



# 2001 ANNUAL REPORT

Teamsters Council #37  
Federal Credit Union

## Consolidated Statements of Financial Condition

December 31, 2001 & 2000

<b>ASSETS</b>	<b>2001</b>	<b>2000</b>
Cash & cash equivalents	\$ 4,796,384	\$ 4,914,293
Deposits with other financial institutions	12,620,337	5,899,333
Loans receivable, net of allowance for loan losses	20,601,352	23,759,313
Accrued interest receivable	180,387	235,316
Furniture and equipment	35,933	45,821
NCUSIF deposit	299,895	311,849
Other assets	86,104	80,834
<b>Total assets</b>	<b>\$ 38,620,392</b>	<b>\$ 35,246,759</b>
<b>LIABILITIES &amp; MEMBERS' EQUITY</b>		
Members' share & savings accounts	\$ 33,775,351	\$ 30,571,714
Accrued expenses & other liabilities	179,048	182,790
<b>Total liabilities</b>	<b>33,954,399</b>	<b>30,754,504</b>
<b>Members' equity, substantially restricted</b>	<b>4,665,993</b>	<b>4,492,255</b>
<b>Total liabilities &amp; members' equity</b>	<b>\$ 38,620,392</b>	<b>\$ 35,246,759</b>

Any member of Teamsters Council #37 Federal Credit Union can view a complete copy of the financial report at the Credit Union's Main Office in Portland.

## Consolidated Statements of Income

Years ended December 31, 2001 & 2000

<b>INTEREST INCOME</b>	<b>2001</b>	<b>2000</b>
Loans	\$ 1,931,051	\$ 2,141,450
Investments in other financial institutions	655,873	669,465
Other	166,125	240,869
	<u>2,753,049</u>	<u>3,051,784</u>
<b>INTEREST EXPENSE</b>		
Members' share & savings accounts	1,147,486	1,192,774
<b>Net interest income</b>	<b>1,605,563</b>	<b>1,859,010</b>
Provision for loan losses	22,081	250,556
<b>Net interest income after provision for loan losses</b>	<b>1,583,482</b>	<b>1,608,454</b>
<b>NON-INTEREST INCOME</b>		
Insurance commissions—CUSO	107,864	115,126
Other	57,555	67,071
<b>Total non-interest income</b>	<b>165,419</b>	<b>182,197</b>
<b>NON-INTEREST EXPENSE</b>		
General and administrative		
Compensation and benefits	879,059	845,663
Occupancy	131,984	149,170
Other	564,120	552,906
<b>Total non-interest expense</b>	<b>1,575,163</b>	<b>1,547,739</b>
<b>NET INCOME</b>	<b>\$ 173,738</b>	<b>\$ 242,912</b>

## Consolidated Statements of Members' Equity

Years ended December 31, 2001 & 2000

	<b>Appropriated Regular Reserve</b>	<b>Unappropriated Earnings</b>	<b>Total</b>
Balance December 31, 1999	\$ 874,369	\$ 3,374,974	\$ 4,249,343
Net income	—	242,912	242,912
Transfer, net	(94,003)	94,003	—
Balance December 31, 2000	\$ 780,366	\$ 3,711,889	\$ 4,492,255
Net income	—	173,738	173,738
Transfer, net	76,572	(76,572)	—
Balance December 31, 2001	\$ 856,938	\$ 3,809,055	\$ 4,665,993



Teamsters Council #37  
Federal Credit Union

P.O. Box 20849  
Portland, Oregon 97294-0849  
503/251-2390 • 1-800-547-7657

www.tcu37.com





# President's Report

*Darel Aker*

2001 was a tough year. What an understatement! Not only did the financial markets continue to bump along at recession-like levels, but every American felt the pain of the national tragedy of September 11. Together these factors prolonged a difficult business climate not just for your Credit Union, but for most other businesses and financial institutions. Oregon has been particularly hard hit, leading the nation in unemployment.

The Board and management of Teamsters Council #37 Federal Credit Union understands how many of our Teamster brothers and sisters have been faced with tough economic realities. During 2001 we balanced conservative operation of the Credit Union, which meant closely watching expenses, with doing as much as we could to help members:

- While other financial institutions paid next to nothing on savings, we kept our dividend rates high enough to offset inflation. This was no trivial exercise as the "Fed" cut rates again and again in an effort to stimulate the economy.
- We priced our loans aggressively and, unlike other institutions who have moved to "risk based pricing" that favors some members over others, we continue to offer a single attractive rate for each loan type to every member.
- We promoted loan refinancing opportunities as a way for members to improve their monthly cash flow without having to take on new debt.
- We continued making Credit Union services as accessible as possible for our members. In the first full year of operation for our web site we've logged more than 10,000 visitors, and over 400 members have signed up for TeamNet, our free online banking service. Our TeamLine 24-hour telephone teller also remains very popular.
- Our MasterCard debit card and credit card programs enable members to shop and travel with a minimum of risk and a maximum of convenience and buying power. The MasterCard debit

card lets members make purchases directly from checking or savings wherever MasterCard is accepted.

Our commitment to our members' financial well being, along with the difficult economic climate, meant the Credit Union saw some declines during 2001. Even so, there were definite bright spots, as Mark Freels, the Credit Union's Manager, explains in his report. Over all, your Credit Union remains profitable and financially very sound. You can count on us today and in the future to meet your financial needs.

As always, the Board of Directors thanks our professional management and staff for their highly competent work in running the Credit Union and for the personal service they provide to members. Even more important, we thank you, the members, for supporting the Credit Union, which after all, means supporting each other in your member-owned financial cooperative.

We encourage you to tell your fellow Teamsters about the benefits of the Credit Union and how we're here to serve them and their families. The more Teamsters who choose to use their Credit Union, the better we can make our rates and services. No other financial institution can make this commitment to you. We look forward to an economic recovery starting in 2002 and to serving you throughout this year and for years to come!



# Manager's Report

*Mark Freels*

During the flat economy of 2001 your Credit Union played its cards "close to the vest." As you would expect during tough economic times, our members borrowed less, which directly affected the Credit Union's bottom line. Our loan portfolio declined from \$24.9 million at the end of 2000 to \$20.7 million at the end of 2001. In spite of this, the Credit Union netted respectable income of \$173,738, thanks to careful management of expenses and a dramatic reduction in loan delinquency—from a very good 0.55% in 2000 to an excellent 0.21% in 2001.

Net income supports our capital-to-assets ratio, which is a measure of a financial institution's financial strength and stability. Your Credit Union saw this ratio remain above a very healthy 12%, declining slightly from 12.7% at end of 2000 to 12.1% at end of 2001. This figure is especially satisfactory given that the Credit Union grew \$3.4 million in total assets, from \$35.2 million at end of 2000 to \$38.6 million at end of 2001. Total assets is the traditional measure of a financial institution's size, and your Credit Union is at its largest size ever!

The Board's commitment to maintaining worthwhile dividend rates on savings not only benefited our savers, but was rewarded with over \$3 million growth in total savings during 2001, from \$30.7 million to \$33.9 million. Members clearly found the Credit Union to be a safe harbor for their savings while the securities markets proved their risk. Over all, the Credit Union paid \$1.6 million in dividends to members during 2001, up from \$1.5 million in 2000, despite the slow economy.

I've been most impressed with the Board's careful stewardship of members' money, while at the same time returning as much value and service to the members as possible. On behalf of the members, I thank these hard-working volunteers, which includes our Credit Review Committee and Supervisory Committee, for their commitment. Thanks also go to our members for their continuing support. We really want to be your financial partner!

# Supervisory Committee Report

The Supervisory Committee acts as a "watchdog" on behalf of all Credit Union members, making sure that all regulations, procedures, and policies are properly followed as defined by the National Credit Union Administration (NCUA). The committee is appointed by the Board of Directors and is comprised entirely of volunteers from the membership.

One of the most important functions of the Supervisory Committee is to arrange and oversee an annual audit of the Credit Union's financial condition and internal accounting procedures. The Emberland Company, P.C., Certified Public Accountants, of Portland was retained to conduct the 2001 audit.

The Supervisory Committee has carefully reviewed the auditors' report and found Teamsters Council #37 Federal Credit Union to be in compliance with the requirements and regulations of the Federal Credit Union Act, with no serious exceptions or adverse findings. Any member can view a complete copy of the report at the Credit Union's Main Office in Portland.

It continues to be the opinion of the Supervisory Committee that the policies established by the Board of Directors contribute to sound management practices, and that Credit Union staff and management are operating effectively, efficiently, and in a manner consistent with safeguarding the membership's interests.

The Supervisory Committee acknowledges and thanks all members and others who have devoted time and effort to the welfare of the Credit Union. Any member with concerns about the Credit Union is encouraged to contact anyone on the Supervisory Committee.

*John Allen, Chairperson*  
*George Sittner*  
*Karen Ward*