



BELLWOOD
Federal Credit Union

*Your Member-Owned, Not-For-Profit
Financial Cooperative*

◆ *Serving Members Since 1951* ◆

ANNUAL MEETING REPORT

Year Ending December 31, 2006

April 17, 2007

56th Annual Meeting Agenda

1. Call to Order

2. Welcome

3. Quorum Determination

4. Invocation

5. Introductions

- a. Board of Directors
- b. Supervisory Committee
- c. Staff
- d. Other guests

6. Minutes

7. Election of Officials

8. Report of Chairman of the Board

9. Report of Treasurer

10. Report of President

11. Report of Supervisory Committee

12. Report of Scholarship Committee

13. Unfinished Business

14. New Business

15. Door Prize Drawings

16. Election Results

17. Adjournment

18. Dinner

Credit Union Officials

Board of Directors

John T. Holloway, Jr., Chairman
Billy C. Holland, 1st Vice Chairman
Corliss R. Baugh, 2nd Vice Chairman
G. Dea Mitchem, Secretary
Joseph T. Schmierer, Jr., Treasurer
Bobbie F. Avery
Paula R. Padgett
Dabney E. Short, Jr.
Charles R. Smith, Jr.

Supervisory Committee

Michelle D. McQueen, Chairman
Sally H. Anderson
Marita Hawkins Beckles
Michael A. Koch
Karron E. Small

Credit Union Staff

Angela M. Adams, Loan & Insurance Specialist
Daniel A. Adams, President
David K. Adkins, Loan Officer
Linda D. Broughton, Administrative Assistant
Lillian A. Carlton, Teller
Marie A. Christian, Teller
Sherry M. Cobbs, Loan Specialist
Helen J. Cordova, Teller
William D. Cosby, System & Network Coordinator
Michael C. Damron, Accountant
Zenovia H. Davis, Vice-President of Finance & Accounting
Janice J. Diehl, Vice-President of Collections
Faye Dillow, Teller
Michael E. Gray, Account Coordinator
Robert O. Jenkins, Computer Operator
Jennifer L. Johnson, Senior Teller
Rachel M. Johnston, Member Service Representative
Rita H. Jones, ACH Coordinator
Debra B. Smith, Teller
Mary K. Strahle, Collection Officer
Deborah K. Tait, Senior Loan Officer
Dennis T. Toler, Vice President of Cash Operations
William B. G. White, Vice-President of Lending
Christina M. Williams, Member Service Representative
Betty S. Wright, Receptionist

Nominating Committee Report _____

It is the recommendation of the Nominating Committee that the names listed below be placed on record and considered as candidates for election to the Board of Directors:

John T. Holloway, Jr.
G. Dea Mitchem
Paula R. Padgett

Dabney Short, Chairman

Chairman's Report

I am proud that this is the 56th year that BFCU members have used the credit union for their financial partner. Our goal through these past years has been to provide superior service and solutions to our member-owners. We have done this by offering advice, products and services necessary to strengthen their financial well being through our technology and service. During the past year, great strides have also been made in many areas.

Our electronic financial services to members were enhanced during the past year with the following achievements. We were able to add a new service, Net Branch that is an online account access. This valuable service now provides members with 24 hour a day/7 day a week access to their credit union account on the Internet from any location. An added feature is that share draft/checks that have cleared during the month can be viewed at the online banking site, Net Branch. An indication of the acceptance by BFCU members for Net Branch is that over 2,000 of you have signed up for the service. In addition, our bill payment service has grown since it was made available as a FREE option to all members in 2006. The electronic statement service (eStatement) also enables members to receive monthly or quarterly statements within 2-3 days right at their computer. They can then view it, print it as well as save it for archival purposes.

In order to enhance the strength of the credit union, your Board of Directors applied for a change to our field of membership through the addition of an Underserved Area. The National Credit Union Administration approved the application and we can now serve persons who live, work, worship, or attend school in the area that consists of Cogbill Road as the northern boundary – Hopkins Road as the western boundary – Interstate 95 as the eastern boundary – and Bellwood/Kingsland Road as the southern boundary.

By adding more members to use their credit unions for savings, loans, and other financial needs it benefits everyone. This is a way that Bellwood FCU can reach out into the community and make a difference in people's lives.

Your credit union is a not-for-profit financial cooperative, owned by its members and democratically controlled. Board members are volunteers, elected by members at each annual meeting. We are proud to represent those individuals that are many times overlooked or ignored by other financial institutions. It is therefore very important for us to preserve the credit union idea and protect our cooperative structure.

Through credit unions, member-owners are able to make their lives better.

Respectfully submitted,
John T. Holloway, Jr.

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| TREASURER'S REPORT STATEMENT OF FINANCIAL CONDITION |
|--|

| <u>ASSETS</u> | <u>12/31/06</u> | <u>12/31/05</u> |
|--|---------------------------|---------------------|
| Loans to Members..... | \$25,467,682 | \$25,050,113 |
| Allowance for Loan losses..... | (76,454) | (98,371) |
| Cash/Federal Reserve..... | 2,862,456 | 3,385,850 |
| Land and Building..... | 114,019 | 125,549 |
| Furniture and Equipment | 244,388 | 161,051 |
| Shares in VA Financial Institutions..... | 13,912,924 | 16,121,651 |
| Other Investments..... | 2,884,852 | 3,055,031 |
| Accrued Income | 240,644 | 186,981 |
| NCUSIF Capital Deposit..... | 423,904 | 454,309 |
| Prepaid Expenses..... | 715,638 | 347,863 |
| Other Assets..... | 187,318 | 340,492 |
| | ----- | ----- |
| TOTALS | \$46,977,371 | \$49,130,519 |

LIABILITIES AND MEMBERS' EQUITY

| | | |
|----------------------------|---------------------------|---------------------|
| Accounts Payable..... | \$25,655 | \$34,950 |
| Regular Shares | 26,925,116 | 28,904,743 |
| Share Draft/Checking | 9,024,816 | 9,209,023 |
| Club Accounts | 197,896 | 199,979 |
| Share Certificates..... | 3,494,618 | 3,767,323 |
| I. R. A. Accounts | 2,500,852 | 2,512,913 |
| Statutory Reserves | 1,123,898 | 1,123,898 |
| Undivided Earnings | 3,569,320..... | 3,074,046 |
| Other Liabilities..... | 115,200 | 303,644 |
| | ----- | ----- |
| TOTALS | \$46,977,371 | \$49,130,519 |

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|--|
| TREASURER'S REPORT STATEMENT OF FINANCIAL CONDITION |
|--|

| | <u>12/31/06</u> | <u>12/31/05</u> |
|--|--------------------------|-----------------|
| | ----- | ----- |
| GROSS INCOME | \$3,188,455 | \$3,003,510 |
| Less: Expenses..... | 2,336,815 | 2,244,663 |
| Less: Dividends to Members | 356,365 | 200,157 |
| NET INCOME | \$495,275 | \$558,690 |
| <u>ALLOCATION OF NET INCOME</u> | | |
| Regular Reserves..... | \$0 | \$0 |
| Undivided Earnings | 495,275 | 558,690 |
| | | |
| Total Number of Members | 12,904 | 13,319 |
| Total Number of Loans..... | 3,750 | 3,717 |
| | | |
| Total Net Worth/Capital | \$4,693,218 | \$4,197,944 |

Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Bellwood F.C.U. is a federally chartered credit union organized under the Federal Credit Union Act.

Dividends

Dividends are computed on regular and IRA share accounts based on their daily balance (day of deposit to day of withdrawal). Dividends are paid and compounded quarterly and can be withdrawn on the first day of the month following the end of each quarter or any subsequent day the credit union is open for business. Dividends will not be paid on accounts that are closed during the quarter. Dividend rates are declared quarterly by the Board of Directors based on available current earnings after expenses and reserves have been set aside. Contracted rates are declared on term share accounts.

Income Taxes

The Credit Union is exempt from federal income taxes under the provisions of Section 501(c)(14)(A) of the Internal Revenue Code.

NOTE 2 – SHARES IN VIRGINIA CORPORATE F.C.U.

Share deposits in Virginia Corporate Federal Credit Union include a permanent capital base. The permanent capital base funds are interest bearing, are required deposits for membership and may be withdrawn only by closing the Credit Union's membership at Virginia Corporate F.C.U. At December 31, 2006, the balance in the permanent capital base was \$491,305.

NOTE 3 – SHARE INSURANCE FUND DEPOSIT

Federal credit unions are required by law to maintain a deposit in the National Credit Union Share Insurance Fund equal to 1% of insured shares at June 30 of each year. Deposited funds can be withdrawn only if the Credit Union terminates its share insurance.

NOTE 4 – RETAINED EARNINGS

The regular reserve is comprised of statutory and discretionary transfers from Undivided Earnings. Statutory transfers are not available for dividends. As of December 31, 2006, \$495,275 had been transferred to Undivided Earnings.

NOTE 5 – PENSION PLAN

The Credit Union's non-contributory defined benefit pension plan covers substantially all of its employees. The plan provides payment to participants at varying retirement dates and also provides payment of certain disability, death and severance benefits. The plan benefits payable are generally determined based on length of service and employee compensation. Employees become eligible for future vested benefits after meeting certain length of employment requirements. Contributions to the plan are sufficient to meet the benefits of employees' services to date and future services.

President's Report

Bellwood FCU ended the year with total assets of \$46,977,371, and loans to members totaling \$25,467,682. We also returned \$356,365 in dividends back to members. Your credit union constantly strives to provide the best possible rates, the lowest fees, and the latest technology.

Your credit union's Capital (Undivided Earnings and Loan Reserves) at the end of 2006 was at \$4,693,218, or 10.23% of Total Assets. These results place your credit union in a strong financial position to enable us to continue to meet your financial needs. Safety and soundness continue to be our highest priority. Your credit union maintains a conservative approach to investing excess funds that have not been loaned to members. Investments are made in low-risk, government backed instruments. This conservative portfolio protects the credit union from any losses due to a dramatic change in the economic environment.

In recent years management and the Board of Directors have adapted to upward trends in interest rates by increasing the dividend rates on regular shares and term share accounts. We also provide an alternative to bank checking accounts with no monthly account fees, minimum balance requirements or fees for personal transactions.

It is also extremely important that we give back to our community and support the causes that mean so much to each of us. In 2006, your credit union continued its support of local charities such as Children's Miracle Network to build trusting and loyal relationships.

Credit unions again face a challenge in their fight against the continuing banker attacks. Credit unions remain different from banks and deserve their tax exemption from federal income taxes. A tax on credit unions is a tax on each member-owner. Credit unions are about people and are not-for-profit financial cooperatives that are democratically controlled and only are able to serve their members. We will continue to fight the bankers to preserve the credit union philosophy, and ask that all members assist us when we call for help in future campaigns.

I wish to thank our volunteers for donating their time and expertise to guide the credit union, as well as the professional staff for working to meet the financial needs of our members.

Daniel Adams

Supervisory Committee Report _____

The Supervisory Committee consists of credit union members appointed by the Board of Directors whose responsibilities include examining and evaluating the effectiveness of established internal controls of Bellwood Federal Credit Union and ensuring annual audits of the financial records are being done.

The continuous service of the Supervisory Committee provides for but is not limited to internal audits which may include verification of share, loan and investment accounts, policy reviews and a host of other financial initiatives. The committee must meet minimum procedures as described by the National Credit Union Association (NCUA) in the Supervisory Committee Guide Appendix A.

This year the committee has performed cash counts and there have been no major issues found. Policies have been updated and put in place to further secure the financial strength and soundness of the credit union. Enhancements in the areas of technology have given members a wider variety of tools to better maintain their accounts and obtain credit union information. The firm of Schreiner, Legge & Company of Alexandria, Virginia will conduct the annual audit for BFCU as of December 31, 2006. This annual audit determines the integrity and reliability of financial information, and determines compliance with current policies, plans, procedures, rules and regulations.

We as the Supervisory committee want you, the member to feel secure in the manner in which your credit union is being operated by presenting these positive actions.

The Supervisory Committee members will continue to give their time and effort to serve you in a professional, responsive and businesslike manner.

Michelle D. McQueen
Chairman

2007 Cheryl-Ayn Stech/John Adams Memorial Scholarship Winner _____

Jenee' Monique Braxton

Jenee' is the daughter of Jewell Braxton and attends Henrico High School. After graduation, Jenee' plans to continue her education at Virginia Union University in Richmond, VA.

Even though Jenee' is a part-time employee with Best Buy where she is currently holding the position of the Hiring and Training Coordinator, she has distinguished herself at Henrico as a honor roll student. During the summer of 2006, Jenee' was invited and attended *LeadAmerica's* Medicine & Healthcare Youth Leadership Conference in Washington, D. C. Students in that program are academically talented and inherently motivated; they are nominated for attendance based on established academic excellence, extracurricular involvement, and strong leadership potential.

A dedicated student who realizes her academics are priority one, Jenee' still finds time to be active in her church. She was a member of the school's track team for two years and performed on her church's step team as well.

It is important to the Bellwood Federal Credit Union's Board of Directors that Jenee' be afforded the opportunity to discuss what winning the scholarship means to her, as well as provide some insight into her future goals and plans. She stated..."I need this scholarship to help me progress and become a better person. This scholarship is going to help me advance my education. Also, I need this to fulfill my dreams and aspirations. This will help me pursue my college degree. This scholarship will really help me along to my future goals and endeavors."

"My future plans are to go to Virginia Union University and do my very best. My plans are to study, work hard, and be a straight 'A' student. I plan on becoming an Alpha Kappa Alpha member and plan to be involved in all student activities. My career goals are to become an accountant. I'm very good with numbers and math. My goal is to get a Master of Science in Accounting. This scholarship will help jump start my future plans and career goals."

Field of Membership

- Any individual who lives, worships, or attends school in, as well as businesses and other legal entities located in the following area, are now eligible for membership in the credit union. The Underserved Area consists of Cogbill Road as the northern boundary – Hopkins Road as the western boundary – Interstate 95 as the eastern boundary – and Kingsdale Road as the southern boundary.
- Civilian and military personnel of the U.S. Government who work or are stationed at the Defense Supply Center Richmond, Chesterfield County, VA.
- Military personnel of the U.S. Government who work in Chesterfield County, VA at facilities which receive support service from the Defense Supply Center Richmond.
- Members of the U.S. Armed Forces, active or retired, or their dependents or dependent survivors, who are eligible by law or regulations to receive or are receiving benefits or services from the above military installation.
- Active reserve military personnel of the U.S. Government and Army and Air National Guard personnel with permanent duty stations in Richmond, Hopewell, or Petersburg, VA.
- Employees of non-appropriated fund activities who work at the Defense Supply Center Richmond.
- Spouses of persons who died while within the field of membership of Bellwood Federal Credit Union.
- Employees of Bellwood FCU.
- Persons having a common bond of employment and/or association which are approved by the Board of Directors of Bellwood FCU and the National Credit Union Administration.
- Members of the immediate families and household members of the groups listed above.
- Organizations of credit union members.

Virginia Credit Union Service Centers

CHESAPEAKE

677 Battlefield Boulevard

COLONIAL HEIGHTS

671 Southpark Boulevard
(Inside Walmart)

FAIRFAX OUTLET

Fairfax County FCU
11307 Lee Hwy.

FALLS CHURCH

1118 W. Broad Street

NORFOLK

5957 E. Virginia Beach Boulevard

PORTSMOUTH

5798 Churchland Boulevard

RADFORD

Truliant FCU
7321 Peppers Ferry Blvd

RICHMOND

10450 Midlothian Turnpike
5001 Nine Mile Road
Truliant FCU, 3701 Cox Rd.

SPRINGFIELD

6314 Springfield Plaza

VIRGINIA BEACH

4288 Virginia Beach Boulevard

WOODBRIIDGE

14527 Jefferson Davis Hwy.

YORKTOWN

1600 Geo. Washington Memorial Hwy.

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- Online Bill Pay
- E-Statements
- U.S. Savings Bonds
- Travelers' Checks
- Money Orders
- Free Notary Service
- Medallion Signature Guaranteed
- Enterprise Every Day Car Sale
- Discount Busch Gardens Tickets
- Discount Water Country USA Tickets
- Night Depository
- VISA Check/ATM Cards
- Costco Club Membership
- Sam's Club Membership
- Credit Life Protection Insurance
- Credit Disability Insurance
- PREMIER Financial LLC
- SMARTMOVE
- Mortgages - Member Options
- Payroll Deduction
- Direct Deposit
- Wire Transfers
- Mechanical Repair Coverage
- Guaranteed Assey Protection (GAP) Insurance