

Services and Benefits for You and Your Family

High Yield Dividends on Savings Accounts
Children's Accounts
Second Accounts

Visa® Debit Cards

Same Dividends as Your Savings Account
No Monthly Fees

Low-Cost Loans

Signature
Debt Consolidation
Home Remodeling
Employee Tuition Aid
Car, Boat, RV, Motorcycle
Real Estate
First Mortgages
Primary Residence
Vacation Home
Second Mortgages



Credit Life Insurance on Loans

Credit Disability Insurance on Loans

Payroll Deductions and Direct Deposit for Savings,
Loan Payments and Debit Card Accounts

Financial Counseling

Free Notary Service

New Auto Cost Guide

Used Auto, Boat, Motorcycle, Recreational
Vehicle NADA Guides

Consumer Reports Publications

IVR 24-Hour Audio Teller – (509) 495-8862

Auto Solution – An Auto Buying Service
(Fee Applies)

ATM-Cash Machine

Electronic Funds Transfer - ACH

Discount Tickets to Local Attractions

* NEW SERVICE - Online Banking

Your savings federally insured to at least \$250,000
and backed by the full faith and credit of the United States Government

NCUA

National Credit Union Administration, a U.S. Government Agency

1411 East Mission Avenue
PO Box 3727
Spokane, Washington 99220
(509) 495-8067



1934-2012

**78TH ANNUAL MEETING
MARCH 15, 2012**

Helping Make the Most of Your Money

**YOUR 2011
ANNUAL REPORT**



Supervisory Committee Report

The Supervisory Committee serves the Board of Directors and the members of the Credit Union. The Supervisory Committee is responsible for assuring that audits of the Credit Union are conducted and the results are reported to the Board of Directors. The Supervisory Committee is also available to assist any member of the Credit Union with inquiries.

The members of the Supervisory Committee conduct reviews of Credit Union operations and records at various times during the year.

The Credit Union is periodically examined for regulatory purposes by the Washington State Division of Credit Unions. The Division's latest examination report, dated June 30, 2011, was provided to the Board of Directors and the Supervisory Committee.

Anastasi & Moore, PLLC completed the Supervisory Committee Audit, as of October 31, 2011. There were no reportable conditions.

It is the opinion of the Supervisory Committee that the records of the Credit Union are well and accurately maintained; operations comply with applicable laws, regulations and the bylaws of the Credit Union; and the statement of condition in this annual report reflects fairly the condition of the Credit Union.

The Supervisory Committee appreciates the assistance of Ralphine Fallquist and the Credit Union staff, and the efforts of the Board of Directors during the past year.

Catherine Mueller
Supervisory Committee Chair
February 10, 2012

President's Report

The Avista Corp. Credit Union successfully completed 2011 with strong financials with an increase in assets of \$1 million and a reserve ratio of 14.07%. The financial climate in the world continues to be one of uncertainty and your Credit Union continues to provide a safe haven for your funds. As our share balances have increased, the Board and staff have worked diligently to increase our loan portfolio so that a competitive dividend could be paid. Growth of our loan portfolio will continue to be a key focus area in 2012.

During 2011, loan growth was encouraged by offering several loan promotions ending with our popular Holiday Loan Special. We also offer no-fee real estate loans at competitive rates. Check out our specials at www.avistacu.com, our advertising posters or the monitor in the lobby of the mission campus. We want to extend a special thanks to our marketing partners throughout the company who have worked hard to "get the word out" to our members on special activities and events.

The Avista Corp. Credit Union team is always looking for ways to enhance service to our members. We have two service options on the horizon. This winter we have expanded the versatility of your Avista Corp. Credit Union debit cards so that they can be used for PIN (debit) transactions at any point of sale. This will allow you to use the card in grocery stores, including Costco, and pull out additional cash by making purchases as a debit transaction. Coming this spring will be online access to your account through the www.avistacu.com website. You will be able to view balances, make transfers and download transactions to your money management software. We hope that both services make your relationship with the Credit Union more convenient.

I would like to take this opportunity to thank the Staff, the Board and especially you as a member for your continued support of the Credit Union during the past year. We know you have choices for your financial business and we appreciate your support of the Credit Union. We take seriously the trust you have placed in us. Without it the Credit Union would not be able to continue to deliver the excellent service and competitive products that you have come to expect. Thank you and we look forward to serving you in the year ahead.

Bryan Cox,
President
March 15, 2012

The Purpose of Avista Corp. Credit Union

The Avista Corp. Credit Union exists to provide services to its members – to help you meet your financial needs. We strive to provide you with efficient, professional, friendly service and assistance.

We are dedicated to serving our members and are guided by our Mission Statement:

- To serve the needs of the members of the Avista Corp. Credit Union in the areas of deposits and loans.
- To promote savings.
- To provide a balance of competitive dividends and loan interest rates.
- To minimize financial risk.

In fulfilling this mission, we will pursue the following goals:

- To aggressively select and develop member services that are beneficial to both our members and the Credit Union.
- To maintain, as our first priority, the service of existing members, while making a concerted effort to attract new members.
- To keep members and potential members aware of our services.
- To encourage innovation from Credit Union management and staff, members and directors.
- To maintain facilities and equipment that project a positive image, enhance member service and enable cost-effective operation.

We are committed to serving our members and to the continued success of the Avista Corp. Credit Union.

Your Board of Directors

Board of Directors

Bryan Cox, President	.....	Director, Strategic Projects
Scott Kinney, Vice President	.....	Director of Transmission Operations
Ralphine Fallquist, Secretary-Treasurer	.....	Credit Union
Timothy Carlberg	.....	Director of GPSS
Randy Cloward	.....	Retired
Russ Feist	.....	Category Manager
Al Fisher	.....	Director of Operations
Patrice K. Gorton	.....	Manager, Risk-Energy Resources
Patrick Maher	.....	Senior Hydro Operations Engineer
Chuck Milani	.....	Retired
Don Falkner	.....	Assistant Treasurer & Tax Director
Laura Vickers	.....	Manager & Operations Analytics

Supervisory Committee

Catherine Mueller, Chair	.....	Project & Fixed Asset Accounting Manager
John Emerson	.....	Energy Analyst
Don Falkner	.....	Assistant Treasurer & Tax Director
Ryan Krasselt	.....	Director of Finance
Kellee Quick	.....	Accounting Analyst
Tracy Townley	.....	Transmission Services Specialist

Credit Committee

Timothy Carlberg, Chairman	.....	Director of GPSS
Ralphine Fallquist	.....	Credit Union
Russ Feist	.....	Category Manager
William Fuglevand	.....	Vice President, Technology - ReliOn, Inc
Patrice K. Gorton	.....	Manager, Risk-Energy Resources
Nancy Holmes	.....	Regional Business Manager
Mary Inman	.....	Manager Technical & Strategic Projects
Patrick Maher	.....	Senior Hydro Operations Engineer
Laura Vickers	.....	Manager & Operations Analytics

Loan Policy Committee

Scott Kinney, Chairman	.....	Director of Transmission Operations
Randy Cloward	.....	Retired
Timothy Carlberg	.....	Director of GPSS
Ralphine Fallquist	.....	Credit Union
Al Fisher	.....	Director of Operations
Nancy Holmes	.....	Regional Business Manager
Chuck Milani	.....	Retired

Investment Committee

Russ Feist, Chairman	.....	Category Manager
Ralphine Fallquist	.....	Credit Union
Al Fisher	.....	Director of Operations
Patrice K. Gorton	.....	Manager, Risk-Energy Resources
Patrick Maher	.....	Senior Hydro Operations Engineer

Asset Liability Committee

Randy Cloward, Chairman	.....	Retired
Bryan Cox	.....	Director, Strategic Projects
Timothy Carlberg	.....	Director of GPSS
Ralphine Fallquist	.....	Credit Union
Russ Feist	.....	Category Manager
Patrice K. Gorton	.....	Manager, Risk-Energy Resources
Nancy Holmes	.....	Regional Business Manager
Scott Kinney	.....	Director of Transmission Operations
Richard Vermeers	.....	Director of Electrical Engineering

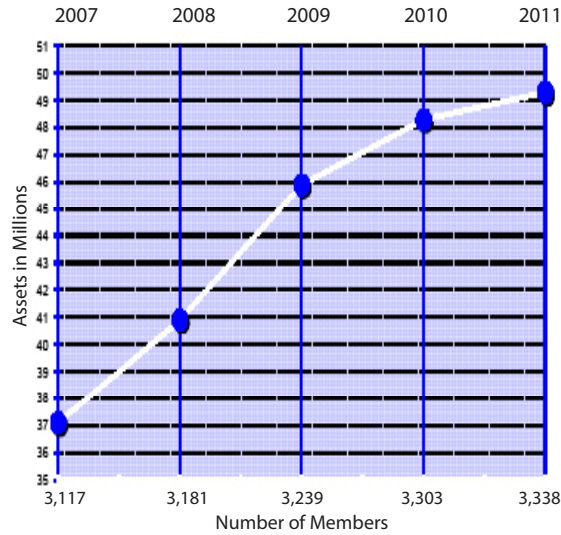
Technology Committee

Bryan Cox, Chairman	.....	Director, Strategic Projects
Randy Cloward	.....	Retired
Ralphine Fallquist	.....	Credit Union
Al Fisher	.....	Director of Operations
Scott Kinney	.....	Director of Transmission Operations
Cheri Kelley	.....	Credit Union
Kurt Schubach	.....	Software Developer

Staff

Ralphine Fallquist	.....	Manager
Pat Graham	.....	Member Services Representative
Karrie Hess	.....	Member Services Representative
Cheri Kelley	.....	Member Services Representative

Our 5-Year Growth

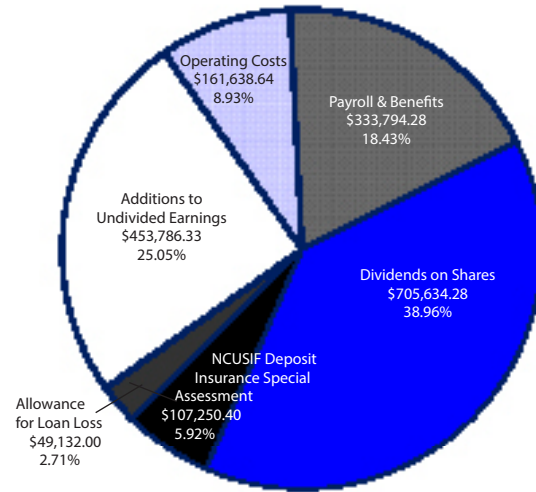


Balance Sheet

as of December 31, 2011

ASSETS	2011	2010
Cash on Hand & in Banks	\$ 656,932.49	\$2,246,628.71
Investments	23,716,423.99	21,790,690.45
Loans – Personal	13,075,614.55	11,185,055.58
Loans – Real Estate	11,305,848.75	12,628,327.89
Allowance for Loan Loss	(108,453.21)	(99,778.23)
Office Furniture & Equipment	55,505.39	6,169.84
NCUA Insurance	416,346.89	395,684.60
Other Assets	135,340.87	154,942.23
Assets Acquired Real Estate	63,876.64	0.00
Total Assets	<u>\$9,317,436.36</u>	<u>\$8,307,721.07</u>
LIABILITIES AND CAPITAL		
Shares	\$1,797,334.40	\$1,230,651.93
Debit Card	418,666.43	404,037.16
Dividend Payable 1-1-2012	159,860.71	182,196.35
Accounts Payable and Other Liabilities	2,118.90	3,755.01
RESERVES		
Regular Reserves	1,067,987.35	1,067,987.35
Undivided Earnings	5,871,468.57	5,419,093.27
Total Reserves	6,939,455.92	6,487,080.62
Total Liabilities, Capital & Reserves	<u>\$9,317,436.36</u>	<u>\$8,307,721.07</u>

Distribution of Income



Income Statement

Years Ended December 31

INCOME	2011	2010
Interest on Loans	\$ 1,225,899.21	\$ 1,338,915.08
Investment Income	564,572.43	617,303.45
Other Income	20,764.29	17,860.81
Total Income	<u>1,811,235.93</u>	<u>1,974,079.34</u>
EXPENSES		
Payroll, Salaries, Related Expenses	333,794.28	308,509.65
Travel & Conference	11,485.02	11,669.46
Office Occupancy	569.89	723.23
Office Operations	74,460.41	47,588.86
Education & Advertising	5,637.71	4,859.11
Loan Servicing	10,372.32	12,140.05
Visa® Debit Card	13,173.31	12,503.21
Professional Services	14,937.41	12,847.77
Examination Fees	11,429.26	10,839.08
Annual Meeting	6,051.31	5,501.65
Bond Insurance / VSI Blanket	13,522.00	11,991.74
Allowance for Loan Loss	49,132.00	178,404.52
NCUSIF Deposit Insurance Special Assessments	107,250.40	104,052.46
Total Expenses	<u>651,815.32</u>	<u>721,630.79</u>
Net Income	<u>\$ 1,159,420.61</u>	<u>\$ 1,252,448.55</u>
Additions to Reserves	0.00	0.00
Dividends on Shares	705,634.28	741,788.98
Write Down of SW Corp CU Membership Capital Account	0.00	225,214.29
Additions to Undivided Earnings	<u>\$ 453,786.33</u>	<u>\$ 285,445.28</u>