



A N N U A L R E P O R T
N I N E T E E N N I N E T Y - S E V E N

G E O R G I A C R E D I T U N I O N A F F I L I A T E S



1997 should be remembered as one of the most important years in American credit union history. On the surface, it was a year in which credit union people resolved to cooperate in unprecedented ways to overcome the legal and legislative threats being posed by the banks. At the national level, CUNA and NAFCU set aside their differences to support The National Campaign for Consumer Choice. Credit unions channeled millions of dollars into the national warchest... over \$130,000 from Georgia credit unions. CUNA Mutual devoted considerable resources to the cause. In addition to their significant financial contributions, CUNA Mutual donated substantial manpower to the campaign. Locally, Georgia credit unions organized themselves into Grassroots Influence Teams (GRIT) in each congressional district. Several credit unions re-affiliated with the league and volunteered to actively participate for the first time in years. On the surface... the bankers' threats produced unprecedented cooperation in 1997.

Beneath the surface, it is my view that 1997 will become known as the year of definition – for contemporary credit union values. In the course of one year, we had to articulate our uniqueness to the courts, Congress, Treasury and state legislatures. Early on, we discovered that the starting place was to develop consensus and conviction among credit union practitioners. Some among our ranks had come to accept the contention of the banks that *who* we served and *what* sorts of services we provide were essential components of our uniqueness. Most credit union folks are now dedicated to the proposition that *how* members are served – and *why* – form the essence of our uniqueness in the financial services marketplace. While there is still a warm affection for the concept of common bond, the idea that credit unions are driven to produce maximum member benefits because of their not-for-profit, cooperative structure is clearly the bedrock of our uniqueness. Not since the 1930s have credit unions had to do so much soul searching.



At this critical junction in credit union history, Georgians are playing prominent roles. Most notable during the year was the appointment of Buck Levins (Robins FCU) as CUNA chairman following the unfortunate passing of Arizona's Pete DeSilvester. Buck was elected under the new CUNA governance structure as the first "post-renewal" CUNA chairman in October. In this capacity, he serves as chairman of The Campaign for Consumer Choice, where he has insisted on cooperation among CUNA, NAFCU and the Leagues. Several other Georgians have played instrumental roles in furthering progress at the national level. One Georgian that deserves special recognition is House

Speaker Newt Gingrich. With Newt's support, credit union legislation was introduced into the House of Representatives in March. At several points along the way, Newt helped the legislative process along, ultimately resulting in a 411 to 8 vote for a somewhat modified HR 1151.

Of course, credit unions and the Affiliates' support organizations attended to business during the year in other areas. Much has been accomplished. I am especially proud of the capable GCUA staff, and you can be proud of the long hours devoted to state-level cooperation by your boards of directors. Your support and encouragement are invaluable sources of motivation. Thank you.

S I N C E R E L Y

MIKE MERCER

PRESIDENT GCUA

Better service through more convenient methods – that's Georgia Central Credit Union's commitment for the future. Georgia Central was formed for the sole purpose of providing liquidity to member credit unions, and even with all of the new products and services available, this role has changed very little over the years.

Georgia Central's ability to provide funds to members is made possible through our association with the Corporate Credit Union Network. As a member of U.S. Central Credit Union, we have the advantage of pooling funds with other corporate credit unions. This gives us the ability to provide better rates for investments. Through the growth and strengthening of this network, Georgia Central has been able to develop an array of services for our members.

Among the products and services added to our offerings in recent years are Settlement Services, Wire Transfers, Corporate Share Drafts, Information Delivery Services and Cash Management Services. As growth has continued, we have added Check Deposit Programs and Coin and Currency Orders. Over time, Georgia Central has become stronger and more diversified, continually searching for new methods of better serving our members.

During 1997, many of our members took "advantage" of a new short-term investment product, called the ADVANTAGE Account – an overnight investment sweep account. The account was designed to maximize yield while providing account management flexibility. During December, total ADVANTAGE Account deposits reached a record level of \$210 million. Additionally, new fixed and floating rate term products were developed to provide members with viable investment options offering safety and convenience.

Georgia Central introduces a new product or service only after receiving member input. We listen to our members' needs, and then look for new ways to

serve them. Working directly with our member credit unions to design and test products and services gives us the timely feedback necessary to achieve our mission of "providing quality and innovative products and services that enhance the success of our member credit unions."

Georgia Central has also been supporting member interest through its activity surrounding issues that affect all of us as credit unions. We are committed to participation in the "Campaign for Consumer Choice." Legislative issues affected by the Campaign will shape how credit unions conduct business in the future. Also, in response to a changing regulatory environment in 1997, Georgia Central incorporated the revised NCUA Regulation 704 into its operations. Our efforts surrounding Regulation 704 put us in compliance with the new regulation, and also enhance our relationship with regulators. These are just a couple of ways Georgia Central has indirectly served members in 1997.

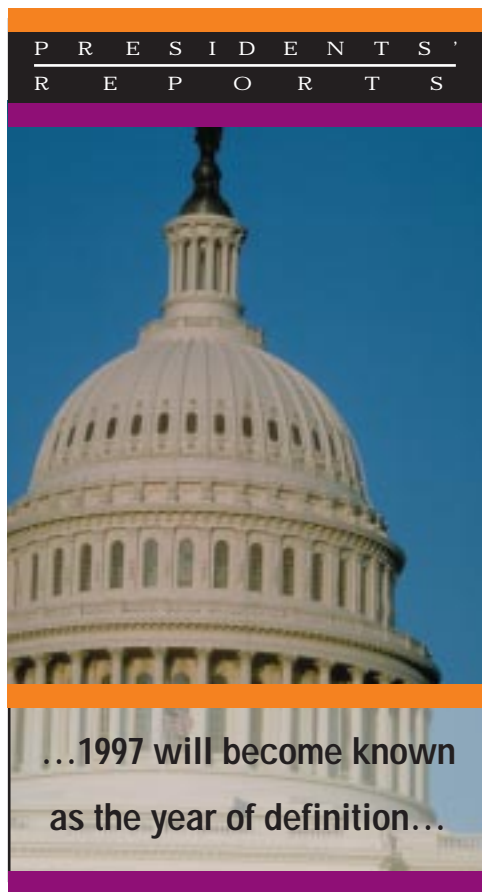
In conclusion, I extend my appreciation to Georgia Central's member credit unions, the volunteer board of directors and board committee members, and to our management team and staff. Each of you plays an invaluable role in Georgia Central's commitment to continuing improvement to our services in the future.



S I N C E R E L Y

DAVE PRETER

PRESIDENT GCCU



C H A I R M E N ' S
R E P O R T

Georgia Credit Union Affiliates is a term used to collectively describe the family of state support organizations owned by Georgia credit unions. The basic concept was developed in 1982 by credit union leaders who were frustrated by the lack of results from fragmented support organizations. The Affiliates' structure was implemented in 1983. Since then, the new organizations that have been formed also have been integrated into the Affiliates' family. While a number of special purpose organizations have been chartered over the years, credit unions can get most of their state-level needs fulfilled by merely remembering the phone number at the Georgia Credit Union Affiliates.

There are three primary operating companies within the Affiliates' structure. The oldest is the Georgia Credit Union League, which was organized in 1934 to perform the missionary work of chartering new credit unions. Today, the League is a multi-faceted trade association. Its primary responsibility is to represent credit union interests to the government and the media. In that regard, 1997 illustrated the importance of having an effective trade association.

The Georgia League was instrumental in positioning credit unions to defend credit union interests in the state and federal legislatures. During 1997, the League was successful in obtaining favorable media coverage in major Georgia cities.

In addition to governmental affairs, the League provides a number of information, education, public relations and research services. Through its wholly owned subsidiary (GCUS), the League provides a number of fee-based consulting, planning, marketing, auditing and personnel services. It is not an exaggeration to suggest that the League made a substantial contribution to credit unions' success during 1997.

Georgia Central Credit Union was chartered in 1936 to provide credit union services to officers of other credit unions. At the time, state and federal laws prohibited officials from doing business at their own credit unions. In addition, Georgia Central was one of the first credit unions in the state to provide service for small groups unable to charter their own credit union. In 1980, Georgia Central's charter was changed to perform its current function of providing wholesale financial services to Georgia credit unions. By year-end 1997, Georgia Central had account relationships with most of the state's credit unions, serving as custodian for \$585.4 million in total deposits.

Georgia Central's services can be divided into five significant areas: 1) Investment Services, 2) Credit Services, 3) Remote Access Settlement Services, 4) Correspondent Services and 5) Information Services. Most Georgia credit unions use Georgia Central to settle millions of dollars in share draft, ATM, POS, Credit Card and ACH transactions performed by their members. During 1997, Georgia Central placed heavy emphasis on improving the level of member service and structuring investment programs to improve yields. Regulations affecting the operations of corporate credit unions have changed dramatically over the past couple of years. Strict capital guidelines are in place and expanded risk management practices are now required. According to these standards, Georgia Central operates with an extremely low-risk posture, even relative to other corporate credit unions. Georgia Central has come to play an exceptionally important role in the daily lives of Georgia credit unions.

The third primary operating company is by far the youngest. Cooperative Services, Inc. (CSI) was chartered in 1988. It was organized as a stock corporation with one-vote-per-share governance. Its purpose was to foster the accumulation of capital to fund programs requiring substantial up-front investment. It was also designed as a catalyst for cooperation among the larger credit unions, whose participation was essential to obtain the necessary economies of scale. Its initial service offerings revolved around share draft processing activities. Today, Cooperative Services, Inc. processes more than 90 percent of all the share drafts written by Georgia credit union members.

CSI's many programs have provided spectacular financial and operational benefits to credit unions over the past several years. More recently, CSI has been investing substantial attention into the development of shared distribution systems (branches and ATMs) in order to help credit unions eventually overcome location convenience disadvantages relative to the big banks. At the end of the year, there were four stand-alone service centers and seven credit union-owned outlets capable of performing transactions for any credit union certified to the network. In addition, CSI has developed the CU HERE ATM Network, which provides a non-surcharging environment for credit union members. At the end of 1997, CSI had total capitalization of \$2.1 million and total revenues of \$4.9 million. CSI has obviously become a key success factor for Georgia credit unions.

It was my pleasure to serve as the Affiliates' Chairman during 1997. Along with the chairmen of the three primary operating companies, I pledge continued dedication to making your state support organizations responsive to your needs in the coming years. More important, we thank you for your support and participation. By working together, there is no limit to the extent of our accomplishments. Keep doing good things for credit union members.



Respectfully submitted,

Claude Garrett

CHAIRMAN, GEORGIA CREDIT UNION AFFILIATES



Norman Smith

CHAIRMAN, GEORGIA CREDIT UNION LEAGUE



Joe Williams

CHAIRMAN, COOPERATIVE SERVICES, INC.



Lin Hodges

CHAIRMAN, GEORGIA CENTRAL CREDIT UNION



G E O R G I A C R E D I T U N I O N
L E A G U E , I N C

COMBINED BALANCE SHEETS AND INCOME STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 1997 AND 1996 (UNAUDITED).

B A L A N C E S H E E T S

Assets	1997	1996
Deposits in GCCU	\$ 826,251	\$ 562,023
Prepaid Expense	10,843	7,848
Investments in Subsidiaries	1,329,561	1,122,787
Other Assets	17,145	288,135
Total Assets	\$ 2,183,800	\$ 1,980,793
Liabilities and Equity		
Accounts Payable	\$ 29,885	\$ 38,277
Accrued Expenses	32,904	50,374
Other Liabilities	15,237	44,335
Retained Earnings	2,105,774	1,847,807
Total Liabilities and Equity	\$ 2,183,800	\$ 1,980,793

I N C O M E S T A T E M E N T S

Revenue		
Dues	\$ 1,358,443	\$ 1,194,314
Sales	530,086	492,584
Auditing/Marketing/Consulting Svcs.	509,568	529,522
Auto Lending Services	449,588	266,334
Credit Card Services	135,756	86,302
Other Income	237,626	324,611
Total Revenue	\$ 3,221,067	\$ 2,893,667
Expenses		
Personnel	\$ 1,748,256	\$ 2,028,263
Operations	763,758	642,881
Administration	430,846	145,504
Income Taxes	5,704	85,172
Total Expenses	\$ 2,948,564	\$ 2,901,820
Net Income (Loss)	\$ 272,503	\$ (8,153)

NOTES TO GCUL'S FINANCIAL STATEMENTS

**1. Summary of Significant Accounting Policies
Description of Operations**

Georgia Credit Union League, Inc. (The League) is a not-for-profit trade association comprised of state and federal credit unions chartered in Georgia. The purpose of the League is to promote the credit union movement within the state of Georgia. Georgia Credit Union Services, Inc., a wholly-owned subsidiary of the League, is primarily in the business of furnishing various services and supplies to credit unions within the state of Georgia. GCUL Acceptance Corporation provides Georgia's credit unions with lending support services owned 50% by The League and 50% by Cooperative Services, Inc.

Basis of Presentation

The combined financial statements include the accounts of the Georgia Credit Union League, Inc., Georgia Credit Union Services, Inc. and GCUL Acceptance Corporation. Intercompany gains and losses have not been eliminated.

Membership Dues

Membership dues are recognized as income when earned in the applicable membership period.

Income Taxes

Georgia Credit Union League, Inc. is exempt from federal income taxes under section 501(c)6 of the Internal Revenue Service Code. Georgia Credit Union Services and GCUL Acceptance Corporation are taxable corporations and account for income taxes in accordance with Statement of Financial Accounting Standards No. 109, which was adopted as of January 1, 1992.

2. Related Parties

Each year, the League enters into a management contract with Georgia Credit Union Affiliates, Inc., Georgia Credit Union Services and GCUL Acceptance Corporation. Under this contract, the League is provided with general management and administrative support services and the use of facilities and related equipment. The League, Georgia Central Credit Union and Cooperative Services, Inc. each have a one-third ownership interest in the Affiliates.

G E O R G I A C E N T R A L
C R E D I T U N I O N

COMBINED BALANCE SHEETS AND INCOME STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 1997 AND 1996 (UNAUDITED).

B A L A N C E S H E E T S

Assets	1997	1996
Cash Equivalents	\$ 75,737,502	\$ 57,570,248
Loans	1,105,609	2,309,378
Investments		
Available For Sale	31,571,283	-0-
U.S. Central Credit Union	611,907,845	402,965,992
Other	127,500	127,500
Central Liquidity Facility Shares	16,020,304	14,549,526
Other Assets	5,369,537	1,668,687
Total Assets	\$ 741,839,580	\$ 479,063,831

Liabilities and Equity		
Notes Payable	\$ 16,020,304	\$ 14,549,526
Other Liabilities	79,702,052	59,335,883
Credit Union Deposits	585,399,125	349,019,685
Capital Shares	46,234,581	43,174,017
Retained Equity	14,483,518	12,984,720
Total Liabilities and Equity	\$ 741,839,580	\$ 479,063,831

I N C O M E S T A T E M E N T S

Income		
Interest on Loans	\$ 142,098	\$ 93,652
Investment Income	31,722,107	26,861,142
Other Income	172,713	170,066
Total Income	\$ 32,036,918	\$ 27,124,860

Expenses		
Interest on Borrowed Funds	\$ 881,356	\$ 799,561
Interest & Dividends on Members' Accounts	28,074,903	23,850,304
Personnel	856,983	555,109
Travel	70,437	60,424
Office Expenses	534,426	380,116
Professional Services	90,282	97,922
Marketing/Promotion	44,315	12,364
Other Expenses	10,697	8,916
Total Expenses	\$ 30,563,309	\$ 25,764,716

Net Income Before Reserve Transfer	1,473,609	1,360,144
Regular Reserve Transfer	353,602	90,764
Net Income After Reserve Transfer	\$ 1,260,007	\$ 1,269,380

NOTES TO GCCU'S FINANCIAL STATEMENTS

**1. Summary of Significant Accounting Policies
Organization**

Georgia Central Credit Union (the Credit Union) serves as a central credit union for its members. Membership is limited to credit unions organized under the provisions of the Financial Institutions Code of Georgia and the Federal Credit Union Act, credit unions organized under the credit union laws of other state, and affiliates' associations and corporations of these credit unions. Substantially all transactions, except banking transactions, are with other credit unions and related organizations, some of which are affiliates through common membership and directors. Transactions with members include the borrowing and lending of money and investing in various deposit instruments.

Allowance for Loan Losses

The Credit Union provides an allowance for estimated losses based upon management's evaluation of the potential losses in its loan portfolio. Such evaluation includes a review of all loans on which full collectibility may not be reasonably assured and considers the estimated value of the underlying collateral on the loan, and such other factors as, in management's judgment, deserve recognition under existing economic conditions in estimating losses. The allowance is maintained at a level adequate to absorb losses related to loans currently outstanding. Additions to the allowance for estimated losses are charged to current operations.

Income Taxes

No provision has been made for income taxes in the accompanying financial statements because the Credit Union is exempt from federal and state income taxes under Section 501(C)(14) of the Internal Revenue Code and Section 91-A3605(A)(1) of the Code of Georgia Annotated, respectively.

2. Investments

Investments in U.S. Central Credit Union are stated at cost. Investments classified as available for sale are carried at estimated market value, with unrealized gains and losses excluded from earnings and reported as a separate component of retained earnings. Estimated market value is determined using quoted market prices.

3. Related Parties

Each year, the Credit Union enters into a management contract with the Georgia Credit Union Affiliates, Inc. and Georgia Credit Union Services. Under this contract, the Credit Union is provided with administrative support services and the use of facilities and related equipment. The Affiliates is a subsidiary of Cooperative Services, Inc. (33 1/3 percent), the League (33 1/3 percent) and the Credit Union (33 1/3 percent). On September 23, 1988, the board of directors approved a \$125,000 investment which, at the time, represented one-seventh ownership in Cooperative Services, Inc., a processing center used initially by Georgia credit unions.



C O O P E R A T I V E
S E R V I C E S , I N C

COMBINED BALANCE SHEETS AND INCOME STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 1997 AND 1996 (UNAUDITED).

B A L A N C E S H E E T S

Assets	1997	1996
Deposits in GCCU	\$ 3,119,461	\$ 3,135,196
Accounts Receivable	59,310	99,796
Prepaid Expenses	438,553	605,458
Furniture & Equipment	613,192	306,175
Investments in Subsidiaries	133,765	12,500
Accrued Income	998,548	752,815
Other Assets	32,434	39,317
Total Assets	\$ 5,395,263	\$ 4,951,257
Liabilities and Equity		
Accounts Payable	\$ 330,910	\$ 198,900
Accrued Expenses	611,767	666,446
Funds Held in Custody	1,800,000	1,450,000
Deferred Income	5,771	1,841
Common Stock	2,032,918	1,996,428
Additional Paid-In Capital	112,407	103,284
Retained Earnings	501,490	534,358
Total Liabilities and Equity	\$ 5,395,263	\$ 4,951,257

I N C O M E S T A T E M E N T S

Revenue		
Payment Systems	\$ 2,493,175	\$ 2,331,400
Shared Distribution Systems	2,263,151	2,065,694
Lending Support Services	144,735	3,520
Interest Income	84,509	44,381
Total Revenue	\$ 4,985,570	\$ 4,444,995
Expenses		
Personnel	\$ 2,466,359	\$ 2,229,864
Operations	2,040,435	1,763,615
General Administration	266,521	195,972
Total Expenses	\$ 4,773,315	\$ 4,189,451
Income from Operations	\$ 212,255	\$ 255,544
Taxes	(79,353)	(98,245)
Dividends	(63,219)	(60,949)
Equity in Subsidiaries	(118,765)	-
Net Income (Loss)	\$ (49,082)	\$ 96,350

NOTES TO CSI'S FINANCIAL STATEMENTS

**1. Summary of Significant Accounting Policies
Description of Operations**

Cooperative Services, Inc. (the Company) was formed on December 15, 1988, and began offering services to credit unions throughout the state of Georgia in July, 1989. The Company is owned by 61 credit unions doing business in Georgia and Georgia Central Credit Union. The Company performs services for various Georgia credit unions, including its owners.

Fixed Assets and Depreciation

Furniture, equipment and computer software are stated at cost. Depreciation and amortization are computed using the double declining balance method for furniture and equipment and the straight-line method for computer software over the estimated useful lives of the assets.

Income Taxes

Income taxes are accounted for in accordance with Statement of Financial Accounting Standards No. 109, which was adopted as of January 1, 1992.

2. Related Parties

Each year, the Company enters into a management contract with Georgia Credit Union Affiliates and Georgia Credit Union Services, Inc. Under this contract, the Company is provided with general management and administrative support services and the use of related equipment. The League, Georgia Central Credit Union and Cooperative Services, Inc. each have a one-third ownership interest in the Affiliates. In January of 1997, the company acquired a 50% ownership interest in GCUL Acceptance Corp. The equity method is used to account for the proportionate share of both subsidiary company's profit or loss for the year.

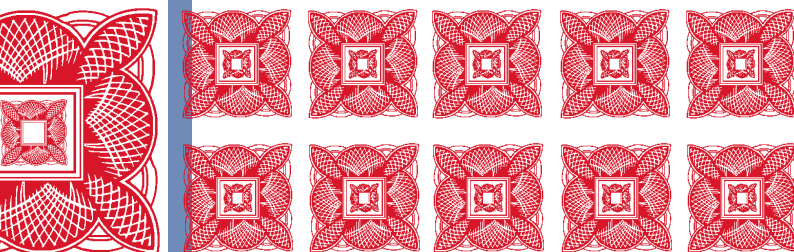
3. Capital Stock

The Company's authorized, issued and outstanding shares of capital stock are as follows:

Class A voting common stock
Par Value: \$1.00
Authorized: 10,000,000 shares
Issued and Outstanding: 1,066,318

Class B non-voting common stock
Par Value: \$1.00
Authorized: 20,000,000 shares
Issued and Outstanding: 2,797

Class C voting common stock
Par Value: \$1.00
Authorized: 10,000,000 shares
Issued and Outstanding: 963,803





TREASURERS
REPORT



As business partners with credit unions in Georgia, the goal of the three primary operating companies that combine to form the Georgia Credit Union Affiliates is to assist credit unions in becoming the premier providers of financial services to their members. The Affiliates' mission is to exist as a trusted advisor to credit unions with activities ranging from helping them create financial security and safeguarding their assets to protecting their right to serve their members. Each support company operates under distinctly different business charters that allow them to specialize in product and service offerings tailored to meet the needs of their member credit unions. We are proud to report that the Georgia Credit Union League, Cooperative Services, Inc. and Georgia Central Credit Union posted another successful year of financial results and service to their members.


The total assets of the Georgia Credit Union League increased by just over 10 percent during 1997 and stood at just under \$2.2 million as of year-end. The League's significant assets continue to be its strong cash and retained equity positions and its investment in subsidiary companies, Georgia Credit Union Services, Inc. and GCUL Acceptance Corporation. These assets demonstrate the League's commitment to serve Georgia's credit unions, whether through direct support by the trade association or through one of its fee-supported subsidiaries. During 1997, your dues dollars were used to provide research and information services, various publications, consulting capabilities, and training and education opportunities for credit union staff and volunteers. One of the most important services provided by your trade association has been its scope of influence with both state and federal legislators with respect to the credit union field of membership issue. The League's subsidiary companies served to provide Georgia credit unions with competent, cost-effective sources for marketing services, supervisory committee audits, human resource consulting, indirect auto loan financing and credit card back-office support.



Cooperative Services, Inc. enjoyed another successful year of service and continues to work as a wholly credit union-owned provider of operational activities. Revenues at CSI increased by 12 percent during 1997, and totaled just under \$5 million. CSI now processes more than 90 percent of all the share drafts that are written annually by credit union members in Georgia. Other payment system services include share draft return item processing, monthly statement processing and share draft printing. CSI effectively serves as a buyer's agent on behalf of Georgia credit unions, pooling transaction volumes to enable credit unions to achieve cost savings. CSI continued to enable credit union members from Georgia and around the country to transact business more conveniently by providing a shared service center branch network throughout the state. Transaction revenue volumes increased by some 10 percent over those from the previous year. With over a half million dollars in retained earnings and better than \$2.1 million in contributed capital, CSI is rooted on a firm financial foundation. This foundation will be built upon to ensure that credit union payment systems continue to operate in an efficient manner and that additional shared branch facilities are available to provide more convenient access for credit union members.

The third primary operating company, Georgia Central Credit Union, experienced one of its most active years during 1997. From responding to new regulations to keeping pace with growing technological and operational needs of credit unions, 1997 was truly a year of moving in new directions. Total assets at Georgia Central increased to just over \$741 million, and with approximately \$14.5 million in reserves and undivided earnings, Georgia Central is poised to build on the momentum sustained by its service to members during the year. Several new products were offered to credit unions and many were the direct result of obtaining input from the members. A new overnight investment sweep account was introduced that was designed to offer maximum yields and optimum account flexibility. Additionally, new fixed and floating rate term products were offered, along with enhancements to existing correspondent and payment products. All of the changes and growth at Georgia Central over the past year reinforce its mission of providing quality and innovative products and services that enhance the success of member credit unions.

"Safety and soundness," a familiar catch phrase with respect to credit unions, is important to the directors and management of the Affiliates organization. Safeguarding the assets of the state support companies is a primary concern, along with ensuring that sound accounting procedures and internal controls are being followed. All of the three primary companies were audited by the international accounting firm, Deloitte & Touche, LLP. In addition, Georgia Central Credit Union received an annual dual examination by the National Credit Union Administration and the Georgia Department of Banking and Finance. We are pleased to report that satisfactory reports were received by all three companies during 1997, which means the Affiliates will continue to be capable of delivering the services and support Georgia credit unions need.

Respectfully submitted, Deborah Eller GEORGIA CREDIT UNION LEAGUE	
Robert Larison GEORGIA CENTRAL CREDIT UNION	
Eloise Woods COOPERATIVE SERVICES, INC.	
Rob Graybill GEORGIA CREDIT UNION SERVICES, INC.	

Georgia Credit Union Affiliates

Affiliates

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