DIRECTIONS CREDIT UNION AND SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION
DECEMBER 31, 2010 AND DECEMBER 31, 2009

TABLE OF CONTENTS

Independent Auditor's Report 1

Consolidated Statements of Financial Condition 2

Consolidated Statements of Income 3

Consolidated Statements of Changes in Members' Equity 4

Consolidated Statements of Cash Flows 5

Notes to Consolidated Financial Statements 6

Independent Auditor's Report on Supplemental Information 25

Graphical Representations 26

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

Independent Auditor's Report

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

We have audited the accompanying Consolidated Statements of Financial Condition of Directions Credit Union and Subsidiary as of December 31, 2010 and December 31, 2009, and the related Consolidated Statements of Income, Changes in Members Equity, and Cash Flows for the years then ended. These 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 Directions Credit Union and Subsidiary as of December 31, 2010 and 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

February 21, 2011

MEMBERS OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
31215 Jefferson Ave., St. Clair Shores, MI 48082-2099 (586) 296-1155 FAX: (586) 296-5325
2180 44th Street SE, Suite 104, Kentwood, MI 49508 (616) 827-1155 FAX: (616) 827-9062
info@cm-co.com www.cm-co.com

DIRECTIONS CREDIT UNION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
DECEMBER 31, 2010 AND DECEMBER 31, 2009

	2010	2009
ASSETS		
Cash and Cash Equivalents (Note 6)	$ 31,244,277	$ 31,225,173
Investment Securities		
Securities Available-for-Sale (Note 2)	44,204,071	45,576,775
Securities Held-to-Maturity (Note 3)	64,238,950	36,222,321
Other Investments (Note 4)	22,403,203	51,121,136
Loans Receivable, Net of Allowance for Loan Losses (Note 5)	340,085,227	330,873,866
Accrued Interest Receivable	2,913,985	2,076,114
Property and Equipment (Note 7)	12,786,859	13,366,899
Prepaid Expenses	667,661	508,800
NCUSIF Deposit	4,664,327	4,683,876
Loan Servicing Rights	866,483	929,899
Other Real Estate Owned	130,471	550,692
Other Assets	757,172	1,040,105
TOTAL ASSETS	524,962,686	518,175,656
LIABILITIES AND EQUITY		
Members' Shares (Note 8)	469,987,103	463,519,946
Dividends and Interest Payable	51,571	29,434
Accounts Payable and Other Liabilities	1,406,149	1,232,989
Accrued Expenses	1,585,412	1,310,518
Notes Payable (Note 10)	7,764,876	8,906,367
Commitments and Contingent Liabilities (Note 12)		
Members Equity, Substantially Restricted	44,167,575	43,176,402
TOTAL LIABILITIES AND EQUITY	$524,962,686	$518,175,656

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

DIRECTIONS CREDIT UNION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2010 AND DECEMBER 31, 2009

	2010	2009
INTEREST INCOME		
Loans Receivable	$20,231,767	$20,848,910
Investment Securities	3,208,119	3,771,171
TOTAL INTEREST INCOME	23,439,886	24,620,081
INTEREST EXPENSE		
Members' Shares	5,860,476	8,072,654
Borrowed Funds	357,412	445,279
TOTAL INTEREST EXPENSE	6,217,888	8,517,933
NET INTEREST INCOME	17,221,998	16,102,148
Provision for Loan Losses (Note 5)	3,006,776	4,000,834
Net Interest Income After Provision for Loan Losses	14,215,222	12,101,314
NON-INTEREST INCOME		
Gain (Loss) on Sale of Securities	325,062	(17,398)
Gain on Sale of Loans	144,504	720,161
Loss on Sale of Other Real Estate Owned	(76,075)	(109,746)
Fees	5,889,621	5,266,937
Other	1,195,972	1,765,165
TOTAL NON-INTEREST INCOME	7,479,084	7,625,119
NON-INTEREST EXPENSE		
Compensation and Benefits	9,365,362	9,488,740
Occupancy	1,173,375	1,312,870
Operations	2,644,449	2,813,032
Loan Servicing	1,268,063	1,525,782
Professional Services	3,686,252	3,378,354
Other	2,420,604	2,032,876
TOTAL NON-INTEREST EXPENSE	20,558,105	20,551,654
NET INCOME (LOSS)	$ 1,136,201	$ (825,221)

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

DIRECTIONS CREDIT UNION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY
YEARS ENDED DECEMBER 31, 2010 AND 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
Comprehensive Income				
Net Income		1,136,201		1,136,201
Net Change in Unrealized Gain or Loss on Available-for-Sale Securities			(145,028)	(145,028)
Total Comprehensive Income				991,173
BALANCES, DECEMBER 31, 2010	$11,380,528	$32,653,561	$133,486	$44,167,575

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

DIRECTIONS CREDIT UNION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2010 AND DECEMBER 31, 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss)	$ 1,136,201	$ (825,221)
Adjustments to Reconcile Net Income to Net Cash Flows From Operating Activities		
Provision for Loan Losses	3,006,776	4,000,834
Loans Charged Off	(3,349,945)	(3,279,060)
Recoveries on Charged Off Loans	428,362	432,881
Depreciation	857,756	970,966
(Increase) Decrease in NCUSIF Deposit	19,549	(320,533)
Increase in Other Assets	(713,799)	(607,257)
Increase in Dividends and Interest Payable	22,137	29,434
Increase (Decrease) in Other Payables	448,055	(387,610)
Increase (Decrease) in Servicing Rights	63,416	(260,310)
Decrease in Loans Held-for-Sale	0	1,473,425
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,918,508	1,227,549
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) Decrease in Available-for-Sale Securities	1,526,490	(256,683)
Increase in Hold-to-Maturity Securities	(28,315,443)	(32,161,100)
Net (Increase) Decrease in Other Investments	28,717,933	(47,021,675)
Net (Increase) Decrease in Loans to Members	(9,296,554)	6,987,873
Net (Increase) Decrease in Land Contracts Receivable	420,221	(54,561)
Acquisition of Property and Equipment	(284,252)	(230,217)
Proceeds from Sale of Property and Equipment	6,535	162
NET CASH USED BY INVESTING ACTIVITIES	(7,225,070)	(72,736,201)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Increase in Members' Shares	6,467,157	14,040,467
Long Term Debt Repaid	(1,141,491)	(2,166,218)
NET CASH PROVIDED BY FINANCING ACTIVITIES	5,325,666	11,874,249
Net Increase (Decrease) in Cash and Cash Equivalents	19,104	(59,634,403)
Cash and Cash Equivalents at Beginning of Year	31,225,173	90,859,576
CASH AND CASH EQUIVALENTS AT END OF YEAR	31,244,277	31,225,173
SUPPLEMENTAL DISCLOSURES		
Cash Paid During the Year for Dividends and Interest	$ 6,195,751	$ 8,488,499

SEE ACCOMPANYING NOTES TO 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, 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. This investment is accounted 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:

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.

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 FASB Accounting Standards Codification Topic 320, Investments - Debt and Equity Securities.

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
Capitalized Costs 2010	57,853
Costs Amortized 2010	(121,269)
Balance, December 31, 2010	$866,483

The balance of loans being serviced by the credit union for the benefit of the Federal National Mortgage Association is $136,617,924 at December 31, 2010 and $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%. In September 2010, the NCUA Board assessed credit unions an amount equal to .1242% of insured shares. Beyond this, the future cost related to any premium assessment is unknown at this time.

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. 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 TCCUSF borrowings. In June 2010, the NCUA board assessed credit unions an amount equal to .134% of March 31, 2010 insured shares. This assessment to all federally insured credit unions will raise $1 billion, which is to be used to pay back TCCUSF borrowings which currently total $1.5 billion. The TCCUSF has seven years from the first advance, which occurred in June 2009, to pay back treasury borrowings. The future cost related to any assessments 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, leasehold improvements, furniture, fixtures, and equipment are carried at cost, less accumulated depreciation and amortization. The building, furniture, fixtures, and equipment are depreciated using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized using the straight-line method over the terms of the related leases.

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. Two credit unions, in two different federal districts, have been successful in lawsuits challenging the IRS's interpretation of Unrelated Business Income Tax rules. This does not officially change the position of the IRS in these matters.

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:

	2010			
	AMORTIZED COST	GROSS UNREALIZED GAIN	GROSS UNREALIZED LOSS	ESTIMATED FAIR VALUE
Collateralized Mortgage Obligations	$ 2,771,821	$ 30,692	$ 5,346	$ 2,797,167
Corporate Bonds	20,626,484	90,650	210,107	20,507,027
Federal Agency Securities	9,494,396	66,854	61,719	9,499,531
Certificates of Deposit	9,080,988	185,904	2,171	9,264,721
U.S. Treasury Securities	2,096,896	38,729	0	2,135,625
	$44,070,585	$412,829	$279,343	$44,204,071

	2009			
	AMORTIZED COST	GROSS UNREALIZED GAIN	GROSS UNREALIZED LOSS	ESTIMATED FAIR VALUE
Collateralized Mortgage Obligations	$ 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.

	2010		2009	
	AMORTIZED COST	ESTIMATED FAIR VALUE	AMORTIZED COST	ESTIMATED FAIR VALUE
Amounts Maturing In:				
One Year or Less	$13,078,296	$13,185,502	$7,001,655	$7,028,750
After One Year through Five Years	28,635,512	28,638,854	33,946,745	34,210,830
After Five Years through Ten Years	1,007,345	1,025,487	1,625,486	1,653,875
After Ten Years	1,349,432	1,354,228	2,724,375	2,683,320
	$44,070,585	$44,204,071	$45,298,261	$45,576,775

Securities containing unrealized losses determined to be temporary at December 31, 2010 are as follows:

	Less Than 12 Months		12 Months or Longer		Total	
Description of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Collateralized Mortgage Obligations			$982,263	$5,346	$ 982,263	$ 5,346
Corporate Bond	$ 7,979,565	$210,107			7,979,565	210,107
Federal Agency Securities	3,438,282	61,719			3,438,282	61,719
Certificates of Deposit	247,830	2,171			247,830	2,171
	$11,665,677	$273,997	$982,263	$5,346	$12,647,940	$279,343

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

Investment Sales: In 2010 and 2009, the credit union sold the following investments:

		2010		
Investment	Date	Book Value	Proceeds	Gains/(Loss)
Bank of America	04/09/10	$ 2,155,800	$ 2,139,200	$(16,600)
Countrywide Financial	04/09/10	1,588,093	1,591,500	3,407
FNMA	05/05/10	998,188	1,000,000	1,812
FHLB	02/22/10	1,000,000	1,063,000	63,000
FNMA	02/22/10	1,000,000	1,063,700	63,700
FNMA	10/26/10	1,001,610	1,000,000	(1,610)
FNMA	09/22/10	999,498	1,000,000	502
American Express Centurion	01/15/10	2,027,056	2,153,200	126,144
Key Bank	02/25/10	2,594,145	2,678,852	84,707
		$13,364,390	$13,689,452	$325,062

		2009		
Investment	Date	Book Value	Proceeds	Gains/(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:

		2010		
	AMORTIZED COST	GROSS UNREALIZED GAIN	GROSS UNREALIZED LOSS	ESTIMATED FAIR VALUE
Corporate Bond	$36,807,358	$331,431	$303,845	$36,834,944
Federal Agency Securities	21,084,493	120,280	0	21,204,773
Collateralized Mortgage Obligations	316,166	0	10,149	306,017
U.S. Treasury Securities	6,030,933	18,604	8,315	6,041,222
	$64,238,950	$470,315	$322,309	$64,386,956

	2009			
	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.

	2010		2009	
	AMORTIZED COST	ESTIMATED FAIR VALUE	AMORTIZED COST	ESTIMATED FAIR VALUE
Amounts Maturing In:				
One Year or Less	$10,571,907	$10,599,688	$11,558,372	$11,586,403
After One Year Through Five Years	53,667,043	53,787,268	24,663,949	24,860,304
	$64,238,950	$64,386,956	$36,222,321	$36,446,707

Securities containing unrealized losses determined to be temporary at December 31, 2010 are as follows:

	Less Than 12 Months		12 Months or Longer		Total	
Description of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Corporate Bonds	$ 9,478,108	$301,067	$1,004,113	$ 2,778	$10,482,221	$303,845
Collateralized Mortgage Obligations			306,018	10,149	306,018	10,149
U.S. Treasury Securities	4,022,071	8,315			4,022,071	8,315
	$13,500,179	$309,382	$1,310,131	$12,927	$14,810,310	$322,309

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

NOTE 4: OTHER INVESTMENTS

Other investments are as follows:

	2010	2009
Non-Negotiable Certificates of Deposit	$18,242,000	$45,129,000
Corporate One Capital Shares	1,920,000	1,920,000
Harp Note	0	1,780,840
CUSO Investments	443,303	493,396
FHLB Stock	1,797,900	1,797,900
	$22,403,203	$51,121,136

NOTE 5: LOANS RECEIVABLE

The composition of loans to members is as follows:

	2010	2009
Real Estate	$166,391,017	$150,173,491
Home Equity	13,977,267	15,592,801
Consumer	105,841,321	114,640,959
Credit Card	26,487,138	26,860,277
Student	13,633,918	8,387,365
Business	2,289,296	1,974,838
Auto Leases	9,279,460	12,137,771
Participation	4,750,052	3,470,878
Total Loans	342,649,469	333,238,380
Net Deferred Loan Origination Costs	368,932	483,467
	343,018,401	333,721,847
Allowance for Loan Losses	2,933,174	2,847,981
Net Loans	$340,085,227	$330,873,866

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

	2010	2009
Balance, Beginning of Year	$2,847,981	$1,693,326
Provision for Loan Losses	3,006,776	4,000,834
Loans Charged Off	(3,349,945)	(3,279,060)
Recoveries	428,362	432,881
Balance, End of Year	$2,933,174	$2,847,981

A summary of loan delinquency is as follows:

	2010	PERCENT	2009	PERCENT
Loans Delinquent:				
2 To 6 Months	$ 2,711,220		$ 1,872,718	
6 To 12 Months	384,100		535,822	
Over 12 Months	597,557		903,083	
Total Delinquency	3,692,877	1.08	3,311,623	0.99
Loans Current and Less Than Two Months Delinquent	338,956,592	98.92	329,926,757	99.01
Total Loans	$342,649,469	100.00	$333,238,380	100.00

At December 31, 2010 and December 31, 2009, the credit union had loans totaling $508,114 and $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 $13,730 and $19,906 for December 31, 2010 and December 31, 2009, respectively.

Certain officers, directors, and employees of the credit union, including their immediate families, had loans outstanding or obtained loans during 2010 and 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:

	2010	2009
Cash	$ 6,225,791	$ 7,236,660
Deposits with Corporate Credit Union	8,804,461	5,113,884
Federal Funds	16,214,025	18,874,629
Total	$31,244,277	$31,225,173

NOTE 7: PROPERTY AND EQUIPMENT

Property and Equipment is Summarized as Follows:

	2010	2009
Land	$ 3,469,416	$ 3,469,416
Buildings and Improvements	13,130,218	12,994,774
Furniture and Equipment	7,229,633	7,436,373
Total Property and Equipment	23,829,267	23,900,563
Accumulated Depreciation	11,042,408	10,533,664
Net Property and Equipment	$12,786,859	$13,366,899

NOTE 8: MEMBERS' SHARES

Members' Shares are Summarized as Follows:

	2010	2009
Regular Shares	$159,713,949	$130,805,607
Checking Accounts	69,285,423	63,748,176
Money Market Accounts	73,842,865	71,930,097
Club Accounts	1,499,291	958,320
IRA Accounts	12,062,684	9,358,053
Share and IRA Certificates	153,582,891	186,719,693
Total Share Accounts	$469,987,103	$463,519,946

Member shares are insured to $250,000. The aggregate amounts of uninsured shares were approximately $9,621,616 and $6,893,615 at December 31, 2010 and December 31, 2009, respectively.

At December 31, 2010 and December 31, 2009, scheduled maturities of share and IRA certificates are as follows:

	2010	2009
Less Than One Year	$ 70,918,754	$125,555,718
One to Less Than Two Years	39,077,087	24,629,923
Two to Less Than Three Years	19,165,474	26,670,001
Three to Less Than Four Years	6,348,935	5,841,023
Four to Less Than Five Years	18,072,641	4,023,028
	$153,582,891	$186,719,693

NOTE 9: LINE OF CREDIT

The credit union maintains a line of credit with Corporate One Federal Credit Union and Federal Home Loan Bank at a variable rate of interest. The credit union could borrow up to $10,000,000 and $50,965,500. The Corporate One Credit Union line is collateralized by substantially all of the credit union's assets. The Federal Home Loan Bank line is collateralized by eligible mortgages pledged as collateral.

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

	Interest Rate	Maturity Date	2010	2009
FHLB	4.71%	08/03/2010	$ 0	$1,000,000
FHLB	4.94%	09/28/2012	2,500,000	2,500,000
FHLB	3.93%	10/18/2013	5,000,000	5,000,000
FHLB	2.81%	06/01/2013	264,876	406,367
			$7,764,876	$8,906,367

NOTE 10: LEASE COMMITMENTS

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

BRANCH	TERM	EXPIRATION DATE	ANNUAL RENT
Reynolds Road	5 Years	10/31/2011	$37,053
Owens Corning	1 Year	08/31/2011	$26,690
Westgate Village	7 Years	03/31/2015	$57,824

Rent expense was approximately $160,500 and $185,395 for the years ended December 31, 2010 and December 31, 2009, respectively.

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, 2010:

2011	$106,494
2012	57,824
2013	57,824
2014	57,824
2015	14,456
	$294,422

NOTE 11: PENSION PLANS

The credit union has a contributory defined contribution pension plan available to employees with six months 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 matched. As of 2010, the plan provides that 25% of each participants first 6% of deferrals will be matched.

Total pension expense for the years ended December 31, 2010 and December 31, 2009 were $85,571 and $158,192, respectively.

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 2010.

The credit union has entered into 3 Collateral Assignment Split-Dollar Life Insurance Arrangements with officers of the credit union. The life insurance policy is owned by the officer, but the 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 loan 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	
	2010	2009
Financial Instruments Whose Contract Amounts Represent Credit Risk:		
Commitments to Extend Credit		
Business Loans	$ 144,428	$ 386,354
Open-End Loans	2,465,546	2,380,151
Credit Cards	40,247,103	39,948,295
Construction Loans	1,870,239	787,269
Home Equity Loans	13,433,791	14,534,712
Overdraft Protection	12,068,368	11,723,986
	$70,229,475	$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 MEASUREMENTS

Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 820. *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lower priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820-10 are described as follows:

- Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the credit union has the ability to access.
- Level 2 inputs to the valuation methodology include the following:
  - Quoted prices for similar assets or liabilities in active markets
  - Quoted prices for identical or similar assets or liabilities in active markets
  - Inputs other than quoted prices that are observable for the asset or liability

- Inputs that are derived principally from, or corroborated by, observable market data by correlation or other means

  If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full-term of the asset or liability.
- Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The assets or liabilities fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

	Assets at Fair Value at December 31, 2010			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Cash and Cash Equivalents		$31,244,277		$31,244,277
Securities Available-for Sale		44,204,071		44,204,071
Securities Held-to-Maturity		64,386,956		64,386,956
Other Investments		22,403,203		22,403,203
Loans to Members			347,782,000	347,782,000
Total Financial Assets		162,238,507	347,782,000	510,020,507
Financial Liabilities				
Notes Payable			8,140,000	8,140,000
Members' Shares and Deposits			474,707,000	474,707,000
			482,847,000	482,847,000
Unrecognized Financial Liabilities				
Commitments to Extend Credit			70,229,475	70,229,475

Effect on Level 3 inputs on Net Assets or Liabilities:

	Beginning Balance	Purchases, Issuances, and Settlements	Ending Balance
Financial Assets			
Loans to Members	336,546,000	11,236,000	347,782,000

Financial Liabilities			
Notes Payable	9,355,000	(1,215,000)	8,140,000
Members' Shares and Deposits	467,368,000	7,339,000	474,707,000
	476,723,000	6,124,000	482,847,000
Unrecognized Financial Liabilities			
Commitments to Extend Credit	$ 69,760,767	$ 468,708	$ 70,229,475

	Assets at Fair Value at December 31, 2009			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Cash and Cash Equivalents		$31,225,173		$31,225,173
Securities Available-for-Sale		45,476,775		45,576,775
Securities Held-to-Maturity		36,446,707		36,446,707
Other Investments		51,121,136		51,121,136
Loans to Members			336,546,000	336,546,000
Total Financial Assets		164,369,791	336,546,000	500,915,791
Financial Liabilities				
Notes Payable			9,355,000	9,355,000
Members' Shares and Deposits			467,368,000	467,368,000
			476,723,000	476,723,000
Unrecognized Financial Liabilities				
Commitments to Extend Credit			69,760,767	69,760,767

Effect on Level 3 inputs on Net Assets or Liabilities:

	Beginning Balance	Purchases, Issuances, and Settlements	Ending Balance
Financial Assets			
Loans to Members	376,805,000	(40,259,000)	336,546,000
Financial Liabilities			
Notes Payable	11,562,000	(2,207,000)	9,355,000
Members' Shares and Deposits	452,513,000	14,855,000	467,368,000
	464,075,000	12,648,000	476,723,000
Unrecognized Financial Liabilities			
Commitments to Extend Credit	$ 71,912,687	$(2,151,920)	$ 69,760,767

NOTE 14: SUBSEQUENT EVENTS

In accordance with FASB Accounting Standards Codification™ Topic 855, *Subsequent Events*, The credit union has evaluated subsequent events through the date of the Independent Auditor's Report, which is the date these financial statements were available to be issued. There are no subsequent events requiring recognition.

NOTE 15: 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, 2010	$44,034,089	8.39%	>$36,747,388	>7.00%
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.

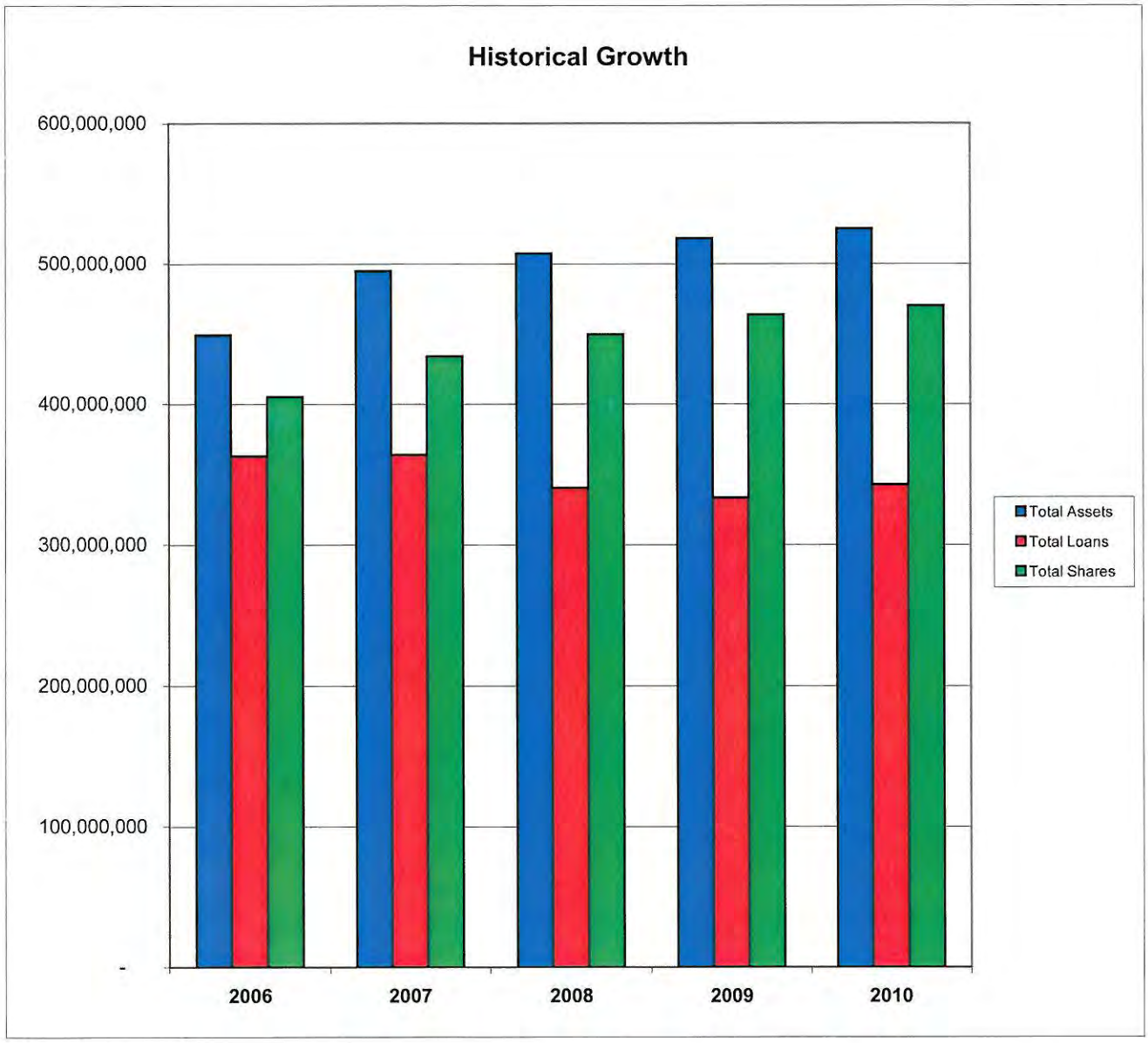
Cindrich, Mahalak & Co., P.C.

St. Clair Shores, Michigan

February 21, 2011

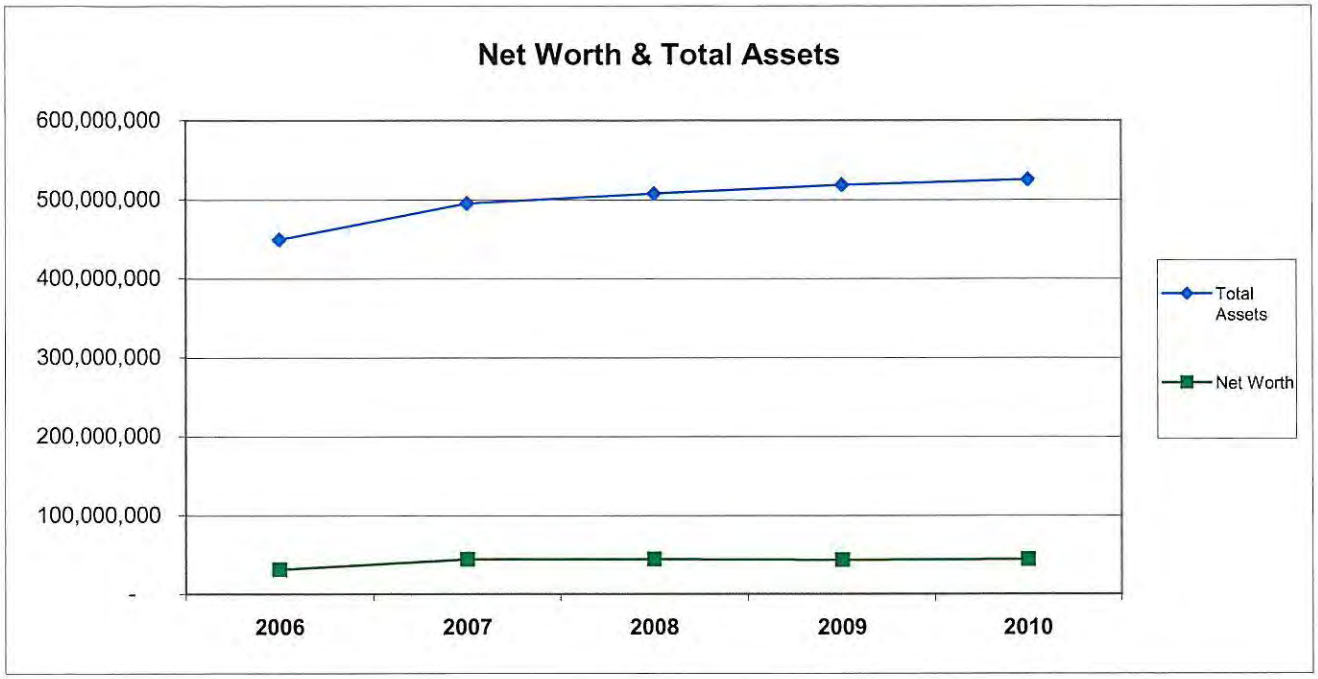
MEMBERS OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
31215 Jefferson Ave., St. Clair Shores, MI 48082-2099 (586) 296-1155 FAX: (586) 296-5325
2180 44th Street SE, Suite 104, Kentwood, MI 49508 (616) 827-1155 FAX: (616) 827-9062
info@cm-co.com www.cm-co.com

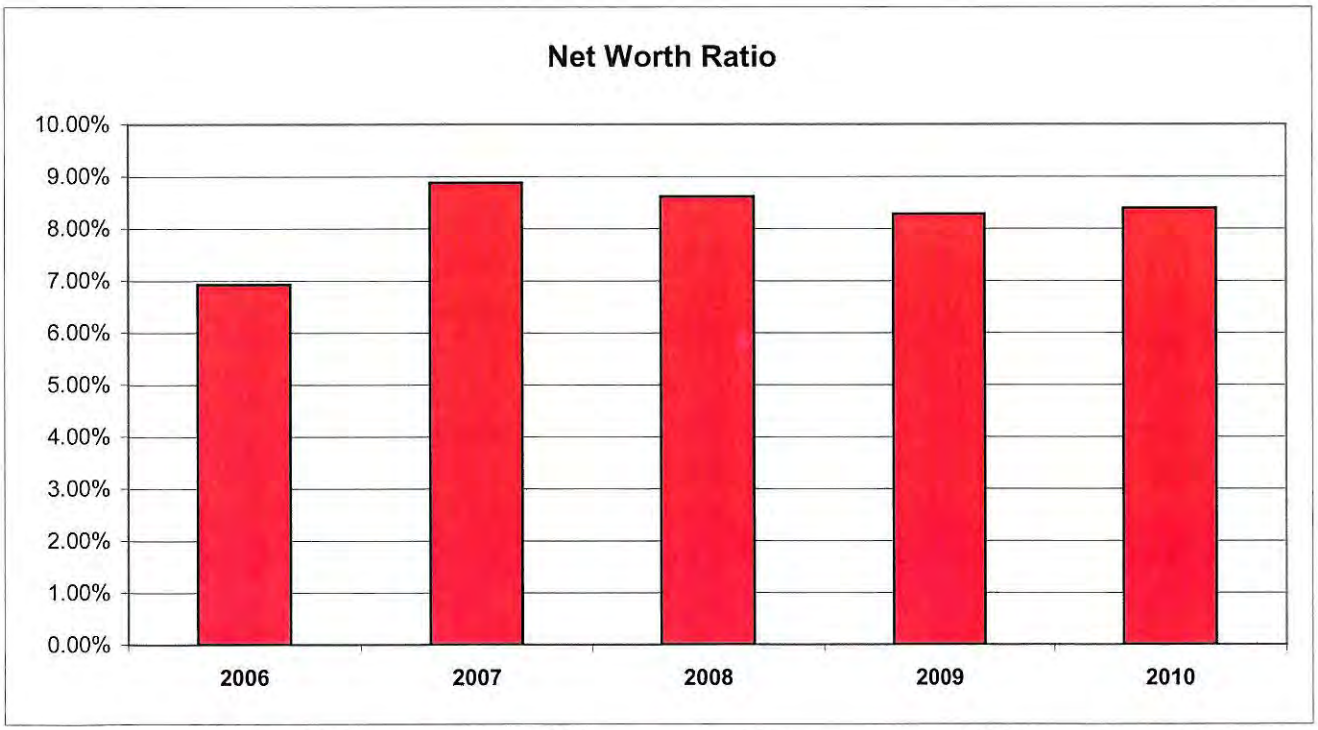
Directions Credit Union
December 31, 2010



	2006	2007	2008	2009	2010
Total Assets	449,153,097	494,908,656	507,380,175	518,175,656	524,962,686
Total Loans	362,999,117	363,619,920	340,276,424	333,238,380	342,649,469
Total Shares	405,202,187	434,004,988	449,479,479	463,519,946	469,987,103
Asset Growth		10.19%	2.52%	2.13%	1.31%
Loan Growth		0.17%	-6.42%	-2.07%	2.82%
Share Growth		7.11%	3.57%	3.12%	1.40%

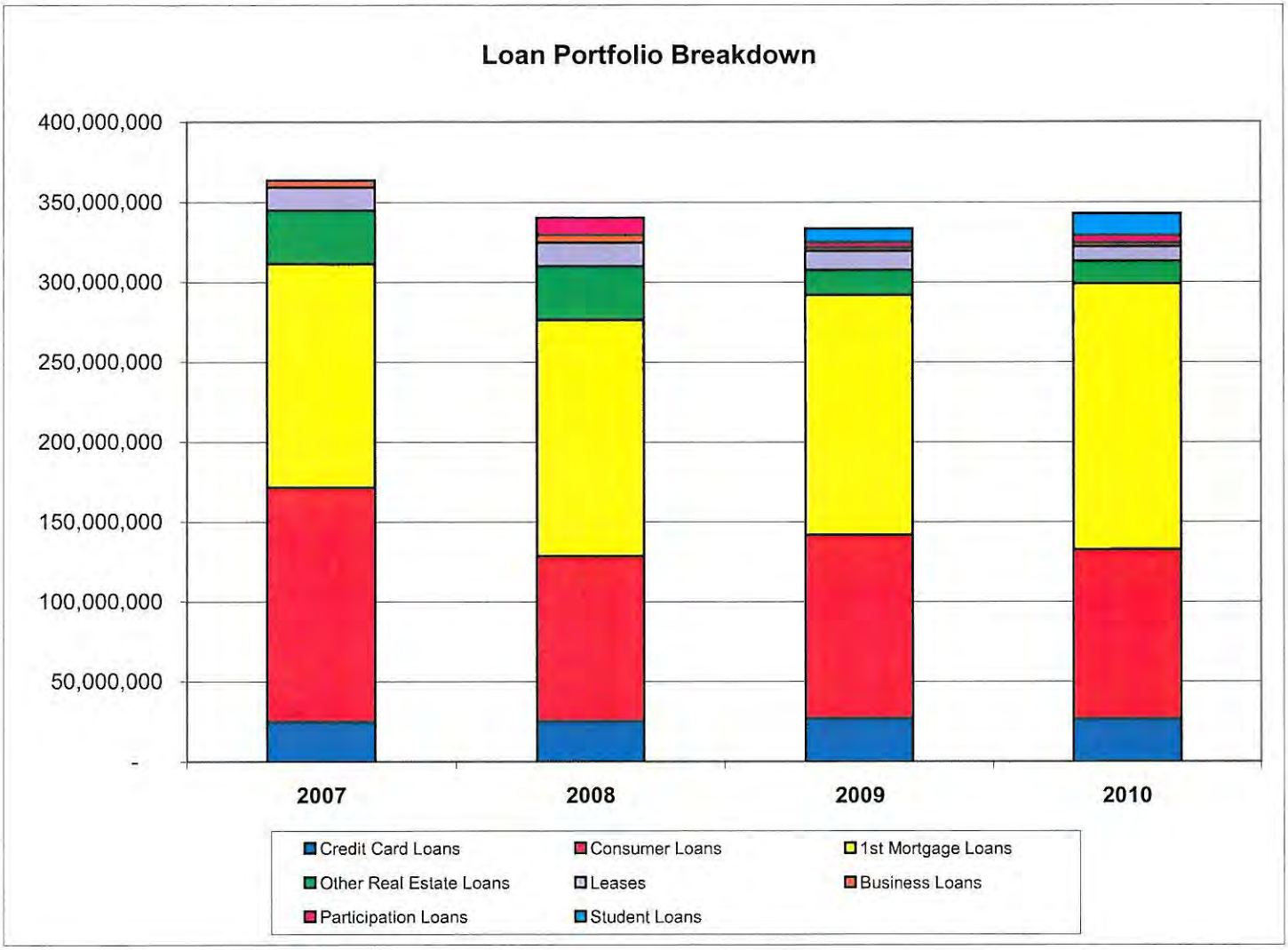
Directions Credit Union
December 31, 2010





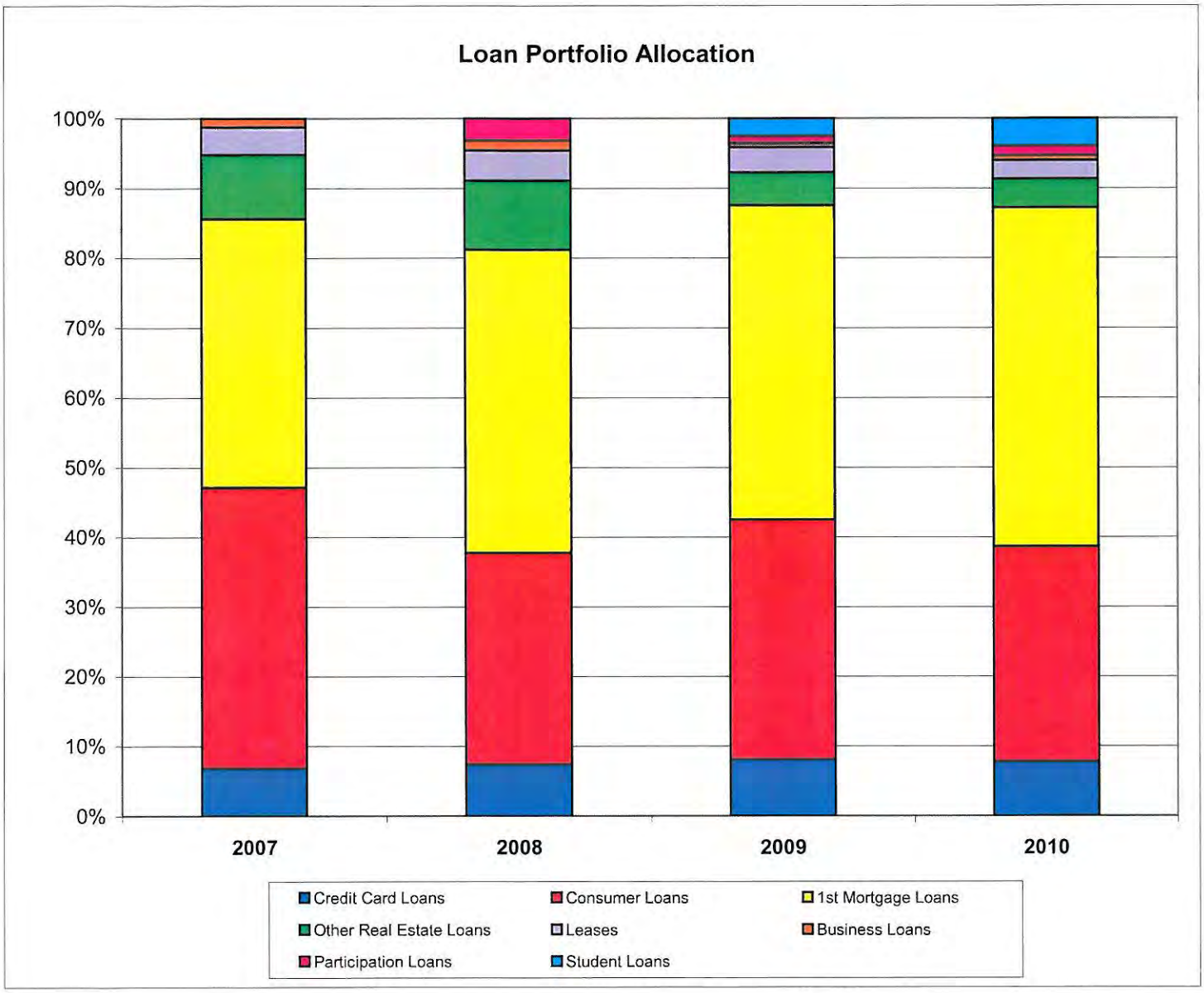
	2006	2007	2008	2009	2010
Total Assets	449,153,097	494,908,656	507,380,175	518,175,656	524,962,686
Total Net Worth	31,103,741	43,935,856	43,715,204	42,897,888	44,034,089
Net Worth Ratio	6.92%	8.88%	8.62%	8.28%	8.39%

Directions Credit Union
December 31, 2010



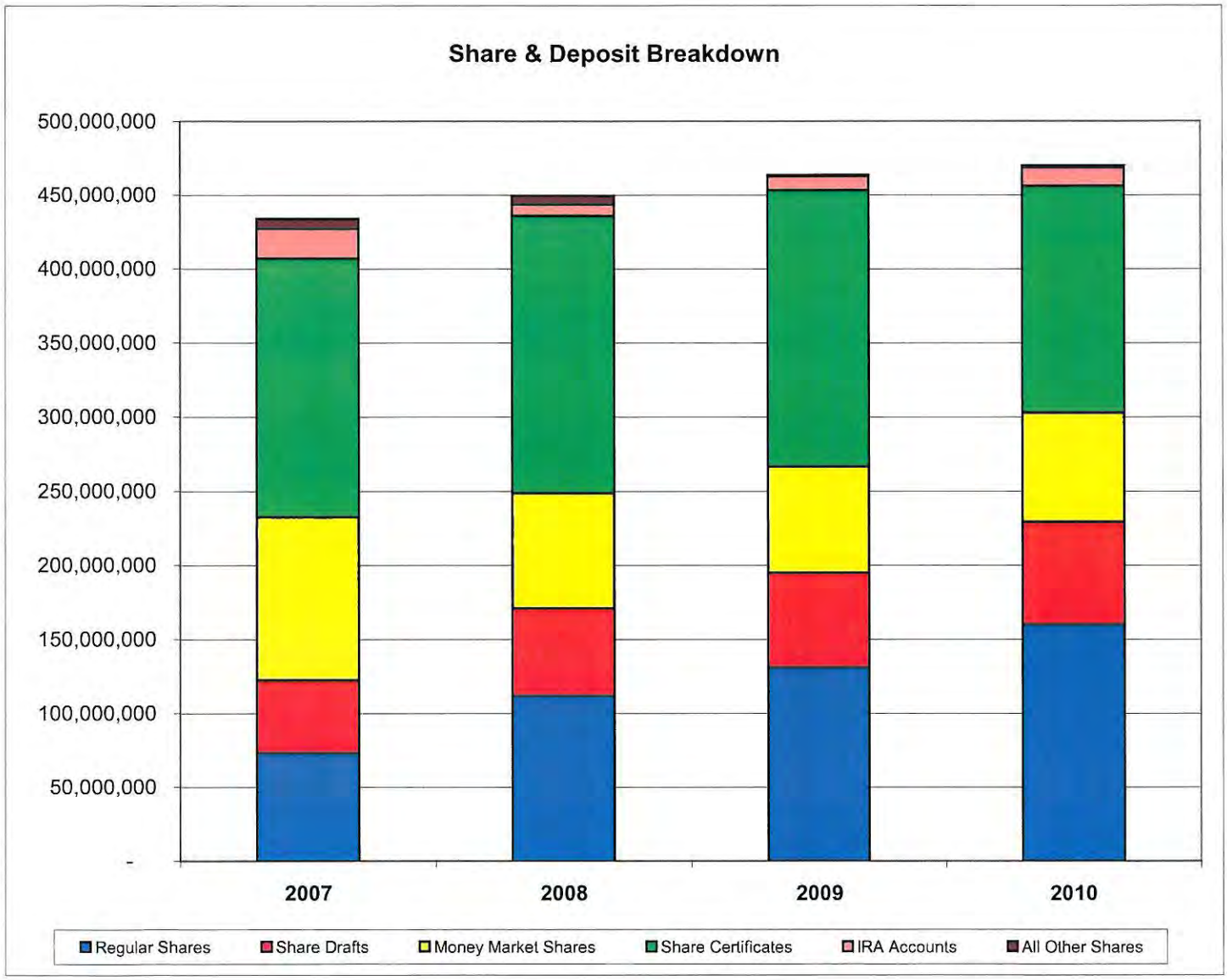
	2007	2008	2009	2010
Credit Card Loans	24,725,420	25,058,121	26,860,277	26,487,138
Consumer Loans	146,452,394	103,282,588	114,640,959	105,841,321
1st Mortgage Loans	140,169,279	147,940,966	150,173,491	166,391,017
Other Real Estate Loans	33,301,834	33,495,774	15,592,801	13,977,267
Leases	14,468,696	14,832,101	12,137,771	9,279,460
Business Loans	4,502,297	4,874,579	1,974,838	2,289,296
Participation Loans	-	10,792,295	3,470,878	4,750,052
Student Loans	-	-	8,387,365	13,633,918
Total Loans	363,619,920	340,276,424	333,238,380	342,649,469

Directions Credit Union
December 31, 2010



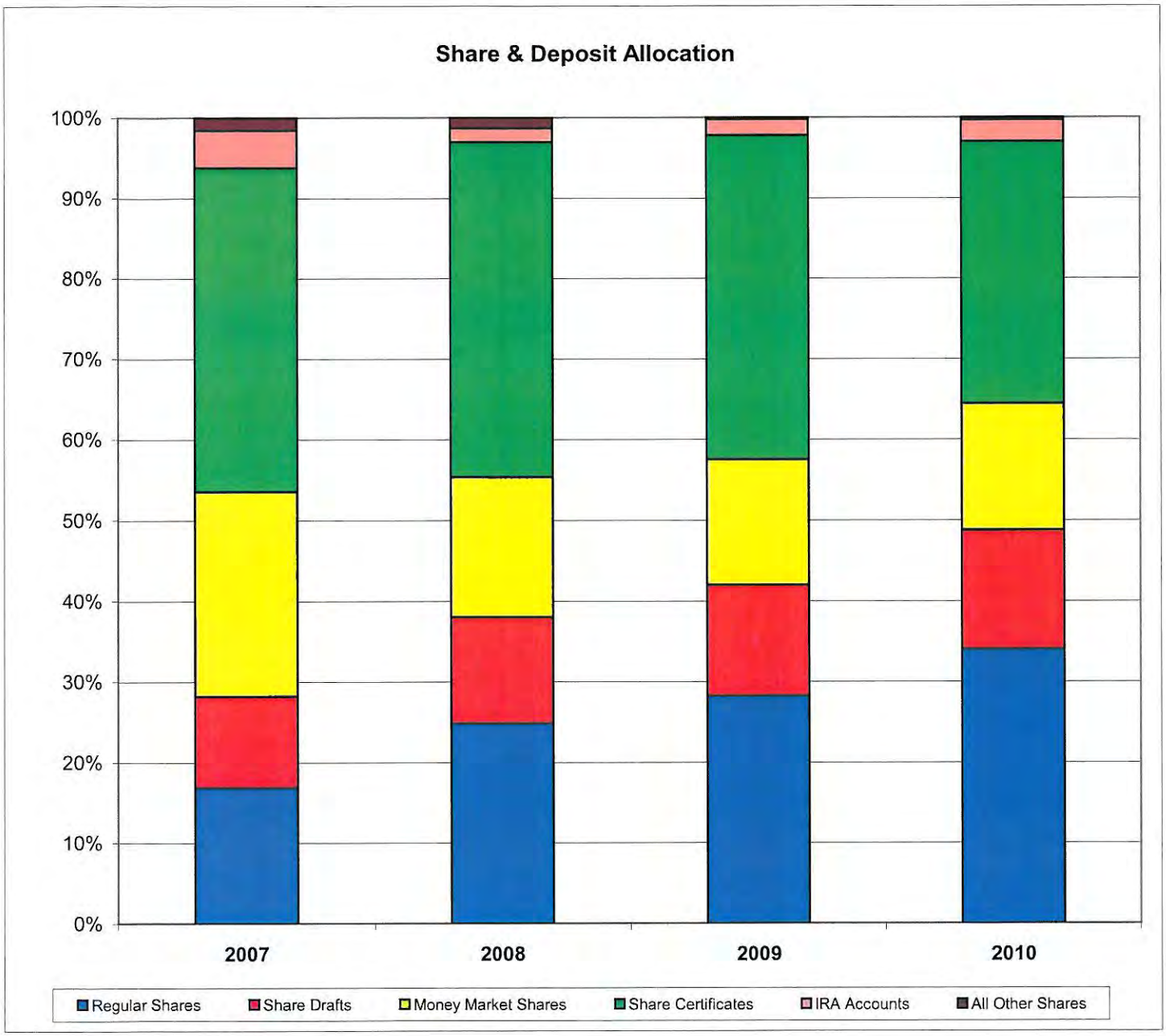
	2007	2008	2009	2010
Credit Card Loans	6.80%	7.36%	8.06%	7.73%
Consumer Loans	40.28%	30.35%	34.40%	30.89%
1st Mortgage Loans	38.55%	43.48%	45.06%	48.56%
Other Real Estate Loans	9.16%	9.84%	4.68%	4.08%
Leases	3.98%	4.36%	3.64%	2.71%
Business Loans	1.24%	1.43%	0.59%	0.67%
Participation Loans	0.00%	3.17%	1.04%	1.39%
Student Loans	0.00%	0.00%	2.52%	3.98%
Total Loans	100.00%	100.00%	100.00%	100.00%

Directions Credit Union
December 31, 2010



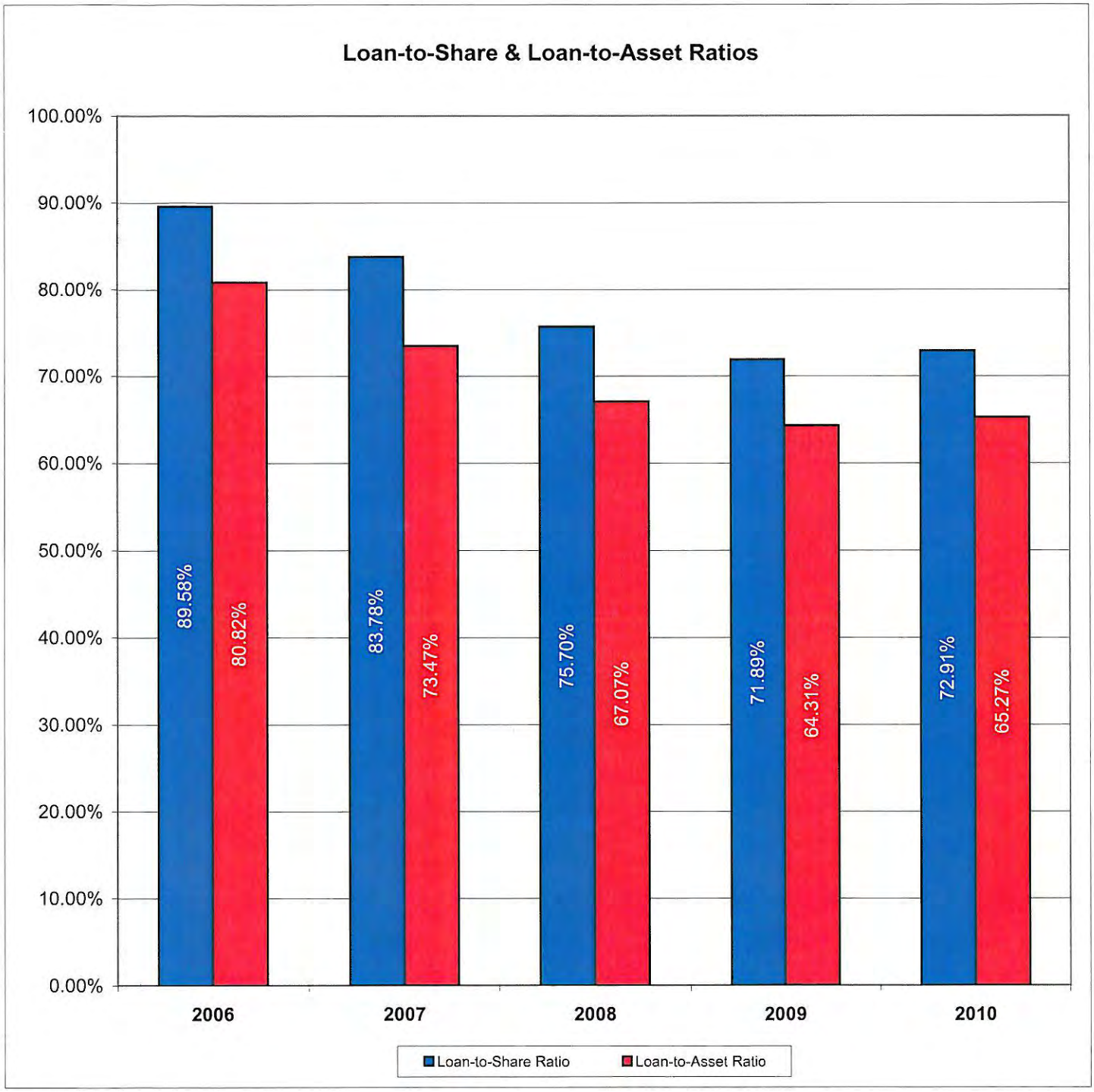
	2007	2008	2009	2010
Regular Shares	73,052,376	111,612,671	130,805,607	159,713,949
Share Drafts	49,216,238	59,145,440	63,748,176	69,285,423
Money Market Shares	110,162,377	77,928,870	71,930,097	73,842,865
Share Certificates	174,558,795	187,046,802	186,719,693	152,956,667
IRA Accounts	20,307,957	7,844,183	9,358,053	12,688,908
All Other Shares	6,707,245	5,901,513	958,320	1,499,291
Total Shares	434,004,988	449,479,479	463,519,946	469,987,103

Directions Credit Union
December 31, 2010

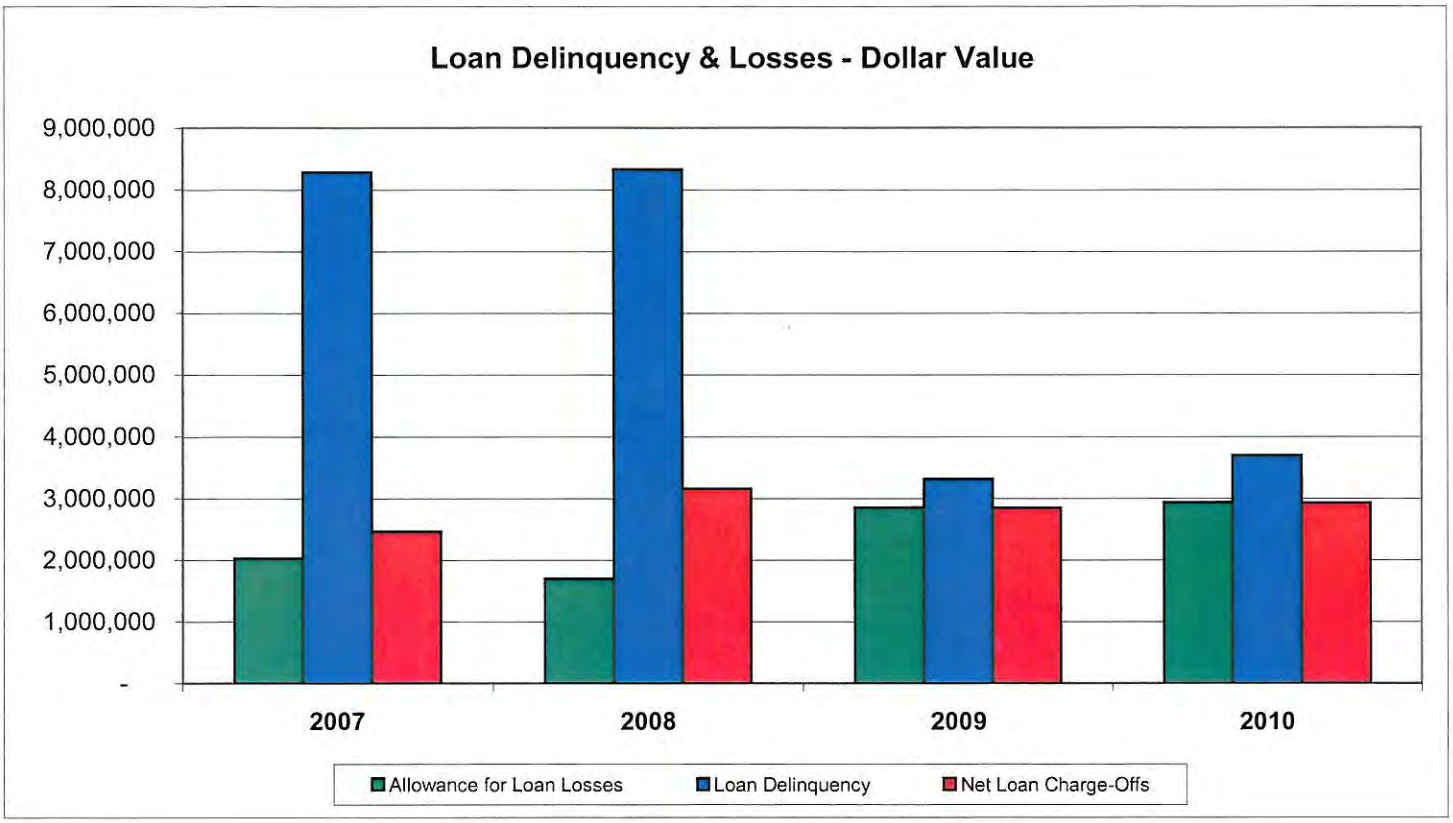


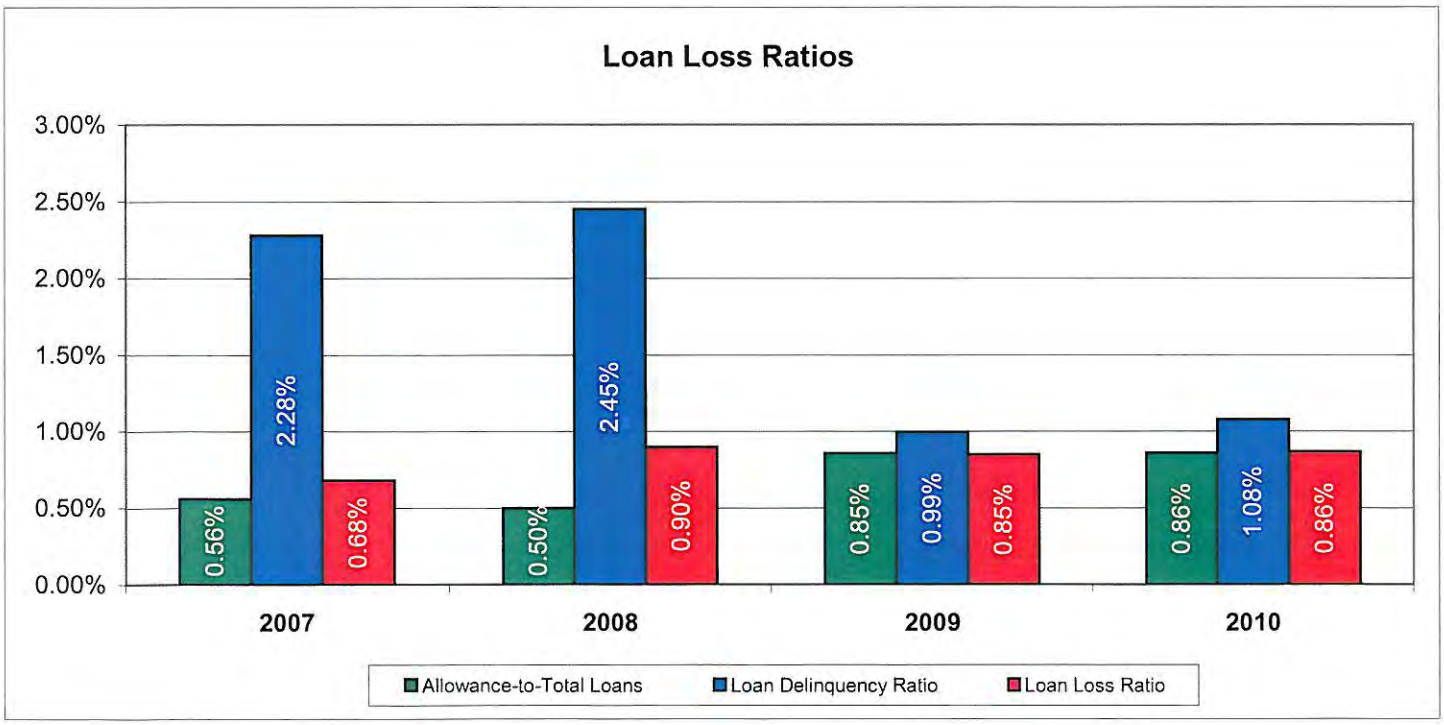
	2007	2008	2009	2010
Regular Shares	16.83%	24.83%	28.22%	33.98%
Share Drafts	11.34%	13.16%	13.75%	14.74%
Money Market Shares	25.38%	17.34%	15.52%	15.71%
Share Certificates	40.22%	41.61%	40.28%	32.54%
IRA Accounts	4.68%	1.75%	2.02%	2.70%
All Other Shares	1.55%	1.31%	0.21%	0.32%
Total Shares	100.00%	100.00%	100.00%	100.00%

Directions Credit Union
December 31, 2010

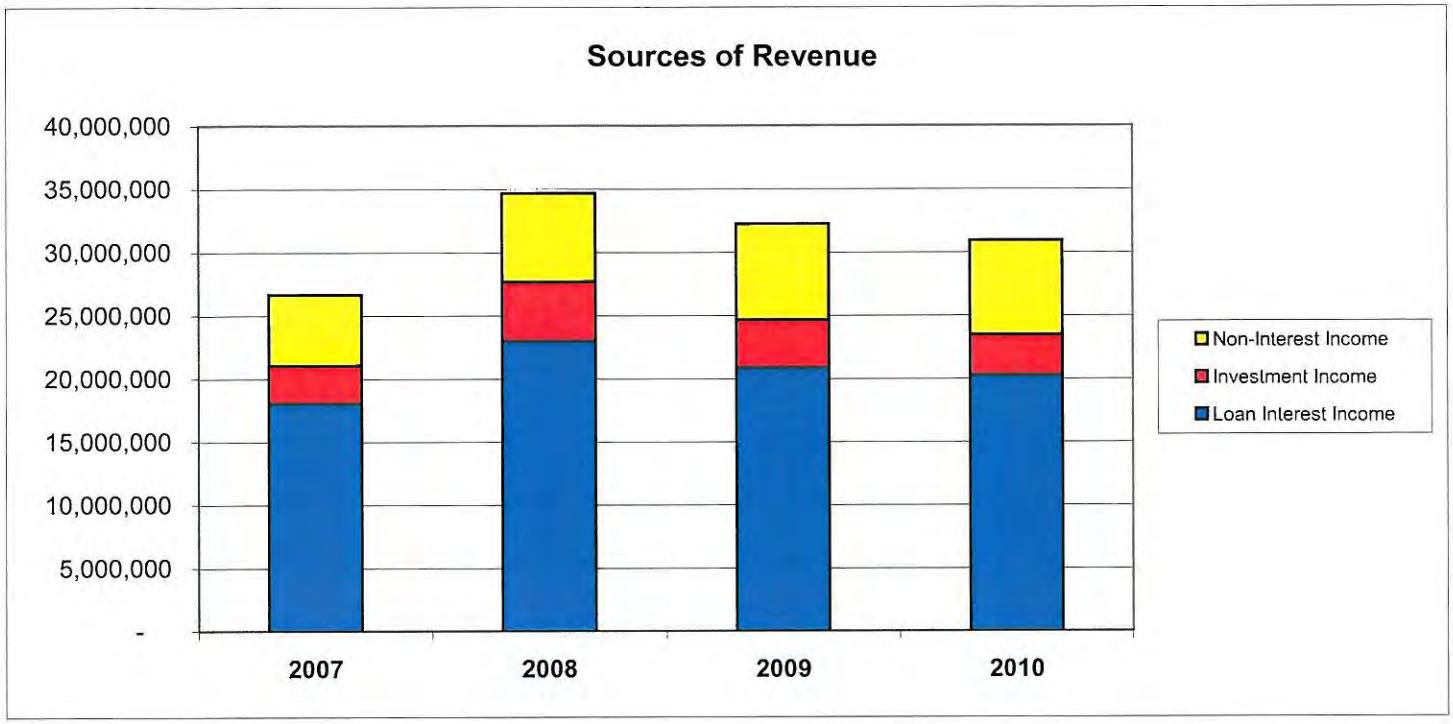


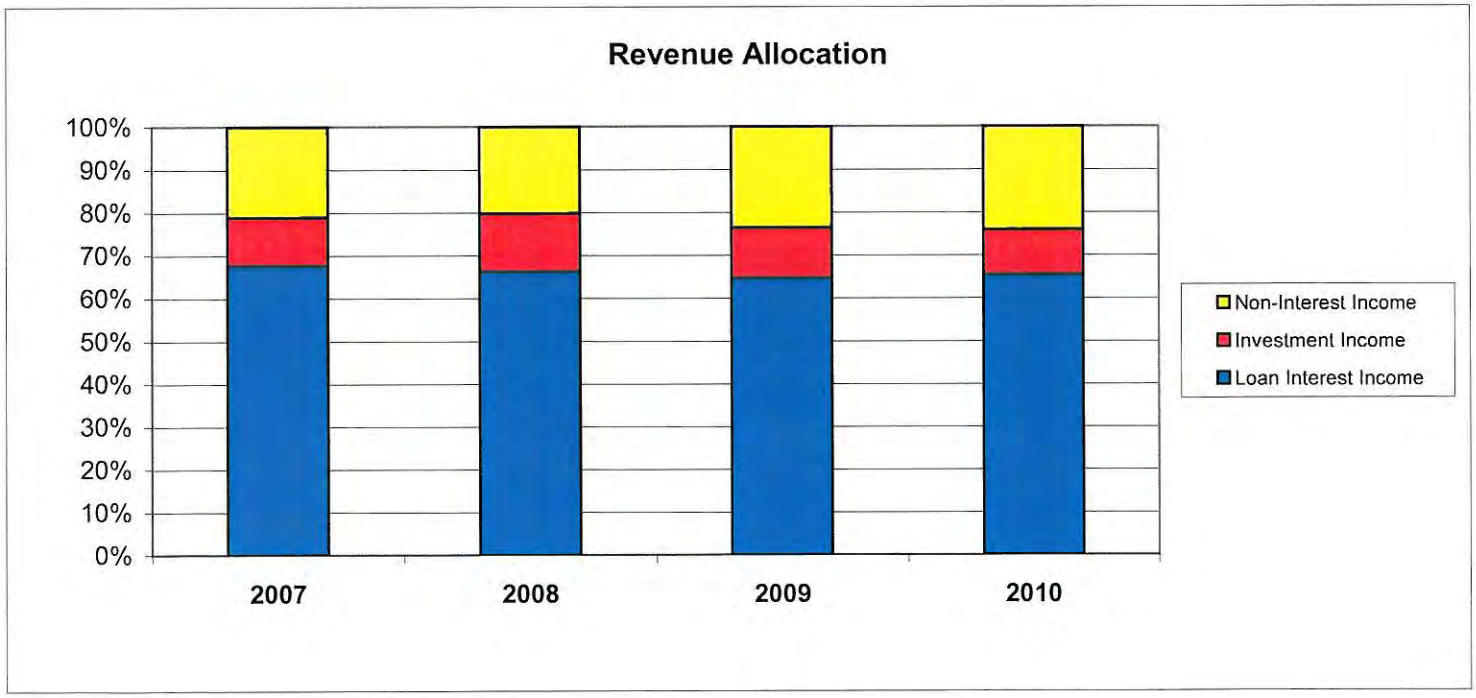
Directions Credit Union
December 31, 2010



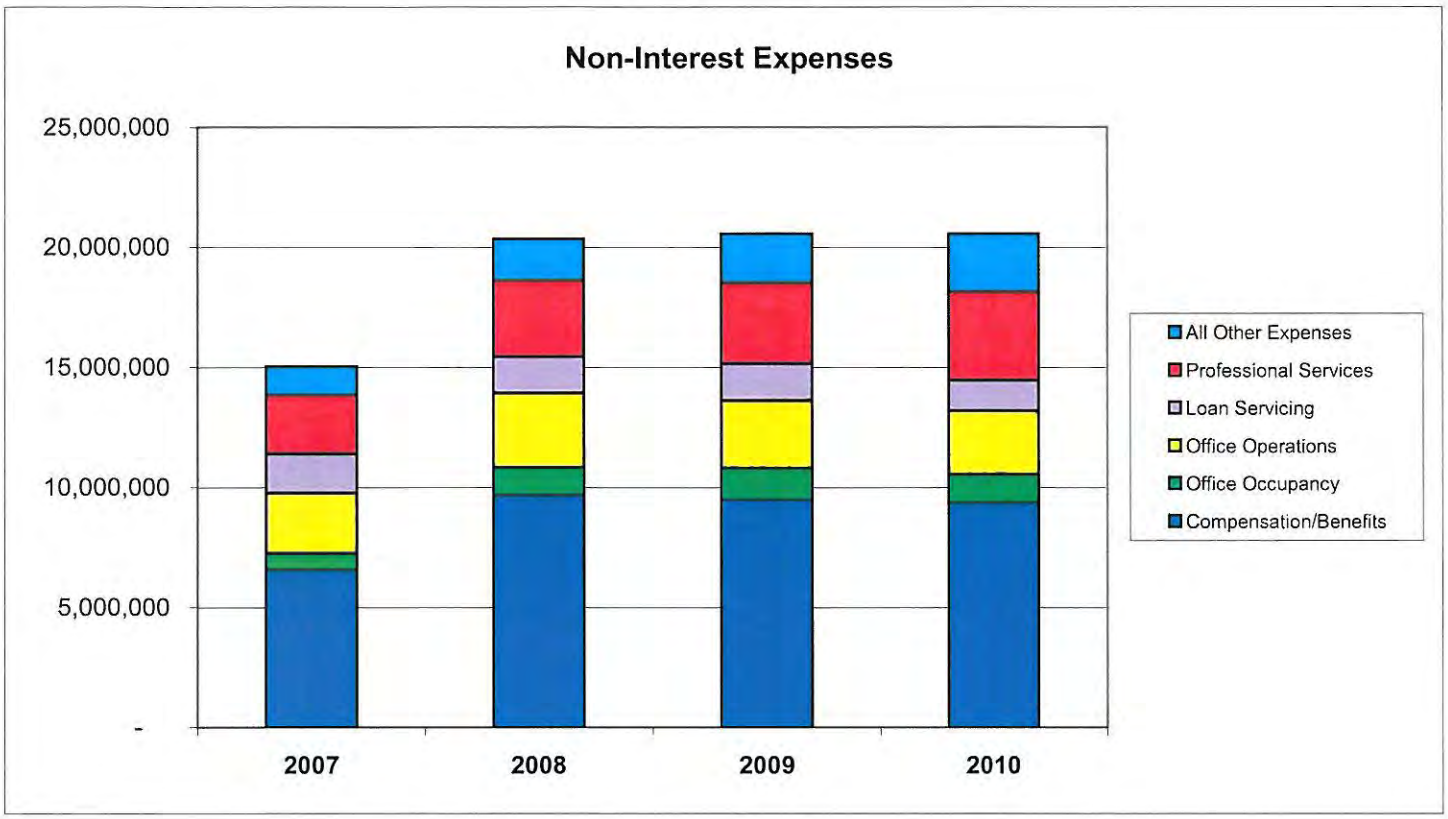


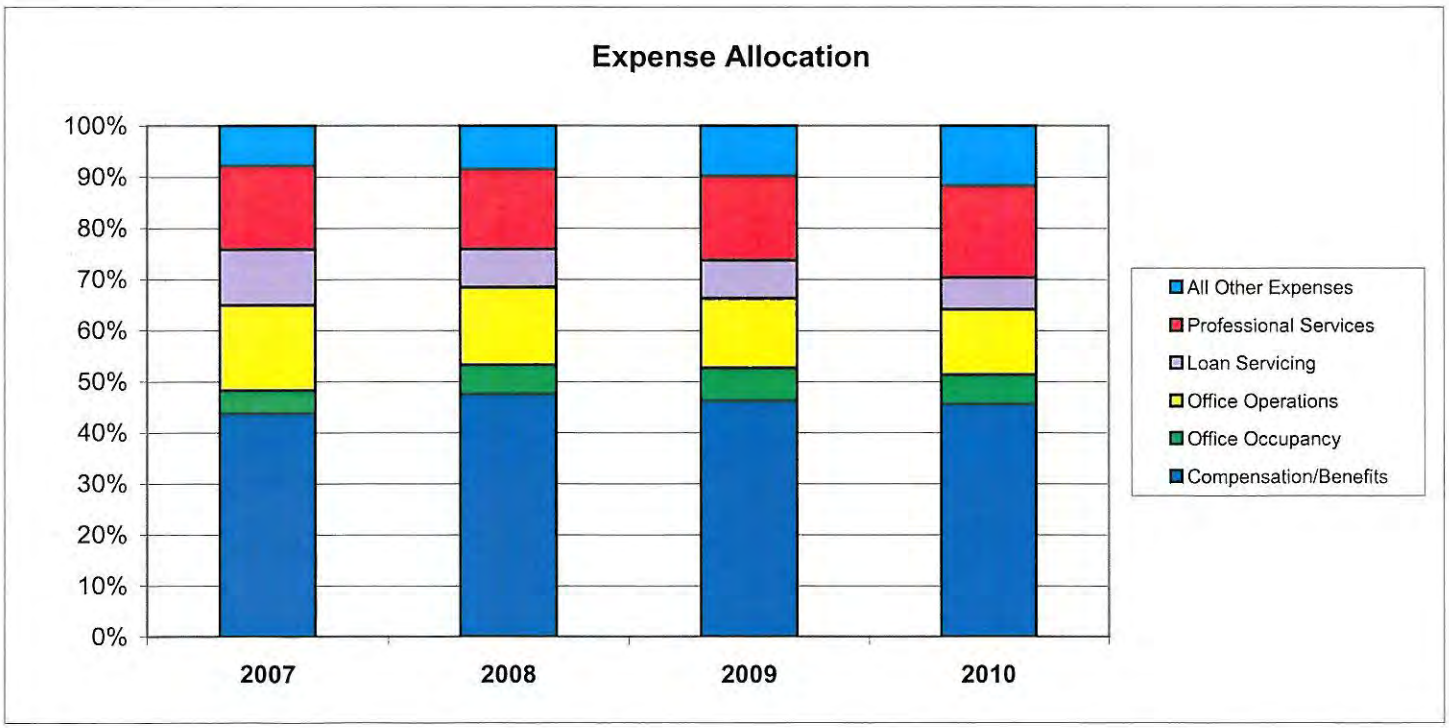
Directions Credit Union
December 31, 2010



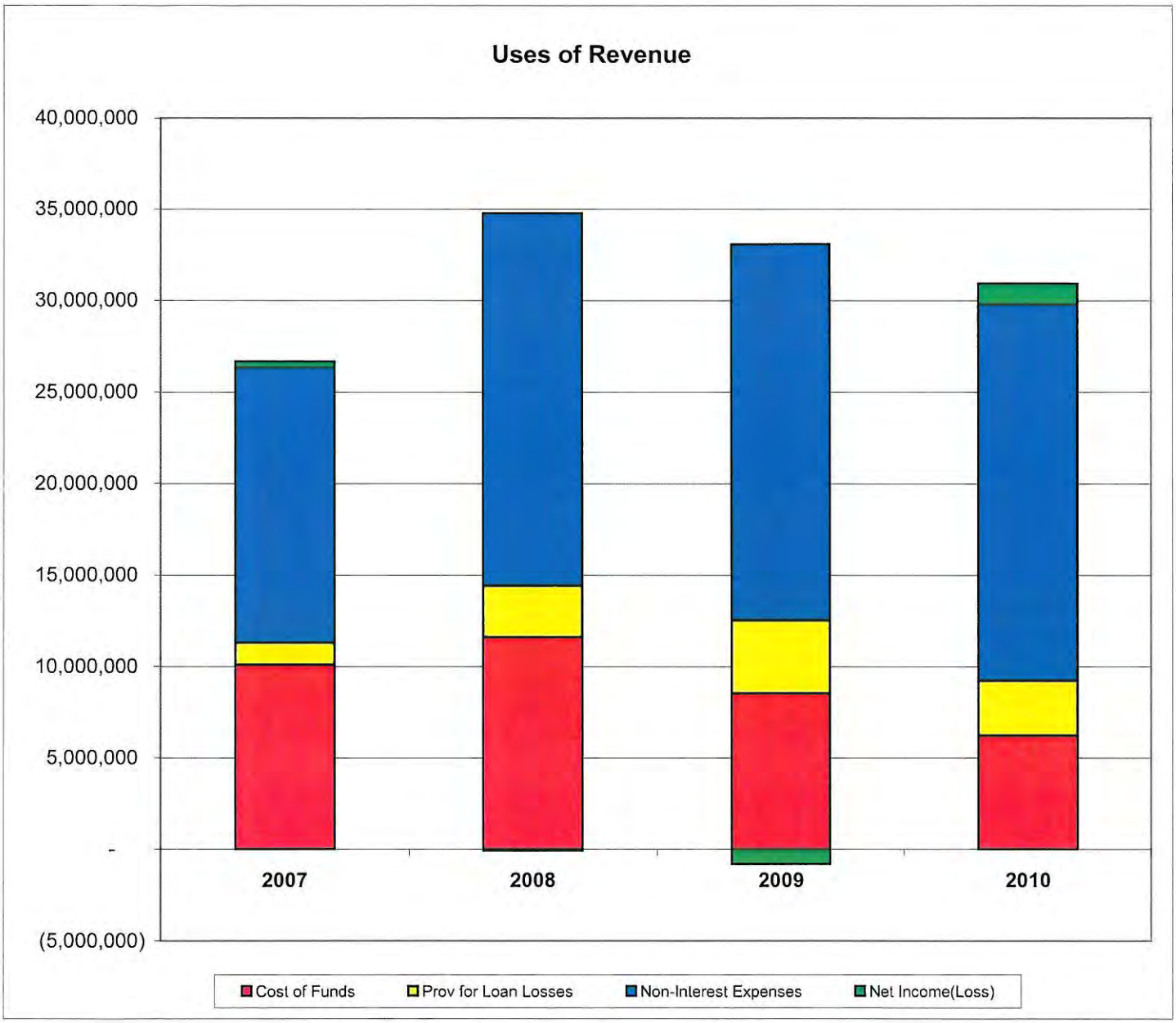


Directions Credit Union
December 31, 2010



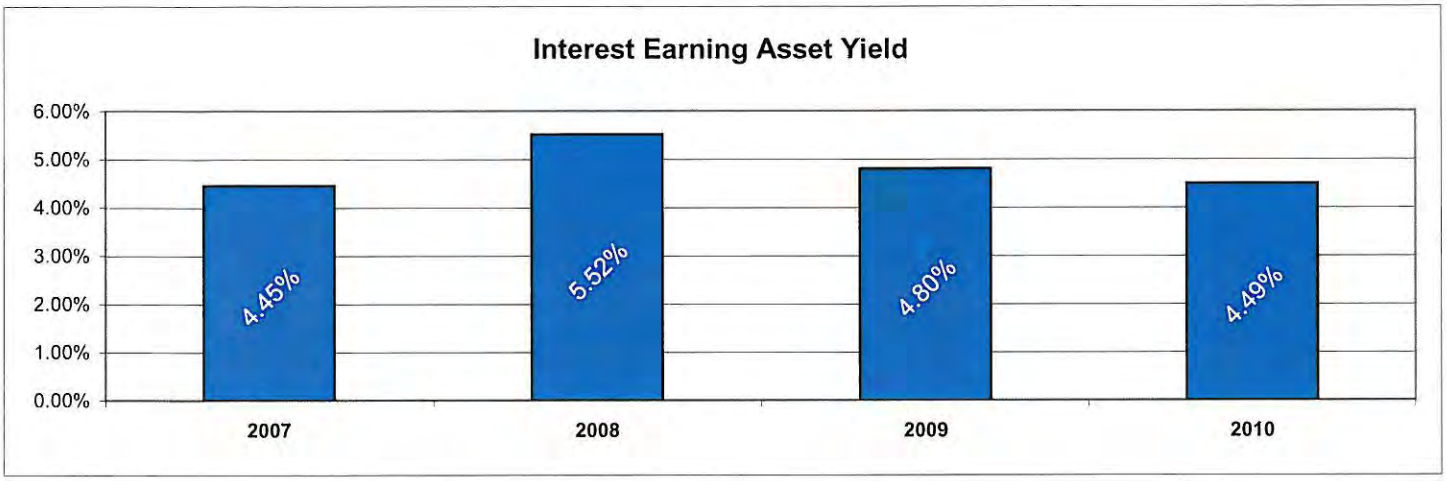


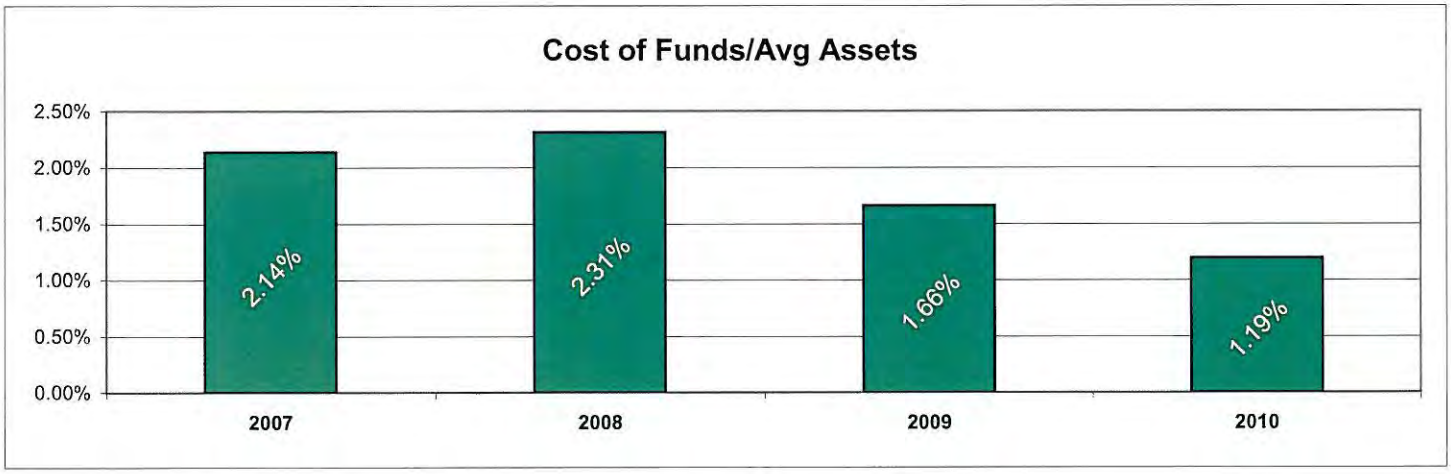
Directions Credit Union
December 31, 2010

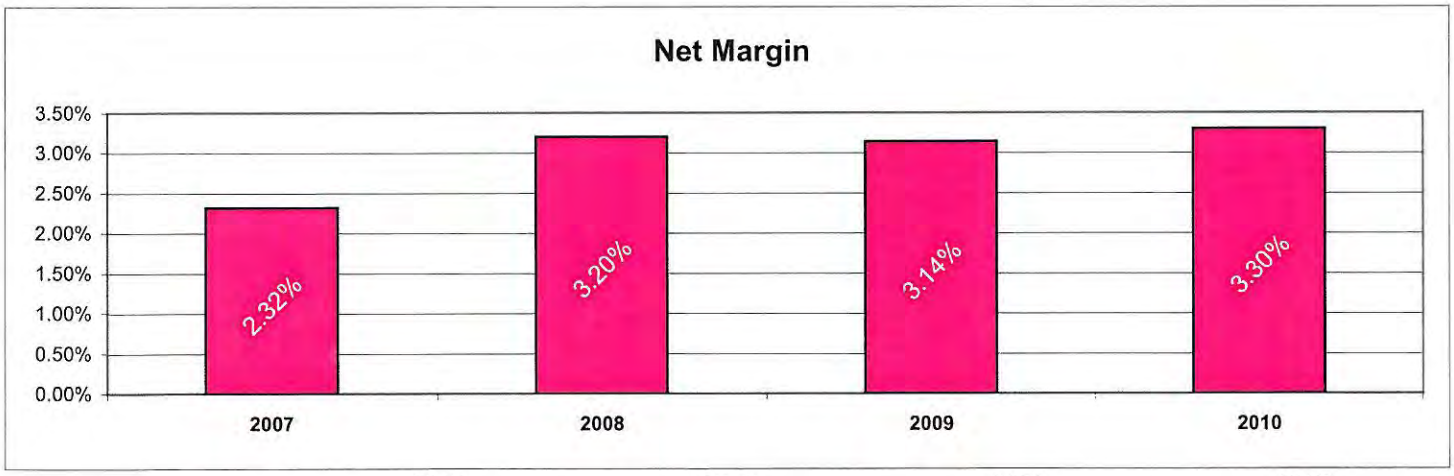


	2007	2008	2009	2010
Cost of Funds	10,085,617	11,593,303	8,517,933	6,217,888
Prov for Loan Losses	1,207,475	2,828,478	4,000,834	3,006,776
Non-Interest Expenses	15,033,589	20,346,394	20,551,654	20,558,105
Net Income(Loss)	333,167	(96,777)	(825,221)	1,136,201

Directions Credit Union
December 31, 2010

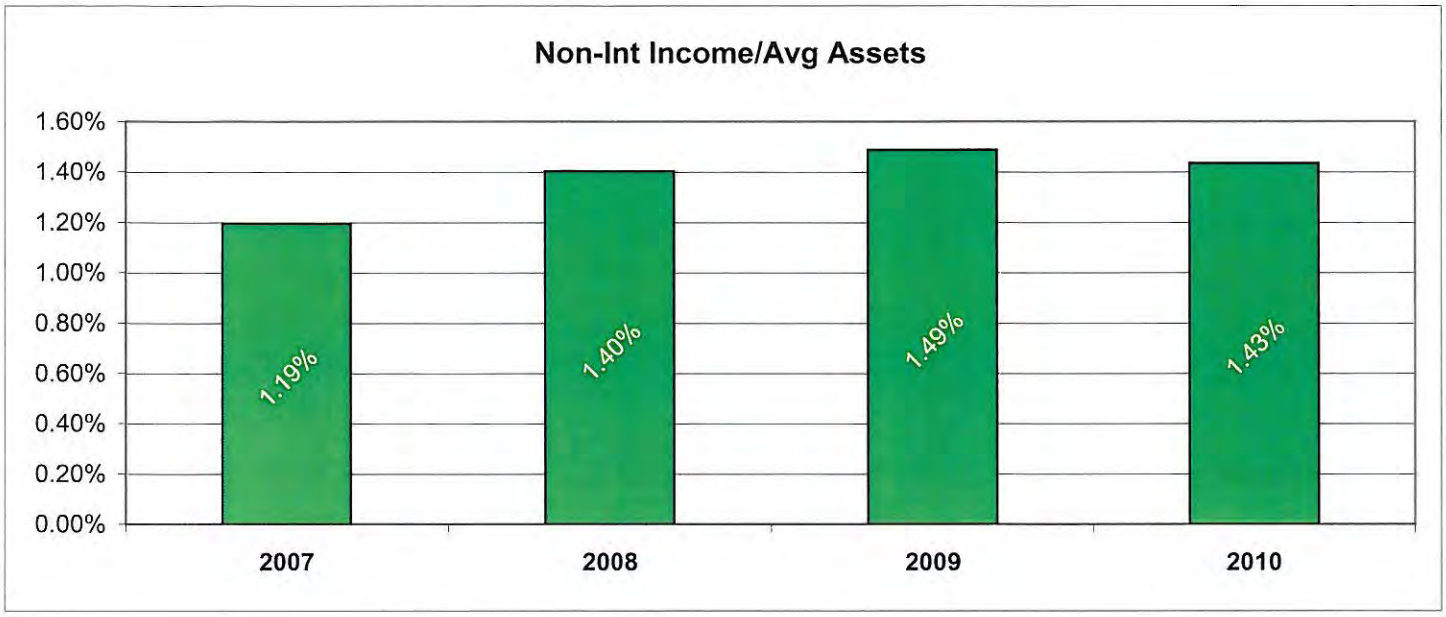


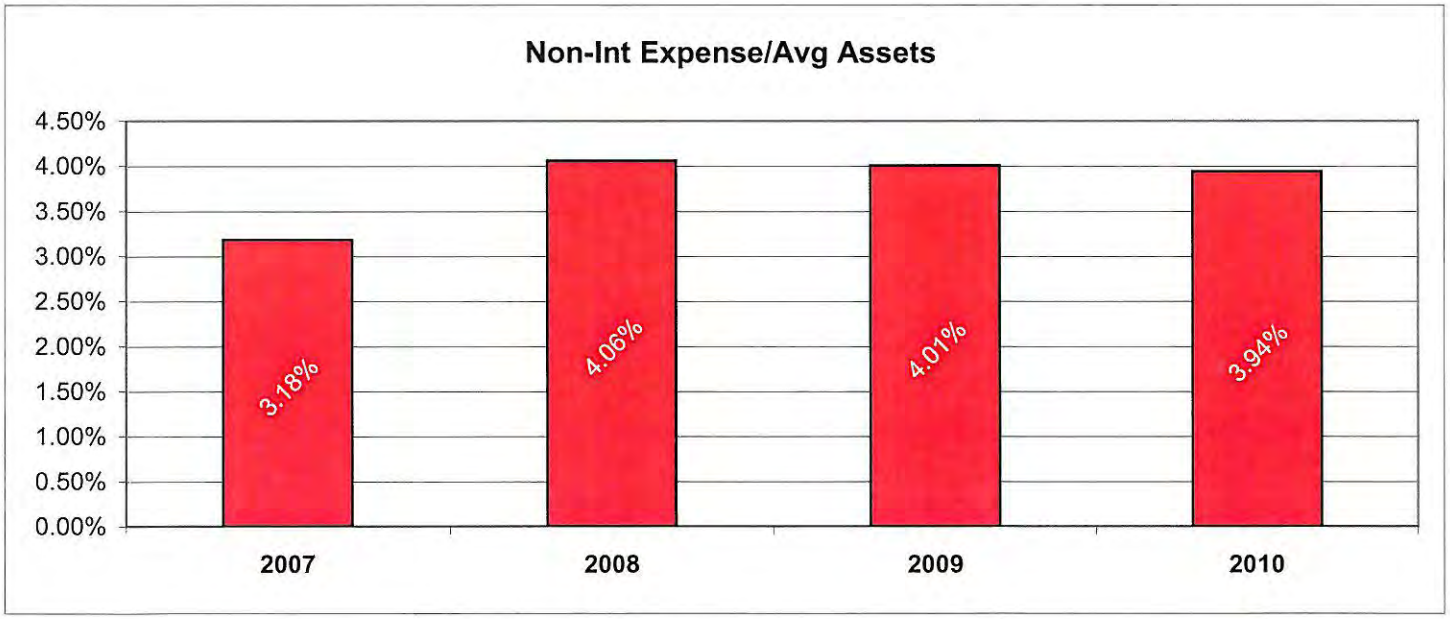




	2006	2007	2008	2009
Interest Income	21,022,637	27,642,183	24,620,081	23,439,886
Cost of Funds	10,085,617	11,593,303	8,517,933	6,217,888
Net Interest Margin	10,937,020	16,048,880	16,102,148	17,221,998

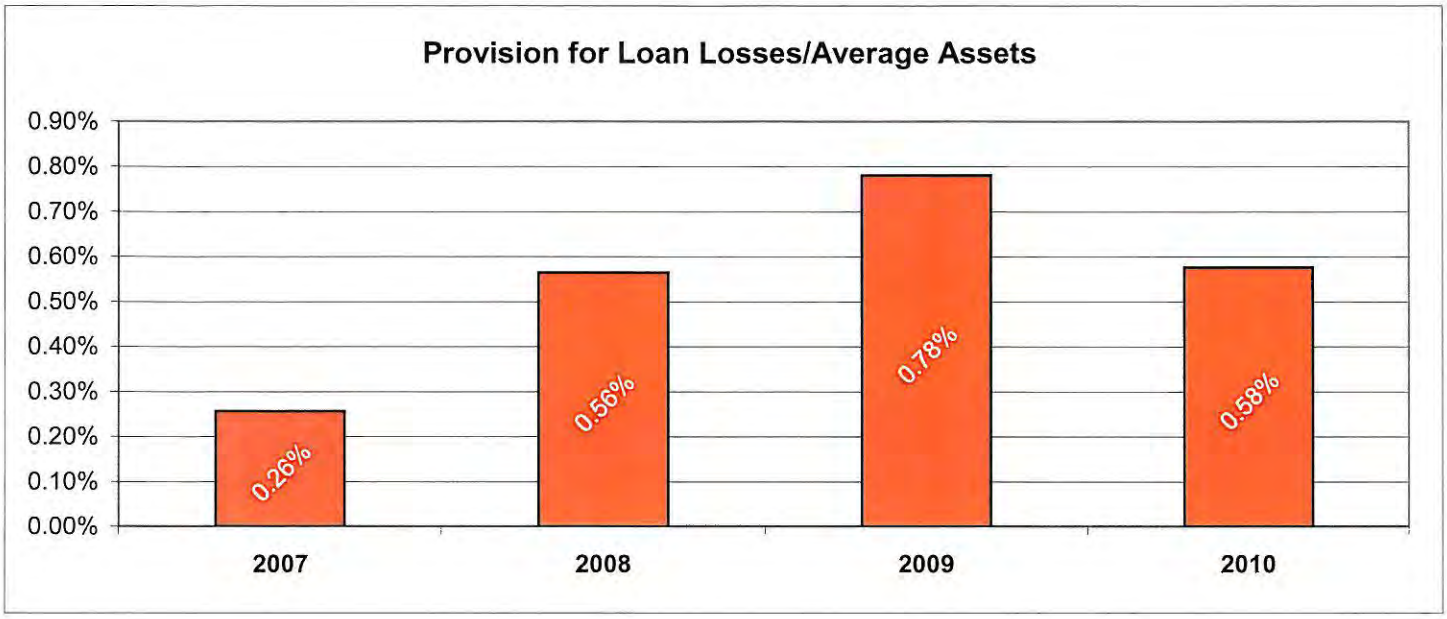
Directions Credit Union
December 31, 2010

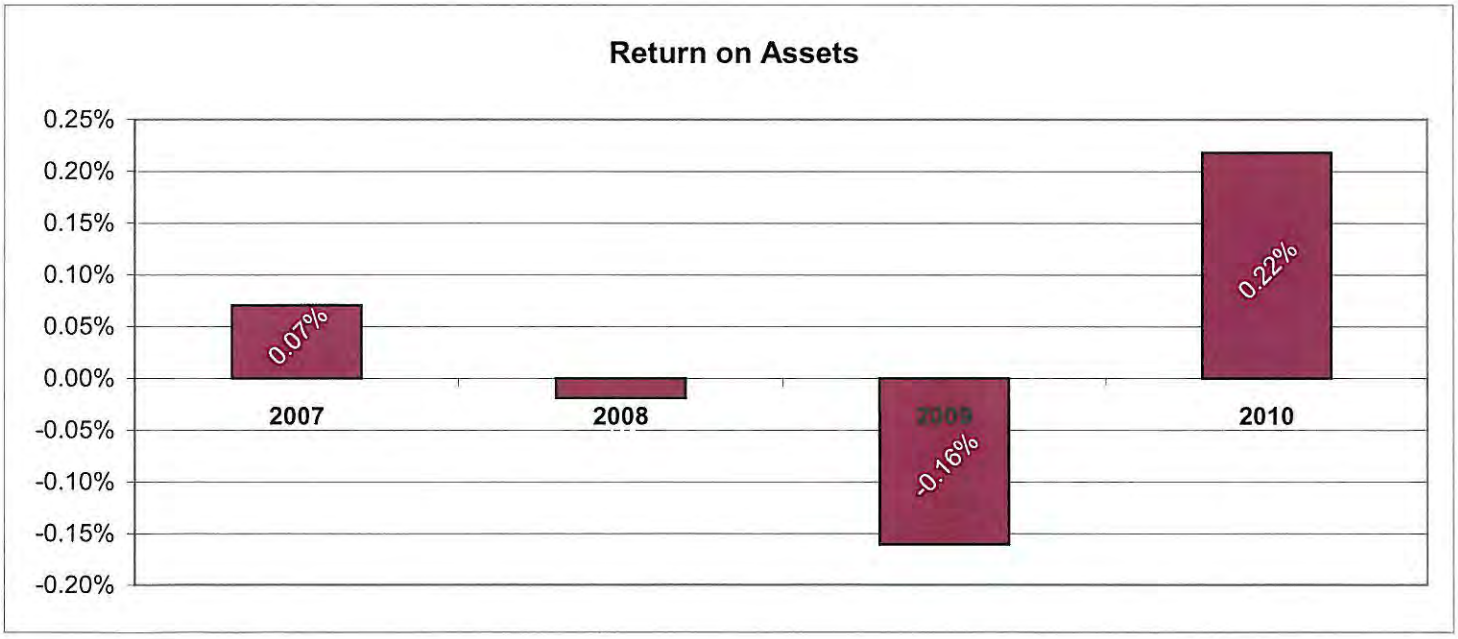




	2007	2008	2009	2010
Non-Interest Income	5,637,211	7,029,215	7,625,119	7,479,084
Non-Interest Expenses	15,033,589	20,346,394	20,551,654	20,558,105

Directions Credit Union
December 31, 2010





	2007	2008	2009	2010
Prov for Loan Losses	1,207,475	2,828,478	4,000,834	3,006,776
Net Income(Loss)	333,167	(96,777)	(825,221)	1,136,201