

2009 Annual Report



Teamsters Council #37
Federal Credit Union

Consolidated Statements of Financial Condition

December 31, 2009 & 2008

	2009	2008
ASSETS		
Cash & cash equivalents	\$ 1,587,042	\$ 4,646,207
Interest bearing deposits at other institutions	17,741,130	15,657,762
Loans receivable, net of allowance for losses	27,615,357	24,943,832
Accrued interest receivable	79,549	122,620
Property and equipment (net)	41,489	48,844
Prepaid expense & other assets	215,597	142,586
NCUSIF deposit	373,507	351,343
Total assets	\$ 47,653,671	\$ 45,913,194
LIABILITIES & MEMBERS' EQUITY		
Liabilities		
Members' share and savings accounts	\$ 41,150,997	\$ 39,291,614
Accrued interest payable	26,706	43,738
Accrued expenses and other liabilities	72,067	69,817
Total liabilities	41,249,770	39,405,169
Members' equity, substantially restricted		
Appropriated regular reserves	856,937	856,937
Unappropriated earnings	5,546,964	5,651,088
Total members' equity	6,403,901	6,508,025
Total liabilities and members' equity	\$ 47,653,671	\$ 45,913,194

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, 2009 & 2008

	2009	2008
INTEREST INCOME		
Loans receivable	\$ 1,885,356	\$ 1,806,206
Investment securities	436,405	672,922
Total interest income	2,321,761	2,479,128
INTEREST EXPENSE		
Members' share & savings accounts	549,633	840,564
Borrowed funds	28	23
Total interest expense	549,661	840,587
Net interest income	1,772,100	1,638,541
PROVISION FOR LOAN LOSSES		
Net interest income after provision for loan losses	1,526,032	1,413,605
NON-INTEREST INCOME		
CUSO insurance commissions	103,510	111,159
Loss on disposition of property & equipment	(11,105)	(13,404)
Fees, charges & other operating income	350,936	332,312
Total non-interest income	443,341	430,067
NON-INTEREST EXPENSE		
Compensation and benefits	1,060,053	1,010,076
Occupancy	106,256	105,807
Other operating expense	567,837	566,354
Total non-interest expense	1,734,146	1,682,237
Consolidated income from operations	235,227	161,435
NCUSIF stabilization expense	(257,720)	—
NCUSIF stabilization income	257,720	—
NCUSIF special assessment	(58,517)	—
Loss on membership capital	—	—
Wescorp Corporate Credit Union	(109,580)	—
Southwest Corporate Credit Union	(171,254)	—
	(280,834)	—
Net Loss	\$ (104,124)	\$ 161,435

Consolidated Statements of Members' Equity

Years ended December 31, 2009 & 2008

	Appropriated Regular Reserve	Unappropriated Earnings	Total
Balance December 31, 2007	\$ 856,937	\$ 5,489,653	\$ 6,346,590
Net income	—	161,435	161,435
Balance December 31, 2008	\$ 856,937	\$ 5,651,088	\$ 6,508,025
Net income	—	(104,124)	(104,124)
Balance December 31, 2009	\$ 856,937	\$ 5,564,964	\$ 6,403,901

On the cover:

Apple trees in blossom
near Hood River



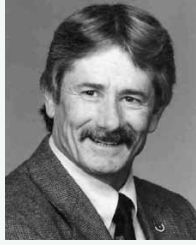
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Federal Credit Union**

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President's Report

Darel Aker

As the “Great Recession” drags on, many financial advisors are recommending that consumers move their money to smaller, secure financial institutions—and credit unions are at the head of the list.

There are a number of reasons for this, but one of the biggest is that we have never engaged in the risky “subprime” lending practices that led to the ongoing problems at big banks. In short, TCU is a safe haven for your money, a place where you can save with confidence and earn a better rate of return that is federally insured.

That doesn't mean we are entirely untouched by the struggling economy. Many of our members have families stung by layoffs, cutbacks, and foreclosures. TCU is owned by you and your fellow members, so we are doing what we can to help.

If you have a co-worker or relative who is in financial trouble, steer them our way. We can look at their situation, help them with their budget, and suggest ways to ease their debt burden. You might be surprised to learn that one of the best ways we can help is by refinancing loans from other lenders. We even offer special discounts off our already low rates! Refinancing can make a big difference in monthly payments and save hundreds or thousands of dollars over the life of a typical loan.

The recession has also impacted the credit union directly. Ironically, 2009 was actually a good year for TCU in terms of our usual lending and saving operations! As TCU Manager Mark Freels notes in his report, your credit union generated income of more than \$235,000 in 2009, but along with credit unions everywhere, we incurred a special assessment to shore up the federal insurance fund and took a loss on our holdings at corporate credit unions.

By way of explanation, a corporate credit union is a “credit union's credit union,” providing consumer credit unions such as TCU with both short- and long-term investments in *government approved instruments*. For corporate credit unions, those instruments included now infamous “collateralized debt

obligations” that lost value when housing values collapsed and foreclosures mounted.

The result was that our net income for 2009 turned into a net loss of just over \$100,000. Fortunately, unlike many banks that went under because of insufficient capitalization, TCU has been very well capitalized all along—and we still are! The effects of the recession are still playing out, but the events of 2009 show we are well prepared for nearly any eventuality.

Meanwhile, TCU remains an excellent place for Teamsters to borrow and save. We continue to approve the vast majority of loan requests, and we continue to pay rates at or near the top of the market for savings accounts, high yield checking or money market accounts, certificates, and IRAs.

We also continue to improve the services we offer. Highlights from 2009 include:

- Our mortgage program now provides members with terms to 20 years and loan amounts to \$300,000. In fact, you can pick the loan term you want—even something unusual like 12 years! We still require an 80% loan-to-value ratio, which helps ensure that our home loans are affordable for the member and low risk for the credit union.
- We introduced eStatements, which replace mailed statements for members who want to take advantage of the greater convenience and an opportunity to “go green.”
- TeamNet Online Banking, another free service for members, can now be accessed with mobile devices, including laptops and smart phones.

As always, we thank you for banking with your credit union! We are a not-for-profit financial cooperative, so when you choose TCU, you are standing shoulder-to-shoulder in solidarity with other Teamsters. Together, we provide the Teamster brotherhood in Oregon with a strong and viable alternative to banks and other financial institutions. All of us at the credit union look forward to serving you and your family for many years to come!



Manager's Report

Mark Freels

At the bottom of our Consolidated Statements of Income there are special items for an NCUSIF assessment and losses at corporate credit unions. As TCU President Darel Akers explains in his message, those extraordinary expenses were beyond our control and turned our very healthy bottom line into a modest loss for 2009.

In fact, your credit union did very well in a period of economic downturn, with consolidated operating income of \$235,227, up from \$161,435 in 2008. Our positive performance offset all but \$104,124 of the extraordinary expenses. The remaining loss was easily covered by more than \$6.4 million of members' equity, leaving us with a very strong capital position of 13.4%. In short, TCU remains healthy, secure, and very well capitalized.

Our strong operating income was fueled by growth in both loans and deposits. Loans to members, after making allowances for loan losses, rose from \$24.9 million to \$27.6 million in 2009, as members took advantage of our low rates and fees. Many found they could cut their monthly budget by refinancing loans from other lenders at TCU, often at a discounted rate.

Total deposits rose in 2009 from \$39.3 million to \$41.2 million, as members continued to move their savings to the solid, federally insured security of their locally owned and operated credit union.

The measure of a financial institution's size is total assets, and TCU's grew from \$45.9 million in 2008 to \$47.7 million in 2009, primarily due to our growth in loans and deposits. As more Teamsters choose to use their credit union, our financial cooperative grows stronger, and that benefits every member through better rates, lower fees, and improved services.

Though economically difficult times may persist, we are financially strong and well prepared to make a positive impact on the lives of Teamsters in 2010 and beyond. I'd like to thank the Board for their steady hand in guiding TCU through another challenging year, and on behalf of the Board, management, and staff, I thank you for saving and borrowing at TCU.

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. Stephanie S. Willis, CPA, CFE of Aloha, Oregon was retained to conduct the 2009 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

Rob Burke

Jackie Davais