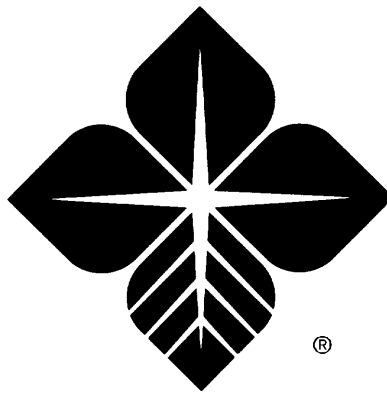


LEGACY AG CREDIT, ACA

2009 Quarterly Report Third Quarter



For the Quarter Ended September 30, 2009

REPORT OF MANAGEMENT

The undersigned certify that we have reviewed this report, that it has been prepared in accordance with all applicable statutory or regulatory requirements, and that the information contained herein is true, accurate and complete to the best of his or her knowledge and belief.

s/s

John O. Powell, Chairman, Board of Directors
October 21, 2009

s/s

Wayne Bawcum, C.P.A., Chairman, Audit Committee
October 21, 2009

s/s

Daryl D. Belt, Chief Financial Officer
October 21, 2009

**LEGACY AG CREDIT, ACA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following commentary reviews the financial performance of the Legacy Ag Credit, ACA (Agricultural Credit Association), referred to as the Association, for the quarter and nine months ended September 30, 2009. These comments should be read in conjunction with the accompanying financial statements and the December 31, 2008 Annual Report of the Association.

The Association is a member of the Farm Credit System (System), a nationwide network of cooperatively owned financial institutions established by and subject to the provisions of the Farm Credit Act of 1971, as amended, and the regulations of the Farm Credit Administration (FCA) promulgated thereunder.

The consolidated financial statements comprise the operations of the ACA and its wholly-owned subsidiaries. The consolidated financial statements were prepared under the oversight of the Association's audit committee.

Loan Portfolio:

Total loans outstanding at September 30, 2009, including nonaccrual loans and sales contracts, were \$298,405,768 compared to \$297,926,872 at December 31, 2008, reflecting an decrease of 0.2 percent. Nonaccrual loans as a percentage of total loans outstanding were 7.5 percent at September 30, 2009, compared to 0.2 percent at December 31, 2008.

The Association recorded \$0 in recoveries and \$10,762 in charge-offs for the quarter ending September 30, 2009, and \$0 in recoveries and \$0 in charge-offs for the same period in 2008. The Association's allowance for loan losses was 1.8 percent and 0.1 percent of total loans outstanding as of September 30, 2009, and December 31, 2008, respectively.

During the third quarter of 2009, the Association recognized the results of in depth reviews of the loan portfolio which prompted credit classification downgrades to a significant portion of the portfolio. A majority of poultry related loans were downgraded to substandard to meet the credit classification of the related integrator, though a majority of the loans were still performing according to contract and the Association holds no direct loans to the integrator. Dairy loans also reflected the stresses being felt in the industry. A substantial specific allowance for loan losses was created to offset the perceived risk associated with impaired loans. This directly affected profitability of the Association due to the large provision for loan losses incurred to create the allowance.

Risk Exposure:

High-risk assets include nonaccrual loans, loans that are past due 90 days or more and still accruing interest, formally restructured loans and other property owned. The following table illustrates the Association's components and trends of high-risk assets.

	September 30, 2009		December 31, 2008	
	Amount	%	Amount	%
Nonaccrual	\$ 22,456,307	82.7%	\$ 515,688	100.0%
90 days past due and still accruing interest	1,199,947	4.4%	-	0.0%
Formally restructured	-	0.0%	-	0.0%
Other property owned, net	3,502,416	12.9%	-	0.0%
Total	\$ 27,158,670	100.0%	\$ 515,688	100.0%

Results of Operations:

The Association had net losses of \$-1,670,671 and \$-957,980 for the three and nine months ended September 30, 2009, as compared to net income of \$1,631,107 and \$4,519,930 for the same periods in 2008 reflecting an decrease of 197.6 and 121.2 percent, respectively. Net interest income was \$2,060,659 and \$6,270,790, respectively, for the three and nine months ended September 30, 2009, compared to \$2,128,353 and \$6,192,425 for the same periods in 2008. Interest income for the first nine months of 2009 decreased by \$949,968 or 6.7 percent from the same periods of 2008, primarily due to declines in yields on earning assets offset by an increase in earning assets. Interest expense for the first nine months of 2009 decreased by \$1,028,333, or 12.7 percent, from the same periods of 2008 primarily due to a decrease in interest rates offset by an increase in interest bearing liabilities. Average loan volume for the third quarter of 2009 was \$299,548,215, compared to \$288,707,087 in the third quarter of 2008. The average spread on the loan portfolio for the third quarter 2009 was 2.23 percent, compared to 2.34 percent in the third quarter of 2008.

The Association's return on average assets for the nine months ended September 30, 2009, was -0.41 and 2.11 percent for the same period in 2008. The Association's return on average equity for the nine months ended September 30, 2009, was -2.52 and 13.02 percent for the same period in 2008.

As discussed in the "Loan Portfolio" section above, the provision for loan losses reduced earnings for the Association as compared to previous periods.

Liquidity and Funding Sources:

The Association secures the majority of its lendable funds from the Farm Credit Bank of Texas (The Bank), which obtains its funds through the issuance of Systemwide obligations and with lendable equity. The following schedule summarizes the Association's borrowings.

	September 30, 2009	December 31, 2008
Note payable to the Bank	\$ 256,852,314	\$ 254,829,769
Accrued interest on note payable	774,878	882,874
Total	<u>\$ 257,627,192</u>	<u>\$ 255,712,643</u>

Capital Resources:

The Association's capital position decreased by \$975,741 at September 30, 2009, compared to December 31, 2008. The Association's debt as a percentage of members' equity was 5.46:1 as of September 30, 2009, compared to 5.34:1 as of December 31, 2008.

Under regulations governing minimum permanent capital adequacy and other capitalization issues, the Association is required to maintain a minimum adjusted permanent capital of seven percent of risk-adjusted assets as defined by the FCA. The Association's permanent capital ratio at September 30, 2009, was 14.9 percent, which is in compliance with the FCA's minimum permanent capital standard. The Association's core surplus ratio and total surplus ratio at September 30, 2009, were 14.5 and 14.5 percent, respectively, which is in compliance with the FCA's minimum surplus standard.

Relationship with the Farm Credit Bank of Texas:

The Association's financial condition may be impacted by factors that affect the Bank. The financial condition and results of operations of the Bank may materially affect the stockholder's investment in the Association. The Management's Discussion and Analysis and Notes to Financial Statements contained in the December 31, 2008 Annual Report of Legacy Ag Credit, ACA more fully describe the Association's relationship with the Bank.

The Tenth Farm Credit District's (District) annual and quarterly stockholder reports are available free of charge, upon request. These reports can be obtained by writing to Farm Credit Bank of Texas, The Ag Agency, P.O. Box 202590, Austin, Texas 78720, or by calling (512) 483-9260. Copies of the District's quarterly and annual stockholder reports also can be requested by e-mail at fcb@farmcreditbank.com. The District makes its annual and quarterly stockholder reports available on its web site at www.farmcreditbank.com.

The Association's quarterly stockholder reports are also available free of charge, upon request. These reports can be obtained by writing to Legacy Ag Credit, ACA, 303 Connally Street Sulphur Springs, Texas 75482 or calling 903-885-9566. Copies of the Association's quarterly stockholder reports can also be requested by e-mailing sherry.jennings@legacyaca.com.

LEGACY AG CREDIT, ACA

CONSOLIDATED BALANCE SHEET

	September 30, 2009 (unaudited)	December 31, 2008
<u>ASSETS</u>		
Cash	\$ 737,054	\$ 1,197,517
Loans	298,405,768	297,926,871
Less: allowance for loan losses	<u>5,263,833</u>	<u>285,392</u>
Net loans	293,141,935	297,641,479
Accrued interest receivable	3,192,377	2,438,582
Investment in and receivable from the Bank:		
Capital stock	4,783,045	4,783,045
Other property owned, net	3,502,416	-
Premises and equipment	557,812	440,133
Other assets	<u>146,417</u>	<u>74,756</u>
Total assets	<u><u>\$ 306,061,056</u></u>	<u><u>\$ 306,575,512</u></u>
<u>LIABILITIES</u>		
Note payable to the Bank	\$ 256,852,314	\$ 254,829,769
Accrued interest payable	775,089	882,874
Drafts outstanding	283,596	716,644
Patronage distributions payable	-	1,000,411
Other liabilities	<u>758,568</u>	<u>778,584</u>
Total liabilities	<u><u>258,669,567</u></u>	<u><u>258,208,282</u></u>
<u>MEMBERS' EQUITY</u>		
Capital stock and participation certificates	1,203,320	1,201,265
Unallocated retained earnings	46,055,258	47,017,870
Accumulated other comprehensive income (loss)	<u>132,911</u>	<u>148,095</u>
Total members' equity	<u>47,391,489</u>	<u>48,367,230</u>
Total liabilities and members' equity	<u><u>\$ 306,061,056</u></u>	<u><u>\$ 306,575,512</u></u>

LEGACY AG CREDIT, ACA

CONSOLIDATED STATEMENT OF INCOME
(unaudited)

	Quarter Ended		Nine Months Ended	
	September 30,		September 30,	
	2009	2008	2009	2008
<u>INTEREST INCOME</u>				
Loans	\$ 4,401,840	\$ 4,782,518	\$ 13,344,090	\$ 14,294,058
Total interest income	4,401,840	4,782,518	13,344,090	14,294,058
<u>INTEREST EXPENSE</u>				
Note payable to the Bank	2,341,181	2,654,151	7,073,300	8,101,506
Advance conditional payments	-	14	-	127
Total interest expense	2,341,181	2,654,165	7,073,300	8,101,633
Net interest income	2,060,659	2,128,353	6,270,790	6,192,425
<u>PROVISION FOR LOSSES</u>				
Provision (negative provision) for loan losses	3,037,170	32,108	4,989,937	38,445
Provision for acquired property losses	-	-	7,680	-
Net interest income after provision for loan losses	(976,511)	2,096,245	1,273,173	6,153,980
<u>NONINTEREST INCOME</u>				
Income from the bank:				
Patronage income	43,258	42,881	130,986	137,135
Loan fees	70,937	111,357	283,866	283,591
Financially related services income	292	573	1,122	1,654
Gain (loss) on other property owned, net	(7,642)	-	(28,912)	546
Gain (loss) on sale of premises and equipment, net	100	-	100	-
Other noninterest income	111	401	15,935	13,690
Total noninterest income	107,056	155,212	403,097	436,616
<u>NONINTEREST EXPENSES</u>				
Salaries and employee benefits	456,275	330,253	1,453,340	1,086,863
Directors' expense	36,151	20,074	139,534	124,064
Purchased services	59,196	72,282	246,175	214,463
Travel	30,915	22,906	86,770	61,721
Occupancy and equipment	25,145	20,428	67,334	55,303
Communications	8,313	6,649	22,890	18,709
Advertising	5,139	8,759	29,191	26,182
Public and member relations	8,168	8,518	54,922	64,328
Supervisory and exam expense	32,808	24,978	82,765	67,375
Insurance Fund premiums	124,887	90,162	369,933	289,180
Other noninterest expense	14,219	15,341	81,396	62,478
Total noninterest expenses	801,216	620,350	2,634,250	2,070,666
Income before income taxes	(1,670,671)	1,631,107	(957,980)	4,519,930
Provision for (benefit from) income taxes	-	-	-	-
Net income	\$ (1,670,671)	\$ 1,631,107	\$ (957,980)	\$ 4,519,930

LEGACY AG CREDIT, ACA

CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' EQUITY

(unaudited)

	<u>Capital Stock/ Participation Certificates</u>	<u>Retained Earnings Unallocated</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Total Members' Equity</u>
Balance at December 31, 2007	\$ 1,225,080	\$ 41,529,643	\$ 199,706	\$ 42,954,429
Adjustment to beginning balance due to FAS No. 158 accounting change	-	(1,017)	-	(1,017)
Balance at January 1, 2008	1,225,080	41,528,626	199,706	42,953,412
Comprehensive income				
Net income	-	4,519,930	-	4,519,930
Amortization of costs included in periodic retirement benefit costs	-	-	(15,138)	(15,138)
Total comprehensive income	-	4,519,930	(15,138)	4,504,792
Capital stock/participation certificates issued	113,550	-	-	113,550
Capital stock/participation certificates and allocated retained earnings retired	(128,110)	-	-	(128,110)
Patronage refunds:				
Cash adjustments for prior periods	-	3,078	-	3,078
Balance at September 30, 2008	<u>\$ 1,210,520</u>	<u>\$ 46,051,634</u>	<u>\$ 184,568</u>	<u>\$ 47,446,722</u>
Balance at December 31, 2008	\$ 1,201,265	\$ 47,017,870	\$ 148,096	\$ 48,367,231
Comprehensive income				
Net income	-	(957,982)	-	(957,982)
Amortization of costs included in periodic retirement benefit costs	-	-	(15,185)	(15,185)
Total comprehensive income	-	(957,982)	(15,185)	(973,167)
Capital stock/participation certificates issued	103,185	-	-	103,185
Capital stock/participation certificates and allocated retained earnings retired	(101,130)	-	-	(101,130)
Patronage refunds:				
Cash adjustments for prior periods	-	(4,630)	-	(4,630)
Balance at September 30, 2009	<u>\$ 1,203,320</u>	<u>\$ 46,055,258</u>	<u>\$ 132,911</u>	<u>\$ 47,391,489</u>

LEGACY AG CREDIT, ACA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1 — ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES:

The Legacy Ag Credit, ACA (Agricultural Credit Association), referred to as the Association, is a member-owned cooperative that provides credit and credit-related services to or for the benefit of eligible borrowers/stockholders for qualified agricultural purposes. The Association serves the counties of Franklin, Gregg, Harrison, Hopkins, Kaufman, Marion, Rains, Upshur, Van Zandt and Wood in the state of Texas. The Association is a lending institution of the Farm Credit System (the System), which was established by Acts of Congress to meet the needs of American agriculture.

Effective January 1, 2009, the Association adopted accounting guidance for fair value measurements of nonfinancial assets and nonfinancial liabilities. The impact of adoption resulted in additional fair value disclosures but did not have an impact on our financial condition or results of operations.

In April 2009, the FASB issued guidance, “Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly”. The guidance emphasizes that even if there has been a significant decrease in the volume and level of activity for the asset or liability and regardless of the valuation technique and inputs used, the objective for fair value measurement is unchanged from what it would be if markets were operating at normal activity levels or transactions were orderly; that is, to determine the current exit price. It sets forth additional factors that should be considered to determine whether there has been a significant decrease in volume and level of activity when compared with normal market activity. The reporting entity shall evaluate the significance and relevance of the factors to determine whether, based on the weight of evidence, there has been a significant decrease in activity and volume. The guidance indicates that if an entity determines that either the volume or level of activity for an asset or liability has significantly decreased (from normal conditions for that asset or liability) or price quotations or observable inputs are not associated with orderly transactions, increased analysis and management judgment will be required to estimate fair value. It is further noted that a fair value measurement should include a risk adjustment to reflect the amount market participants would demand because of the risk (uncertainty) in the cash flows.

This guidance also requires a reporting entity to make additional disclosures in interim and annual periods. It is effective for interim periods ending after June 15, 2009, with early application permitted for periods ending after March 15, 2009. Revisions resulting from a change in valuation techniques or their application are accounted for as a change in accounting estimate. The Association adopted the guidance in second quarter 2009. The adoption did not have a material impact on the financial condition or results of operations of the Association.

In April 2009, the FASB issued guidance, “Recognition and Presentation of Other-Than-Temporary Impairments”, which amends the other-than-temporary impairment guidance for debt securities to make the guidance more operational and to improve the presentation and disclosure of other-than-temporary impairments on debt securities in the financial statements. It does not change existing recognition and measurement guidance related to other-than-temporary impairments of equity securities.

This guidance changes existing impairment guidance related to accounting for certain investments in debt and equity securities by eliminating the “ability and intent to hold” provision. In addition, impairment is now considered to be other than temporary if an entity (i) intends to sell the security, (ii) more likely than not will be required to sell the security before recovering its cost, or (iii) does not expect to recover the security’s entire amortized cost basis (even if the entity does not intend to sell). The “probability” standard relating to the collectability of cash flows is also eliminated, and impairment is now considered to be other-than-temporary if the present value of cash flows expected to be collected from the debt security is less than the amortized cost basis of the security (any such shortfall is referred to as a “credit loss”). If an entity intends to sell an impaired debt security or more likely than not will be required to sell the security before recovery of its amortized cost basis less any current-period credit loss, the impairment is other-than-temporary and should be recognized currently in earnings in an amount equal to the entire difference between fair value and amortized cost. If a credit loss exists, but an entity does not intend to sell the impaired debt security and is not more likely than not to be required to sell before recovery, the impairment is other-than-temporary and should be separated into (i) the estimated amount relating to credit loss, and (ii) the amount relating to all other factors. Only the estimated credit loss amount is recognized currently in earnings, with the remainder of the loss amount recognized in other comprehensive income. For held-to-maturity

securities, the portion of the other-than-temporary impairment not related to a credit loss will be recognized in a new category of other comprehensive income and amortized over the remaining life of the debt security as an increase in the security's carrying amount. Disclosure requirements for impaired debt and equity securities are expanded and will now be required quarterly, as well as annually.

The guidance was effective for interim and annual periods ending after June 15, 2009, with early application permitted for periods ending after March 15, 2009. For securities held at the beginning of the interim period of adoption for which an other-than-temporary impairment was previously recognized, if an entity does not intend to sell and it is more likely than not that it will be required to sell before recovery of its amortized cost basis, the entity shall recognize the cumulative effect of initially applying this guidance as an adjustment to the opening balance of retained earnings with a corresponding adjustment to accumulated other comprehensive income. The Association held no investments in debt securities during the first nine months of 2009.

In May 2009, the FASB issued guidance, "Subsequent Events", which sets forth general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. There are two types of subsequent events: the first type consists of events or transactions that provide additional evidence about conditions that existed at the balance sheet date (recognized subsequent events) and the second type consists of events that provide evidence about conditions that did not exist at the balance sheet date but arose after that date (nonrecognized subsequent events). Recognized subsequent events should be recognized in the financial statements since the conditions existed at the date of the balance sheet. Nonrecognized subsequent events are not recognized in the financial statements since the conditions arose after the balance sheet date but before the financial statements are issued or are available to be issued. This guidance, which includes a required disclosure of the date through which an entity has evaluated subsequent events, was effective for interim or annual periods ending after June 15, 2009.

The accompanying consolidated financial statements contain all adjustments necessary for a fair presentation of the interim financial condition and results of operations and conform with generally accepted accounting principles, except for the inclusion of a statement of cash flows. Generally accepted accounting principles require a business enterprise that provides a set of financial statements reporting both financial position and results of operations to also provide a statement of cash flows for each period for which results of operations are provided. In regulations issued by FCA, associations have the option to exclude statements of cash flows in interim financial statements. Therefore, the Association has elected not to include a statement of cash flows in these consolidated financial statements.

The consolidated financial statements comprise the operations of the ACA and its wholly-owned subsidiaries. The preparation of these consolidated financial statements requires the use of management's estimates. The results for the quarter and the nine months ended September 30, 2009, are not necessarily indicative of the results to be expected for the year ended December 31, 2009. Certain amounts in the prior period's financial statements have been reclassified to conform to current financial statement presentation.

NOTE 2 — ALLOWANCE FOR LOAN LOSSES:

The allowance for loan losses is maintained at a level considered adequate by management to provide for estimated losses inherent in the loan portfolio. The allowance is based on a periodic evaluation of the loan portfolio by management in which numerous factors are considered, including economic conditions, loan portfolio composition and prior loan loss experience. An analysis of the allowance for loan losses follows:

	September 30, 2009	September 30, 2008
Balance at beginning of quarter	\$ 2,237,425	\$ 78,660
Provision for loan losses	3,037,170	32,108
Charge-offs	(10,762)	-
Recoveries	-	-
Balance at end of quarter	<u>\$ 5,263,833</u>	<u>\$ 110,768</u>

The following table presents information concerning impaired loans:

	September 30, 2009	September 30, 2008
Impaired loans with related allowance	\$ 13,799,654	\$ 184,763
Impaired loans with no related allowance	9,856,228	196,203
Total impaired loans	<u>\$ 23,655,882</u>	<u>\$ 380,966</u>
Allowance on impaired loans	\$ 4,874,415	\$ 26,244
Average impaired loans	\$ 11,018,659	\$ 383,899
Interest income on impaired loans for the quarter	\$ 27,277	\$ 1,963

NOTE 3 — CAPITAL:

The Association's board of directors has established a Capital Adequacy Plan (Plan) that includes the capital targets that are necessary to achieve the institution's capital adequacy goals as well as the minimum permanent capital standards. The Plan monitors projected dividends, equity retirements and other actions that may decrease the Association's permanent capital. In addition to factors that must be considered in meeting the minimum standards, the board of directors also monitors the following factors: capability of management; quality of operating policies, procedures, and internal controls; quality and quantity of earnings; asset quality and the adequacy of the allowance for losses to absorb potential loss within the loan and lease portfolios; sufficiency of liquid funds; needs of an institution's customer base; and any other risk-oriented activities, such as funding and interest rate risk, potential obligations under joint and several liability, contingent and off-balance-sheet liabilities or other conditions warranting additional capital. At least quarterly, management reviews the Association's goals and objectives with the board.

NOTE 4 — INCOME TAXES:

Legacy Ag Credit, ACA and its subsidiary are subject to federal and certain other income taxes. The Associations are eligible to operate as cooperatives that qualify for tax treatment under Subchapter T of the Internal Revenue code. Under specified conditions, the Associations can exclude from taxable income amounts distributed as qualified patronage refunds in the form of cash, stock or allocated surplus. Provisions for income taxes are made only on those earnings that will not be distributed as qualified patronage refunds. For 2009, the Association did pass a resolution to participate in a patronage program. Deferred taxes are recorded at the tax effect of all temporary differences based on the assumption that such temporary differences are retained by the institution and will therefore impact future tax payments. A valuation allowance is provided against deferred tax assets to the extent that it is more likely than not (over 50 percent probability), based on management's estimate, that they will not be realized.

The subsidiary, Legacy Land Bank, FLCA, is exempt from federal and other income taxes as provided in the Farm Credit Act of 1971.

NOTE 5 — FAIR VALUE MEASUREMENTS:

Authoritative guidance defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability. See Note 11 to the 2008 Annual Report to Stockholders for a more complete description.

Assets and liabilities measured at fair value on a non-recurring basis at September 30, 2009 for each of the fair value hierarchy values are summarized below:

	Fair Value Measurement Using			Total Fair Value	Total Gains (losses)
	Level 1	Level 2	Level 3		
Assets:					
Loans *	\$ -	\$ -	\$ 8,925,239	\$ 8,925,239	\$ (4,874,415)
Other property owned	-	-	\$ 6,273,800	\$ 6,273,800	\$ 2,763,704

* Represents the fair value of certain loans that were evaluated for impairment under authoritative guidance, "Accounting by Creditors for Impairment of a Loan". The fair value was based upon the underlying collateral since these were collateral dependent loans.

Valuation Techniques

As more fully discussed in Note 11 to the 2008 Annual Report to Stockholders, authoritative guidance establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The following represent a brief summary of the valuation techniques used for the Bank and its related Associations' assets and liabilities. For a more complete description, see Notes to the 2008 Annual Report. [NOTE: Amend the following paragraphs to reflect the appropriate Levels used by your institution.]

Loans

For certain loans evaluated for impairment under authoritative guidance, the fair value is based upon the underlying collateral since the loans were collateral dependent loans. The fair value measurement process uses independent appraisals and other market-based information, but in many cases it also requires significant input based on management's knowledge of and judgment about current market conditions, specific issues relating to the collateral and other matters. As a result, these fair value measurements fall within Level 3 of the hierarchy. When the value of the collateral, less estimated costs to sell, is less than the principal balance of the loan, a specific reserve is established.

Other Property Owned

Other property owned is generally classified as Level 3. The fair value is based upon the collateral value. Cost to sell represent transaction costs and are not included as a component of the assets fair value.

NOTE 6 — EMPLOYEE BENEFIT PLANS:

The following table summarizes the components of net periodic benefit costs for the nine months ended September 30, :

	Other Benefits	
	2009	2008
Service cost	\$ 9,625	\$ 3,038
Interest cost	13,092	3,883
Expected return on plan assets	-	-
Amortization of prior service costs	(15,185)	(5,486)
Amortizations of net (gain) loss	-	83
Net periodic benefit cost	<u>\$ 7,532</u>	<u>\$ 1,518</u>

The Association previously disclosed in its financial statements for the year ended December 31, 2008, that it expected to contribute \$11,630 to its defined pension plan in 2009. As of September 30, 2009, \$7,532 of contributions have been made. The Association presently anticipates contributing an additional \$2,511 to fund its defined pension plan in 2009 for a total \$10,043.

NOTE 7 — Subsequent Events:

The Association has evaluated subsequent events through October 21, 2009, which is the date the financial statements were issued and approved by the Association Audit Committee. Effective October 20, 2009 Robert W. Teston was named Interim Chief Executive Officer of the Association.