

# Consolidated Statements of Financial Condition

December 31, 2004 & 2003

ASSETS	2004	2003
Cash & cash equivalents	\$ 3,825,558	\$ 3,656,763
Deposits with other financial institutions	14,242,399	17,457,279
Loans receivable, net of allowance for loan losses	23,258,156	19,751,319
Accrued interest receivable	88,941	94,075
Prepaid expense & other assets	68,938	67,381
Furniture and equipment, net of accumulated depreciation	90,047	29,982
NCUSIF deposit	352,924	340,640
<b>Total assets</b>	<b>\$ 41,926,963</b>	<b>\$ 41,397,439</b>

## LIABILITIES & MEMBERS' EQUITY

Liabilities		
Members' share and savings accounts	\$ 36,526,465	\$ 36,207,976
Accrued interest payable	14,458	17,074
Accrued expenses and other liabilities	132,634	109,272
<b>Total liabilities</b>	<b>36,673,557</b>	<b>36,334,322</b>
Members' equity, substantially restricted		
Appropriated regular reserves	856,938	856,938
Unappropriated earnings	4,396,468	4,206,179
<b>Total members' equity</b>	<b>5,253,406</b>	<b>5,063,117</b>
<b>Total liabilities and members' equity</b>	<b>\$ 41,926,963</b>	<b>\$ 41,397,439</b>

# Consolidated Statements of Income

Years ended December 31, 2004 & 2003

INTEREST INCOME	2004	2003
Loans receivable	\$ 1,431,261	\$ 1,427,809
Investments	402,269	496,671
	<b>1,833,530</b>	<b>1,924,480</b>
<b>INTEREST EXPENSE</b>		
Members' share and savings accounts	356,201	482,448
Borrowed funds	38	26
<b>Net interest income</b>	<b>1,477,291</b>	<b>1,442,006</b>
Provision for loan losses	87,587	91,281
<b>Net interest income after provision for loan losses</b>	<b>1,389,704</b>	<b>1,350,725</b>
<b>NON-INTEREST INCOME</b>		
Insurance commissions—CUSO	110,360	106,329
Fees	245,891	231,466
Loss on disposition of assets	(7,412)	—
<b>Total non-interest income</b>	<b>348,839</b>	<b>337,795</b>
<b>NON-INTEREST EXPENSE</b>		
General and administrative		
Compensation and benefits	910,605	868,232
Occupancy	120,490	117,013
Other	517,159	536,431
<b>Total non-interest expense</b>	<b>1,548,254</b>	<b>1,521,676</b>
<b>NET INCOME</b>	<b>\$ 190,289</b>	<b>\$ 166,844</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 Members' Equity

Years ended December 31, 2004 & 2003

	Appropriated Regular Reserve	Unappropriated Earnings	Total
Balance January 1, 2003	\$ 856,938	\$ 4,039,335	\$ 4,896,273
Net income	—	166,844	166,844
Balance December 31, 2004	\$ 856,938	\$ 4,206,179	\$ 5,063,117
Net income	—	190,289	190,289
Balance December 31, 2004	\$ 856,938	\$ 4,396,468	\$ 5,253,406



**Teamsters Council #37  
Federal Credit Union**

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# 2004 Annual Report



**Teamsters Council #37  
Federal Credit Union**



## President's Report

*Darel Aker*

It pleases me very much to report that your Credit Union had a very good year in 2004. In particular, our loan business, which had been caught in the doldrums the past few years, came on strong, growing over \$3.6 million. Manager Mark Freels will cover this and other measures of success in his report, but our performance is gratifying to the Board of Directors, as we have been patiently laying the groundwork for renewed growth while riding out our state's prolonged economic downturn.

Much of our loan growth can be attributed to two factors:

1. Personalized loan rates. 2004 was the first full year of our revamped loan program, which lets us offer the best rate we can to each applicant. The result has been that more members than ever are discovering they get a better deal at TCU. Our new program also means we are consistently approving more loans. We now say yes to four out of five applications!

2. Credit Union Direct Lending. CUDL lets members get a low cost TCU loan right at the auto dealer. And our members love it! They love the convenience of one-stop auto shopping—days, evenings, and weekends—and they love saving money by financing with us.

CUDL is just one more way we're bringing the Credit Union to you. Over the past few years we've introduced free online banking and a fully networked debit card, which join free telephone banking to give you 24/7 access to your account at ATMs, by phone, and online.

We also believe in the friendliness of "face to face" service, accessibility, and convenience for the members. That's why we maintain seven Credit Union offices around the state, based in or near most Joint Council 37 locals. We also have an agreement with UA Northwest Federal Credit Union in Tualatin, where our members are welcome to handle most of their TCU business.

When you come to a TCU office, you're likely to see the same faces you've seen for years. In fact, if you come in frequently, our

veteran staff is likely to know you by name! This continuity assures you of personalized service you can't get anywhere else. The good people at your Credit Union are committed to treating you like the owner you are—and that extends from the Board of Directors to management and staff.

Remember, Teamsters Council #37 Federal Credit Union is owned and operated by Teamsters for the benefit of Teamsters. One way or another, all of our earnings go back to our members. You see this in the form of higher savings rates, lower loan rates, and a wide range of free or low cost services.

The bottom line is that you always get a good deal at TCU, and we ask that you let other Teamsters—your co-workers and family members—know about it. The more members we have, the better our rates and services can be.

On behalf of your fellow Teamsters who serve on the Credit Union's Board and Committees, I would like to thank all members for their ongoing support. We also have a great appreciation for the day in, day out commitment our professional management and staff makes to the financial well being of members everywhere. The "people helping people" philosophy of credit unions is alive and well here at Teamsters Credit Union! We look forward to serving you through 2005 and for many years to come! Thank you.



## Manager's Report

*Mark Freels*

The fruits of a new lending program, together with making loans directly through auto dealers, paid off in 2004. As noted by Chairman Darel Aker, our loans outstanding grew by over \$3.6 million or 18.7% to total \$23,258,156 at year end. This surge in loans ended a string of slow years in the loan market and boosted total assets to nearly \$42 million.

Remarkably, even as loan activity soared, our loan delinquency ratio dropped to a scant 0.02%! At the same time, our loan charge-offs have remained below average for credit unions. This shows that TCU is making quality loans and is further evidence of the careful stewardship we apply to managing our members' funds.

The loans we make fuel the dividends we pay to members. The prevailing rate environment remained at historic lows during 2004, but TCU continued to pay above market rates on members' deposits. Total deposits grew by \$318,489 to reach a record high of \$36,526,465 at year end. The Credit Union remains a safe haven for members' funds as compared to the volatility of stocks and bonds, mutual funds, and similar investments.

Careful management also kept expenses in check during 2004. In fact, excluding salaries and benefits of our union staff, total expenses were reduced by \$19,262. This contributed directly to net income, which grew by \$23,445 in 2004 to total \$190,289. Net income adds to members' total equity, which serves as the Credit Union's capital reserves. This figure reached \$5,253,406 at year end, contributing to very secure capital-to-asset ratio of 12.53%.

2004 was a very good year for Teamsters Council #37 Federal Credit Union, and the volunteer members who serve on your Board of Directors can be credited for charting a successful course through difficult economic times. Speaking for the entire Credit Union staff, I also thank you, the members, for choosing to use your Credit Union. It is an honor to serve you!

## 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 2004 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.

*Steve Pickle, Chairperson*

*George Sittner*

*Karen Ward*