

APL FEDERAL CREDIT UNION

# 2011 ANNUAL REPORT

# ROCK SOLID





# BOARD OF DIRECTORS

John Tochko, Chair

Rosalyn Furukawa, Vice Chair

Robert Miller, Treasurer

Charlene Hustead, Recording Secretary

Philip Albert, Director

Laura Davis, Director

Jim Knowles, Director

Peter Newman, Director



**Robert Miller**  
Treasurer

# SUPERVISORY COMMITTEE

Shawn Dancik, Chair

Karen Brown

Brian O'Connor



**Shawn Dancik**  
Chair

# ASSOCIATE VOLUNTEER

Sarah Cooke



## A MESSAGE FROM OUR PRESIDENT & CHAIRMAN

The famous American actor and humorist Will Rogers once said, "Even if you're on the right track, you'll get run over if you just sit there."

APL Federal Credit Union's staff and board of directors are extremely proud of the Credit Union's results the past few years. We have stayed on the right track by maintaining profitability during these tough economic times, and moved forward by adding a host of new products and services for our members.

Perhaps the only area where we deliberately have been sitting still is with our fee structure, which remained unchanged in 2011 and continues to be the lowest of any full-service financial institution in the area. Our fees-to-average-assets ratio was five times lower than the national credit union average at year-end, and much lower than the banks. We keep our fees low because our members are not only our customers, but member-owners of the Credit Union.

As in previous years, we achieved strong financial results in 2011 without taking undue risks and compromising our commitment to member asset safety and stability. Although our total loans outstanding remained virtually unchanged from 2010, the dollar amount of our delinquent loans decreased by more than 35%, as the sound underwriting decisions of the past few years continue to have a positive impact on our bottom line. We finished the year with our lowest delinquency ratio since mid-2008 (before the full effects of the recession were felt), and with the lowest delinquency ratio of any of our peer credit unions in the area.

In addition to our low fees and low loan delinquencies, we also ended 2011 with the lowest operating expense ratio in our peer group. This efficiency is one of the primary reasons we were able to finish the year with net income of \$1.6 million – a 60% increase from 2010. And if it weren't for the large NCUA Corporate Stabilization Assessment, which is mandated by the government regulators and beyond our control, we would have earned almost \$2.4 million for the year.

Although strong net income and low expense ratios are good methods for measuring our results, perhaps no number better exemplifies our success the past few years than Asset Growth. As satisfied members increase their deposits and use more of our products and services, it increases our assets. Likewise, as they refer their friends, family, neighbors and coworkers to us, our assets also increase. In 2011, our total assets grew by \$30 million, finishing the year at a record \$364 million. In just four years, our total assets have increased by more than \$100 million. By contrast, it took us over 40 years to acquire our first \$100 million.

On behalf of our entire staff and board of directors, we want to thank you for making APL Federal Credit Union your primary financial institution. We are committed to maintaining your hard-earned trust, while providing unsurpassed value in the form of great rates, low fees and an ever-increasing array of low- or no-fee products and services.

As always, we remain, "At Your Service, In Your Community."



A handwritten signature in dark ink, appearing to read "Jim Deegan".

**Jim Deegan**  
President/CEO

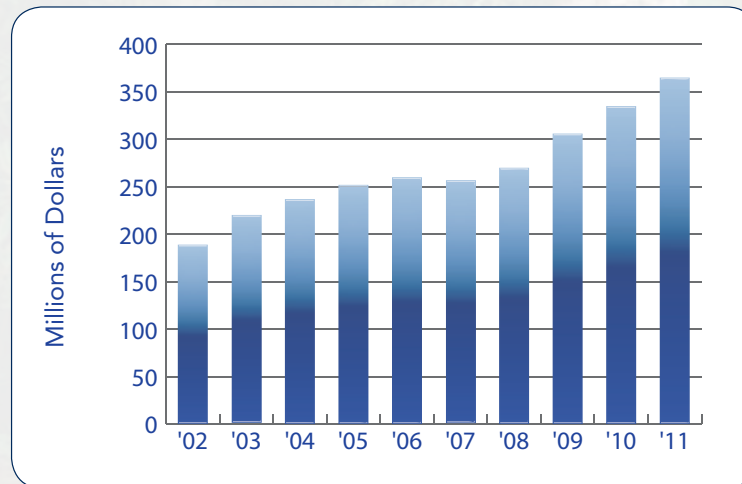


A handwritten signature in dark ink, appearing to read "John Tochko".

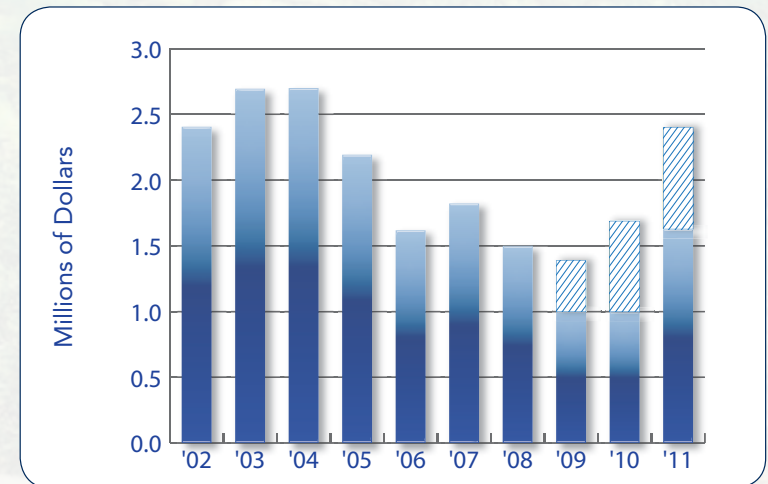
**John Tochko**  
Chair

# 10-YEAR ANNUAL REPORT DATA

## ASSETS

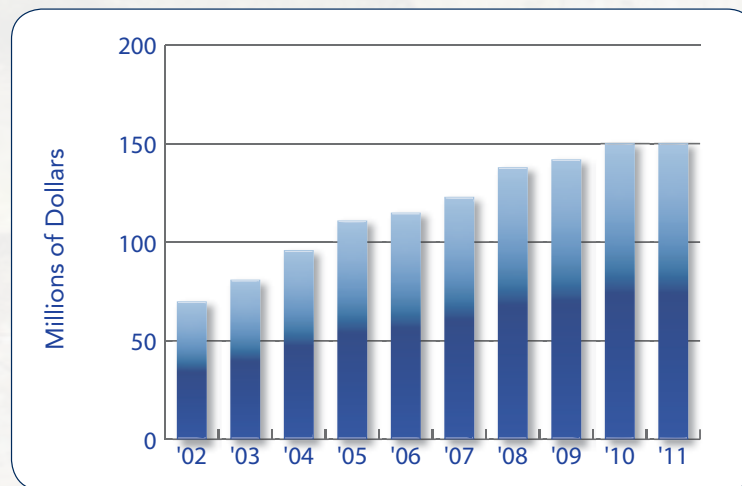


## NET INCOME

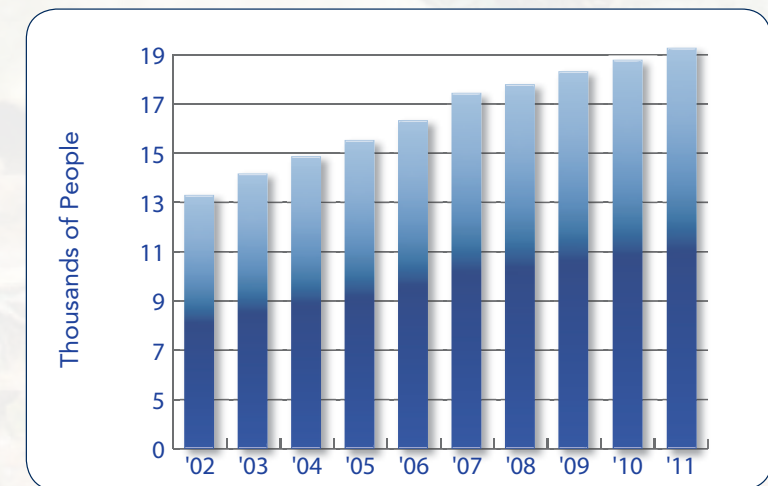


\*2009 thru 2011 income shown before and after NCUA Stabilization Expense

## TOTAL LOANS

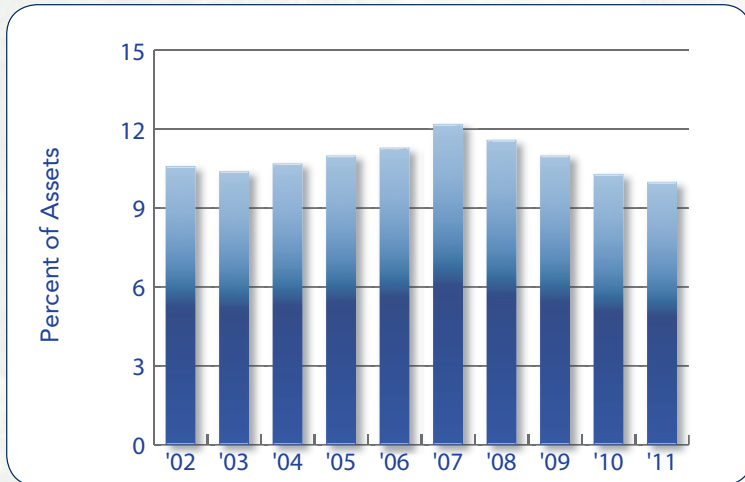


## NUMBER OF MEMBERS

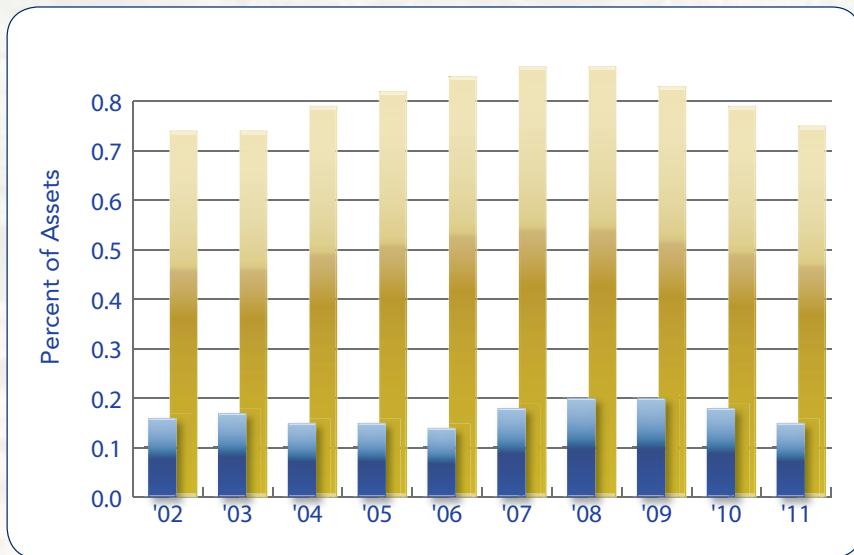




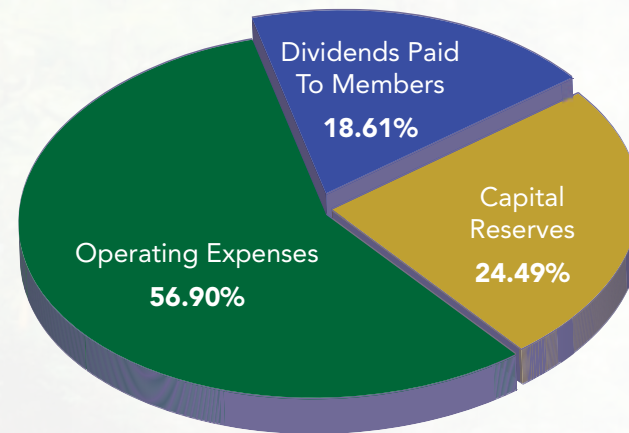
## NET WORTH



## MEMBER FEE INCOME TO AVERAGE ASSETS



## DISTRIBUTION OF INCOME



■ APL Federal Credit Union  
■ National Credit Union Average

# STATEMENTS OF FINANCIAL CONDITION

## ASSETS

2011

2010

### Loans

Loans to Members - Less Allowance for Loan Losses, and Net Deferred Loan Income	\$ 149,070,315	\$ 149,521,682
Loan Notes Receivable	1,196,297	1,306,035

### Loans Net:

**\$ 150,266,612** **\$ 150,827,717**

### Other Assets

Accounts Receivable	\$ 88,161	\$ 160,214
Cash	2,812,907	2,092,668
Investments	194,396,936	166,083,903
Accrued Income Receivable	832,032	886,797
Prepaid Expenses	285,450	237,966
Buildings & Land	10,171,922	10,366,302
Furniture & Equipment	711,457	660,301
NCUSIF Deposit	3,012,076	2,746,516
Other Assets	2,057,167	966,990

### Total Assets:

**\$ 364,634,720** **\$ 335,029,374**

## LIABILITIES & EQUITY

2011

2010

### Liabilities

Accounts Payable	\$ 555,415	\$ 344,920
Accrued Expenses	1,586,409	1,166,573
Other Liabilities	0	0

### Total Liabilities:

**\$ 2,141,824** **\$ 1,511,493**

### Equity

Savings	105,384,611	89,942,449
Checking	41,275,199	36,217,525
Preferred Money Market	64,123,318	67,660,404
IRA Money Market	4,145,091	4,090,042
IRA Certificates	24,413,996	23,655,449
Certificates of Deposit	82,959,983	76,907,824

### Total Shares:

**\$ 322,302,198** **\$ 298,473,693**

### Reserves

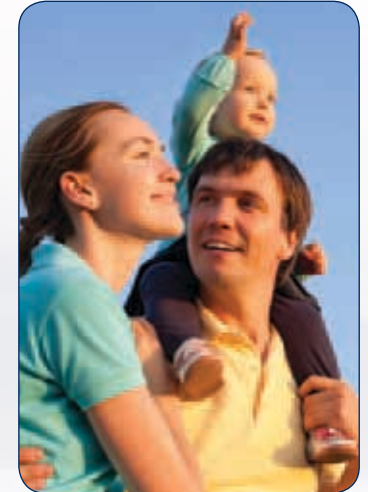
Regular Reserve	\$ 2,614,801	\$ 2,614,801
Undivided Earnings	32,054,991	31,014,120
Net Allowance to Adjust Investments to Fair Value	3,719,415	699,059
Other Comprehensive Income	194,617	(324,663)
Net Income (Loss)	1,606,874	1,040,871

### Total Equity:

**\$ 362,492,896** **\$ 333,517,881**

### Total Liabilities & Equity:

**\$ 364,634,720** **\$ 335,029,374**





# STATEMENTS OF INCOME

## STATEMENTS OF INCOME

	2011	2010
<b>Operating Income</b>		
Interest on Loans	\$ 2,023,569	\$ 2,501,983
Interest on Real Estate Loans	4,894,796	4,996,495
<b>Net:</b>	<b>\$ 6,918,365</b>	<b>\$ 7,498,478</b>
Income from Investments	4,366,832	4,250,824
Fees & Charges	532,978	591,679
Other Operating Income	1,341,508	1,163,751
<b>Total Operating Income:</b>	<b>\$ 13,159,683</b>	<b>\$ 13,504,732</b>
<b>Operating Expenses</b>	<b>2011</b>	<b>2010</b>
Compensation	\$ 3,465,903	\$ 3,254,632
Employee/Retiree Benefits	1,487,880	1,622,762
Education & Conference Expenses	68,489	55,368
Association Dues	20,875	17,838
Office Occupancy Expenses	635,526	658,659
Office Operations Expenses	730,079	736,164
Education & Promotional Expenses	168,303	168,868
Loan Servicing Expenses	316,013	260,837
Professional & Outside Services	460,319	476,027
Regulatory Fees	76,256	71,802
Annual Report & Meeting Expenses	4,800	4,200
Miscellaneous Operating Expenses	14,312	11,654
Share Draft Processing Expenses	39,267	43,198
<b>Total Operating Expenses:</b>	<b>\$ 7,488,022</b>	<b>\$ 7,382,009</b>
Provision for Loan Losses	912,800	1,280,900
Interest on Borrowed Money	20	0
<b>Non-Operating Gains (Losses)</b>		
Gain (Loss) on Investments	44,164	6,084
Gain (Loss) on Disposition of Assets	5,800	0
Other Non-Operating Income (Expenses)	(26)	(2,886)
<b>Total Non-Operating Gains (Losses):</b>	<b>\$ 49,938</b>	<b>\$ 3,198</b>
Income (Loss) Before Dividends	\$ 4,808,780	\$ 4,845,021
Dividends	\$ (2,448,887)	\$ (3,101,115)
<b>Net Income (Loss) Before NCUSIF Stabilization Expense:</b>	<b>\$ 2,359,893</b>	<b>\$ 1,743,906</b>
NCUA Insurance Premium	0	341,118
NCUA Stabilization Expense	753,019	361,917
<b>Net Income (Loss):</b>	<b>\$ 1,606,874</b>	<b>\$ 1,040,871</b>



