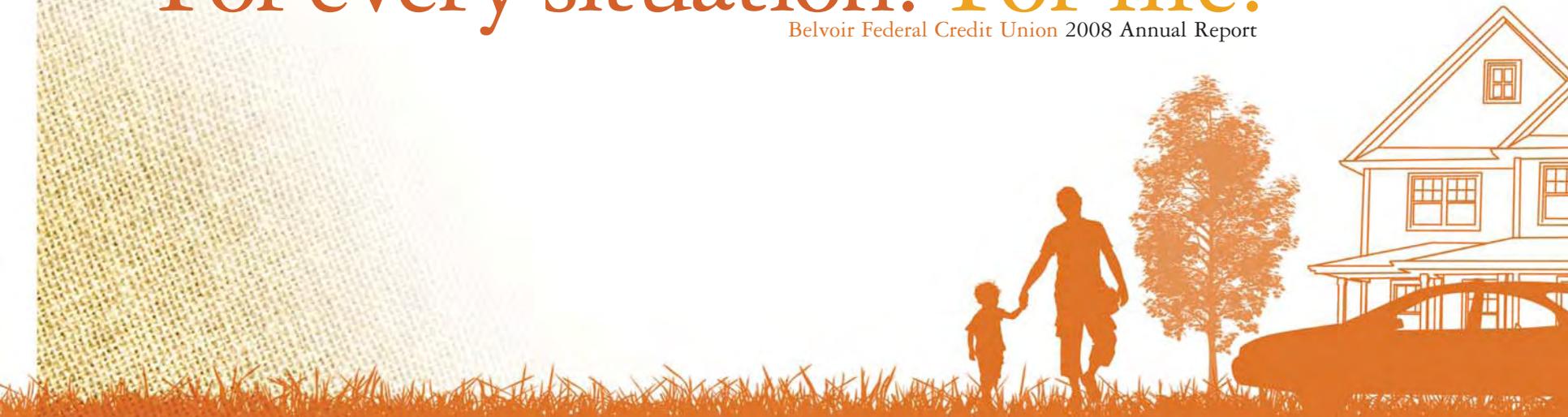


# For every situation. For life.

Belvoir Federal Credit Union 2008 Annual Report



 **Belvoir**  
Federal Credit Union

## Board of Directors

Chairman Pamela Boyer

1st Vice Chair Alfred Rudolph

Secretary Candi Johnson

Treasurer Leslie Poole

Member Lee Gazzano

Member Judith Searles-Miller

Member Bruce Sneed

Associate Member Bruce Edwards

Associate Member Garland (Gary) Frost

Associate Member Scott McGrath

Director Emeritus Richard Freeman

Director Emeritus Melvin Goss

## Supervisory Committee

Judith Searles-Miller, Chairman

Sharon Brill

Carlos Castro

Garland (Gary) Frost

## Loan Review Committee

Patricia Hodge, Chairman

James Riordan

Javier Sanyer

Judy MacDonald (Alternate)

Laurie Moody (Alternate)

## Management Team

Patricia Kimmel, President/CEO

Patricia Hodge, Chief Operations Officer

Gaye DeCesare, Chief Administrative Officer

Michael Ligon, Chief Financial Officer



## For every situation. For life.

“I would like to compliment Belvoir Federal Credit Union on their faithful service to me for the last 37 years. As a child my family moved to the Northern Virginia area and one of the first things my parents did was open my sister and I a savings account. I now have multiple accounts and have opened my son his own savings and college CD funds. I have found over the years that Belvoir Federal Credit Union has had the best rates and services. Belvoir Federal Credit Union is a company that is honest, alert, and customer friendly, the employees have carefully watched over my accounts and have alerted me when something didn't seem right. Thanks so much for your continued service to me and now my son. I look forward to many more years as your member.”

– *Stephanie Keyes, a valued member*

# For every situation. For life.

A MESSAGE FROM THE CHAIRMAN AND CEO

2008 was a year of strong growth for Belvoir Federal Credit Union. Deposit and loan growth experienced a healthy increase bringing your Credit Union to \$255,310,861 in assets at year end. We worked harder in 2008 to help our members survive what is probably the worst economic downturn our members can remember. With more than sixty years of history we are bringing stability into your marketplace with a passion to serve your financial needs.

Credit unions were not the cause of our economic turmoil. We did not invest in exotic mortgage products or risky business loans. We have funds to lend at low rates and your accounts are insured by the NCUSIF, an agency of the federal government for up to \$250,000. Members have never lost a penny of their savings invested with a credit union.

In 2008 we advanced our strategic objective by introducing our creative CUXcel Rewards checking product. This attractive relationship package rewards members who covet the e-service innovation. CUXcel Rewards is a green product drawing those members who are reducing paper usage with e-statements, electronic bill pay, e-presentation of bills and online banking. The checking rate paid, as of December 31, 2008, was far above the competition. It is simply a better and brighter way of bringing the best to you.

Belvoir Federal consists of a very diverse field of membership and we provide services for every situation in life. With this diversity in mind we expanded our mortgage lending to strengthen our balance of products. We joined with five other credit unions to form a special Mortgage Lending Credit Union Service Organization (Mortgage Lending CUSO). This new service enhanced our on-line delivery channel and provided additional products such as construction loans, first time buyer programs and investment property financing.

We are proud to report Belvoir Federal has been the recipient of several national awards from the Credit Union National Association and the Credit Union Executive Society for growing our national brand – ‘For everyday people. For life.’ Our television, bus and movie advertising campaign received national recognition. The awards recognize the ‘best of the best’ in credit union marketing, advertising and business development.

With the economy in turmoil and our local counties experiencing the highest foreclosure rates in the state, Belvoir Federal charge-offs were extraordinarily high during 2008. Our bankruptcy filings increased exponentially, mirroring that experienced on a national average, rising by 31%. Notwithstanding our conservatived lending over the past several years, members are experiencing job loss, reduction in income, divorce and deteriorating health conditions, all leading to their inability to meet their current financial obligations. Be assured that our staff is working diligently to offer alternatives and counsel members on their individual financial situations.

As we look to 2009 and beyond, Belvoir Federal Credit Union will continue to strengthen the value of our brand delivering products and services that will forge bonds with our membership for every situation... for life.

**Pamela Boyer**  
Chairman, Belvoir Federal Credit Union  
Chair@belvoirfcu.org

**Patricia S. Kimmel**  
President/CEO, Belvoir Federal Credit Union  
pkimmel@belvoirfcu.org

## For every interest.

### SUPERVISORY COMMITTEE REPORT

LarsonAllen, LLP, the external auditor engaged by the committee, completed their opinion audit on the financial statements of the credit union as of June 30, 2008 and for the year then ended, and issued an unqualified opinion of those statements. A verification of member accounts was done at this time as well. During this audit, the credit union's accounting and financial reporting systems were found to be in excellent condition. Audit tests determined that internal control and quality control systems are functioning as designed. Management maintains adequate systems to identify, quantify, and monitor financial performances and operational risks.

Witt Mares, PLC, the internal auditor engaged by the committee, performed quarterly reviews of the credit union's risk based lending program and real estate compliance program; an annual review of the credit union's compliance and internal controls over the Bank Secrecy Act and Office of Foreign Asset Control programs; an IT Risk Assessment and Intrusion test; and an audit and review of the branches. The reviews noted no major concerns with any areas that were audited.

The National Credit Union Administration (NCUA) performed an examination using the credit union's September 30, 2008 financial data and other data provided by the credit union. The examiners found that Belvoir Federal Credit Union remains financially sound and well managed.

**Judith Searles-Miller**  
Chairman

## For every goal.

### TREASURER'S REPORT

During 2008, Belvoir Federal Credit Union continued its growth while maintaining its financial position in all measurable areas. The credit union ended the year with \$255,310,861 in total assets. This is an increase of 7.17% from 2007. Loans and Deposits also grew during the year at rates of 3.10% and 9.16% respectively. The Credit Union did incur a net loss of -0.95% of assets during 2008. Belvoir Federal Credit Union continues to maintain a strong capital position of 8.11% as of December 31, 2008.

Belvoir Federal Credit Union is committed to maximizing returns to the membership in the form of lower loan rates and higher dividend rates. The Credit Union will continue to use its financial strength to offer a broad array of quality products and services to the community. Belvoir Federal Credit Union is well positioned to continue serving the financial needs of its member owners into the foreseeable future.

**Leslie Poole**  
Treasurer



# For every turn.

## LOAN REVIEW COMMITTEE REPORT

At the end of 2008 the Credit Union's total loan portfolio stood at \$195,912,378. This is an increase of \$5,892,409 over the previous year which is a growth rate of 3.10%. The make-up of the portfolio continues to be mostly in secured loans, comprising 81.53% of the portfolio at the end of 2008. This is an increase over the previous year when secured loans represented 79.84% of the portfolio.

Loan growth was driven primarily by 1st mortgage loans, auto loans and Visa Credit Cards. 1st mortgages grew by \$8.8 million, a percentage increase of 18.38% over 2007. Real Estate loans ended 2008 at \$100.2 million, up from \$95.6 million, and comprising 51.14% of the portfolio (50.29% in 2007).

New and Used Auto loans combined grew by \$3.2 million, which was an increase of 5.84% over the previous year. Auto loans also increased their share of the portfolio going from 29.21% in 2007 to 30.42% in 2008. Visa Card balances also grew by \$1.06 million, an increase of 6.79%.

Belvoir Federal Credit Union continues to develop and provide lending products that meet the needs of our members, for every situation. NCUA examiners and external audit firms conducted reviews of our loan portfolio during the year and reported no exceptions.

We appreciate the valued business from members who borrow from us. We pledge to continue to work to meet our members lending needs while maintaining the safety and soundness of our portfolio.

**Patricia Hodge**  
Chairman



# For every effort.

## CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

ASSETS	2008	2007
Loans to Members	\$195,912,378	\$190,019,969
(Less Allowance for Loan Losses)	(2,752,774)	(1,421,392)
<b>Net Loans Outstanding</b>	<b>193,159,604</b>	<b>188,598,577</b>
Cash and Investments	52,469,479	40,902,312
Fixed Assets	3,469,531	3,753,514
All Other Assets	6,212,247	4,984,374
<b>Total Assets</b>	<b>\$255,310,861</b>	<b>\$238,238,777</b>

### LIABILITIES, MEMBER SHARES AND EQUITY

LIABILITIES	2008	2007
Accrued Dividends Payable	\$ 288	\$ 178
Accounts Payable and Other Liabilities	2,168,356	2,606,991
<b>Total Liabilities</b>	<b>\$ 2,168,644</b>	<b>\$ 2,607,169</b>

### MEMBER SHARES

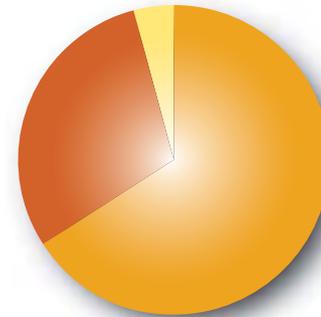
Regular Share Accounts	\$ 40,293,969	\$ 41,460,057
Share Certificate Amounts	90,428,117	78,575,181
Share Checking	38,242,412	30,858,714
Individual Retirement Accounts	3,085,785	3,522,405
Money Market Accounts	59,730,917	57,907,787
<b>Total Member Shares</b>	<b>\$231,781,200</b>	<b>\$212,324,144</b>

### EQUITY

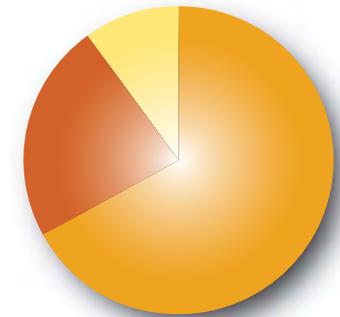
Regular (Statutory) Reserves	\$ 2,105,771	\$ 2,105,772
Undivided Earnings	18,577,900	20,934,505
Other Reserves	18,448	18,448
Unrealized Gain/Loss	658,898	248,739
<b>Total Equity</b>	<b>\$ 21,361,017</b>	<b>\$ 23,307,464</b>

<b>TOTAL LIABILITIES, MEMBER SHARES AND EQUITY</b>	<b>\$255,310,861</b>	<b>\$238,238,777</b>
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### INCOME DISTRIBUTION



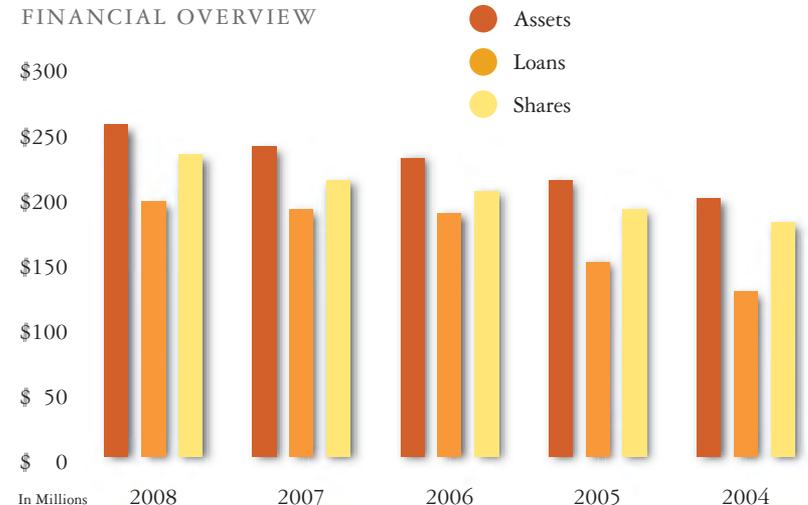
### EXPENSE DISTRIBUTION



- Interest on Loans – 66%
- Other Income – 30%
- Income from Investments – 4%

- Operating Expenses – 67%
- Dividends – 23%
- Other Expenses – 10%

### FINANCIAL OVERVIEW



## Our Mission

Providing the foundation for the financial success of our Members.

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## Our Values

### TRUST

We show Trust by

- Empowering our employees
- Being open to new ideas
- Maintaining confidentiality
- Sharing energy and creativity
- Maintaining open lines of communication

### RESPECT

We show Respect by

- Treating others as we like to be treated
  - Appreciating differences and celebrating diversity
  - Demonstrating kindness and thoughtfulness
  - Listening attentively and striving to understand
  - Creating a sense of community
- 

[BelvoirCreditUnion.org](http://BelvoirCreditUnion.org)

[BelvoirCreditUnionForMe.org](http://BelvoirCreditUnionForMe.org)

## Our Vision

Surpassing the individual needs and expectations of our global community.

### INTEGRITY

We show Integrity by

- Being honest and trustworthy
- Following through on promises
- Taking ownership of good and bad
- Accepting responsibility for actions taken
- Always doing the right thing

### COMMITMENT

We show Commitment by

- Exhausting all possibilities in an effort to achieve service excellence
- Taking initiative
- Carrying on under difficult circumstances
- Making training a priority
- Working as a team to achieve common goals



  
Belvoir  
Federal Credit Union