

Reach. Connect. Succeed.

2012 Annual Report to Shareholders

J U N E 2 0 1 3



Universal Sharing Network, Inc. (UsNet) executed a winning game plan in 2012 by focusing on partnership, service and personal commitment.

UsNet continues to provide credit unions across the state with a convenient network in a cooperative environment. And by remaining focused on our values and operational goals throughout the year, UsNet has succeeded in achieving strong growth.

Here are a few highlights from 2012:

- We facilitated the opening of 16 (positive net growth of 11) new CU Service Centers in 2012, bringing the total year-end number of CU Service Centers in the UsNet family to 178.
- We increased transaction volume by 5.8 percent from the previous year, enabling more members than ever before to benefit from our growing network.
- Members of participating UsNet credit unions made more than 1.2 million visits to CU Service Centers across the nation, highlighting the convenience provided by shared branching.

UsNet’s 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 expand the network, thereby serving more credit unions and their members.

Partnerships

The key to a successful partnership is the mutual benefit it creates. During 2012, 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 several initiatives:

- We declared a dividend to all shareholders for the fourth consecutive year.

- We distributed a rebate to all participants for the fourth consecutive year based on network volume, reducing the cost by \$167,000.
- We achieved an overall participant satisfaction rating of 95 percent.

Service

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, 51 New York credit unions and one Massachusetts credit union are participating in the network. As of March 31, 2013, they operated 178 CU Service Centers. UsNet is on target to exceed the budgeted total of nine new CU Service Centers in 2013.

UsNet’s ongoing network expansion is an exciting reflection of the shared branching growth that is occurring at a national level. More than 1,700 credit unions participate in shared branching nationwide, and, collectively, they operate more than 5,000 CU Service Centers in all 50 states, Puerto Rico, Guam and five 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 success in 2012, we look forward to empowering even more credit unions to “reach, connect and succeed” in the years to come.

Member Verification Volume Trend



Usage of UsNet’s shared service center network by participating UsNet credit unions continues to experience strong growth. In 2012, the number of member verifications grew 5.8 percent over 2011.

UsNet's financial statements are subject to an independent audit on an annual basis. The certified public accounting firm of Bonadio & Co., LLP, Certified Public Accountants performed the audit of UsNet's financial statements as of and for the year ended December 31, 2012. In conjunction with their audit, 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,	
	2012	2011
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 492,725	\$ 59,666
Investments	966,000	1,890,000
Other Current Assets	116,644	141,104
Total Current Assets	1,575,369	2,090,770
Investments – Long-Term	2,130,000	1,556,000
Total Assets	\$ 3,705,369	\$ 3,646,770
LIABILITIES & STOCKHOLDERS' EQUITY		
<i>Liabilities</i>		
Accounts Payable & Accrued Expenses	\$ 278,848	\$ 300,199
<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	764,208	791,208
Common Stock, Class B, no par value, 20 shares authorized, 10 shares issued and outstanding	250,000	250,000
Total Common Stock	3,464,208	3,491,208
Accumulated Deficit	(37,687)	(144,637)
Total Stockholders' Equity	3,426,521	3,346,571
Total Liabilities & Stockholders' Equity	\$ 3,705,369	\$ 3,646,770

Income Statements

	Years Ended December 31,	
	2012	2011
<i>Revenues</i>		
Service Fee Income	\$ 694,417	\$ 638,768
Interest Income	27,142	53,299
Total Revenue	721,559	692,067
<i>Expenses</i>		
Operating Expenses	390,871	379,888
Credit Union Rebates	166,818	235,000
Credit Union Incentives	5,027	17,311
Total Expenses	562,716	632,199
Income from Operations	158,843	59,868
Provision for Income Tax Expense	51,893	14,002
<i>Net Income</i>	\$ 106,950	\$ 45,866

Board of Directors

Mark Pfisterer, *Chairman*

Mark Welshoff, *Vice Chairman*

Christine Peters, *Treasurer*

Nancy Kasprzak-Whitmore, *Secretary*

Donald Denofio

James Doig

Thomas A. Fallon

Robert Hoppenstedt

William J. Mellin

Eileen Nolan

Bruno Sementilli

John Tucker

Management

William J. Mellin, *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.