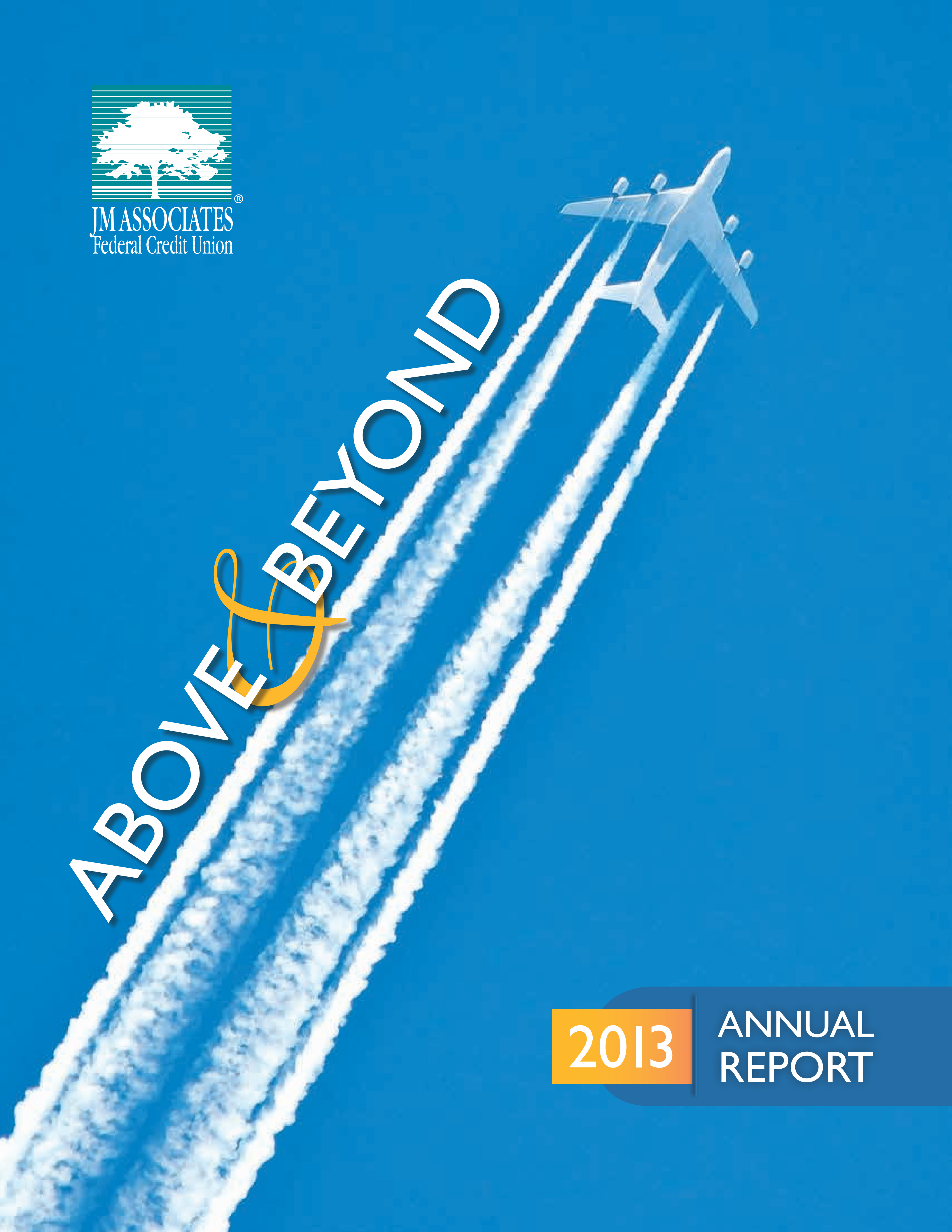
JM ASSOCIATES®
Federal Credit Union

ABOVE & BEYOND



2013 ANNUAL REPORT

MISSION STATEMENT

JM Associates Federal Credit Union is a financial institution whose primary purpose is to provide the highest quality services to our members. In support of this mission, we are committed to:

- Building customer-friendly relationships…
- Managing the membership's collective resources for the benefit of all…
- Providing a wide range of competitively priced products, and…
- Leveraging technology to maximize efficiency, while always protecting and maintaining member confidentiality.

JM Associates Federal Credit Union
Annual Meeting

April 24, 2014
JM Family Enterprises
111 Building Auditorium
Deerfield Beach, FL

Table of Contents

Chairman's Report
April 2014


Art Mirandi

Dear Member:

A very wise man once said: "Financial strength and great people are two essential qualities that contribute to a great organization." "Great organizations are positioned well to serve its customers."

These are two phrases that come to mind when I think about "our" credit union. I am proud to say that our credit union has these essential qualities.

We are strong and well positioned to carry that strength into the future.

As members, you are the owners that can participate in and benefit from the success of the organization. You can participate and benefit by utilizing the financial services that are available to you. Let your credit union serve you!

I am pleased to be your introduction into this year's annual report. I trust that the information provided will be informative and a testament to our financial strength and dedication to our members.

On behalf of the entire Board of Directors, I would like to say "thank you" to the Moran family and Executive Management Team of our Sponsor, JM Family Enterprises. We greatly appreciate all of the resources made available to us.

In closing, thank you to our members, for your confidence and your business. We are here for you, so let us know how we can serve you better in the future.

Sincerely,

Art Mirandi
Chairman of the Board
JM Associates Federal Credit Union

President's Letter

Jim Ryan

Dear Member,

For the first time in several years, members felt comfortable borrowing money. In the preceding years, you were paying down loans and saving. While that is certainly behavior the credit union encourages, it makes it difficult to keep the credit union financials balanced. A credit union takes the deposits of one member and loans them to another member to generate interest income that can be used to pay dividends to the depositor. JMAFCU needs borrowers as much as it needs depositors; members helping members. Fortunately, your credit union has navigated through the last few years very well and is in good financial condition to serve all your financial needs as this 2013 Annual Report should attest.

What the numbers in this report may not tell you is that you have access to two credit unions in one. The first is an electronic credit union. With your encouragement, JMAFCU improved and added to the electronic services being offered in 2013. Remote deposit capture (Mobile Deposit) and Bill Pay were added to the SAFE Mobile application. You responded quickly to SAFE Mobile as over 25% of all members are active with the application. JMAFCU also introduced SAFE TXT for members that prefer texting or are "data use" conscious with their smartphone. JMAFCU introduced a new look to its website to make it easier for members to find information. JMAFCU is committed to providing to its members secure, accessible, fast and easy (SAFE) electronic access.

The second side of the credit union is member centric. JMAFCU associates are dedicated to providing excellent personal member service. We know you and we know you do not like waiting in line or holding on the phone. JMAFCU continues to improve on electronic services so we will always have time to spend with you when you need or want a real person to assist you. JMAFCU is meeting your financial needs your way.

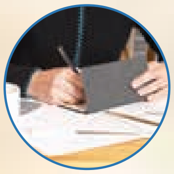
As a member, you may realize that your credit union is different than other financial service providers. A key to that difference is the volunteer Board of Directors, committee members and local representatives. These individuals volunteer their time (that means no compensation) to see that JMAFCU is committed to serving its members. If you have the opportunity, please thank them for a credit union committed to serving you. Technology, service, commitment—we mean it!

Strong financials, excellent member service and committed volunteers and associates—your credit union. Thank you for being a part of this exclusively member-owned financial institution.

Sincerely,

Jim Ryan, CCUE
President

With a myriad of financial services providers, it can be challenging to differentiate yourself from all of the others. When the products look basically the same and rates are comparable, there are only a few things that allow you to stand out above all the rest. In 2013 our commitment to going above and beyond what you, our members, expected was the catalyst to our bringing you more products and services and doing things differently.



Web Center Payments Now Available!

JMAFCU added a new service, Web Payments Center, to make your loan payments online. No more worrying about stamps, snail mail, late fees and check writing. Now you can use your funds from another financial institution to make your loan payment with JMAFCU online.

Financial Wellness Fairs

2013 saw the launch of our annual Financial Wellness Fairs! JMAFCU took financial wellness on the road by hosting fairs in Mobile, AL.; St. Louis, Mo.; and Deerfield Beach, FL. giving members the opportunity to meet first hand with some of the JMAFCU partners that assist us in providing great products and services.

Visa® Fraud Scout Alerts

Thanks to new technology employed by JMAFCU and Visa, members can now receive Visa Fraud Scout Alerts no matter where they are! Now in addition to receiving a telephone call, Fraud Scout will also notify you by email message. You will have the option to confirm the transaction or reject the transaction and block your card from further use, even on the go!

JMAFCU also took an aggressive and pro-active approach in handling data breaches that occurred to protect you, our members, and to minimize potential losses.

SAFE Mobile

JMAFCU on the go! Twenty-five percent of JMAFCU members are actively using SAFE Mobile! Remote Deposit, another feature of SAFE Mobile, was also added allowing you to deposit checks with a click of your mobile device camera. SAFE Bill Pay and SAFE TXT added another level of convenient access for our members.

Keeping Fees Low!

For 2013, JMAFCU's average member paid a total of $43.24 in fees for the year. Members at other Florida credit unions paid $108.39 in fees for the year. Bank customers paid even more. JMAFCU, not for profit, for service!

Staying in Touch—ENews You Can Use

In 2013, JMAFCU released its first eNewsletter bringing engaging and educational financial articles and information directly to your email inbox. JMAFCU also continued to engage members via Facebook, increasing our fan base to over 300 fans.

2013
ABOVE & BEYOND

JM Associates Federal Credit Union

Statement of Financial Condition

ASSETS

	September 30, 2013		September 30, 2012	
Cash and cash equivalents	$	950,708	$	907,071
Investments				
Available-for-sale		52,389,268		54,583,370
Held-to-maturity		95,750		159,915
Other		9,979,290		8,392,101
Loans receivable, net of allowance for loan losses		30,624,494		26,620,031
Accrued interest receivable		350,770		331,346
Premises and equipment, net		33,532		16,930
National Credit Union Share Insurance Fund deposit		752,604		715,266
Assets acquired in liquidation		54,000		-
Other assets		57,075		62,162
Total Assets	**$**	**95,287,491**	**$**	**91,788,192**

LIABILITIES AND MEMBERS' EQUITY

	September 30, 2013		September 30, 2012	
Liabilities				
Members' share and savings accounts	$	81,613,887	$	78,652,842
Accrued expenses and other liabilities		2,929,674		1,756,274
Total liabilities		84,543,561		80,409,116
Commitments and contingent liabilities				
Members' Equity				
Regular reserve		716,460		716,460
Undivided earnings		11,142,593		9,848,174
Accumulated other comprehensive income (loss)		(1,115,123)		814,442
Total members' equity		10,743,930		11,379,076
Total Liabilities and Members' Equity	**$**	**95,287,491**	**$**	**91,788,192**

JM Associates Federal Credit Union

Statements of Income

	September 30, 2013	September 30, 2012
Interest Income		
Interest on loans receivable	$ 1,958,413	$ 1,967,884
Interest on investments	1,179,022	1,403,984
Interest income	3,137,435	3,371,868
Interest Expense		
Dividends on members' share and savings accounts	423,702	513,420
Interest expense	423,702	513,420
Net Interest Income	2,713,733	2,858,448
Provision for Loan Losses	(134,327)	245,000
Net Interest Income After Provision for Loan Losses	2,848,060	2,613,448
Non-interest Income		
Other non-interest income	1,245,844	1,097,071
Fees and service charges	330,762	303,796
Other gains and losses, net	37,140	-
Gain on sale of investments, net	3,768	106,755
Non-interest income	1,617,514	1,507,622
	4,465,574	4,121,070
Non-interest Expense		
Compensation and employee benefits	1,389,844	1,349,137
Professional and outside services	553,827	456,345
Operations	545,514	496,113
Loan servicing	429,289	387,448
Travel and conference	102,650	63,417
Education and promotion	89,823	79,807
NCUA assessment	60,208	67,950
Non-interest expense	3,171,155	2,900,217
Net Income	**$ 1,294,419**	**$ 1,220,853**

JM Associates Federal Credit Union

Statement of Members' Equity and Comprehensive Income

MEMBERS' EQUITY

	Regular Reserve	Undivided Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance, September 30, 2011	$ 716,460	$ 8,627,321	$ 970,361	$ 10,314,142
Net income	-	1,220,853	-	1,220,853
Change in unrealized gain/(loss) on securities	-	-	(155,919)	(155,919)
Balance, September 30, 2012	716,460	9,848,174	814,442	11,379,076
Net income	-	1,294,419	-	1,294,419
Change in unrealized gain/(loss) on securities	-	-	(1,929,565)	(1,929,565)
Balance, September 30, 2013	**$ 716,460**	**$ 11,142,593**	**$ (1,115,123)**	**$ 10,743,930**

COMPREHENSIVE INCOME

	September 30, 2013	September 30, 2012
Net Income	$ 1,294,419	$ 1,220,853
Other Comprehensive (Loss) Income		
New unrealized holding (losses)/gains on securities arising during the year	(1,925,797)	(49,164)
Less reclassification adjustment for net losses/(gains) included in net income	(3,768)	(106,755)
	(1,929,565)	(155,919)
Comprehensive (Loss) Income	**$ (635,146)**	**$ 1,064,934**

JM Associates Federal Credit Union

Statements of Cash Flows

	September 30, 2013	September 30, 2012
Operating Activities		
Net income	$ 1,294,419	$ 1,220,853
Adjustments		
Provisions for loan losses	(134,327)	245,000
Depreciation and amortization of premises and equipment	17,314	9,726
Gain on sale of investments, net	(3,768)	(106,755)
Amortization of investment premiums/discounts	(1,133,785)	51,875
Changes in operating assets and liabilities		
Accrued interest receivable	(19,424)	29,723
Other assets	5,087	77,065
Accrued expenses and other liabilities	923,400	(115,538)
Net cash provided by operating activities	948,916	1,411,949
Investment Activities		
Purchases of		
Available-for-sale securities	(28,496,806)	(23,214,188)
Premises and equipment	(33,916)	(6,718)
Proceeds from		
Maturities, paydowns and sales of available-for-sale securities	30,148,896	8,524,008
Maturities and paydowns of held-to-maturity securities	64,165	6,577,816
New change in		
Other investments	(1,587,189)	3,149,630
Loans receivable, net of charge-offs	(4,008,740)	40,250
NCUSIF deposit	(37,338)	(59,780)
Recoveries on loans charged off	84,604	72,449
Net cash used in investing activities	(3,866,324)	(4,916,533)
Financing Activities		
Net change in members' share and savings accounts	2,961,045	3,228,258
Net cash provided by financing activities	2,961,045	3,228,258
Net Change in Cash and Cash Equivalents	43,637	(276,326)
Cash and Cash Equivalents at Beginning of Year	907,071	1,183,397
Cash and Cash Equivalents at End of Year	$ 950,708	$ 907,071
Supplemental Cash Flow Disclosures		
Dividends and interest paid	**$ 423,702**	**$ 513,420**
Loans receivable transferred to assets acquired in liquidation	**$ 54,000**	**$ -**
Non-cash change in investments, net	**$ 250,000**	**$ -**

JM Associates Federal Credit Union
Notes to the Financial Statements

NOTE 1: SIGNIFICANT ACCOUNT POLICIES

Organization
JM Associates Federal Credit Union (the "Credit Union") is a cooperative association organized in accordance with the provisions of the Federal Credit Union Act for the purposes of promoting thrift among and creating a source of credit for its members. Participation in the Credit Union is limited to those individuals that qualify for membership. The field of membership is defined in the Credit Union's Charter and Bylaws.

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles in the United States (GAAP) requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Specifically, Management has made estimates based on assumptions for fair value of assets and liabilities and the assessment of other than temporary impairment on investments. Actual results could differ from these estimates. Material estimates particularly subject to changes include the allowance for loan and lease losses (ALLL), other real estate owned (OREO) and the fair value of financial investments.

Basis of Presentation
The Credit Union follows the accounting standards set by the Financial Accounting Standards Board (FASB). The FASB establishes accounting principles generally accepted in the United States of America (U.S. GAAP) that are followed to ensure consistent reporting of the financial condition, results of operations and cash flows of the Credit Union. References to U.S. GAAP issued by the FASB in these footnotes are to the FASB Accounting Standards Codification commonly referred to as the Codification or ASC. The FASB finalized the Codification effective for periods ended on or after September 15, 2009. As such, the Credit Union has adopted the Codification in these financial statements. The Codification does not change how the Credit Union accounts for its transactions nor does it change the nature of the associated disclosures.

Subsequent Events
ASC 855 "Subsequent Events" establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before financial statements are issued. ASC 855 sets forth the period after the balance sheet date during which Management of the Credit Union should evaluate events or transactions that may occur for potential disclosure in the financial statements. Management has evaluated subsequent events through December 4, 2013, the date on which the financial statements were available to be issued and is not aware of any subsequent event which requires recognition or disclosure in these financial statements.

Cash and Cash Equivalents
For purposes of the statement of financial condition and the statement of cash flows, cash and cash equivalents includes cash on hand, amounts due from financial institutions and highly liquid debt instruments classified as cash which were purchased with maturities of three months or less. Amounts due from financial institutions may, at times, exceed federally insured limits.

Investments
The Credit Union's investments are classified and accounted for as follows:

Held-to-Maturity: Investments which the Credit Union has the positive intent and ability to hold to maturity are reported at cost, adjusted for amortization of premiums and accretion of discounts which are recognized in interest income.

Available-for-Sale: Investments are classified available-for-sale when Management anticipates that the securities could be sold in response to rate changes, prepayment risk, liquidity, availability of and the yield on alternative investments and other market and economic factors. These securities are reported at fair value. Unrealized gains and losses on securities available for sale are recognized as direct increases or decreases in members' equity and comprehensive income. Cost of investments sold are recognized using the specific identification method. The amortization of premiums and the accretion of discounts are recognized over the term of the related investment by a method that approximates the interest method.

Other Investments: Investments in this category do not meet the definition of a debt or equity security under GAAP. Other investments may include certain cash equivalents that Management has elected to classify as investments. Other investments are stated at the lower of cost or market.

Cost of investments sold are recognized using the specific identification method. The amortization of premiums and the accretion of discounts are recognized over the term of the related investment by a method that approximates the interest method.

Management periodically performs analyses to test for impairment of various assets. A significant impairment analysis relates to the other than temporary declines in the value of securities. Management conducts periodic reviews and evaluations of the securities portfolio to determine if the value of any security has declined below its carrying value and whether such a decline is other than temporary. If such decline is deemed other than temporary, Management would adjust the amount of the security by writing it down to fair market value through a charge to current period operations.

Visa, Inc. Stock

As part of the restructuring of Visa, Inc., the Credit Union was issued shares of Class B Common Stock in Visa, Inc. The shares represented by this issuance are fully paid and non-assessable. The Credit Union received a partial redemption of their Class B Common Stock in Visa, Inc. leaving a balance of 5,245 shares. Currently, there is no readily available fair market value of the stock and therefore, the stock is not reflected in the Credit Union's financial statements. Once a readily available fair market value of the stock is available, the value of the stock will be reflected in the Credit Union's financial statements.

Loans Receivable

The Credit Union grants mortgage and consumer loans to members. The ability of the members to honor their contract is dependent upon the real estate market and general economic conditions.

Loans that the Credit Union has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at principal balance outstanding, net of an allowance for loan losses. Interest income is recognized over the term of the loan and is calculated using the specific loan interest rate and the number of days outstanding during the period.

Interest income is not reported when full loan repayment is in doubt, typically when the loan is impaired or payments are past due over ninety days. All interest accrued but not received for loans placed on nonaccrual is reversed against interest income. Interest received on such loans is accounted for on the cash basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Consumer loans are typically charged off no later than 180 days past due. Residential real estate loans are evaluated for charge-off on a case-by-case basis and are typically charged-off at the time of foreclosure. Past-due status is based on the contractual terms of the loans. In all cases, loans are placed on nonaccrual or charged-off at an earlier date if the collection of principal and interest is considered doubtful.

Allowance for Loan Losses

The allowance for loan losses is a valuation allowance for probable incurred credit losses, increased by the provision for loan losses and decreased by charge-offs less recoveries. Management estimates the allowance balance required using past loan loss experience, known and inherent risks in the nature and volume of the portfolio, information about specific borrower situations and estimated collateral values, economic conditions, and other factors. Allocations of the allowance may be made for specific loans, but the entire allowance is available for any loan that, in Management's judgment, should be charged-off. Loan losses are charged against the allowance for loan losses when Management believes the uncollectibility of a loan balance is confirmed.

The allowance consists of specific and general components. The specific component relates to loans that are individually classified as impaired or loans otherwise classified as substandard or doubtful. The general component covers non-classified loans and is based on historical loss experience adjusted for current factors.

Due to the nature of uncertainties related to any estimation process, management's estimate of loan losses inherent in the loan portfolio and the related allowance may change in the near term. However, the amount of the change that is reasonably possible cannot be estimated. In addition, the Credit Union's regulator, as an integral part of its examination process, periodically reviews the Credit Union's allowance for loan losses. The regulator may require the Credit Union to adjust the allowance based on their judgments of information available to them at the time of their examination.

A loan is impaired when full payment under the loan terms is not expected. Impairment is generally evaluated in total for smaller-balance loans of similar nature such as residential mortgage, consumer and credit card loans, but may be evaluated on an individual loan basis if deemed necessary. If a loan is impaired, a portion of the allowance is allocated so that the loan is reported, net, at the present value of estimated future cash flows using the loan's existing rate or at the fair value of collateral if repayment is expected solely from the collateral.

Premises and Equipment
Furniture and equipment and leasehold improvements are carried at cost, less accumulated depreciation and leasehold amortization. Furniture and equipment are depreciated using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized using the straight-line method over the shorter of their estimated useful lives or the term of the respective leases. Maintenance and repairs are expensed, and major improvements and renovations are capitalized. Management reviews premises and equipment for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Gains and losses on disposals are included in current operations.

Assets Acquired in Liquidation
Assets acquired in liquidation in lieu of loan foreclosure are initially recorded at the lower of the Credit Union's carrying amount or fair value less estimated selling cost at the date of foreclosure. Any write-downs based on the asset's fair value at the date of acquisition are charged to the allowance for loan losses. After foreclosure, property held for sale is carried at the lower of the new cost basis or fair value less cost to sell. Impairment losses on property to be held and used are measured as the amount by which the carrying amount of a property exceeds its fair value. Costs of significant property improvements are capitalized, whereas costs relating to holding property are expensed. The portion of interest costs relating to development of real estate is capitalized. Valuations are periodically performed by Management, and any subsequent write-downs are recorded as a charge to operations, if necessary, to reduce the carrying value of a property to the lower of its cost or fair value less cost to sell.

NCUSIF Deposit
The deposit in the National Credit Union Share Insurance Fund (NCUSIF) is in accordance with National Credit Union Administration (NCUA) regulations, which require the maintenance of a deposit by each insured credit union in an amount equal to one percent of its insurable shares, less any reportable impairment. The deposit would be refunded to the Credit Union if its insurance coverage is terminated, it converts to insurance coverage from another source or the operations of the fund are transferred from the NCUA Board.

NCUSIF Insurance Premium
A credit union is required to pay an annual insurance premium equal to one-twelfth of one percent of its total insured shares, unless the payment is waived or reduced by the NCUA Board.

Members' Share and Savings Accounts

Members' shares are the savings deposit accounts of the owners of the Credit Union. Share ownership entitles the members to vote in annual elections of the Board of Directors and on other corporate matters. Irrespective of the amount of shares owned, no member has more than one vote. Members' shares are subordinated to all other liabilities of the Credit Union upon liquidation. Dividends on members' share and savings accounts are based on available earnings at the end of a dividend period and are not guaranteed by the Credit Union. Dividend rates on members' share accounts are set by the Board of Directors, based on an evaluation of current and future market conditions.

Regular Reserve

The Credit Union is required by regulation to maintain a statutory reserve, "regular reserve." The regular reserve, which represents a regulatory restriction of retained earnings, is not available for the payment of dividends to members.

Federal and State Tax Exemption

The Credit Union is exempt from federal and most state and local taxes under the provisions of the Federal Credit Union Act, the Internal Revenue Code, and state tax laws. The FASB ASC clarifies accounting for uncertainty in income taxes reported in the financial statements. The interpretation provides criteria for assessment of individual tax positions and a process for recognition and measurement of uncertain tax positions. Tax positions are evaluated on whether they meet the "more likely than not" standard for sustainability on examination by tax authorities. Federal credit unions are tax exempt under Internal Revenue Code Sections 501(c)(14)(a)(1). As such, the Credit Union has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Additionally, no interest or penalties have been recorded in the accompanying audited financial statements related to uncertain tax positions.

Comprehensive Income

Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income. Certain changes in assets and liabilities, such as unrealized gains and losses on available-for-sale securities, are reported as a separate component of the members' equity section of the statements of financial condition.

Advertising Costs

Advertising costs are expensed as incurred.

Recent Accounting Pronouncements

In July 2012, the FASB issued **Accounting Standards Update (ASU) *2012-2***, *Intangibles-Goodwill and Other* (Topic 350), *Testing Indefinite-Lived Intangible Assets for Impairment*. The standard states an entity has the option to first assess qualitative factors to determine whether the existence of events and circumstances indicates that it is more likely than not that the indefinite-lived intangible asset is impaired. If, after assessing the totality of events and circumstances, an entity concludes that it is not more likely than not that the indefinite-lived intangible asset is impaired, then the entity is not required to take further action. However, if an entity concludes otherwise, it is required to determine the fair value of the indefinite-lived intangible asset and perform the quantitative impairment test by comparing the fair value with the carrying amount, in accordance with Codification Subtopic 350-30, *Intangibles-Goodwill and Other, General Intangibles Other than Goodwill*. Under guidance in this ASU, an entity also has the option to bypass the qualitative assessment for any indefinite-lived intangible asset in any period and proceed directly to performing the quantitative impairment test. An entity will be able to resume performing the qualitative assessment in any subsequent period. This ASU is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012.

In June 2011, the FASB issued ***ASU 2011-05***, *Comprehensive Income* (Topic 220): *Presentation of Comprehensive Income,* which amended existing guidance and eliminated the option to present the components of other comprehensive income as part of the statement of changes in members' equity. The purpose of this Update is to improve the comparability, consistency and transparency of financial reporting and to increase the prominence of items reported in Other Comprehensive Income (OCI). The amendment requires that comprehensive income be presented in either a single continuous statement or in a two separate consecutive statement approach. The adoption of this amendment will change the presentation of the components of comprehensive income as part of the statement of members' equity. The amendment is effective for fiscal and interim periods beginning after December 15, 2011.

In April 2011, the FASB issued ***ASU 2011-2***, *A Creditor's Determination of Whether a Restructuring is a Troubled Debt Restructuring*, which amends ASC Topic 310-40, Receivables. The standard provides guidance to be used in a creditor's evaluation of whether it has granted a concession and whether a debtor is experiencing financial difficulties. In addition, the amendment precludes a creditor from using the effective interest rate test in the debtor's guidance on restructuring when evaluating whether a restructuring constitutes a troubled debt restructuring. For nonpublic entities, the effective date is for annual reporting periods ending on or after December 15, 2012, including interim periods within those annual periods. Early adoption is permitted.

Reclassifications

Certain 2012 financial statement amounts have been reclassified to conform with classifications adopted in the current year.

NOTE 2: INVESTMENTS

AVAILABLE-FOR-SALE

Investments classified as available-for-sale securities consist of the following:

	September 30, 2013			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Federal agency mortgage-backed securities	$ 28,713,080	$ 187,398	$ (1,020,416)	$ 27,880,062
Bank notes and certificates	14,602,108	194,947	(35,626)	14,761,429
Federal agency securities	10,189,203	50,660	(492,086)	9,747,777
Total	$ 53,504,391	$ 433,005	$ (1,548,128)	$ 52,389,268

	September 30, 2012			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Federal agency mortgage-backed securities	$ 34,780,896	$ 766,903	$ (138,254)	$ 35,409,545
Bank notes and certificates	9,661,377	114,858	(6,295)	9,769,940
Federal agency securities	9,326,655	84,600	(7,370)	9,403,885
Total	$ 53,768,928	$ 966,361	$ (151,919)	$ 54,583,370

Gross unrealized losses and fair value by length of time that the individual securities have been in a continuous unrealized loss position at September 30, 2013 and 2012, are as follows:

	September 30, 2013							
	Less than 12 months				12 months or greater			
		Fair Value		Unrealized Losses		Fair Value		Unrealized Losses
Federal agency mortgage-backed securities	$	18,053,387	$	(1,005,997)	$	500,584	$	(14,419)
Federal agency securities		6,006,514		(204,571)		2,712,030		(287,515)
Bank notes and certificates		2,753,510		(35,626)		-		-
Total	$	26,813,411	$	(1,246,194)	$	3,212,614	$	(301,614)

	September 30, 2012							
	Less than 12 months				12 months or greater			
		Fair Value		Unrealized Losses		Fair Value		Unrealized Losses
Federal agency mortgage-backed securities	$	10,119,840	$	(138,254)	$	-	$	-
Federal agency securities		2,908,250		(7,370)		-		-
Bank notes and certificates		1,939,680		(6,295)		-		-
Total	$	14,967,770	$	(151,919)	$	-	$	-

There are a total of 34 and 23 debt securities with unrealized losses as of September 30, 2013 and 2012, respectively. The unrealized losses associated with these securities are considered temporary as the Credit Union has the ability to hold these securities for a period of time sufficient to allow for any anticipated recovery in fair value.

Proceeds from sales of investment securities classified as available-for-sale and gross realized gains and losses from those are as follows:

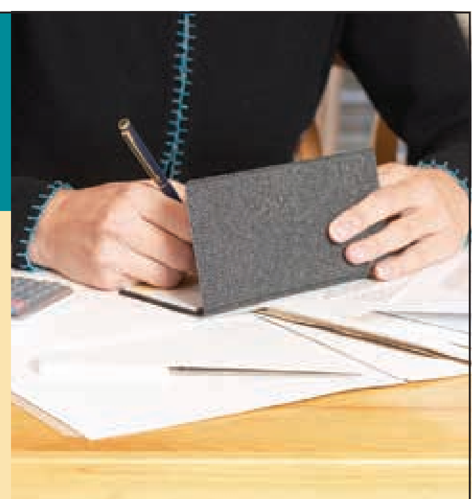
	September 30			
		2013		2012
Sales proceeds	$	4,411,654	$	10,492,497
Gross realized gains	$	112,958	$	152,551
Gross realized losses	$	(109,190)	$	(45,796)

The amortized cost and estimated fair value of investments by contractual maturity are shown below. Expected maturities may differ from contractual maturities because issuers may have the right to call or prepay certain obligations without call or prepayment penalties.

	September 30, 2013	
	Amortized Cost	Fair Value
Within 1 year	$ 758,230	$ 762,450
1 to 5 years	16,101,999	16,289,755
5 to 10 years	4,933,422	4,789,531
After 10 years	2,997,660	2,667,470
Subtotal	24,791,311	24,509,206
Mortgage-backed securities	28,713,080	27,880,062
Total	$ 53,504,391	$ 52,389,268

Mortgage-backed securities classified as available-for-sale represent participation interest in pools of residential mortgage loans which are guaranteed by the U.S. Government, its agencies or instrumentalities. However, the guarantee of these types of securities relates to the principal and interest payments, and not to the market value of such securities. In addition, the guarantee only relates to the mortgage-backed securities held by the fund and not to the purchase of shares of the fund.

Mortgage-backed securities are issued by lenders, such as mortgage bankers, commercial banks and savings and loan associations. Such securities differ from conventional debt securities, which provide for the periodic payment of interest in fixed amounts (usually semiannually) with principal payments at maturity or on specific dates. Mortgage-backed securities provide periodic payments which are, in effect, a "pass-through" of the interest and principal payments (including any prepayments) made by the individual borrowers on the pooled mortgage loans. A mortgage-backed security will mature when all the mortgages in the pool mature or are prepaid. Mortgage-backed securities do not have a fixed maturity and their expected maturities may vary when interest rates rise or fall.



HELD-TO-MATURITY

Investments classified as held-to-maturity securities consist of the following:

	September 30, 2013			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Federal agency mortgage-backed securities	$ 95,750	$ 6,628	$ -	$ 102,378

	September 30, 2012			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Federal agency mortgage-backed securities	$ 159,915	$ 12,351	-	$ 172,266

There were no debt securities with unrealized losses as of September 2013 and 2012.

The amortized cost and estimated fair value of investments by contractual maturity are shown below. Expected maturities may differ from contractual maturities because issuers may have the right to call or prepay certain obligations without call or prepayment penalties.

	September 30, 2013	
	Amortized Cost	Fair Value
Mortgage-backed securities	$ 95,750	$ 102,378

Mortgage-backed securities classified as held-to-maturity represent participation interest in pools of residential mortgage loans which are guaranteed by the U.S. Government, its agencies or instrumentalities. However, the guarantee of these types of securities relates to the principal and interest payments, and not to the market value of such securities. In addition, the guarantee only relates to the mortgage-backed securities held by the fund and not to the purchase of shares of the fund.

Mortgage-backed securities are issued by lenders, such as mortgage bankers, commercial banks and savings and loan associations. Such securities differ from conventional debt securities, which provide for the periodic payment of interest in fixed amounts (usually semiannually) with principal payments at maturity or on specific dates. Mortgage-backed securities provide periodic payments which are, in effect, a "pass-through" of the interest and principal payments (including any prepayments) made by the individual borrowers on the pooled mortgage loans. A mortgage-backed security will mature when all the mortgages in the pool mature or are prepaid. There, mortgage-backed securities do not have a fixed maturity and their expected maturities may vary when interest rates rise or fall.

OTHER INVESTMENTS

Other investments consist of the following:

	September 30,	
	2013	**2012**
Federal funds sold	$ 9,272,083	$ 6,983,094
Certificates of deposit	496,000	1,241,000
Perpetual capital at corporate credit unions	83,570	83,570
Other deposits at corporate credit unions	71,427	27,440
CUSO	56,210	56,997
Total	$ 9,979,290	$ 8,392,101

As a requirement of membership, the Credit Union is required to maintain a perpetual contributed capital share account at Corporate One Federal Credit Union. Perpetual contributed capital is not subject to share insurance covered by the National Credit Union Share Insurance Fund or any other deposit insurer. The perpetual contributed capital is redeemable only at the option of Corporate One Federal Credit Union provided regulatory approval is obtained. Perpetual contributed capital cannot be pledged against borrowings, has no scheduled maturity and offers non-cumulative dividends.

NOTE 3: LOANS RECEIVABLE AND ALLOWANCE FOR LOAN LOSSES

LOANS RECEIVABLE

Loans receivable consist of the following:

	September 30, 2013	September 30, 2012
Residential first mortgage real estate	$ 4,372,868	$ 4,238,189
Residential second mortgage real estate	2,049,808	2,640,479
Consumer secured	12,930,344	10,699,816
Consumer unsecured	12,068,407	10,137,291
Other business	-	88,472
	31,421,427	27,804,247
Allowance for loan losses	(796,933)	(1,184,216)
Loans receivable, net	$ 30,624,494	$ 26,620,031

ALLOWANCE FOR LOAN LOSSES ACCOUNT

The Credit Union has an established methodology to determine the adequacy of the allowance for loan losses that assesses the risks and losses inherent in the loan portfolio. For purposes of determining the allowance for loan losses, loans are segmented into "pools" by product type. Loans are segmented into the following pools: autos, real estate, consumer secured, and consumer unsecured portfolios.

The following summarizes the activity in the allowance for loan losses account:

For the year ending September 30, 2013

	Business	Residential Real Estate	Consumer	Total
Allowance for loan losses				
Beginning balance	$ 1,778	$ 620,115	$ 562,323	$ 1,184,216
Provision for loan losses	-	(109,324)	(25,003)	(134,327)
Recoveries	-	7,505	77,099	84,604
Loans receivable charged off	(1,778)	(15,039)	(320,743)	(337,560)
Ending balance	$ -	$ 503,257	$ 293,676	$ 796,933

JM Associates Federal Credit Union
Notes to the Financial Statements

For the year ending September 30, 2012

	Business	Residential Real Estate	Consumer	Total
Allowance for loan losses				
Beginning balance	$ 18,188	$ 575,648	$ 971,744	$ 1,565,580
Provision for loan losses	(3,375)	237,604	10,771	245,000
Recoveries	-	-	72,449	72,449
Loans receivable charged off	(13,035)	(193,137)	(492,641)	(698,813)
Ending balance	$ 1,778	$ 620,115	$ 562,323	$ 1,184,216

The following summarizes loans and related allowance reserve based on the type of impairment review performed:

As of September 30, 2013

	Business	Residential Real Estate	Consumer	Total
Loans receivables:				
Collectively evaluated for impairment	$ -	$ 6,228,457	$ 24,683,066	$ 30,911,523
Individually evaluated for impairment	-	194,219	315,685	509,904
Total	$ -	$ 6,422,676	$ 24,998,751	$ 31,421,427
Allowance for loan losses				
Collectively evaluated for impairment	$ -	$ 343,735	$ 190,490	$ 534,225
Individually evaluated for impairment	-	159,522	103,186	262,708
Total	$ -	$ 503,257	$ 293,676	$ 796,933

As of September 30, 2012

	Business	Residential Real Estate	Consumer	Total
Loans receivables:				
Collectively evaluated for impairment	$ -	$ 6,583,664	$ 20,296,500	$ 26,880,164
Individually evaluated for impairment	88,472	295,004	540,607	924,083
Total	$ 88,472	$ 6,878,668	$ 20,837,107	$ 27,804,247
Allowance for loan losses				
Collectively evaluated for impairment	$ -	$ 504,051	$ 468,359	$ 972,410
Individually evaluated for impairment	1,778	116,064	93,964	211,806
Total	$ 1,778	$ 620,115	$ 562,323	$ 1,184,216

IMPAIRED LOANS

The Credit Union considers a loan to be impaired when, based on current information and events, it is determined the collect of all amounts due according to the loan contract, including scheduled interest payments is unlikely. Determination of impairment is treated the same across all classes of loans. When a loan is identified as impaired, impairment is measured based on the present value of expected future cash flows, discounted at the loan's effective interest rate, except when the sole (remaining) source of repayment for the loan is the operation or liquidation of the collateral. In these cases, impairment is based on the current fair value of the collateral, less estimated selling costs when foreclosure is probable, instead of discounted cash flows. If the value of the impaired loan is less than the recorded investment in the loan (net of previous charge-offs, deferred loan fees or costs and unamortized premium or discount), an impairment is recognized through an allowance estimate or a charge-off to the allowance for loan losses account.

When the ultimate collectability of the total principal of an impaired loan is in doubt and the loan is on nonaccrual status, all payments are applied to principal, under the cost recovery method. When the ultimate collectability of the total principal of an impaired loan is not in doubt and the loan is on nonaccrual status, contractual interest is credited to interest income when received, under the cash basis method.

The following table includes the recorded investment and unpaid principal balances for impaired financing receivables with the associated allowance amount, if applicable. Allowance reserves have been determined based on the present value of expected future cash flows, discounted at the loan's effective interest rate, except when the remaining source of repayment for the loan is the operation or liquidation of the collateral. In those cases, the current fair value of the collateral, less selling costs was used to determine the specific allowance recorded. In addition, also presented is the average recorded investment of the impaired loans and the related interest recognized during the time within the period that the impaired loans were impaired.

	As of September 30, 2013		
	Unpaid Principal Balance	**Related Allowance**	**Average Principal Balance**
With a related allowance recorded:			
Residential first mortgage real estate	$ -	$ -	$ -
Residential second mortgage real estate	194,219	159,522	244,612
Consumer secured	188,386	14,320	247,174
Consumer unsecured	127,299	88,866	119,440
Other business	-	-	-
With no related allowance recorded:			
Residential first mortgage real estate	$ -	$ -	$ -
Residential second mortgage real estate	-	-	-
Consumer secured	147,097	-	73,549
Consumer unsecured	-	-	-
Other business	-	-	-
Total:			
Residential real estate	$ 194,219	$ 159,522	$ 244,612
Consumer	$ 462,782	$ 103,186	$ 440,162
Business	$ -	$ -	$ -

	As of September 30, 2012		
	Unpaid Principal Balance	**Related Allowance**	**Average Principal Balance**
With a related allowance recorded:			
Residential first mortgage real estate	$ -	$ -	$ -
Residential second mortgage real estate	295,004	116,064	73,751
Consumer secured	305,962	18,061	16,998
Consumer unsecured	111,580	75,902	6,199
Other business	88,472	1,778	88,472
With no related allowance recorded:			
Residential first mortgage real estate	$ -	$ -	$ -
Residential second mortgage real estate	35,153	-	35,153
Consumer secured	-	-	-
Consumer unsecured	-	-	-
Other business	-	-	-
Total:			
Residential real estate	$ 330,157	$ 116,064	$ 108,904
Consumer	$ 417,542	$ 93,963	$ 23,197
Business	$ 88,472	$ 1,778	$ 88,472

PAST DUE LOANS BY CLASS

The following tables presents the contractual aging of the recorded investment in past due loans by class of loans. Also included are loans that are 90 days or more past due by loan class.

	For the year ending September 30, 2013			
	Current	**60-89 Days Past Due**	**Loans Past Due 90 Days or >**	**Total**
Residential first mortgage real estate	$ 4,372,868	$ -	$ -	$ 4,372,868
Residential second mortgage real estate	1,827,527	195,655	26,626	2,049,808
Consumer secured	12,839,844	39,774	50,726	12,930,344
Consumer unsecured	11,948,460	81,449	38,498	12,068,407
Other business	-	-	-	-
Total	$ 30,988,699	$ 316,878	$ 115,850	$ 31,421,427

For the year ending September 30, 2012

	Current	60-89 Days Past Due	Loans Past Due 90 Days or >	Total
Residential first mortgage real estate	$ 4,238,189	$ -	$ -	$ 4,238,189
Residential second mortgage real estate	2,517,413	-	123,066	2,640,479
Consumer secured	10,358,701	53,441	287,674	10,699,816
Consumer unsecured	10,025,711	77,016	34,564	10,137,291
Other business	-	-	88,472	88,472
Total	$ 27,140,014	$ 130,457	$ 533,776	$ 27,804,247

The Credit Union places loans on nonaccrual status when the loan reaches 90 days past due or when the collection of interest or principal becomes uncertain. Loans on which the accrual of interest has been discontinued or reduced were approximately $116,000 and $534,000 as of September 30, 2013 and 2012, respectively. There were no loans 90 days or more past due and still accruing interest as of September 30, 2013 or 2012.

Residential, consumer, and other loans are assessed for credit quality based on the contractual aging status of the loan and payment activity. Such assessment is completed at the end of each reporting period.

The following is a summary of loans based on credit quality:

As of September 30, 2013

	Performing	Nonperforming	Total
Residential first mortgage real estate	$ 4,372,868	$ -	$ 4,372,868
Residential second mortgage real estate	2,023,182	26,626	2,049,808
Consumer secured	12,879,618	50,726	12,930,344
Consumer unsecured	12,029,909	38,498	12,068,407
Other business	-	-	-
Total	$ 31,305,577	$ 115,850	$ 31,421,427

As of September 30, 2012

	Performing	Nonperforming	Total
Residential first mortgage real estate	$ 4,238,189	$ -	$ 4,238,189
Residential second mortgage real estate	2,517,413	123,066	2,640,479
Consumer secured	10,412,142	287,674	10,699,816
Consumer unsecured	10,102,727	34,564	10,137,291
Other business	-	88,472	88,472
Total	$ 27,270,471	$ 533,776	$ 27,804,247

Internally assigned loan grades are defined as follows:
Performing—A performing loan's primary source of loan repayment is satisfactory, with secondary sources very likely to be realized if necessary.

Nonperforming—A loan classified as nonperforming is considered potentially uncollectible with a likelihood of charge-off. This classification does not mean that the loan has absolutely no recovery or salvage value, but rather it means that charge-off is likely in the near future.

TROUBLED DEBT RESTRUCTURINGS (TDR)

A loan is classified as a troubled debt restructuring when for economic or legal reasons related to a borrower is experiencing financial difficulties that leads to a restructuring of the loan, and the Credit Union grants concessions to the borrower in the restructuring that it would not otherwise consider. The Credit Union strives to identify members in financial difficulty early and work with them to modify to more affordable terms before their loan reaches nonaccrual status. These concessions include but are not limited to: including interest rate reductions, principal forgiveness, extension of maturity date and other actions intended to minimize economic loss and to avoid foreclosure or repossession of the collateral.

Troubled debt restructurings are considered impaired loans by their nature. The amount of the impairment is derived based on discounting expected cash flows at the loans' effective rate of interest. Therefore, assumptions must be made as to the amount of the future cash flows, which will consider the borrower's willingness and ability to pay contractual principal and interest payments.

The following is a summary of information pertaining to troubled debt restructurings that occurred during the period:

	As of September 30, 2013		
	# of Loans	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
Troubled debt restructurings:			
Residential real estate	0	$ -	$ -
Consumer	2	$ 12,626	$ 11,752
Business	0	$ -	$ -

	As of September 30, 2013	
	# of Loans	Balance
Troubled debt restructurings that subsequently defaulted:		
Residential real estate	0	$ -
Consumer	0	$ -
Business	1	$ 34,463

	As of September 30, 2012		
	# of Loans	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
Troubled debt restructurings:			
Residential real estate	0	$ -	$ -
Consumer	12	$ 164,749	$ 117,386
Business	0	$ -	$ -

	As of September 30, 2012	
	# of Loans	Balance
Troubled debt restructurings that subsequently defaulted:		
Residential real estate	0	$ -
Consumer	0	$ -
Business	0	$ -

NOTE 4: PREMISES AND EQUIPMENT

Premises and equipment consist of the following:

	September 30,	
	2012	2012
Furniture and equipment	$ 378,421	$ 344,505
Leasehold improvements	10,449	10,449
	388,870	354,954
Less accumulated depreciation and amortization	(355,338)	(338,024)
Premises and equipment, net	$ 33,532	$ 16,930

NOTE 5: MEMBERS' SHARE AND SAVINGS ACCOUNTS

Members' share and savings accounts consist of the following:

	September 30,	
	2013	**2012**
Share draft accounts	$ 12,323,632	$ 11,283,266
Money market accounts	41,693,009	40,509,432
Share accounts	12,373,263	10,258,492
IRA share accounts	3,953,349	4,053,586
Certificate accounts	11,270,634	12,548,066
Total	$ 81,613,887	$ 78,652,842

The aggregate amount of certificate accounts in denominations of $100,000 or more were approximately $3,442,000 and $3,903,000 as of September 30, 2013 and 2012, respectively.

As of September 30, 2013, scheduled maturities of certificate accounts are as follows:

Year ending September 30,	Amount
2014	$ 6,565,521
2015	1,667,652
2016	1,109,461
2017	894,297
2018	1,033,703
Total	$ 11,270,634

The National Credit Union Share Insurance Fund insures members' shares up to $250,000. This includes all account types, such as savings, checking, money market and certificates of deposit. Individual Retirement Account coverage is an additional $250,000.

NOTE 6: EMPLOYEE BENEFITS

Employees of the Credit Union are participants in the JM Family Enterprises, Inc. pension plans. The plans include a contributory defined contribution pension plan, a non-contributory defined benefit pension plan and a non-contributory profit sharing plan. It is not possible to determine the net pension expense for the Credit Union for the years ended September 30, 2013 and 2012 or to present separately the actuarial present value of benefit obligations or the net assets available for benefits of the Credit Union because no determination has been made of the allocation of such amounts between JM Family Enterprises, Inc. and the Credit Union.

The Credit Union participates in the JM Family Enterprises, Inc. defined benefit post-retirement medical plan. The plan covers all full-time status employees who elect coverage and satisfy the plan's eligibility requirements when they retire. It is not possible to determine the net periodic post-retirement benefit cost attributable to the Credit Union for the years ended September 30, 2013 and 2012 nor is it possible to present separately the actuarial accumulated post-retirement benefit obligation for the Credit Union because no determination has been made of the allocation of such amounts between JM Family Enterprises, Inc. and the Credit Union.

NOTE 7: COMMITMENTS AND CONTINGENT LIABILITIES

During the current audit period, the Credit Union closed its unused line-of-credit with Corporate America Credit Union and Corporate One Federal Credit Union.

As of September 30, 2012, the Credit Union had an unused line-of-credit with Corporate America Credit Union and Corporate One Federal Credit Union. The terms of the agreement require the pledging of all present and future loans and equipment as security for obligations under these line-of-credit agreement. The interest rate terms under these line-of-credit agreement are variable. The total line-of-credit was $4,000,000 as of September 30, 2012. There were no outstanding borrowings as of September 30, 2012.

Lines-of-credit consist of the following:

	September 30,2012	
Corporate America Credit Union	$	2,000,000
Corporate One Credit Union		2,000,000
Total	$	4,000,000

Legal Contingencies

The Credit Union is a party to various miscellaneous legal actions normally associated with financial institutions, the aggregate of which, in Management's opinion, would not be material to the Credit Union's financial condition.

NCUSIF Funding Contingency

In connection with the conservatorship of U.S. Central Federal Credit Union on March 20, 2009, the NCUA depleted all of the paid-in capital and membership capital shares maintained by corporate credit unions in U.S. Central Federal Credit Union. The losses incurred by corporate credit unions on their at-risk investments with U.S. Central Federal Credit Union, along with other in-house investment securities showing other-than-temporary impairment, resulted in significant operating losses throughout the corporate credit union system. These operating losses resulted in a material negative impact on the level of retained earnings and regulatory capital ratios at most corporate credit unions. As a result, many corporate credit unions were forced to deplete some or all of their members' paid-in capital and membership capital shares. This action lead to material reductions in the earnings and retained earnings of many natural person credit unions. In some cases, the losses recognized by natural person credit unions from their at-risk investments in corporate credit unions, coupled with high loan losses and other non-corporate investment losses, resulted in regulatory actions by the NCUA, including conservatorship, assisted mergers, and liquidations.

During May 2009, legislation was created to establish a Temporary Corporate Credit Union Stabilization Fund (Stabilization Fund) to absorb the corporate stabilization costs by borrowing money from the U.S. Treasury. During September 2010, the NCUA received approval from the U.S. Treasury to extend the life of the Stabilization Fund to June 2021. The funds borrowed from the U.S. Treasury will be repaid from assessments authorized by the NCUA Board. The NCUA Board has levied assessments during 2013 and 2012 to repay borrowed funds to the U.S. Treasury. It is anticipated that the NCUA Board will be making annual assessments to cover costs associated with the corporate credit union system, possibly until the year 2021.

Off-Balance-Sheet Risk

The Credit Union is a party to conditional commitments to lend funds in the normal course of business to meet the financing needs of its members. These commitments represent financial instruments to extend credit which include lines of credit, credit cards and home equity lines that involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the financial statements.

The Credit Union's exposure to credit loss is represented by the contractual notional amount of these instruments. The Credit Union uses the same credit policies in making commitments as it does for loans recorded in the financial statements.

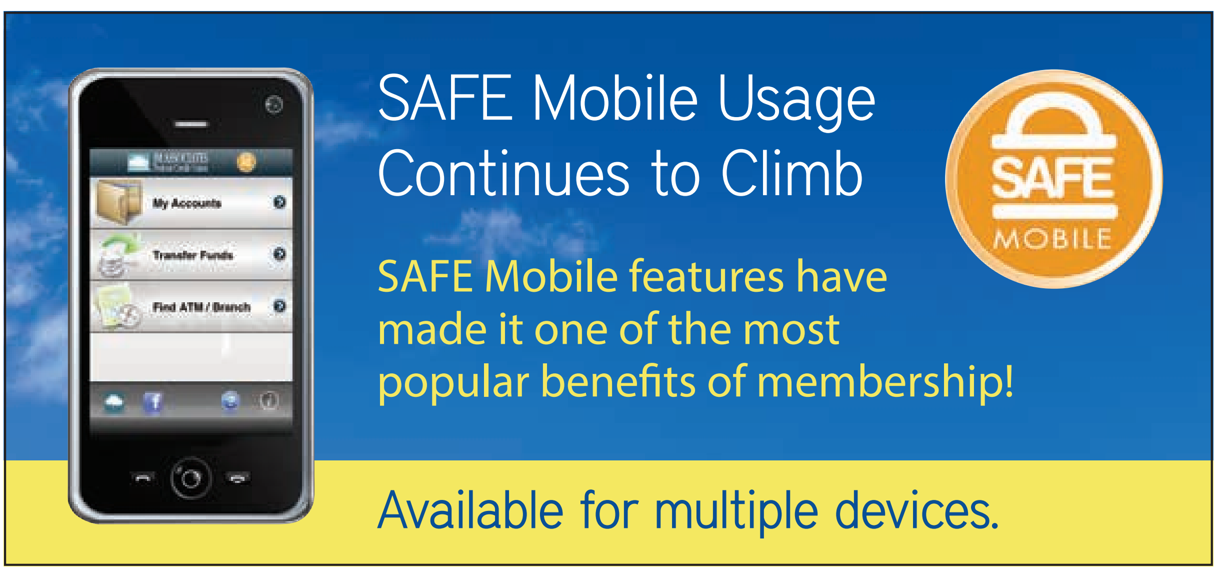
Unfunded loan commitments under lines of credit are summarized as follows:

	September 30,	
	2013	**2012**
Credit card	$ 8,497,131	$ 6,487,308
Home equity	1,301,388	1,402,208
Other consumer	229,290	1,587,552
Share draft line-of-credit	98,614	99,399
Total	$ 10,126,423	$ 9,576,467

Commitments to extend credit are agreements to lend to a member as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Because many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Credit Union evaluates each member's creditworthiness on a case-by-case basis. The amount of collateral obtained to secure borrowing on the lines-of-credit is based on management's credit evaluation of the member.

Unfunded commitments under lines-of-credit and revolving credit lines are commitments for possible future extensions of credit to existing members. These lines-of-credit are uncollateralized with the exception of home-equity loans and usually do not contain a specified maturity date and ultimately may not be drawn upon to the total extent to which the Credit Union is committed.

Concentrations of Credit Risk
A significant amount of the Credit Union's business activity is with its members who are employees or former employees of JM Family Enterprises, Inc. The Credit Union may be exposed to credit risk from a regional economic standpoint, since a significant concentration of its borrowers work or reside in the State of Florida. However, the loan portfolio is well diversified and the Credit Union does not have any significant concentrations of credit risk except unsecured loans, which by their nature increase the risk of loss compared to those loans that are collateralized. The Credit Union's policy for repossessing collateral is that when all other collection efforts have been exhausted, the Credit Union enforces its first lien holder status and repossesses the collateral. The Credit Union has full and complete access to repossessed collateral. Repossessed collateral normally consists of vehicles and residential real estate.



NOTE 8: CAPITAL REQUIREMENTS

The Credit Union is subject to various regulatory capital requirements administered by the NCUA. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Credit Union's financial statements. Under capital adequacy regulations and the regulatory framework for prompt corrective action, the Credit Union must meet specific capital regulations that involve quantitative measures of the Credit Union's assets, liabilities and certain offbalance-sheet items as calculated under generally accepted accounting practices. The Credit Union's capital amounts and net worth classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Credit Union to maintain minimum amounts and ratios (set forth in the table below) of net worth to total assets. Furthermore, credit unions over $10,000,000 in assets are also required to determine if they meet the definition of a "complex" credit union as defined by regulation. The minimum risk-based net worth ratio to be considered complex under the regulatory framework is 6.00%. If the Credit Union falls under the "complex" category, an additional risk-based net worth (RBNW) requirement is imposed that could result in capital requirements in excess of minimum levels established for non-complex credit unions.

Key aspects of the Credit Union's minimum capital amounts and ratios are summarized as follows:

Risk Based Net Worth Ratio

	September 30, 2013	**September 30, 2012**
Risk Based Net Worth Ratio	7.16%	7.04%
Credit Union considered complex?	Yes	Yes

General Capital Requirements

	September 30, 2013		**September 30, 2012**	
	Amount	**Requirement/ Ratio**	**Amount**	**Requirement/ Ratio**
Amount needed to be classified as "well capitalized"	$ 6,670,124	7.00%	$ 6,425,173	7.00%
Regulatory Net Worth	$ 11,859,053	12.45%	$ 10,564,634	11.51%

NOTE 9: RELATED PARTY TRANSACTIONS

In the normal course of business, the Credit Union extends credit to Directors, Supervisory Committee members and executive officers. The aggregate loans to related parties as of September 30, 2013 and 2012, were approximately $1,119,000 and $1,084,000, respectively. Shares from related parties as of September 30, 2013 and 2012, amounted to approximately $3,064,000 and $1,566,000, respectively.

NOTE 10: FAIR VALUE MEASUREMENTS

The Credit Union discloses the fair value of assets and liabilities in accordance with FASB ASC , *Fair Value Measurement*, FASB ASC *Financial Instruments*, and the provisions of GAAP which defines fair value and establishes a framework for measuring fair value.

The fair value of assets and liabilities represents the fair value in terms of the price in an orderly transaction between market participants to sell an asset or transfer a liability in the principal (or most advantageous) market for the asset or liability. The transaction to sell the asset or transfer the liability is a hypothetical transaction at the measurement date, considered from the perspective of a market participant that holds the asset or owes the liability. Therefore, the objective of a fair value measurement is to determine the price that would be received to sell the asset or paid to transfer the liability at the measurement date (an exit price).

To increase consistency and comparability in fair value measurements and related disclosures, the fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). In some cases, the inputs used to measure fair value might fall into different levels of the fair value hierarchy. The level in the fair value hierarchy within which the fair value measurement in its entirety falls shall be determined based on the lowest level input that is significant to the fair value measurement in its entirety. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The availability of inputs relevant to the asset or liability and the relative reliability of the inputs might affect the selection of appropriate valuation techniques.

Level 1 Inputs
Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. In general, a quoted price in an active market provides the most reliable evidence of fair value and shall be used to measure fair value whenever available.

Level 2 Inputs
Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly through corroboration with observable market data (market-corroborated inputs). If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability. An adjustment to a Level 2 input that is significant to the fair value measurement in its entirety might render the measurement a Level 3 measurement, depending on the level in the fair value hierarchy within which the inputs used to determine the adjustment fall.

Level 3 Inputs

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs shall be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. Therefore, unobservable inputs shall reflect the reporting Credit Union's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs shall be developed based on the best information available in the circumstances, which might include the Credit Union's own data. However, the unobservable inputs shall not ignore information about market participant assumptions that is reasonably available without undue cost and effort.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for those items measured at fair value.

Available-for-Sale Securities: Fair values for securities are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments, or on discounted cash flow models based on the expected payment characteristics of the underlying instruments.

Assets Acquired in Liquidation: Fair value is measured based on the appraised value of the collateral. Collateral may be real estate, vehicles and/or business assets including equipment, inventory and/or accounts receivable and is determined based on appraisals by qualified licensed appraisers hired by the Credit Union. Appraised and reported values may be discounted based on management's historical knowledge, changes in market conditions from the time of valuation, and/or management's expertise and knowledge of the member and member's business.

Fair Value on a Recurring Basis: The table below presents the balances of assets and liabilities measured and presented in the statement of condition at fair value on a recurring basis:

September 30, 2013

	Total	Level 1	Level 2	Level 3
Available-for-sale investments	$ 52,389,268	$ 52,389,268	$ -	$ -

September 30, 2012

	Total	Level 1	Level 2	Level 3
Available-for-sale investments	$ 54,583,370	$ 54,583,370	$ -	$ -

Fair Value on a Nonrecurring Basis: Certain assets and liabilities are measured at fair value on a nonrecurring basis, that is, the instruments are not measured at fair value on an ongoing basis, but are subject to fair value adjustments in certain circumstances. The following table presents assets and liabilities carried on the statement of financial condition for which a nonrecurring change in fair value has been recorded during the year ended:

September 30, 2013

	Total	**Level 1**	**Level 2**	**Level 3**
Assets acquired in liquidation	$ 54,000	$ -	$ 54,000	$ -

September 30, 2012

	Total	**Level 1**	**Level 2**	**Level 3**
Assets acquired in liquidation	$ -	$ -	$ -	$ -

Nearman
Maynard • Vallez
Certified Public Accountants

Steven L. Nearman, CPA, CFE
Cecil D. Maynard, CPA, MPA, CFE, FCPA, CFF
Christopher J. Vallez, CPA, MBA, CICA
Jennifer N. Hoskins, CPA, MPA, CICA
Ellen E. Vargo, CPA, CFE, FCPA

INDEPENDENT AUDITOR'S REPORT

Supervisory Committee
JM Associates Federal Credit Union
Jacksonville, Florida

Report on the Financial Statements
We have audited the accompanying financial statements of JM Associates Federal Credit Union, which comprise the statement of financial condition as of September 30, 2013 and 2012, and the related statements of income, changes in members' equity, comprehensive income, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Credit Union's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Credit Union's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of JM Associates Federal Credit Union as of September 30, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Nearman, Maynard, Vallez, CPAs

Nearman, Maynard, Vallez, CPAs
Miami, Florida
December 4, 2013

Atlanta
Nearman, Maynard, Vallez, CPAs, P.A.
205 Brandywine Boulevard, Suite 100
Fayetteville, Georgia 30214-1561
770.461.5706 • fax: 770.719.1888

Miami
Nearman, Maynard, Vallez, CPAs, P.A.
10621 North Kendall Drive, Suite 219
Miami, Florida 33176
305.598.1730 • fax: 305.595.9316

www.nearman.com

Supervisory Committee Report
April 24, 2014


Vicki McComb

Dear Members,

Your Supervisory Committee is pleased to provide the following report to you for 2014.

Our independent auditing firm, Nearman, Maynard, & Vallez (Nearman), Certified Public Accountants, performed the annual audit of JM Associates Federal Credit Union (JMAFCU). The audit for the 12-month period ending September 30, 2013 is complete and resulted in an unqualified opinion. The auditor's report is included in the Annual Report booklet and consists of the auditor's opinion letter and the financial statements with corresponding auditor notes.

Mandatory internal audits conducted by the CPA firm during 2013 addressed the following areas of federal compliance: the Bank Secrecy Act (BSA), Office of Foreign Assets Control (OFAC), Customer Identification Program (CIP), Secure and Fair Enforcement (SAFE) for Mortgage Licensing Act, FACT Act, Identity Theft Red Flag Procedures, and Automated Clearing House (ACH) transactions. There were no significant findings from these audits.

The internal audits also addressed areas of credit union operations including: loan file maintenance activity and procedures; credit union employee and officials' accounts; general internal controls including operational policies and procedures; and the mobile remote deposit capture product. There were no significant findings resulting from these audits and/or reviews. JMAFCU management has evaluated auditor recommendations for changes to policies and procedures and implemented the recommendations where feasible.

Members of the Supervisory Committee conducted regular closed account surveys, random cash counts, and other reviews of Credit Union procedures and activities with no significant findings.

The National Credit Union Administration (NCUA), the regulatory body charged with overseeing federal credit unions, examines the credit union on a regular basis. Our last examination took place in June 2013 and resulted in a favorable report.

The Supervisory Committee believes that all audits and examinations, with their related reports, have shown that the financial statements present a fair and reliable report of the financial condition of JMAFCU.

Respectfully submitted,

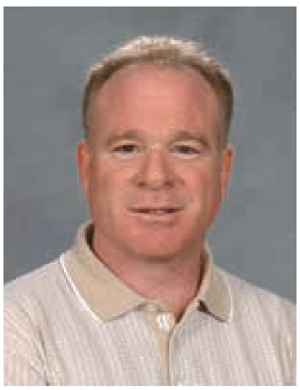
Vicki McComb
Chairman, Supervisory Committee

Board of Directors

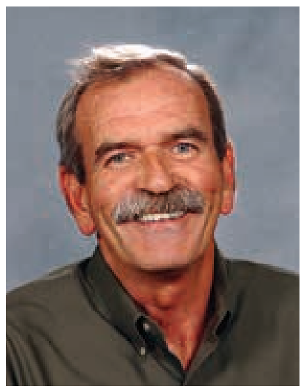
Art Mirandi
Chairman

Cindy Grieco
Vice Chairman

Jerry Cook
Secretary



Marty Osborne
Treasurer



Chuck Fowler
Director

Larry Jaffe
Director

Ralph O'Day
Director

Maryann Siler
Director

Carolyn Weeden
Director

8019 Bayberry Road
Jacksonville, FL 32256
www.jmafcu.org

JM ASSOCIATES
Federal Credit Union