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NEAR YOU



**FAMILY
FIRST**

FEDERAL CREDIT UNION

ANNUAL MEMBERSHIP MEETING

April 17, 2009 (Friday)

Holiday Inn, Great Falls - 7:00 pm

**2008 ANNUAL
REPORT**

53RD ANNUAL DINNER & MEMBERSHIP MEETING

APRIL 17, 2008

AGENDA

HOSPITALITY: 6:30 pm
DINNER: 7:00 pm

*Business Meeting and prize drawings
will be conducted during the dinner*

- I** Call to Order
- II** Establishment of Quorum
- III** Review of the Minutes – April 11th, 2008
- IV** Speaker – Michelle Truax- Consumer Protection Agency
- V** New Business
- VI** Elections Report
- VII** Reports
 - A** Report of the Chairman
 - B** Report of the Supervisory Committee
 - C** Report of the Manager/CEO
- VIII** Old Business
- IX** Adjournment

REPORT OF THE CHAIRMAN OF THE BOARD

Interesting year, 2008! We keep hearing about how bad the recession is, and impacts of tight credit; about people who can't get approved for a mortgage or car loan. And yet, your credit union **is** making loans. We ended the year 2008 in a strong position. We have money to lend, along with very attractive interest rates. Your credit union increased loans outstanding by over 7% since December, 2007. We are following our stated objectives of, "...creation of a source of credit for its members...", while providing for "...accumulation of savings..." Our credit union is working as it is intended for all of us.

Share deposits and assets increased 2.9% in the last year. The Board has been diligent in their duties keeping a good monthly review of the financial reports. Manager, Kathy Briggs' conservative nature serves the credit union and all our members well. Risk tolerance is evaluated regularly, and your funds are not placed at risk here. If you or a friend, neighbor or co-worker are looking for a place to park some money in a CD; in need of a vehicle loan, or a home mortgage; you could do yourself or them a favor by recommending the services of our credit union. We're always looking for ways to add value to members' lives and to bring in new members.

Due to a vacancy on the Board, Jim Holcomb was nominated and approved by the Board to fill the seat. The Supervisory Committee has reorganized with Barbara Phillips as chair. She is joined by committee members Joe Durocher, and Marian Evanila. A special thank you is extended to these individuals for this volunteer service. Our thanks also to the previous chair, Anita Fisher, for all her work in the past. Your credit union Board members - Tom Fundis, Karen Service, Corinne Cole, Arthur Alt, Gayle Knudsen, and Jim Holcomb have taken their duties most seriously, as they oversee operations. They deserve our respect and "thank you" for their volunteer service. I thank them for their time and appreciate all their input and help with our charge on your behalf. We serve for you, the members. Please let us know if we're doing our job, or if there is more the credit union could be doing for you.

As always, it's been a pleasure to serve. Thank you.

Your President
Gary Ophus

REPORT OF THE SUPERVISORY COMMITTEE

The Supervisory Committee of 2007 consisted of Barbara Phillips, Chair, and committee members Joe Durocher, Marian Evanila, and Anita Fisher.

Douglas Wilson and Company conducted the annual audit. The committee also performed various internal audits such as monthly monitoring of closed accounts for fraudulent activity; surprise cash counts including teller's drawers and the vault; and review of monthly bank statements. Random loan audits were performed on members' accounts including all loans made to employees, members of the Board of Directors and Supervisory Committee. Member's account verification was performed in September 2008.

The Supervisory Committee feels that the Family First Federal Credit Union utilizes all safeguards when it comes to the members and that it is run efficiently. The management, credit union staff and Board of Directors are constantly looking for ways to improve and expand services. All the cooperation from the Credit Union management and staff is greatly appreciated.

Anyone wishing to volunteer to serve on the Supervisory Committee should contact either me or Kathy Briggs.

Respectfully submitted,

Barbara Phillips
Chair

REPORT OF THE MANAGER/CEO

There is reportedly a set of Chinese curses that is supposed to start with something like "May you live in interesting times". Whether the Chinese ever had a curse to this effect, it would seem that we are truly living in what could be politely called "interesting times".

2008 began calmly enough with just a few clouds on the horizon to warn that an economic storm might be coming. Fortunately, but not accidentally, your credit union has worked hard over the years to make sensible and prudent financial decisions and build a solid foundation.

Plans were made in 2007 and early 2008 to offer two specialized lending services that the credit union had been unable to provide in the past, 1st Mortgage lending and Student Loans. Family First FCU implemented a mortgage loan origination product and provided 3 mortgage loans totaling \$479,500 in 2008. We hope to at least double the number of originations in 2009 due to the current, very low mortgage rates. Through this product the credit union serves as the member contact and provides initial funding, but the loans are then sold to a specific secondary market buyer. This buyer has been chosen because of its history of working with credit unions and because it will not re-sell the mortgages. This allows your credit union to assist its members without carrying any long term mortgage liability.

Since April 2008, we have made over 160 Student Loans in partnership with the Student Assistance Foundation. We have funded over \$334,000 in Stafford and Plus loans to assist in the higher education of Montana students. In both our 1st Mortgage and Student Loan programs, the credit union made the decision to limit our financial risk by providing initial funding and processing, but passing the loan product on to other parties after completion.

The Board of Directors and staff also completed an extensive revision to our Disaster/Business Resumption Plan to ensure the credit union has the necessary plans in place to be here to serve you in case of disaster. We conducted multiple tests of the plan in 2008 and will continue to do so in the future.

I want to assure our members that the safety and soundness of your credit union is outstanding. We have none of the creative investments and very little exposure to the mortgage lending that is causing so many difficulties in other parts of the US. Our capital as measured by the combination of Regular Reserves, Undivided

Earning and Allowances for Loan Losses stands at a very strong 11.11% at the end of 2008. Our federal regulator considers any capital ratio of 7% or better to be "Well Capitalized". Our loan delinquencies remain at very low levels and we recovered more in 2008 on previously charged-off debts than we actually charged-off in 2008.

All this being said, what do we expect from the road ahead? 2009 will bring a set of challenges to our members and to the credit union that few of us have previously experienced. The credit union will continue to provide our services in a professional but friendly manner. We will remember that we must work every day to maintain the trust and confidence that you have in us. We will remember that we are a part of a greater community and do our best to work with both members and other community partners to support the great quality of life we have in Great Falls and Montana.

Family First FCU's leadership knows that 2009 and beyond will require careful financial management and attention to both the local and national economies. While we have yet to experience either significant housing devaluation or significantly increased unemployment in the Great Falls area, we must recognize that our local situation will probably deteriorate further before we see noticeable improvement. We know that the national economy and the failures of other financial institutions will have an impact both short and long term on our industry and our credit union. We will continue to adjust both loan and savings interest rates to control growth and expenses. Staff is committed to being frugal with the resources that you, the members, have helped us build over the last 53 years. We will take the steps necessary to ensure that the Family First FCU of the future will continue to be a financially strong and valued financial partner in our member's lives.

Finally, I want to personally remind our members that we will do what we can to help our members in these challenging times. If you or a fellow member experiences difficulties that affect their finances, please be sure to give us a chance to help. While we have no interest in getting involved in "government bailouts", Family First FCU has always been willing to work with our members when life takes a turn for the worse.

I want to thank the credit union staff that provides the services you need and want. Loan Officer, Debi Zeiss and our Member Service Representatives, Susie Miller, Amy Pulliam-Marrell and Anita Christianson are available to help you choose and understand our products and service.

I thank the Board of Directors and the members of the Supervisory Committee for their service in 2008. Our volunteers spend a great deal of time both before and during our Board and committee meetings to acquire the knowledge necessary to fulfill their responsibilities to you, our member/owners. Lastly, I want to thank the members and the Board of Directors for allowing me to continue to serve as the Manager/CEO of a truly outstanding credit union.

Respectfully Submitted,

Manager/CEO
Kathy Briggs

BALANCE SHEET

As of 12/31/08

Loans to Members	\$5,523,846	Total Liabilities	\$ 36,227
Loan Loss Allowance	(44,702)		
Liquidity	1,237,029	OWNER'S EQUITY	
Corporate CU Deposits	109,397	Shares – Checking	1,511,046
Jumbo Certs of Deposit	2,874,000	Shares – Christmas Club	32,504
Land & Building (net)	420,638	IRA – Shares and Certificates	859,553
Fixed Assets (net)	47,628	Share Certificates	855,150
NCUA Share Ins Deposit	27,149	All Other Shares	5,909,133
All Other Fixed Assets	53,298	Regular Reserve	184,031
		Undivided Earnings	860,639
TOTAL ASSETS	\$10,248,283	TOTAL LIABILITIES, SAVINGS & EQUITY	\$10,248,283

2008/2009 FAMILY FIRST FEDERAL CREDIT UNION VOLUNTEERS

BOARD OF DIRECTORS

Gary Ophus - President
Tom Fundis - Vice President
Corinne Cole - Treasurer
Karen Service - Secretary
Arthur Alt
Jim Holcomb
Gayle Knudson

SUPERVISORY COMMITTEE

Barbara Phillips - Chair
Joe Durocher
Marian Evanilla
(Anita Fisher- past Chair)

SERVICES AT FAMILY FIRST FCU

LENDING SERVICES

New and Used Vehicle loans including
Boats, RVs, motorcycles, etc
Unsecured/Personal loans
Student Loans
1st Mortgage Real Estate Loans
(fixed rate only)
Home Equity Lines of Credit *(variable rate)*
Home Improvement loans *(fixed rate)*
VISA Credit Cards
Overdraft Protection Loans
Credit Disability/Credit Life Insurance

DEPOSIT SERVICES

Share savings including special
"Cubby" savings for the kids
5 different Checking options
including free Basics checking
and special programs for senior
and younger members
Share Certificates for regular
savings and IRAs
IRAs - Traditional, Roth &
Education
All non-IRA deposits insured up
to \$250,000 by NCUSIF with
IRA deposits separately
insured for \$250,000.*

ACCESS YOUR CREDIT UNION BY

Office hours: Monday through Friday
Drive-up lanes: 7:30 a.m. to 5:30 p.m.
Lobby: 9:00 a.m. to 5:00 p.m.
By phone during lobby hours: 727-7575
CU Day & Nite - Free Phone Banking -In Great Falls: 727-0109
or 1-800-992-4328
CU Access - Free PC Banking and optional Electronic Bill Payment service -
Link to CU Access through our web site at www.familyfirstfcu.org

LOOKING FOR MORE?

VISA Debit cards
Wire Transfers
Fax service

VISA Gift Cards
Notary Publics
NADA vehicle values

Money Orders
US Savings Bonds
Instant Cash ATM cards

ATM - located at Benefis East or our
Drive-up ATM at 2901 11th Ave S
and...

A friendly, experienced staff that wants
to help you reach your financial goals