



# Belvoir

Federal Credit Union

BRAC READY.

A N N U A L   R E P O R T   2 0 1 0



## BOARD OF DIRECTORS



<b>LESLIE POOLE</b> Chair	<b>ALFRED RUDOLPH</b> 1st Vice Chair	<b>CANDI JOHNSON</b> Secretary	<b>LEE GAZZANO</b> Treasurer	<b>JUDITH MILLER</b> Member	<b>BRUCE SNEED</b> Member	<b>SCOTT MCGRATH</b> Member	<b>RICHARD FREEMAN</b> Director Emeritus	<b>MELVIN GOSS</b> Director Emeritus	<b>BRUCE EDWARDS</b> Associate Director	<b>RICHARD VALERIUS</b> Associate Director
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## LOAN REVIEW COMMITTEE



<b>JAVIER SANYER</b> Chair	<b>LAURIE MOODY</b> Member	<b>JUDY MACDONALD</b> Member	<b>PATRICIA WALLACE</b> Alternate	<b>KELLI JO ANTHON</b> Alternate
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## EXECUTIVE MANAGEMENT TEAM



<b>PATRICIA KIMMEL</b> President/ CEO	<b>PATRICIA WALLACE</b> Chief Operations Officer	<b>MIKE LIGON</b> Chief Financial Officer	<b>GAYE DECESARE</b> Chief Administrative Officer	<b>JASON LINDSTROM</b> Chief Marketing Officer
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## SUPERVISORY COMMITTEE



<b>JUDITH MILLER</b> Chair	<b>SHARON BRILL</b> Member	<b>KAREN TURCHIANO</b> Member	<b>LISA ROSENTHAL</b> Member
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# BRAC READY.

## For every member.

### COMMENTS FROM OUR MEMBERS

“I have been with Belvoir (Federal) since 1966. I have nothing but high praise for everyone who works there. They all make me proud...They make you feel like family and really are attentive to your needs. Each one is caring and gives the person their undivided attention. I can’t praise them enough.”

**Ellen D. Member Since 1966**

“I opened my account in 1975 and still have it. Later I opened accounts for my son and daughter and they still use the accounts. Belvoir (Federal) has always helped us. I financed 3 new cars and 3 used cars over the last 35 years. I will always be a member due to excellent service.”

**Hilary E. Member Since 1975**

“You’ve always been the 1 stop shop for all of our needs. New cars, you’re there, home improvements, you’re there, financial advice, once again, you’re there. Belvoir (Federal) has always been the first place we look to when we have financial needs, and always will be. I was a young NCO in 1985 when we joined.”

**Lonny & Karen L. Members Since 1985**

“When I was offered a loan with Belvoir (Federal), I was stunned to see their rate was lower than anything I could get elsewhere and even better, Belvoir (Federal) welcomed me into their “family” with a savings account... Am I happy? Oh my, yes. I have electronic access to my account, automatic payments, updates on my account and on other products Belvoir (Federal) has available. I love being a member of the Belvoir (Federal) Family! A great experience...”

**Lyn K. Member Since 2008**

## MEMBER'S SPOTLIGHT



# BRAC READY.

## A MESSAGE FROM THE CHAIR AND CEO

Member testimonials arrive almost daily praising the extraordinary services provided by Belvoir Federal employees. The descriptions include professional, knowledgeable, respectful, dedicated and positive. Belvoir Federal provides an environment where you are at ease to make a decision that improves your financial fitness. Belvoir Federal employees and partners will lend a hand with a car loan at the dealer, help manage your investment portfolio, assist you to obtain a competitive mortgage loan, secure foreign currency for a trip overseas or just listen while you explain a financial question. We have four full service branches regionally, 7,000 shared branch locations nationally; and every ATM is your ATM with our surcharge rebates.

We know the economy and regulatory environment have made an impression on your financial good sense in some shape or form. We also know that our mission is to provide you with a foundation for financial success. In 2010 we continued to refine our products and services with enhancements to both our on-line banking and bill payment. Belvoir Federal brings value to members who establish multi-level relationships. Checking, direct deposit, home banking, eStatements and bill payment services continue to be free with a multi-level relationship. Discounts on loans help you save additional funds for retirement and lower your cost of debt. Even subtle changes made with the support of Belvoir Federal will improve your financial position.

Serving Fort Belvoir and the surrounding community is a full-time commitment, one that we are very proud to own. With the added workforce of approximately 20,000, we are working hand in hand with the Garrison to evaluate the needs. The new Army Community Hospital wants ATM support as we provide to DeWitt today. We also received a request to open a branch in the new Washington Headquarters Services building in Alexandria, and responded affirmatively. Just as exciting is our anticipated opening of a new teller operation and 24-hour drive-through ATM on South Post.

Belvoir Federal continues to honor our military with the annual Installation Appreciation Day, Family Fun Day, participation in Oktoberfest, Freedom Fest, donations to the USO and to the Fort Belvoir Elementary School. We are active in regional Chambers, the Belvoir/Quantico BRAC Alliance and interface on your behalf with State and National Supervisors, Delegates, Congressmen and Senators.

Thank you for your membership, and ownership, in Belvoir Federal. Please feel free to contact the Board of Director's Chair or the Belvoir Federal CEO if you have any questions.

**Leslie Poole**  
Chair  
Chair@belvoirfcu.org

**Patricia S. Kimmel**  
President/CEO  
CEO@belvoirfcu.org



# For every moment.

## SUPPORTING OUR COMMUNITY

### EVENTS

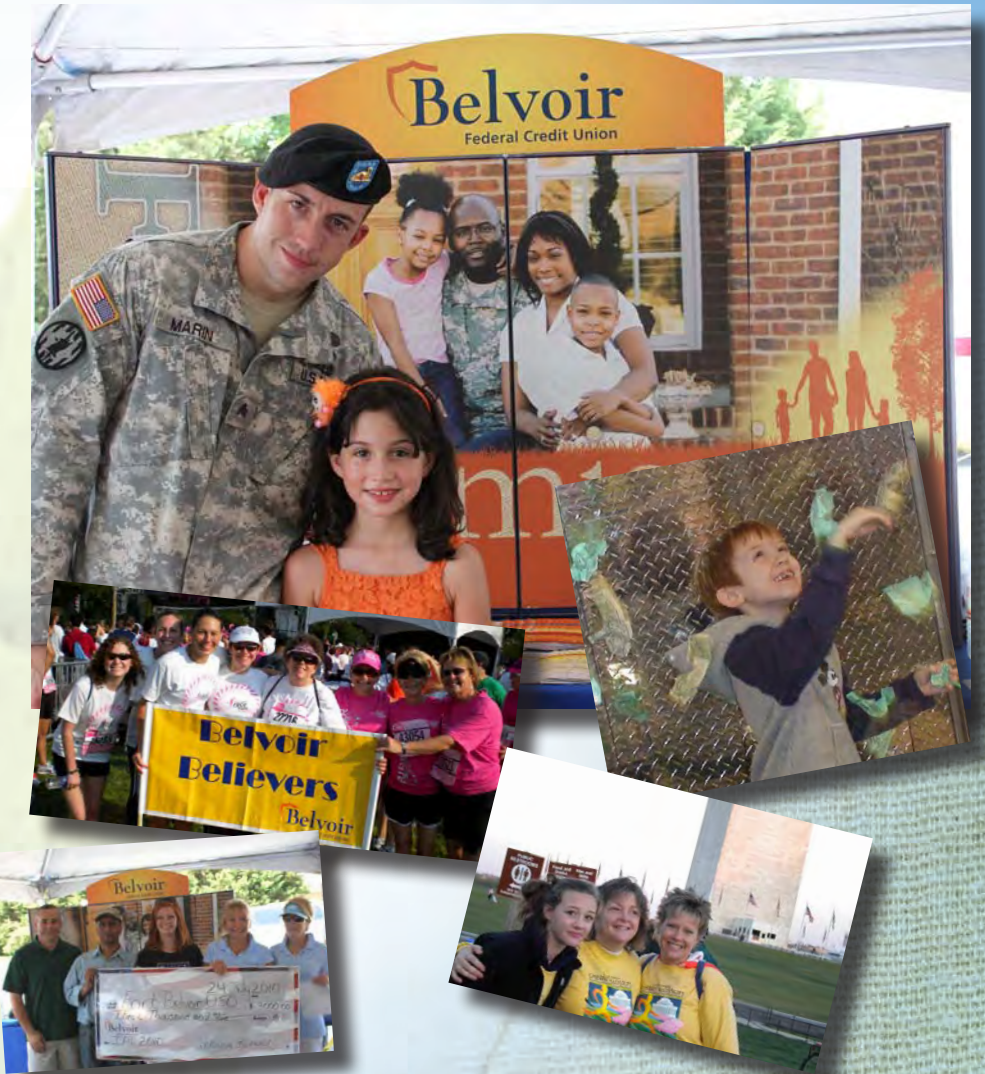
- 1st Annual Family Fun Day
- 5th Annual Installation Appreciation Day
- Susan G. Komen Race for the Cure
- Credit Union Cherry Blossom Run
- Fort Belvoir DFMWR's Oktoberfest and Freedom Fest
- Hosted a BRAC Update Mixer

### SPONSORSHIPS

- Fort Belvoir DFMWR's Month of the Military Child
- Fort Belvoir DFMWR's Summer Reading Program
- Raised Money for families in need during the holiday season
- Personally catered Thanksgiving dishes to soldiers on Fort Belvoir
- Tools for Schools - Prince William County Public Schools
- \$3,000 Contribution to the USO of Metropolitan Washington
- Cell Phones For Soldiers

### WELLNESS AND EDUCATION

- America Saves: Military Saves Week
- Belvoir Federal Cares - Holiday egreetings
- \$2,000 in Scholarships
- Youth Saves Week: National Youth Saving Challenge™
- International Credit Union Day
- Children's Miracle Network Fundraisers
- Donated to National Museum of the U.S. Army
- Raised \$3,920 for the Susan G. Komen Foundation



## For every challenge.

### 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, 2010 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 December 31, 2009 financial data and other data provided by the credit union. The examiners found that Belvoir Federal Credit Union remains well capitalized and well managed.

**Judith Searles-Miller**  
Supervisory Committee Chair

**BRAC FACT:** "BRAC" is an acronym that stands for base realignment and closure. It is the process the Department of Defense (DoD) has used to reorganize its base structure to more efficiently and effectively support the Armed Forces.

## For every interest.

### TREASURER'S REPORT

During 2010, Belvoir Federal Credit Union continued to face difficult issues with struggling economy and the regulator, NCUA, assessing all credit unions for the Corporate Credit unions. The NCUA assessment in 2010 was \$574,424. Aside from these issues, the Credit Union was able to make a profit in 2010 of \$31,584.

Belvoir Federal was able to continue its growth while maintaining its financial position in all measurable areas. The credit union ended the year with \$269,156,073 in total assets. This is an increase of .06 % from 2009. With the economy still not at full stride, the members were very judicious with taking out any new loans. Since that was the case, the Credit Union did decrease in loan balances by 2.69%. The Credit Union continues to maintain a strong capital position at 7.80% of assets.

Belvoir Federal Credit Union will continue to maximize returns to our membership in the form of lower loan rates and higher dividend rates. The Credit Union will use its financial strength to add a drive through and a new branch at the Washington Headquarters Services Building that will open in September 2011. Belvoir Federal Credit Union is well positioned to continue serving the financial needs of its member/owners into the foreseeable future.

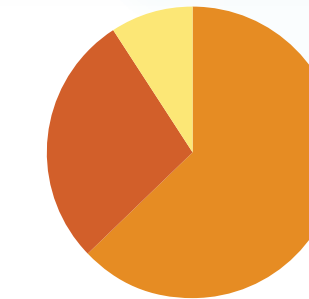
**Lee Gazzano**  
Treasurer

## For every condition.

### CONSOLIDATED STATEMENTS OF FINANCIAL CONDITIONS

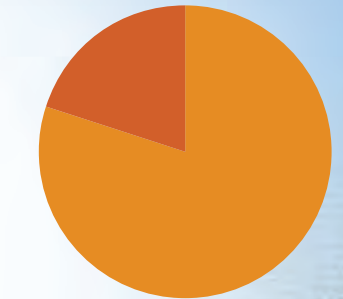
ASSETS	2010	2009
Loans to Members	\$181,967,015	\$186,993,258
(Less Allowance for Loan Losses)	(2,242,567)	(2,369,970)
<b>Net Loans Outstanding</b>	<b>179,724,449</b>	<b>184,623,288</b>
Cash and Investments	80,549,000	75,209,333
Fixed Assets	5,180,996	5,547,447
All Other Assets	3,701,627	3,459,937
<b>Total Assets</b>	<b>\$269,156,073</b>	<b>\$268,840,004</b>
LIABILITIES, MEMBERS SHARES AND EQUITY	2010	2009
<b>LIABILITIES</b>		
Accrued Dividends Payable	\$ 568	\$ 469
Accounts Payable and Other Liabilities	3,103,670	3,215,927
<b>Total Liabilities</b>	<b>\$ 3,104,239</b>	<b>\$ 3,216,396</b>
<b>MEMBERS' SHARES</b>		
Regular Share Accounts	\$50,590,733	\$47,951,415
Share Certificate Amounts	76,321,880	82,383,821
Share Draft Accounts	56,154,682	50,959,169
Individual Retirement Accounts	3,543,761	3,509,854
Money Market Accounts	57,828,067	59,490,380
<b>Total Member Shares</b>	<b>\$244,439,123</b>	<b>\$244,294,640</b>
<b>EQUITY</b>		
Regular (Statutory) Reserves	\$ 2,105,772	\$ 2,105,772
Undivided Earnings	18,873,263	18,841,677
Other Reserves	18,448	18,448
Unrealized Gain/Loss	615,229	363,071
<b>Total Equity</b>	<b>\$ 21,612,711</b>	<b>\$ 21,328,968</b>
<b>TOTAL LIABILITIES, MEMBERS' SHARES AND EQUITY</b>	<b>\$269,156,073</b>	<b>\$268,840,004</b>

### INCOME DISTRIBUTION



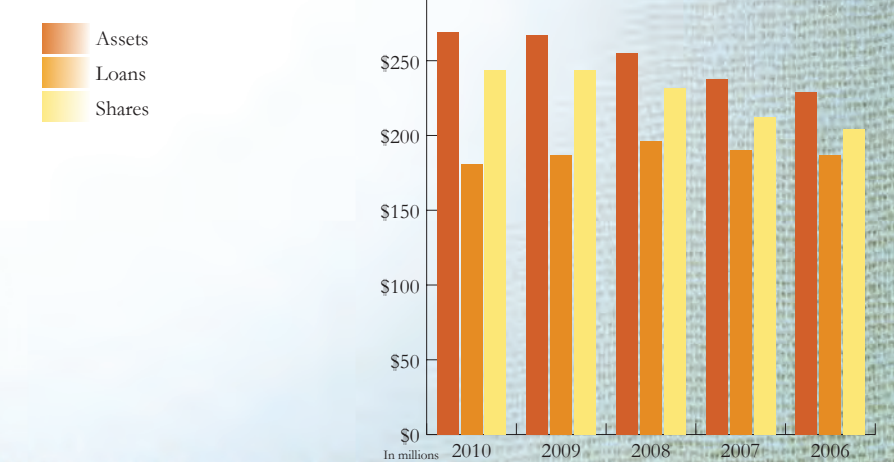
Interest on Loans - 63%  
Other Income - 28%  
Income From Investments - 9%

### EXPENSE DISTRIBUTION



Operating Expenses - 80%  
Dividends - 20%  
Other Expenses - 0%

### FINANCIAL OVERVIEW



## For every situation.

### LOAN REVIEW COMMITTEE REPORT

The Credit Union's loan portfolio stood at \$181,967,015 at the end of 2010. This is a decline of 2.69% from the previous year or a \$5,026,243 decrease.

Changes in products as well as decrease in certain loan types contributed to the overall decline of 2.69%. The VISA® balances were still at about \$500,000 at the end of 2009 which was at zero by the end of 2010. The VISA portfolio was sold in 2009 and the majority of balances transferred to our partner The Members Group (TMG). Another product change having an effect on the decline was the closing of available lines of credit on VISA Equity Platinum Products. This product was closed to new advances and new loans in February 2010 and with lines closed, this product will only continue to decrease with pay downs and pay offs.

Declines in Equity products and in new cars were trending in 2009 but continued and declined more steadily in 2010. Equity Advantage loans declined by 20.40% and New Autos declined by 16.03%. Runoff in these loans was a significant factor as the decrease in members borrowing against equity or for new autos could not offset the number of payoffs. Economic factors such as a sluggish new auto market and property values that have not recovered enough for members to borrow against their homes were contributors to this decline as well.

Offsetting some of the decline in the areas above were significant increases in Used Autos and Personal loans. Used Autos grew by 16.23% in 2010

**BRAC FACT:** Over 6,500 new employees will occupy the Mark Center Building of Washington Headquarters Services. Belvoir Federal will have a brand new branch within the facility.

while Personal loans grew by 12.80%. Some new approaches worked on the personal loan side, such as offering a promo of a locked fixed rate on a first advance of on our Gold Star Line of Credit, helping to contribute to the growth in Personal loans. We remained very competitive rate wise in the used autos, and this with a growing market in used cars, helped make up the growth in this area.

The percentage of the portfolio made up of secured loans did shift due to the factors above. At the end of 2009, 90.69% of the portfolio was made up of secured loans. At the end of 2010 this percentage declined slightly to 89.52%

Belvoir Federal Credit Union continues to refine and enhance its loan products and procedures to keep pace with our members needs and to respond to the market place. Examinations by the NCUA examiners and external audit firms conducted reviews of the 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.

**Javier Sanyer**  
Loan Review Committee Chair



## For every issue.

### POLITICAL ADVOCACY

Financial regulatory reform made 2010 a tumultuous year. Belvoir Federal ramped up political advocacy efforts to make certain our credit union and the credit unions all over the US would not be penalized for the actions of the large banks that caused the financial crisis. We started off the year attending Credit Union Day at the General Assembly, in Richmond, Virginia. We met with our state legislators to discuss issues of interest to credit unions.

In February, we participated in the Credit Union National Association's Governmental Affairs Conference in Washington, DC. At the event we were able to network with industry leaders and layout strategies on how to make certain our members receive the best results from the pending regulatory reform. While in DC, we also attended the Virginia Credit Union League's



Congressional Affairs Luncheon where we were able to express our concerns to congressional leaders about major regulatory changes that would affect the products and services our members have come to love and enjoy.

After returning from Washington we accelerated efforts to get staff and members involved with informing congress about the repercussions of their actions when passing new reform laws. We educated our staff and members via e-mails, our web site, and quarterly meetings to combat the unprecedented legislative reforms, most of which would reduce credit union income and increase the cost for credit unions to serve members. Staff, volunteers and members responded by writing and calling legislators in support of credit unions.

Currently there are still some very troubling issues in congress that could affect your credit union. Contact me or visit the [www.mycuisme.com](http://www.mycuisme.com) for more information.

**Gaye DeCesare**  
Chief Administrative Officer



## For every effort.

### FINANCIAL EDUCATION REPORT

The focus of the financial coaching and education program at Belvoir Federal has always been to provide educational information and guidance to our membership regarding a wide range of topics in personal finance. With this in mind, we've expanded our seminar offerings to address evolving issues that many consumers are facing as a result of the economic crisis and ongoing changes in the financial services industry. We have received positive feedback from our members regarding our financial coaching section on the Belvoir Federal web site and members are utilizing the tools and resources as part of their financial plan for the future.

Through educational seminars and webinars we reached 142 participants on Fort Belvoir, in our partner Schools, and the surrounding community. We also provided financial coaching to 238 members at all branch locations and via phone and internet. Our continuing goal is to reach out to our membership and provide them with current and accurate information and excellent service for every need.

**Kelli Jo Anthon**  
Financial Coach  
kanthon@belvoirfcu.org

**BRAC FACT:** The new Fort Belvoir Community Hospital will open this August. Belvoir Federal is scheduled to have at least 2 ATMs in the building.



For everyday people. For life.

# Our Mission

Providing the foundation for the financial success of Members.

# Our Vision

Surpassing the individual needs and expectations of our global community.

## 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

### 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



703.730.1800  
[www.BelvoirCreditUnion.org](http://www.BelvoirCreditUnion.org)

