increase in Servicing Rights	(260,310)
Increase in Dividends and Interest Payable	29,434
Decrease in Other Payables	(387,610)
Decrease in Loans Held for Sale	1,473,425
NET CASH USED BY OPERATING ACTIVITIES	1,227,549
CASH FLOWS FROM INVESTING ACTIVITIES	
Net Increase in Held-to-Maturity Securities	(32,161,100)
Net Increase in Available-for-Sale Securities	(256,683)
Net Increase in Other Investments	(47,021,675)
Net Decrease in Loans to Members	6,987,873
Net Increase in Other Real Estate Owned	(54,561)
Acquisition of Property and Equipment	(230,217)
Proceeds from Sale of Property and Equipment	162
NET CASH USED BY INVESTING ACTIVITIES	(72,736,201)
CASH FLOWS FROM FINANCING ACTIVITIES	
Net Increase in Members' Shares	14,040,467
Principal Paid on Long-Term Debt	(2,166,218)
NET CASH PROVIDED BY FINANCING ACTIVITIES	11,874,249
Net Decrease in Cash and Cash Equivalents	(59,634,403)
Cash and Cash Equivalents at Beginning of Year	90,859,576
CASH AND CASH EQUIVALENTS AT END OF YEAR	31,225,173
SUPPLEMENTAL DISCLOSURES	
Cash Paid During the Year for Dividends and Interest	$ 8,488,281

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Directions Credit Union provides a variety of financial services to its members, most of whom live, work, worship, attend school or volunteer in Fulton, Wood, Lucas, Richland, Ashland, Knox, Wayne and Tuscarawas Counties in Ohio, or members of other select groups. The credit union's primary source of revenue is from loans to its members. Its primary source of funds is savings deposits from its members.

Principles of Consolidation

The consolidated financial statements include the accounts of Directions Credit Union and its wholly-owned subsidiary, TFS Marketing, Inc. All significant intercompany accounts and transactions have been eliminated.

The credit union has a 33% ownership in CU-op, LLC. The investment is accounted for using the equity method. The credit union owns one-sixth of Area Financial Services, Inc. Its investment is accounted for under the cost method.

The credit union owns 8.72% of Student CU Connect. This investment is accounted for under the cost method.

Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Investment Securities

The credit union's investment securities are classified and accounted for as follows:

Certain securities are non-negotiable. They consist of certificates of deposit at other financial institutions, as well as other miscellaneous investments. These are not considered investment securities under Statement of Financial Accounting Standard #115, Accounting for Certain Debt and Equity Securities.

Securities which the credit union has the positive intent and ability to hold to maturity are classified as Hold-to-Maturity. These securities are reported at cost, adjusted for amortization of premiums and accretion of discounts, which are recognized as adjustments to investment income.

Securities which could be sold in response to rate changes, prepayment risk, liquidity concerns, availability of and yield on alternative investments, and other market conditions or economic factors are classified as Available-for-Sale. These securities are reported at fair value. Unrealized gains or losses on Available-for-Sale securities are recognized as direct increases or decreases in other comprehensive income. The cost of securities sold is recognized using the specific identification method.

Loans Receivable and Allowance for Loan Losses

Loans receivable are stated at unpaid principal balances, less an Allowance for Loan Losses and net deferred loan origination fees and discounts. Interest on loans is recognized over the term of the loan and is calculated using the simple interest method on principal amounts outstanding.

Loan fees and certain direct loan origination costs are deferred, and the net fee or cost is recognized as an adjustment to interest income over the estimated term of the loan.

The Allowance for Loan Losses is increased by charges to income and decreased by charge-offs, net of recoveries. Management's periodic evaluation of the adequacy of the allowance is based on the credit union's past loan loss experience, known and other risks inherent in the portfolio, specific impaired loans, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, and current economic conditions.

Loans are placed on non-accrual status when management believes, after considering economic conditions, business conditions, and collection efforts, that the loans are impaired or collection of interest is doubtful. Uncollectible interest previously accrued is adjusted to interest income. Interest income on non-accrual loans is recognized only to the extent cash payments are received.

The cost of acquiring the rights to service mortgage loans is capitalized and amortized in proportion to, and over the period of, estimated net servicing income.

Balance, December 31, 2008	$644,023
Capitalized Costs 2009	369,084
Costs Amortized 2009	(83,208)
Balance, December 31, 2009	$929,899

The balance of loans being serviced by the credit union for the benefit of the Federal Home Loan Mortgage Corporation is $130,925,646 at December 31, 2009.

NCUSIF Deposit

The credit union is required to maintain a deposit with the National Credit Union Share Insurance Fund (NCUSIF) in an amount equal to one percent of its insured shares. Earnings are not guaranteed and contingent on fund management. The deposit would be refunded to the credit union if its insurance coverage is terminated, it converts to insurance coverage from another source, or the operations of the fund are transferred from the National Credit Union Administration (NCUA) board.

NCUSIF Premiums

The credit union is required to pay an annual insurance premium equal to one twelfth of one percent of its total insured shares, unless it is waived or reduced by the NCUA board. Additionally, the NCUA can assess a premium as necessary to maintain the NCUSIF at its normal operating level. The premium was waived for 2008. On September 24, 2009, the NCUA board assessed a premium for 2009 equal to .1027% of total insured shares in order to maintain the NCUSIF at its normal operating level of 1.30%.

Temporary Corporate Credit Union Stabilization Fund (TCCUSF)

The *Helping Families Save Their Homes act of 2009* amended the Federal Credit Union Act to create the Temporary Corporate Credit Union Stabilization Fund. This fund has authority to borrow up to $6 billion from the U.S. Treasury to help fund any losses in the corporate credit union system. To the extent these borrowings cannot be repaid from normal operations of the NCUSIF and TCCUSF, they will be paid back by credit unions proportionately, based on total insured shares. The TCCUSF has seven years from the first advance, which occurred in June 2009, to pay back treasury borrowings. On September 24, 2009, the NCUA board assessed credit unions an amount equal to .0473% of June 30, 2009 insured shares to allow for repayment of $310 million of the Stabilization Fund's borrowings. Any future cost related to these borrowings is unknown at this time.

Other Real Estate Owned

Real estate properties acquired through or in lieu of foreclosure are initially recorded at the lower of the carrying amount or fair value less estimated selling cost at the date of foreclosure. Any write-downs based on the asset's fair value at the date of acquisition are charged to the Allowance for Loan Losses. After foreclosure, these assets are carried at the lower of their new cost basis or fair value less cost to sell. Costs of significant property improvements are capitalized, whereas costs relating to holding property are expensed. Valuations are periodically performed by management, and any subsequent write-downs to reduce the carrying value to the lower of carrying value or fair value less cost to sell are recorded as a charge to operations.

Property and Equipment

Land is carried at cost. Building, furniture, fixtures, and equipment are carried at cost, less accumulated depreciation. The building, furniture, fixtures, and equipment are depreciated using the straight-line method over the estimated useful lives of the assets.

Members' Shares

Members' shares are subordinated to all other liabilities of the credit union upon liquidation. Dividend and interest rates are set by the Board of Directors, based on an evaluation of current and future market conditions.

Members' Equity

The credit union is required by regulation to maintain a statutory reserve. This reserve, which represents a regulatory restriction of retained earnings, is not available for payment of dividends and interest.

Income Taxes

The credit union is exempt by statute from federal and state income taxes.

The Internal Revenue Service and certain state taxing authorities have determined that various income items are subject to Unrelated Business Income Tax (UBIT). The IRS Code has very limited guidance on what activities should be subject to UBIT. Some Technical Advice Memorandums (TAM) have been issued relating to this matter. Currently, there is litigation pending against the Internal Revenue Service challenging UBIT.

Fair Values of Financial Instruments

The credit union is required to disclose fair value information about financial instruments, whether or not recognized in the statement of financial condition. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in an immediate settlement of instruments. Certain financial instruments and all non-financial instruments are excluded from these disclosure requirements. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the credit union.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

Cash and cash equivalents: The carrying amounts reported in the Statement of Financial Condition approximates those assets' fair values.

Investment securities: Fair values of securities are based on quoted market prices. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities.

Loans to members: The fair value of fixed rate loans is estimated by discounting the future cash flows for each loan category using current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities. The fair value of adjustable-rate loans are assumed to approximate fair value.

Members' shares: The fair value of regular shares, share drafts, and money market accounts is the amount payable on demand at the reporting date. The fair value of individual retirement accounts and certificates of deposits is estimated by discounting the future cash flows using current market rates for similar deposits with similar maturities.

Loan commitments: Commitments to extend credit are disclosed at approximate fair values.

NOTE 2: SECURITIES AVAILABLE-FOR-SALE

The amortized cost and estimated fair value of securities available-for-sale are as follows:

	AMORTIZED COST	GROSS UNREALIZED GAIN	GROSS UNREALIZED LOSS	ESTIMATED FAIR VALUE
Mortgage-Backed Securities	$ 3,736,954	$ 57,537	$ 69,859	$ 3,724,632
Corporate Bonds	10,863,763	157,402	41,679	10,979,486
Federal Agency Securities	15,191,858	232,791	28,772	15,395,877
Certificates of Deposit	15,505,686	0	28,906	15,476,780
	$45,298,261	$447,730	$169,216	$45,576,775

The amortized cost and estimated fair value of investment securities available-for-sale by contractual maturity are shown below. Expected maturities may differ from contractual maturities because of prepayment, call, or put provisions.

	AMORTIZED COST	ESTIMATED FAIR VALUE
Amounts Maturing In:		
One Year or Less	$ 7,001,655	$ 7,028,750
After One Year through Five Years	33,946,745	34,210,830
After Five Years through Ten Years	1,625,486	1,653,875
After Ten Years	2,724,375	2,683,320
	$45,298,261	$45,576,775

Securities containing unrealized losses determined to be temporary at December 31, 2009 are as follows:

	LESS THAN 12 MONTHS		TOTAL	
DESCRIPTION OF SECURITIES	FAIR VALUE	UNREALIZED LOSSES	FAIR VALUE	UNREALIZED LOSSES
Certificates of Deposit	$ 6,476,780	$ 28,906	$ 6,476,780	$ 28,906
Mortgage-Backed Securities	1,746,333	69,859	1,746,333	69,859
Corporate Bonds	5,182,433	41,679	5,182,433	41,679
Federal Agency Securities	5,177,158	28,772	5,177,158	28,772
	$18,582,704	$169,216	$18,582,704	$169,216

These are considered temporary since interest payments are being received on a contractual basis.

Investment Sales: In 2009, the credit union sold the following investments:

INVESTMENT	DATE	BOOK VALUE	PROCEEDS	LOSS
Marshall Isley	12/22/09	$1,509,898	$1,492,500	$(17,398)

NOTE 3: SECURITIES HELD-TO-MATURITY

The amortized cost and estimated fair value of securities held-to-maturity are as follows:

	AMORTIZED COST	GROSS UNREALIZED GAIN	GROSS UNREALIZED LOSS	ESTIMATED FAIR VALUE
Certificates of Deposit	$ 2,000,415	$ 0	$ 415	$ 2,000,000
Corporate Bonds	4,030,922	158,266	313	4,188,875
Federal Agency Securities	28,806,751	112,878	3,761	28,915,868
Collateralized Mortgage Obligations	1,384,233	0	42,269	1,341,964
	$36,222,321	$271,144	$46,758	$36,446,707

The amortized cost and estimated fair value of investment securities held-to-maturity by contractual maturity are shown below. Expected maturities may differ from contractual maturities because of prepayment, call, or put provisions.

	AMORTIZED COST	ESTIMATED FAIR VALUE
Amounts Maturing In:		
One Year or Less	$11,558,372	$11,586,403
After One Year Through Five Years	24,663,949	24,860,304
	$36,222,321	$36,446,707

Securities containing unrealized losses determined to be temporary at December 31, 2009 are as follows:

Description of Securities	Less Than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Collateralized Mortgage Obligation	$1,341,963	$42,269	$ 0	$ 0	$1,341,963	$42,269
Certificates of Deposit	0	0	1,500,000	415	1,500,000	415
Corporate Bonds	503,570	313	0	0	503,570	313
Federal Agency Securities	2,001,875	3,761	0	0	2,001,875	3,761
	$3,847,408	$46,343	$1,500,000	$415	$5,347,408	$46,758

These are considered temporary since interest payments are being received on a contractual basis.

NOTE 4: OTHER INVESTMENTS

Other investments are as follows:

Harp Note	$ 1,780,840
Corporate One Capital Shares	1,920,000
Non-Negotiable Certificates of Deposit	45,129,000
CUSO Investments	493,396
FHLB Stock	1,797,900
	$51,121,136

NOTE 5: LOANS RECEIVABLE

The composition of loans to members is as follows:

Real Estate	$150,173,491
Home Equity	15,592,801
Consumer	114,640,959
Credit Card	26,860,277
Student	8,387,365
Auto Leases	12,137,771
Business	1,974,838
Participation	3,470,878
Total Loans	333,238,380
Net Deferred Loan Origination Costs	483,467
	333,721,847
Allowance for Loan Losses	2,847,981
Net Loans	$330,873,866

A summary of changes in the Allowance for Loan Losses is as follows:

Balance, Beginning of Year	$1,693,326
Provision for Loan Losses	4,000,834
Loans Charged Off	(3,279,060)
Recoveries	432,881
Balance, End of Year	$2,847,981

A summary of loan delinquency is as follows:

		PERCENT
Loans Delinquent:		
2 To 6 Months	$ 1,659,421	
6 To 12 Months	573,932	
Over 12 Months	1,078,270	
Total Delinquency	3,311,623	0.99
Loans Current and Less Than Two Months Delinquent	329,926,757	99.01
Total Loans	$333,238,380	100.00

At December 31, 2009, the credit union had loans totaling $1,128,661 in non-accrual status. If interest on those loans had been accrued at their original rates, such accrued income would have approximated $19,906 for December 31, 2009.

Certain officers, directors, and employees of the credit union, including their immediate families, had loans outstanding or obtained loans during 2009. Such loans were in the ordinary course of business at normal credit terms including interest rates and collateralization and do not represent more than a normal risk of collection. Total loans outstanding to these persons are not material to the financial statements.

NOTE 6: CASH AND CASH EQUIVALENTS

For purposes of statement of financial position classification and the Statement of Cash Flows, the credit union considers all highly liquid debt instruments purchased with a maturity of three months or less and any certificates of deposit that do not contain material early withdrawal penalties to be cash equivalents. The composition of cash and cash equivalents is as follows:

Cash	$ 7,236,660
Deposits with Corporate Credit Union	5,113,884
Federal Funds	18,874,629
Total	$31,225,173

NOTE 7: PROPERTY AND EQUIPMENT

Property and Equipment is Summarized as Follows:

Land	$ 3,469,416
Buildings and Improvements	12,994,774
Furniture and Equipment	7,436,373
Total Property and Equipment	23,900,563
Accumulated Depreciation	10,533,664
Net Property and Equipment	$13,366,899

NOTE 8: MEMBERS' SHARES

Members' Shares are Summarized as Follows:

Regular Shares	$130,805,607
Checking Accounts	63,748,176
Money Market Accounts	71,930,097
Club Accounts	958,320
IRA Accounts	9,358,053
Share and IRA Certificates	186,719,693
Total Share Accounts	$463,519,946

Member shares are insured to $250,000. The aggregate amount of uninsured shares was approximately $6,893,615 at December 31, 2009.

At December 31, 2009, scheduled maturities of share and IRA certificates are as follows:

Less Than One Year	$125,555,718
One to Less Than Two Years	24,629,923
Two to Less Than Three Years	26,670,001
Three to Less Than Four Years	5,841,023
Four to Less Than Five Years	4,023,028
	$186,719,693

NOTE 9: BORROWED FUNDS

The credit union maintains a line of credit with Corporate One Credit Union and Federal Home Loan Bank at variable rates of interest. The credit union could borrow up to $10,000,000 and $63,600,257. The Corporate One Credit Union is collateralized by substantially all of the credit union's assets. The Federal Home Loan Bank line is collateralized by eligible mortgages pledged to the Federal Home Loan Bank.

The credit union has outstanding borrowed funds from Federal Home Loan Bank. These notes mature and carry interest rates as follows:

INTEREST RATES	MATURITY DATE	AMOUNT
4.71%	August 3, 2010	$1,000,000
4.94%	September 28, 2012	2,500,000
3.93%	October 18,2013	5,000,000
2.81%	June 1, 2013	406,367
		$8,906,367

NOTE 10: LEASE COMMITMENTS

The credit union leases office space under operating leases as follows:

BRANCH	TERM	EXPIRATION DATE	ANNUAL RENT
Reynolds Road	5 Years	October 31, 2011	$37,053
Owens Corning	5 Years	August 31, 2011	$26,690
Westgate Village	7 Years	March 31, 2015	$57,824

Rent expense was approximately $185,395 for the year ended December 31, 2009.

The future minimum lease payments for each of the succeeding five fiscal years under non-cancelable operating leases with initial or remaining lease terms in excess of one year consisted of the following at December 31, 2009:

2010	$121,567
2011	106,494
2012	57,824
2013	57,824
2014	57,824
	$401,533

NOTE 11: PENSION PLANS

The credit union has a contributory defined contribution pension plan available to employees with one year of service who have attained the age of 18 at the anniversary date of the plan. The plan provides that 50% of each participant's first 6% of deferrals will be contributed to the plan.

Total pension expense for the year ended December 31, 2009 was $158,192.

The credit union has a profit-sharing plan covering substantially all employees. The discretionary contribution is determined by the Board of Directors annually. There was no contribution for 2009.

The credit union has entered into three Collateral Assignment Split-Dollar Life Insurance Arrangements with officers of the credit union. The life insurance policy is owned by the officer, but premiums are paid by the credit union. The premium payments are accounted for as a loan to the officer. The imputed interest rate on the loans is treated as compensation for the officers.

NOTE 12: COMMITMENTS AND CONTINGENT LIABILITIES

The credit union is a party to various legal actions normally associated with financial institutions, the aggregate of which, in management's and legal counsel's opinion, would not be material to the financial condition of the credit union.

Financial Instruments with Off-Balance Sheet Risk

The credit union is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its members and to reduce its own exposure to fluctuations in interest rates. These instruments are commitments to extend credit and involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the statement of financial position. The contract or notional amounts of those instruments reflect the extent of involvement the credit union has in particular classes of financial instruments.

The credit union's exposure to credit loss in the event of non-performance by the other party to the financial instrument for commitments to extend credit is represented by the contractual or notional amount of those instruments. The credit union uses the same credit policies in making commitments as it does for on-balance sheet instruments.

Unless noted otherwise, the credit union does not require collateral or other security to support financial instruments with credit risk.

	UNUSED AMOUNTS
Financial Instruments Whose Contract Amounts Represent Credit Risk:	
Commitments to Extend Credit	
Business Loans	$ 386,354
Open-End Loans	2,380,151
Credit Cards	39,948,295
Construction Loans	787,269
Home Equity Loans	14,534,712
Overdraft Protection	11,723,986
	$69,760,767

Commitments to extend credit are agreements to lend to a member as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The credit union evaluates each member's credit worthiness on a case-by-case basis. The amount of collateral obtained if deemed necessary by the credit union is based on management's credit evaluation of the member. Collateral held generally consists of real estate.

NOTE 13: FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair values of the credit union's financial instruments are as follows:

	CARRYING AMOUNT	FAIR VALUE
Financial Assets		
Cash and Cash Equivalents	$ 31,225,173	$ 31,225,173
Securities Available-for-Sale	45,576,775	45,576,775
Securities Held-to-Maturity	36,222,321	36,446,707
Other Investments	51,121,136	51,121,136
Loans to Members	333,721,847	336,546,000
Allowance for Loan Losses	2,847,981	
Total Financial Assets	495,019,271	501,165,791
Financial Liabilities		
Notes Payable	8,906,367	9,355,000
Members' Shares and Deposits	463,519,946	467,368,000
Members' Shares	472,426,313	476,723,000
Unrecognized Financial Liabilities		
Commitments to Extend Credit	$ 69,760,767	$ 69,760,767

NOTE 14: REGULATORY CAPITAL

The credit union is subject to regulatory net worth requirements administered by the NCUA. Failure to meet minimum net worth requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the credit union's financial statements. Under capital adequacy guidelines and the regulatory framework for Prompt Corrective Action, the credit union must meet specific net worth guidelines that involve quantitative measures of the credit union's assets and liabilities, as calculated under Generally Accepted Accounting Principles.

Quantitative measures established by regulation to ensure capital adequacy require the credit union to maintain minimum ratios (set forth below) of net worth to assets (as defined in the regulations). Management believes that the credit union meets all capital adequacy requirements to which it is subject.

The credit union's net worth is categorized as well capitalized under the regulatory framework for Prompt Corrective Action. To be categorized as well capitalized, the credit union must maintain a minimum net worth as follows:

	Actual		To Be Well Capitalized under the Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio
December 31, 2009	$42,897,888	8.28%	>$36,272,296	>7.00%

Cindrich, Mahalak & Co., P.C.
Certified Public Accountants & Consultants

Independent Auditor's Report
On Supplemental Information

Board of Directors and
Audit Committee
Directions Credit Union
Sylvania, Ohio

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Graphic Presentations are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Cindrich, Mahalak & Co.

Cindrich, Mahalak & Co., P.C.

St. Clair Shores, Michigan

March 17, 2010

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