



2016 ANNUAL REPORT



VERMONT FEDERAL
CREDIT UNION
vermontfederal.org / 888.252.0202

President/CEO and Board of Directors Report

Thanks to you, our member-owners, for enabling all of us to celebrate another successful year at Vermont Federal Credit Union.



JEAN GIARD
PRESIDENT/CEO

In 2016, we welcomed 3,697 new members to the Vermont Federal Credit Union family, ending the year with 35,910 members. We added \$30 million in new deposits and grew assets to \$476 million. It was the year for lending, with 8,346 loans generated on behalf of our members, representing over \$161 million in new loans.



DOUGLAS FISHER
BOARD OF DIRECTORS

With historically low mortgage rates, 452 members were able to realize their dreams of home ownership. We supported 4 First Time Home Buying Seminars to help members down the path, and provided mortgage financing and refinancing in the amount of \$91 million.

We participated in the Federal Home Loan Bank's Equity Builder Program which offers grants to provide households with down-payment, closing-cost, home buyer counseling and rehabilitation assistance. We were the second highest VHFA lender in the state of Vermont. Employer loans for two local companies; Flex-A-Seal and City Market, gave their employees the opportunity to take low rate, unsecured loans with payroll deductions, avoiding payday lenders.

Members saw benefits from our PaySaver Auto Loan Program and our Tax Payment Loan as well as many other consumer and personal loans. We helped our business members start and grow their endeavors with a business loan portfolio of \$50 million as of 12/31/2016.

Our commitment to giving back remains strong. As the presenting sponsor of Feed Your Neighbor and Vermont Restaurant Week, we provided over \$26,000 in support to area food banks. Our staff participated in many fundraising events and we provided charitable contributions to multiple non-profits in our market areas. Shred Days offered in the Spring and Summer provided the community with a safe place to dispose of confidential materials to protect their identity.

Next year, we celebrate our 65th anniversary. We have seen many changes since the beginning in 1953, and change in the financial world is accelerating with new technology and the debut of alternative financial providers. We adapt to changing conditions while continuing to adhere to the tried and true philosophies that have made us successful for over 60 years. Every decision we make is with the intention of fulfilling our mission to improve the financial lives of our member-owners. In 2017, we will be looking for new ways to make interacting with us more convenient, whether in the branch, online, or on your iPad or cell phone. On behalf of our entire team of staff, volunteers, and the Board of Directors, we thank you for your commitment to Vermont Federal Credit Union and look forward to serving your needs now and into the future.

Supervisory Committee

Audit Report

The audit for Vermont Federal Credit Union for the period ended March 31, 2016 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, 2015 and December 31, 2016. A formal audit is currently pending for our fiscal year end of March 31, 2017.

Board of Directors

Douglas Fisher, *Chair*

Lisa Rees, *Vice Chair*

Joseph Finnigan, *Treasurer*

Megan Manahan Bliss, *Secretary*

Francis Broughton, *Director*

Suzanne Lynn, *Director*

Curran "Spike" Robinson, *Director*

Supervisory Committee

Louise Thabault, *Chair*

Paulette Bergeron

C. Kirk Clarke

Jennifer Kennelly

Donald Turner, Jr.



Statement of Financial Condition

as of December 31, 2016 and 2015

(Rounded to the nearest thousands)

	2016 (Unaudited)	2015 (Unaudited)
ASSETS		
Cash and Cash Equivalents	\$21,883	\$24,998
Investments:		
Available for Sale	115,205	140,473
Other	12,923	7,731
Loans Held for Sale	2,387	2,455
Loans to Members, Net Allowance for Loan Losses	305,209	263,669
Property and Equipment	10,097	10,757
Other Assets	<u>8,759</u>	<u>8,244</u>
TOTAL ASSETS	<u>\$476,463</u>	<u>\$458,327</u>
LIABILITIES & MEMBERS' EQUITY		
Members' Shares	\$432,950	\$402,982
Borrowed Funds	2,000	12,500
Accrued Expenses and Other Liabilities	<u>438</u>	<u>4,385</u>
TOTAL LIABILITIES	<u>\$435,388</u>	<u>\$419,867</u>
MEMBERS' EQUITY		
Retained Earnings, Substantially Restricted	<u>\$41,075</u>	<u>\$38,460</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u>\$476,463</u>	<u>\$458,327</u>

Income Statement

for years ended December 31, 2016 and 2015

(Rounded to the nearest thousands)

	2016 (Unaudited)	2015 (Unaudited)
INCOME		
Interest on Loans	\$12,746	\$11,837
Interest on Investments	3,109	3,209
Non-Interest Income	<u>8,308</u>	<u>7,638</u>
TOTAL INCOME	<u>\$24,163</u>	<u>\$22,684</u>
EXPENSE		
Dividends on Members' Shares Accounts	\$ 3,411	\$ 3,241
Interest on Borrowed Funds	273	568
Provision for Loan Losses	1,160	1,241
Compensation & Benefits	8,519	8,025
Office Operations	4,915	4,750
Occupancy	896	934
Other Expense	<u>1,973</u>	<u>1,777</u>
TOTAL EXPENSE	<u>\$21,147</u>	<u>\$20,536</u>
NET INCOME	<u>\$3,016</u>	<u>\$2,148</u>

In the News

Supporting our communities

Staff Participates in Penguin Plunge

Feb 11, 2016

On Saturday, February 6th Vermont Federal staff members joined over 1,200 community members as they jumped into 38 degree Lake Champlain water in support of the Special Olympics. The event raised a record amount of nearly \$466,000 and was the 21st Annual Burlington Penguin Plunge.

Vermont Restaurant Week Donates \$20,000 to the Vermont Foodbank

May 24, 2016

For the seventh consecutive year, Vermont Federal was the presenting sponsor of Vermont Restaurant Week, a 10-day foodie festival organized by Seven Days. The Credit Union selects this event to support the Vermont Foodbank, to which \$20,000 was donated in 2016, but also to support local businesses and food purveyors as this week brings additional recognition to their establishments. The funds raised will allow the Vermont Foodbank to serve 60,000 meals for Vermonters.



\$8,000 Awarded in Educational Scholarships

June 21, 2016

Vermont Federal provided four, \$2,000 scholarships in 2016. Two scholarships were awarded to graduating high schools seniors and two to those currently enrolled in higher education. Recipients were selected by a volunteer Scholarship Committee and were chosen based on academic achievement, leadership activities, service to the community, as well as responses to an essay question.

Over \$4,500 Raised for Relay For Life

July 13, 2016

Credit Union staff raised funds for and participated in Relay For Life, a benefit for the American Cancer Society. Fundraisers included special events such as casual days for donations, as well as individual fundraising pages through Relay For Life. The Credit Union also contributed a \$1,000 donation to the team. The total of these fundraisers allowed us to exceed the previous year's participation and monetary totals, with a final donation of \$4,752 and nearly 30 staff participants.

Volunteers Participate at Great Strides Walk for Cystic Fibrosis

September 26, 2016

On Sunday, September 18th the Credit Union staff members assisted the Cystic Fibrosis Foundation to register walkers, hand out information, gather totals for team fundraising and set up for the post-walk barbeque. The Vermont Federal Credit Union team also raised over \$1,000 for the event through individual fundraising pages, Credit Union and staff donations.



Vermont Federal Credit Union Honored for Commitment to United Way

December 29, 2016

The United Way of Chittenden County named the leadership of Vermont Federal, and Cynthia Turner, Vice President of Human Resources, Keyperson of the year for successfully leading the Credit Union's annual United Way Campaign. The Credit Union's fundraising efforts resulted in a donation of more than \$24,000 to United Way of Northwestern Vermont in 2016. Funds were raised by collecting staff pledge cards, donations from community members and an annual 50/50 raffle.

New Products & Services launched in 2016!

PaySaver Auto Loan Program

February, 2016

Similar to leasing, this loan saves members up to 40% off traditional financing payments while allowing them to own their vehicle.

Tax Payment Loan

March, 2016

A short-term loan to help members with unexpected State or Federal tax bills.

Website Hover Tool

May, 2016

Educates website visitors on financial terms by allowing them to hover over underlined words, prompting a definition for the term.

Online Appointment Form

August, 2016

With over 175 appointment requests received within the first 4 months, this tool saves members time by allowing them to request an appointment with staff online.



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