

2013 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



CURRAN "SPIKE" ROBINSON
Chair, Board of Directors

President/CEO and Board of Directors Report

2013 marked another year of growth for Vermont Federal Credit Union whereby we more than doubled the results of our national peers in many key metrics. Some examples of this include membership growth of 5.32% versus peer growth of 2.15%, asset growth of 8.37% versus peer growth of 3.76%, and especially share growth of 10.35% versus peer growth of 3.65%. The largest growth occurred in loans with a growth of 14.71% versus peer growth of 6.88%.

The strong loan growth can be attributed to the second highest loan origination volume in the history of the Credit Union with \$158.6 million originated for the year. This occurred primarily in portfolios such as mortgages, credit cards, student loans and business loans. Part of this growth is also due to the introduction of the Freedom Home Improvement Loan, the Lifestyle Loan and the Mini Mortgage. These loans provided more than \$11.3 million to help our members with very specific borrowing needs, most notably, the Mini Mortgage which contributed \$10.4 million of this amount.

Vermont Federal continues to support the local communities that we serve and annually provides contributions and staff support for many community partners and events. Through payroll deductions, employees contribute to their local United Way Chapters. Each year we sponsor Vermont Restaurant Week which supports the local food movement and benefits the Vermont Foodbank. The Monster Student Athlete Program provides recognition for student success on and off the field, and Relay for Life benefits the American Cancer Society. Each year we are the primary sponsor for Feed Your Neighbor, a major food drive that takes place at Costco the day before Thanksgiving and benefits the Chittenden Emergency Food Shelf. Countless other events and non-profits benefit from our support throughout the year.

In Fall 2013, we opened our long awaited new location in Middlebury. This branch has provided enhanced services to this area, with two drive-thrus (including an easy access ATM), expanded lobby services and additional parking. Efforts like this are a result of member feedback and our dedication to continuous improvement.

On behalf of our staff, volunteers, and Board of Directors, we greatly appreciate your support in helping us continue to grow and remain a strong, fiscally responsible Credit Union, for you, our members.

Supervisory Committee Report

The audit for Vermont Federal Credit Union for the period ended March 31, 2013, was conducted by McGladrey & Pullen, 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, 2012 and December 31, 2013. A formal audit is currently pending for our fiscal year end of March 31, 2014.



Board of Directors

Curran A. Robinson, *Chairman*
Jeffrey E. McDonough, *Vice Chairman*
Joseph M. Finnigan, *Treasurer*
Jean M. Isham, *Secretary*
Francis Broughton, *Director*
Eric Davis, *Director*
Douglas E. Fisher, *Director*

Supervisory Committee

C. Kirk Clarke, *Chairman*
Paulette Bergeron
Sherry Prehoda
Louise Thabault
Donald Turner, Jr.

FINANCIALS

VERMONT FEDERAL CREDIT UNION STATEMENT OF FINANCIAL CONDITION AS OF DECEMBER 31, 2013 AND 2012 (Rounded to the nearest thousands)

	2013 (Unaudited)	2012 (Unaudited)
ASSETS		
Cash and Cash Equivalents	\$ 12,612	\$ 11,698
Investments:		
Available for Sale	120,049	121,454
Other	2,166	4,614
Loans Held for Sale	1,309	2,389
Loans to Members, Net Allowance for Loan Losses	240,488	209,586
Property and Equipment	10,441	6,885
Other Assets	7,917	7,859
TOTAL ASSETS	\$ 394,982	\$ 364,485
LIABILITIES & MEMBERS' EQUITY		
Members' Shares	\$ 347,377	\$ 314,788
Borrowed Funds	12,500	12,500
Accrued Expenses and Other Liabilities	2,186	1,907
TOTAL LIABILITIES	\$ 362,063	\$ 329,195
MEMBERS' EQUITY		
Retained Earnings, Substantially Restricted	\$ 32,919	\$ 35,290
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 394,982	\$ 364,485

VERMONT FEDERAL CREDIT UNION INCOME STATEMENT FOR YEARS ENDED DECEMBER 31, 2013 AND 2012 (Rounded to the nearest thousands)

	2013 (Unaudited)	2012 (Unaudited)
INCOME		
Interest on Loans	\$ 11,545	\$ 11,314
Interest on Investments	1,770	2,546
Non-Interest Income	6,997	8,474
TOTAL INCOME	\$ 20,312	\$ 22,334
EXPENSE		
Dividends on Members' Shares Accounts	\$ 3,338	\$ 3,510
Interest on Borrowed Funds	571	889
Provision for Loan Losses	944	705
Compensation & Benefits	7,124	6,632
Office Operations	3,602	3,411
Occupancy	829	798
Other Expense	1,861	2,309
NCUSIF Stabilization Expense	264	279
TOTAL EXPENSE	\$ 18,533	\$ 18,533
NET INCOME	\$ 1,779	\$ 3,801

Supporting our Communities

Credit Unions give back to the communities in which they serve. We do this through donations, corporate sponsorships, education, volunteering and employee events.

Some of our 2013 sponsorships include:

- American Cancer Society - Relay for Life
- Chittenden Emergency Food Shelf - Feed Your Neighbor Campaign
- Festival on the Green, Addison County
- Green Mountain Council, Boy Scouts of America
- Howard Community Center - Curling Challenge
- Intervale Center - Summervale Concert Series
- King Street Center - Bob Aldrich Memorial Golf Tournament
- Local Motion, Bike Recycle Vermont
- Town of Milton - 250 Years Celebration
- Vermont Foodbank - Vermont Restaurant Week
- Vermont Lake Monsters - Monster Student Athlete Program

Supporting Vermont student athletes who work hard both on and off the field



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

- Boys and Girls Club of Burlington
- Burlington Meals on Wheels
- Committee on Temporary Shelter
- Chittenden Emergency Food Shelf
- Franklin County Industrial Corporation
- 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
- World Council of Credit Unions



Over 9,600 lbs of food collected for the Chittenden Emergency Food Shelf

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





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