



2015 | ANNUAL
REPORT

VERMONT FEDERAL
CREDIT UNION

vermontfederal.org / 888.252.0202



EMBRACING CHANGE, NURTURING GROWTH.

President/CEO and Board of Directors Report



BERNARD P. ISABELLE
President/CEO

Vermont Federal Credit Union began 2015 with a brand new core system. While this project took significant resources in 2014, 2015 was a year to optimize our processes as a result of the enhanced system capabilities and to take advantage of the flexibility that it provides us in serving our membership. We also upgraded our debit and credit plastics to the new EMV chip to enhance security and protection for our membership and launched Vermont Federal Insurance Services to provide a cost-effective option for our members' insurance needs.



DOUGLAS FISHER
Chair, Board of Directors

With the core system implementation behind us, we were able to heighten

our focus on our membership and their financial needs. In 2015, we originated \$138 million in loans, providing a total of 8,689 loans to our members. We loaned over \$8 million to support the small businesses that rely on us to both open and grow. 372 members benefited from our mortgage loan program along with many low rate auto, credit card and student loans. Credit Union members added \$42 million to their shares, and we ended 2015 with \$458 million in assets.

The Credit Union spent a good deal of 2015 organizing and planning for our first ever Community Summit. This event, held in November, brought together over 150 members, community leaders, employees, and volunteers of Vermont Federal Credit Union to "Envision the Brightest Future" for our organization. A full day was dedicated to collaborative brainstorming, inspirational stories, and creative exercises to set the course for the future. We were challenged, and challenged each other, to think big, to go outside of our comfort zone, and to embrace the changes that will affect financial services and Vermont Federal as we move forward. In addition to an incredible amount of energy and participation by those in attendance, a visual diagram of our ideas was created and is our starting point for nurturing the growth of our organization. Committees have been developed and are hard at work flushing out the resulting ideas and bringing them to fruition.

In 2016, we plan on developing and offering products that will help our members reach their financial goals. So far this year, we have introduced the PaySaver Auto Loan program and the Tax Payment Loan to assist members with creative financing options. We are dedicated to managing the Credit Union responsibly while always striving to exceed your expectations and keep abreast of the increasing technology that will make your banking lives easier and more secure. On behalf of our staff, volunteers, and the Board of Directors, we greatly appreciate your support and look forward to embracing the changes and nurturing the growth ahead.

Supervisory Committee Report

The audit for Vermont Federal Credit Union for the period ended March 31, 2015 was conducted by Clifton Larson Allen LLP, external auditors.

The independent auditor's examination is authorized by the Board of Directors in compliance with the National Credit Union Administration's Rules and Regulations regarding the requirement for annual examination. It is the opinion of the Supervisory Committee that the financial statements presented

to you by the Credit Union's management fairly reflect, in all material respects, the financial position of the Credit Union as of December 31, 2014 and December 31, 2015. A formal audit is currently pending for our fiscal year end of March 31, 2016.



Capturing the thoughts and ideas of attendees during Vermont Federal's first ever Community Summit event.

Board of Directors

Douglas Fisher, Chair

Lisa Rees, Vice Chair

Joseph Finnigan, Treasurer

Francis Broughton, Secretary

Megan Manahan Bliss, Director

Suzanne Lynn, Director

Curran "Spike" Robinson, Director

Supervisory Committee

C. Kirk Clarke, Chair

Paulette Bergeron

Jennifer Kennelly

Louise Thabault

Donald Turner, Jr.

FINANCIALS

VERMONT FEDERAL CREDIT UNION
STATEMENT OF FINANCIAL CONDITION
AS OF DECEMBER 31, 2015 AND 2014
(Rounded to the nearest thousands)

	2015 (Unaudited)	2014 (Unaudited)
ASSETS		
Cash and Cash Equivalents	\$ 24,998	\$ 20,033
Investments:		
Available for Sale	140,473	123,264
Other	7,731	2,800
Loans Held for Sale	2,455	1,170
Loans to Members, Net Allowance for Loan Losses	263,669	248,811
Property and Equipment	10,757	11,569
Other Assets	8,244	7,527
	<u>\$ 458,327</u>	<u>\$ 415,174</u>
LIABILITIES & MEMBERS' EQUITY		
Members' Shares	\$ 402,982	\$ 360,874
Borrowed Funds	12,500	12,500
Accrued Expenses and Other Liabilities	4,385	4,358
	<u>\$ 419,867</u>	<u>\$ 377,732</u>
MEMBERS' EQUITY		
Retained Earnings, Substantially Restricted	\$ 38,460	\$ 37,442
	<u>\$ 38,460</u>	<u>\$ 37,442</u>
	<u>\$ 458,327</u>	<u>\$ 415,174</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u>\$ 458,327</u>	<u>\$ 415,174</u>

VERMONT FEDERAL CREDIT UNION
 INCOME STATEMENT
 FOR YEARS ENDED DECEMBER 31, 2015 AND 2014
 (Rounded to the nearest thousands)

	2015 (Unaudited)	2014 (Unaudited)
INCOME		
Interest on Loans	\$ 11,837	\$ 11,973
Interest on Investments	3,209	2,665
Non-Interest Income	<u>7,638</u>	<u>7,034</u>
TOTAL INCOME	<u>\$ 22,684</u>	<u>\$ 21,672</u>
EXPENSE		
Dividends on Members' Shares Accounts	\$ 3,241	\$ 3,246
Interest on Borrowed Funds	568	570
Provision for Loan Losses	1,241	1,126
Compensation & Benefits	8,025	7,524
Office Operations	4,750	4,137
Occupancy	934	888
Other Expense	<u>1,777</u>	<u>1,688</u>
TOTAL EXPENSE	<u>\$ 20,536</u>	<u>\$ 19,179</u>
NET INCOME	<u>\$ 2,148</u>	<u>\$ 2,493</u>

SUPPORTING OUR COMMUNITIES

Dedication to the communities that we serve was ever-present in 2015. Our staff members participated in various events throughout the year to show their support for non-profits in our area.

During 2015, we supported various organizations through both charitable contributions and event participation. Some of these fundraising efforts include our help in raising \$4,501.31 to benefit the American Cancer Society with Relay for Life; participation in the Lung Force Walk to benefit the American Lung Association; raising money for the Penguin Plunge to benefit the Special Olympics, and our staff volunteers assisting with the Jingle Bell Express to benefit the Ronald McDonald House.

We were once again the presenting sponsors of both the 6th Annual Vermont Restaurant Week and the 9th Annual Feed Your Neighbor Food Drive. Restaurant Week is a 10-day foodie festival, which

raised \$20,328 for the Vermont Food Bank through events, raffles, and donations. We also sweetened the event for members by offering double reward points for purchases made with Vermont Federal Visa[®] Reward credit cards at Vermont restaurants. And on the day before Thanksgiving, staff volunteers joined radio stations WIZN and The Buzz to collect food and cash donations for the Chittenden Emergency Food Shelf. We spent the day encouraging shoppers to donate and suggesting food items needed by the food shelf. This experience provided us with not only the opportunity to help those in need but to also hear the heartwarming stories of why community members enjoy this event so much.



“Your team was amazing, please let them know we are grateful and that our families and community felt celebrated.”

— Gabriella Tufo-Strouse, Director of Community Outreach, King Street Center

“It is because of you that we exceeded all of our goals and raised over \$35,000 for ALA and our fight against lung cancer and for lung health”

— Kristen Brassard-Manager, Development, American Lung Association

Throughout the year, we provided our support to the King Street Center. We partnered with them on six Family Night Dinners, which provided meals to children who attend the center, along with their families. Our staff volunteers helped with event set-up, serving dinner and dessert, and clean up after the event. We also helped with their Block Party in July to celebrate the opening of their new building.

Other events and non-profit organizations that we continued to support in 2015 include the Town of Milton, Vermontpreneur Collective, Hinesburg Food Shelf, Champlain Community Services, Middlebury Rotary, Boy Scouts of America, Vermont Federal Executive Association, and the War Veterans Assistance Group, amongst others.



“The volunteers from Vermont Federal Credit Union were great. We were very fortunate to have the extra help!”

**— Deanna Cameron, Program Coordinator
Ronald McDonald House Charities**

PRODUCTS & SERVICES

Deposit Products:

- ReWARD Checking
- Share Savings
- Business Accounts
- Money Markets
- Term Share Certificates
- Youth Accounts
- Investments & Retirement Planning

Loans:

- Auto/Recreational Vehicle Loans
- Consumer Loans
- Home Equity Loans
- Mortgages
- Freedom Home Loan
- Mini Mortgage Loan
- Lifestyle Loan
- Credit Cards
- Student Loans
- Business Loans

Electronic Services:

- e-Statements
- Online Banking
- Online Account Opening
- Online Billpay
- FinanceWorks™
- Mobile Banking – iPhone & Android Apps
- Apple Pay™
- Mobile Check Deposits
- Text Message Banking
- Direct Deposit
- Call-24
- Online Loan Applications
- Falcon ATM Network
- vermontfederal.org

Convenience:

- Shared Branching
- Drive-Thru
- Call Center
- Business Merchant Services

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This credit union is federally insured by the National Credit Union Administration.

