

# 2009 Annual Report



Roanoke Postal Employees'  
Federal Credit Union



Our Members. Our Strength. Our Future.



## Our Story

Organized in 1948 by a group of United States Postal Service employees, Roanoke Postal Employees' FCU started out in the first month of operation with 48 members, \$669 in assets, and loans of \$510.

Today our numbers may have grown significantly, but our philosophy has not. We are still a not-for-profit financial cooperative. We strongly believe in the credit union philosophy of "people helping people" and we strive to provide members with the highest level of personalized service.

We are here to help you achieve your financial goals! Our focus is always on serving our members, and we take great pride in adding a personal touch to everything we do. In today's impersonal, fast-paced banking environment, we are a refreshing alternative.

Our Members. Our Strength. Our Future.

# 60th Annual Meeting

## Sunday, October 3, 2010

12:00 pm	Registration opens. Lunch is served until 2 pm. Youth Activities, Silent Auction, and VACUPAC 50/25/25 raffle begin
12:30 pm	Door Prize Drawing begins, names will be called every 15 minutes until 2 pm
1:30 pm	Cake cutting to celebrate our 60th Annual Meeting
2:00 pm	Registration, Voting, Silent Auction, and VACUPAC 50/25/25 raffle close
2:15 pm	Business Meeting begins
2:30 pm	Youth Activities close



## Legislative Report

Each year your credit union faces certain political challenges. Roanoke Postal Employees' FCU would like to thank the golfers who played in the VACUPAC golf tournament this past June to raise funds for VACUPAC (VA Credit Union Political Action Committee). These golfers use their time and money (fees) to help our CREDIT UNION each year. THANKS guys! This money is contributed to political candidates who support the legislative bills that are in our best interest, as well as pay CU lobbyists in Congress.

We also sell lapel pins, Presidential Dollar Coin Sets, & White House Christmas ornaments to support this fund. At the annual meeting we will sell 50-25-25 tickets, the Coin Sets, and Ornaments.

When legislators meet to pass bills in Washington & Richmond, we want our legislators to support bills that are beneficial to our credit union. On our web page ([rpefcu.org](http://rpefcu.org)) we have a site to email your legislator. When there are issues that need your support, please contact them. Simply click on "My Credit Union Is Me" & follow instructions.

THANKS FOR YOUR SUPPORT!

Bill Caudill, Legislative Representative



### It is our mission to:

- Be our members' primary financial institution.
- Provide quality services, education and counseling to improve members' financial well-being while encouraging thrift and promoting the wise use of credit.
- Educate the field of membership about the unique nature of credit unions, the availability of services and their potential benefits.
- Maintain a productive use of assets and continue to build a secure and sound financial service organization.
- Deliver convenient, friendly, efficient, and personalized service.
- Provide employee training, career opportunities, and a quality work environment.
- Attract, develop, and utilize quality volunteers.
- Further the Credit Union Movement by maintaining a cooperative relationship with other credit unions, State and National Credit Union Associations and supporting VACUPAC and legislative activities affecting credit unions.
- Promote a positive beneficial relationship between the Credit Union and sponsor.
- Maintain the leading edge in technology.



Dear Member-Owners,

At this time last year, we were talking about the tough economic times we were facing. Though the experts say we're turning the corner -- that the recession officially ended this summer -- many families are still struggling and poverty rates are higher than they have been in decades.

I don't say this to scare you, but to comfort you. You are in a good place. Credit unions were born out of tough times. The average person could not afford the high interest rates that moneylenders were charging so a group of farmers got together, pooled their money, and began lending to each other at a much more affordable rate. Today our credit union, just like in the 1800s, is a financial cooperative where members benefit from pooling their money and assisting all member-owners through tough economic times.

Your credit union is financially sound and continues to offer assistance to members who are facing financial struggles. We are also celebrating many life changes with members -- new jobs, new opportunities, new adventures. Thank you for allowing us to be a part of your life! We are making a difference in so many members' lives....all because you continually and actively use your credit union for your financial needs. The more members use the credit union, the more all the member-owners benefit.

Something we've learned over time is that we have to evolve. While we like to hold on to traditions and memories, it is also important that we progress with the ever-changing world. Change at RPEFCU often brings about more security and protection for your hard-earned money, or advancements in technology that makes life easier for you and saves you time. A few of these recent changes include:

- a new debit card numbering system
- scanning IDs
- a new online banking system, and
- new internal procedures increasing efficiencies

As always, we welcome your suggestions for new or improved services. We plan to be around for generations to come, but recognize the credit union will stand strong only with the continued support and business from you, our member-owners. Thank you for your trust and business! We will continue to work hard for you.

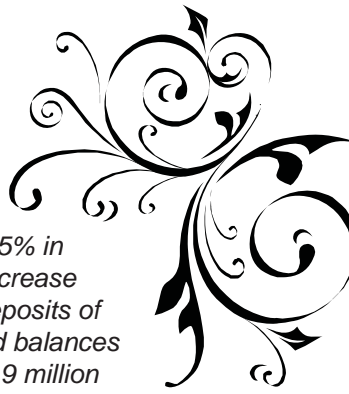


Sincerely,  
Jeff Thompson, CEO

**"I have never been associated with...such a professional, friendly, and helpful establishment...They treat you like one of their family...I have been a member of several credit unions during my life, but the RPEFCU has exceeded every other one."**

Steven J. Torre  
USPS  
Mailhandler





## Financial Report

Total assets for RPEFCU increased 4.75% in 2009 to a total of \$102.9 million. The increase can be attributed to a rise in member deposits of nearly \$5.0 million, or 5.87%. Increased balances in savings and checking accounts of \$4.9 million provided nearly all of the deposit gains. Share certificates and IRA certificates remained virtually unchanged with a combined increase of \$95 thousand.

Overall loan balances decreased 5.58% or \$4.33 million in 2009. Used vehicle and fixed rate home equity loans each saw nice gains during the year while declining loan balances in first mortgages, new vehicles, and home equity lines served to offset increases in other loan categories.

The credit union experienced a net loss in 2009 of \$559 thousand. Financial pressures from expenses related to high loan charge-offs combined with declining loan balances and low investment yields continue to plague RPEFCU and the credit union industry. Despite these pressures, RPEFCU maintained a minimal operating loss of \$12.8 thousand. However, non-operating expenses resulting from the financial woes of two of the industry's largest corporate credit unions totaled \$546 thousand in 2009. Despite the overall loss, RPEFCU's capital position remains very strong at 11.83% comparing favorably to our peer group of credit unions' average ratio of 10.18%.

Because of the support and confidence of our membership throughout the year, RPEFCU was able to survive one of the toughest and most unpredictable years our economy has ever experienced, while at the same time position itself to thrive in the coming years. Our dedicated staff and volunteers continued to work together diligently to meet your financial needs and provide you with an incomparable place to save and borrow. Comparative financial statements for the past two years as well as other statistical information are included in this report. If you have any questions or concerns about this report or our financial condition, please let us know.

Janice Gray, Secretary/Treasurer



**"Lynchburg Postal Employees are very fortunate...to have the Lynchburg branch of the Roanoke Postal Employees' Federal Credit Union....They are always willing to go above and beyond to help and serve their members!"**

Henry W. Payne  
Manager, Lynchburg Processing & Distribution Facility

# Balance Sheet

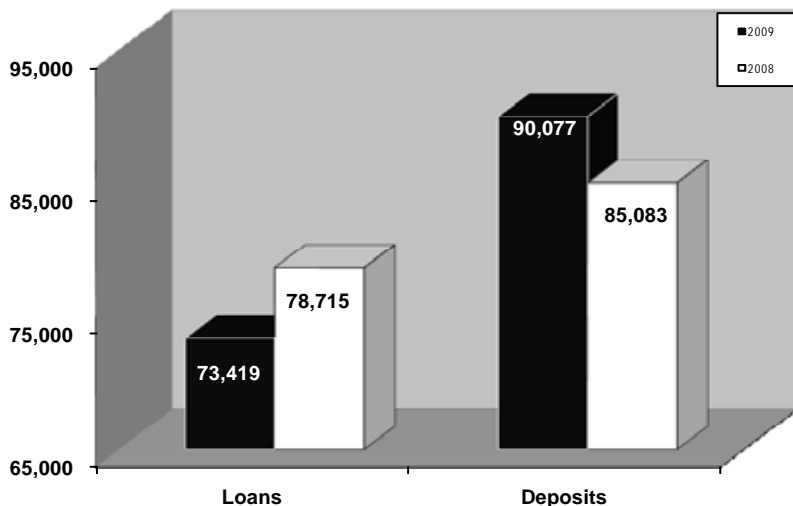
Years ended December 31, (in thousands)	2009	2008
<b>Assets</b>		
Loans (net)	\$72,593	\$78,226
Investments	26,560	16,093
Fixed Assets (net)	194	254
Other Assets	<u>3,554</u>	<u>3,664</u>
<b>Total Assets</b>	<b><u>\$102,901</u></b>	<b><u>\$98,237</u></b>
<b>Liabilities</b>		
Liabilities	\$1,213	\$907
<b>Members' Equity</b>		
Member Deposits	90,077	85,083
Retained Earnings	11,611	12,247
<b>Total Liabilities and Members' Equity</b>	<b><u>\$102,901</u></b>	<b><u>\$98,237</u></b>



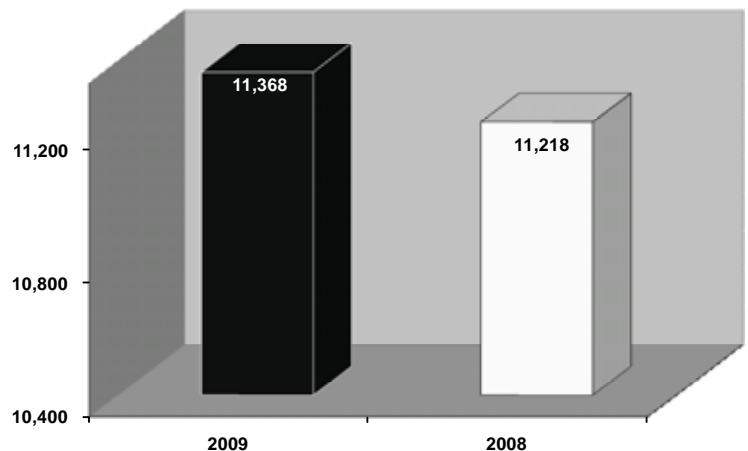
## Income Statement

Years ended December 31, (in thousands)	2009	2008
<b>Income</b>		
Interest on Loans	\$4,842	\$5,076
Investment Income	277	634
Other Income	<u>1,115</u>	<u>923</u>
<b>Total Income</b>	<b><u>\$6,234</u></b>	<b><u>\$6,633</u></b>
<b>Expenses</b>		
Compensation and Benefits	\$2,053	\$2,096
Office Operations	774	784
Provision for Loan Losses	968	778
Members' Insurance	66	69
Other Operating	<u>617</u>	<u>631</u>
<b>Total Operating Expense</b>	<b><u>\$4,478</u></b>	<b><u>\$4,358</u></b>
<b>Total Dividend Expense</b>	<b>\$1,769</b>	<b>\$2,697</b>
<b>Non-Operating Expense/Inc</b>	<b>\$546</b>	<b>--</b>
<b>Net Income</b>	<b><u>\$(559)</u></b>	<b><u>\$(422)</u></b>

Loan and Deposit Comparison  
(\$ thousands)



Number of Members



# RPEFCU Staff Serving You Since...

1997

Cornel



Amanda

1985



Marty

1998



Toni



Rose



Kym

1988

Karen



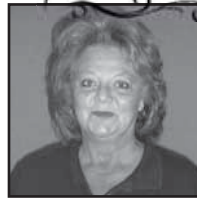
Renee

1999



Kristy

2000



Donna



Beverly

2002



Amanda



Robin

2003



Renee

2004



Karen



Karen

2005



Michelle



Penny

2007



Joe



Jennifer



Sharron

2006



Jeff



Erin

2008



Becky



Carrie

2010

Caroline



William

## President's Report

Dear Member-Owners,

Many companies are looking for ways to trim the fat – to run more leanly. That's just a natural part of what credit unions do every day. We look for ways to operate more efficiently so that can keep more money in your pocket.

As we look back on 2009, so many things have changed. We witnessed financial bailouts, drops in the housing market, decreases in interest on our hard-earned money, and many people cutting back on unnecessary purchases. Here at RPEFCU, we were and still are financially strong. We continue to offer higher rates of return on checking accounts, savings, and certificates than many of our peers. We still offer many services without fees including ATMs, provide competitive rates, and remain sound and secure, in addition to having friendly employees to serve our members.

As you go through your daily routines, think about how your Credit Union has helped your family. Ask your Credit Union how you can return the favor by becoming a volunteer. For me, it is a wonderful feeling to give back to those who have helped me along the way. Thank you so much for allowing me to continue working on the board with such a dedicated group!

Sincerely,

Bob Hartsel  
President, Board of Directors





# Supervisory Report

Your Supervisory Committee safeguards the assets of members. Consistent with regulations and laws governing credit unions, our comprehensive annual audit was performed by Brown, Edwards & Company, L.L.P. This audit was made in accordance with accepted auditing procedures. The committee met with management for discussion on the findings of this audit.

Internal Control: During the past year your Supervisory Committee has been actively involved in carrying out its prescribed duties. Specifically, we have verified closed accounts, conducted numerous surprise cash counts of your Member Service Representatives, cash vaults and ATMs. The committee also added the task of loan reviews this year and completed several during the year. Additionally, the committee held monthly training and informational meetings.

Our committee would like to thank all volunteers for their commitment and hours of hard work during this past year in complying with their prescribed functions. We also express appreciation to Jeff Thompson and his staff for their cooperation during this year's interruptions to their work while we conducted our audits.

We welcome any questions or inquiries from our membership.

Cliff DeMars, Supervisory Committee Chairman



Several years ago, our credit union began offering the Alexander Scholarship. We award \$1,000 to ten members seeking higher education. Each year it is difficult to choose only ten when there are so many deserving applicants. Congratulations to this year's recipients!

- Brandi Fields - Moneta, VA
- Ian Giles - Roanoke, VA
- Mavis Hodges - Callaway, VA
- Hope Irons - Madison Heights, VA
- Shannon Keener - Roanoke, VA
- Karyn Lovern - Collinsville, VA
- Stephanie Moody - Bedford, VA
- Alexandra Mycock - Roanoke, VA
- Austin Pender - Taylorsville, NC
- Jenna Shelton - Stuart, VA

