

Reach. Connect. Succeed.

# Report to Shareholders

J U N E 2 0 1 1



In 2010, Universal Sharing Network, Inc. (UsNet) paved the way for New York credit unions to “reach, connect and succeed” through shared branching.

By providing a convenient network in a cooperative environment, UsNet continued to establish and maintain beneficial relationships with credit unions across the state. And by remaining focused on our values and operational goals throughout the year, UsNet succeeded in achieving strong growth.

Here are a few highlights from 2010:

- We facilitated the opening of 28 new CU Service Centers, bringing the total year-end number of CU Service Centers in the UsNet family to 154.
- We increased transaction volume by 9.4 percent from the previous year. As a result, more members than ever before benefited from our growing network.
- Members of participating UsNet credit unions made more than 1 million visits to CU Service Centers across the nation, reaffirming the convenience provided by shared branching.

Our ability to pursue and achieve this growth was strengthened by the support of our board of directors, shareholders and participating credit unions. This support enables us to continuously expand the network, thereby serving more credit unions and their members.

## Partnership

The key to a successful partnership is the mutual benefit it creates. During 2010, UsNet continued to focus on delivering valuable benefits to prospective and participating credit unions. In order to ensure the success of our partnerships, we expanded and launched several new initiatives.

- We declared a dividend to all shareholders for the second consecutive year.
- We distributed a rebate to all participants based on network volume, reducing the cost by \$110,564.
- We distributed \$44,121 in incentives to expand the network during 2010.
- We launched a new online marketing portal, providing participating credit unions with easy,

convenient access to marketing materials.

We also continued to deliver services proven to create credit union and member satisfaction with the network, such as the Mystery Shopper program. Each CU Service Center was shopped at least twice in 2010 to guarantee that all participants provide consistent, efficient service in a neutral environment. In 2010, the cumulative score for all UsNet CU Service Centers was 3.96 based on a 4-point scoring system.

## Service & Expansion

UsNet exists for the sole purpose of serving credit unions and their members. This service is enhanced with every CU Service Center, as each location translates to added convenience and greater access for members. Currently, 50 New York credit unions and one Massachusetts credit union are participating in the network. As of March 31, 2011, they operated 156 CU Service Centers. Based on these figures, UsNet is on target to exceed the budgeted total of 10 new CU Service Centers in 2011.

UsNet’s ongoing network expansion is an exciting reflection of the shared branching growth that is occurring at a national level. More than 1,600 credit unions nationwide currently participate in shared branching, and, collectively, they operate more than 4,200 CU Service Centers in all 50 states, Puerto Rico, Guam and six foreign countries.

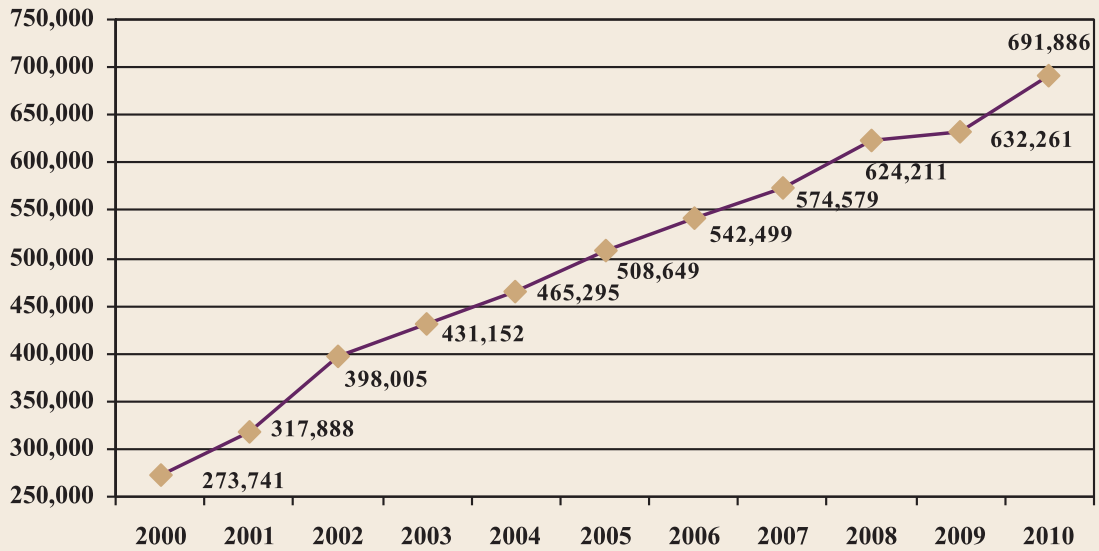
## Personal Commitment

At UsNet, we are personally committed to fueling the growth of credit unions. Our business philosophy enables credit unions to achieve their goals and enhance their mission of serving members.

Our management, board, shareholders and participants believe in this philosophy and are dedicated to achieving success. The result is an ongoing level of excellence that defines UsNet.

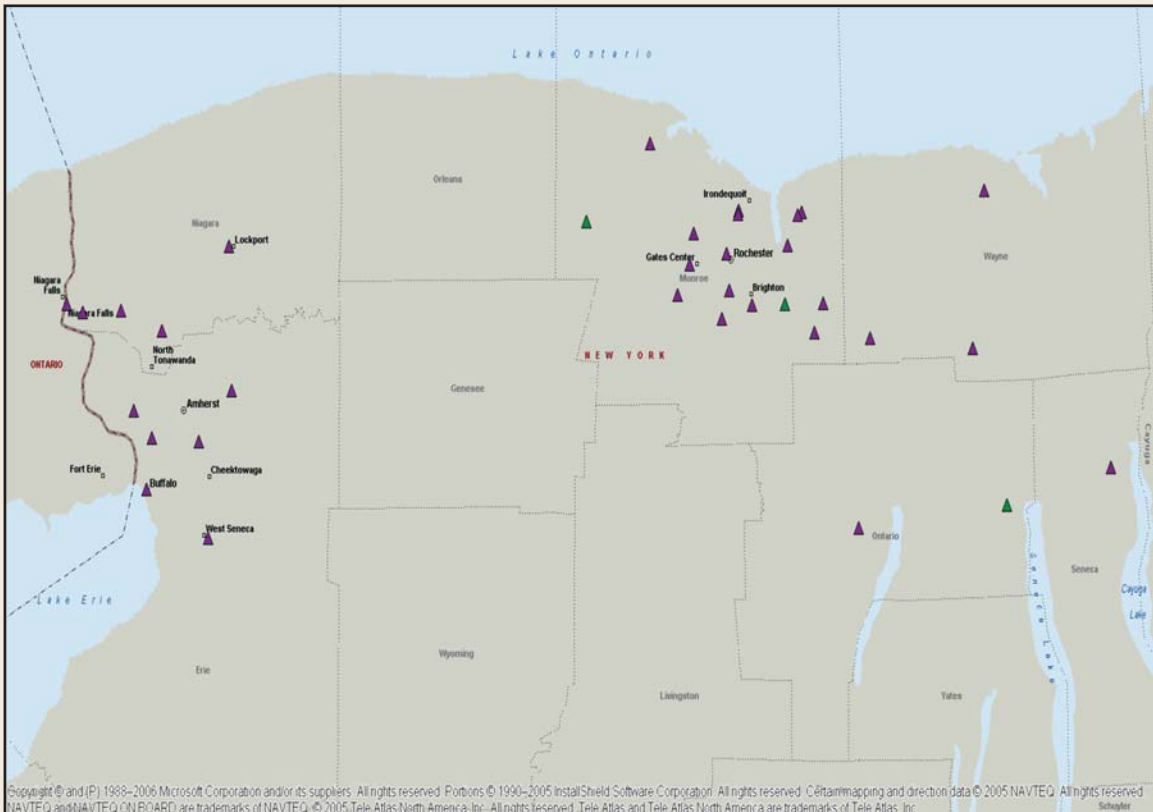
We remain confident that our personal commitment to credit unions will continue to deliver exciting results. Motivated by our successes in 2010, we look forward to empowering even more credit unions to “reach, connect and succeed” in the years to come.

## CU Service Center Volume Trend



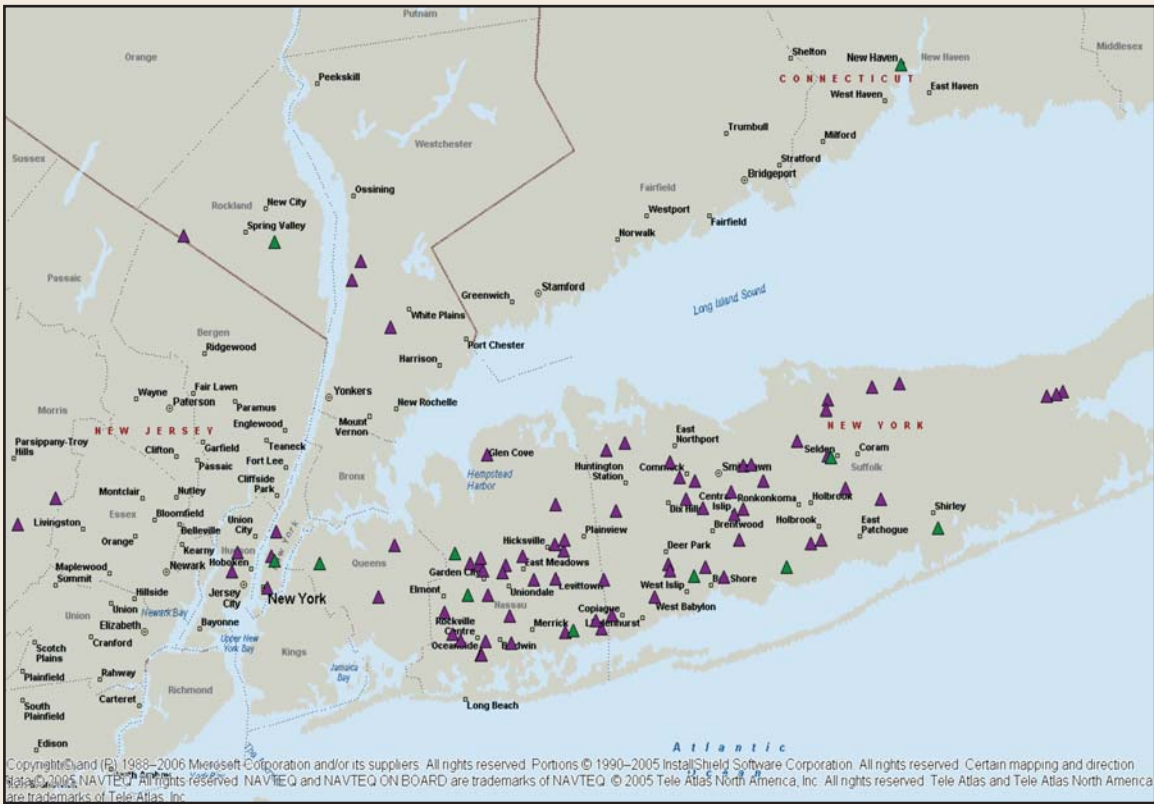
Usage of UsNet's shared service center network by New York credit unions continues to experience strong growth. In 2010, the number of member verifications grew 9.4 percent over 2009.

## New York CU Service Centers (Western)

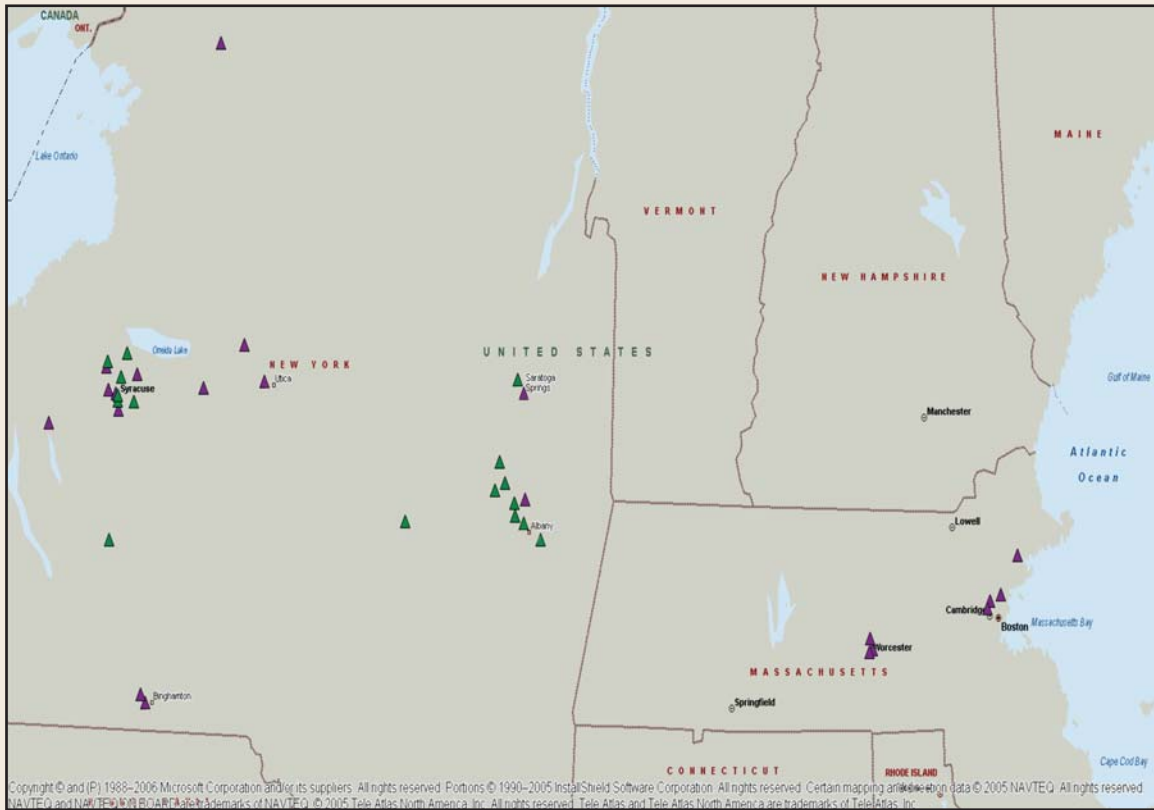


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## New York CU Service Centers (Downstate)



## Upstate New York & Massachusetts CU Service Centers



### CU Service Centers

- ▲ CU Service Centers prior to 2010.
- ▲ New CU Service Centers as of March 31, 2011.

UsNet's financial statements are subject to an independent audit on an annual basis by the certified public accounting firm of Cusack & Company, Certified Public Accountants LLC. In conjunction with their audit as of and for the year ended December 31, 2010, the firm rendered an unqualified opinion stating that the financial statements presented fairly, in all material respects, the financial position and results of operations in conformity with accounting principles generally accepted in the United States of America. In order to receive a full copy of the audit report, please contact UsNet's Chief Financial Officer.

## Balance Sheets

	December 31,	
	2010	2009
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ 234,247	\$ 313,011
Investments	1,556,000	1,360,000
Other Current Assets	105,821	58,657
Deferred Tax Asset	-	44,265
Total Current Assets	1,896,068	1,775,933
Investments – Long-Term	1,689,000	1,636,000
Total Assets	\$ 3,585,068	\$ 3,411,933
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>		
<i>Liabilities</i>		
Accounts Payable & Accrued Expenses	\$ 182,071	\$ 78,860
<i>Stockholders' Equity</i>		
Common Stock, Class A, no par value, 250 shares authorized; 98 shares issued and outstanding	2,450,000	2,450,000
Additional Paid in Capital	768,500	796,750
Common Stock, Class B, no par value, 20 shares authorized, 15 shares issued and outstanding	375,000	375,000
Total Common Stock	3,593,500	3,621,750
Accumulated Deficit	(190,503)	(288,677)
Total Stockholders' Equity	3,402,997	3,333,073
Total Liabilities & Stockholders' Equity	\$ 3,585,068	\$ 3,411,933

## Income Statements

	Years Ended December 31,	
	2010	2009
<i>Revenues</i>		
Service Fee Income	\$ 577,905	\$ 514,212
Interest Income	79,288	88,740
Loss on Investment	-	(47,611)
Total Revenue	657,193	555,341
<i>Expenses</i>		
Operating Expenses	350,697	311,170
Credit Union Rebates	110,564	63,226
Credit Union Incentives	44,121	27,053
Total Expenses	505,382	401,449
Income from Operations	151,811	153,892
Provision for Income Tax Expense	53,637	60,181
<i>Net Income</i>	\$ 98,174	\$ 93,711

## **Board of Directors**

Mark Pfisterer, *Chair*

Vicki O'Neill, *Vice Chair*

Edward Paternostro, *Treasurer*

Mark Welshoff, *Secretary*

Robert G. Allen

Don Denofio

James Doig

Alfred Frosolone

Nancy Kasprzak-Whitmore

William J. Mellin

Christine A. Peters

Bruno Sementilli

John Tucker

## **Management**

William J. Mellin, *President*

Edward Kovalefsky, *Senior Vice President*

Marc Inger, *Chief Operating Officer*

Kristina Oliver, *Chief Financial Officer*

William Bywater, *Director of Operations*

## **Mission Statement**

Universal Sharing Network, Inc. (UsNet) is a competitive provider of financial network services with local connections to regional, national and international locations. We strive to increase network participation to meet the ongoing needs of credit unions and their members by offering the value of person-to-person branch convenience. UsNet embodies the cooperative spirit that unites the credit union movement and forms the foundation of the network.