

2014 ANNUAL REPORT

VERMONT FEDERAL
CREDIT UNION

vermontfederal.org / 888.252.0202



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



BERNARD P. ISABELLE
President/CEO

President/CEO and Board of Directors Report

2014 provided yet another opportunity for Vermont Federal Credit Union to fulfill our mission to “make a decided difference in the lives of our members”. The conversion to a new core system encompassed a significant amount of time and effort in the end of 2013 through most of 2014. This initiative would not have been so successful if not for the dedication and commitment of our staff and the patience from you, our membership, as we realize that change can sometimes be difficult. But this change will help us to create new products and services to meet your needs well into the future.



CURRAN “SPIKE” ROBINSON
Chair, Board of Directors

Vermont Federal Credit Union exceeded our peers in many categories. Total assets grew 5.11% and we ended the year at over \$415 million. Total shares grew 3.89% to finish the year

at almost \$361 million. Our core conversion resulted in consolidation of some accounts, but excluding that activity, we actually experienced a membership growth of 6.20% which far exceeded our peer growth of 1.64%. With our return on average assets of 0.62%, our capital ratio improved from 8.69% to 8.87% which has us categorized as a “well capitalized” credit union. The Credit Union served 236 members with first mortgage needs on their homes in 2014 by loaning them over \$43.5 million. We also grew our low-rate credit card portfolio by over 20% during the year. Our business lending department, which started in 2009, has continued to see double digit growth that has provided over \$35 million in loans to our members.

In 2014 we continued our support of various community events including Feed Your Neighbor to benefit the Chittenden Emergency Food Shelf, the American Cancer Society’s Relay for Life, and the Lake Monsters Student Athlete program, amongst many others. In total, our staff and the Credit Union have helped over 50 local organizations this past year.

We are dedicated to managing the Credit Union with integrity and fiscal responsibility while continuing to stress local values and the goal of exceeding your needs and expectations. On behalf of our staff, volunteers, and Board of Directors, we greatly appreciate your support and are excited about the potential of this organization to prosper in the future while achieving the credit union philosophy of “people helping people”.

Supervisory Committee Report

The audit for Vermont Federal Credit Union for the period ended March 31, 2014, was conducted by CliftonLarsonAllen 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, 2013 and December 31, 2014. A formal audit is currently pending for our fiscal year end of March 31, 2015.



Board of Directors

- Curran A. Robinson, Chairman
- Jeffrey E. McDonough, Vice Chairman
- Joseph M. Finnigan, Treasurer
- Jean M. Isham, Secretary
- Francis Broughton, Director
- Douglas E. Fisher, Director
- Lisa Rees, Director

Supervisory Committee

- C. Kirk Clarke, Chairman
- Paulette Bergeron
- Jennifer Kennelly
- Louise Thabault
- Donald Turner, Jr.

FINANCIALS

VERMONT FEDERAL CREDIT UNION
STATEMENT OF FINANCIAL CONDITION
 AS OF DECEMBER 31, 2014 AND 2013
 (Rounded to the nearest thousands)

	2014 (Unaudited)	2013 (Unaudited)
ASSETS		
Cash and Cash Equivalents	\$ 20,033	\$ 12,612
Investments:		
Available for Sale	123,264	120,049
Other	2,800	2,166
Loans Held for Sale	1,170	1,309
Loans to Members, Net Allowance for Loan Losses	248,811	240,488
Property and Equipment	11,569	10,441
Other Assets	<u>7,527</u>	<u>7,917</u>
TOTAL ASSETS	<u>\$ 415,174</u>	<u>\$ 394,982</u>
LIABILITIES & MEMBERS' EQUITY		
Members' Shares	\$ 360,874	\$ 347,377
Borrowed Funds	12,500	12,500
Accrued Expenses and Other Liabilities	<u>4,358</u>	<u>2,186</u>
TOTAL LIABILITIES	<u>\$ 377,732</u>	<u>\$ 362,063</u>
MEMBERS' EQUITY		
Retained Earnings, Substantially Restricted	<u>\$ 37,442</u>	<u>\$ 32,919</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u>\$ 415,174</u>	<u>\$ 394,982</u>

VERMONT FEDERAL CREDIT UNION
INCOME STATEMENT
 FOR YEARS ENDED DECEMBER 31, 2014 AND 2013
 (Rounded to the nearest thousands)

	2014 (Unaudited)	2013 (Unaudited)
INCOME		
Interest on Loans	\$ 11,973	\$ 11,545
Interest on Investments	2,665	1,770
Non-Interest Income	<u>7,034</u>	<u>6,997</u>
TOTAL INCOME	<u>\$ 21,672</u>	<u>\$ 20,312</u>
EXPENSE		
Dividends on Members' Shares Accounts	\$ 3,246	\$ 3,338
Interest on Borrowed Funds	570	571
Provision for Loan Losses	1,126	944
Compensation & Benefits	7,524	7,124
Office Operations	4,137	3,602
Occupancy	888	829
Other Expense	1,688	1,861
NCUSIF Stabilization Expense	<u>-</u>	<u>264</u>
TOTAL EXPENSE	<u>\$ 19,179</u>	<u>\$ 18,533</u>
NET INCOME	<u>\$ 2,493</u>	<u>\$ 1,779</u>

Supporting our Communities

The Credit Union holds itself to a high standard as a business leader in the communities we serve. Our active involvement and support is demonstrated by giving back to local charities, community events, youth sports and the higher education aspiration of our members.

Some of our 2014 events/sponsorships include:

- Chittenden Emergency Food Shelf - Feed Your Neighbor Campaign
- War Veterans Assistance Group - WVAG Golf Tournament
- American Cancer Society - Relay for Life of Chittenden County
- Boy Scouts of America - The Outing for Scouting Golf Tournament
- Women Helping Battered Women - Zumbathon
- Vermont Cancer Center - Cocktails Curing Cancer
- Colchester, Milton and Grand Isle County Food Shelf - Move Your Can Fun Run
- Committee on Temporary Shelter- Coolest Lunch
- Operation Happiness - Running of the Bells
- Vermont Foodbank - Vermont Restaurant Week
- Vermont Lake Monsters - Monster Student Athlete Program

In addition, we provided direct financial support to the following organizations:

- Boys and Girls Club of Burlington
- Burlington Meals on Wheels
- Vermont Children's Hospital
- Franklin County Senior Center
- King Street Center
- Lund Family Center
- Northern Vermont Chapter of American Red Cross
- Ronald McDonald House
- Sara Holbrook Community Center
- Vermont Center for Independent Living
- Addison Central Teen Center



Over 10,000 lbs of food collected for the Chittenden Emergency Food Shelf at the Annual Feed Your Neighbor Event

Staff supports Relay for Life by hosting a car wash in Milton to help raise funds



Awarded \$2,000 to each of four students looking to pursue their higher education aspirations

Staff supports ALS through viral Ice Bucket Challenge by donating \$800 to the cause





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