

 **BRECO**
Federal Credit Union

ANNUAL REPORT



Breco Federal Credit Union Members,

Every year as I begin to write this letter recapping the events of the past year, I am amazed at all that has happened. The year 2005 was certainly eventful for all of us and 2006 is shaping up to be even more exciting.

In 2005, your credit union grew over \$2.7 million in assets, an increase of 8.4% and loans grew just under 13.5% or by \$2.7 million! The credit union's capital ratio at year-end was a strong 15.51% putting us comfortably above the NCUA's required minimum of 7%.

Last February the credit union opened our third location inside the Shaw building and installed an ATM outside their cafeteria. This one person office has proven to be a tremendous success. During the past year we also added prepaid Visa gift cards, more surcharge free ATMs, eliminated fees to Breco members for using other ATMs, updated our website, began offering E-Statements and had our first ever Enterprise Car Sale promotion!

Breco FCU also had the opportunity to reach out to Entergy employees who were members of Riverland CU by offering financial services to them after they had been displaced by Hurricanes Katrina and Rita. Our institution is continuing to practice the nations' credit union philosophy - "People Helping People."

The 2006 year promises to be a milestone for your credit union as we undertake a data processing conversion. While these conversions are often challenging, we plan to complete it with minimal impact on our membership. The exciting part is that it will be a quantum leap forward for us in terms of technology and internal system capabilities. It would take several pages to list everything the new system will allow us to do, but most importantly, it will improve our member service and prepare the credit union for the financial demands of the future. Suffice to say, look for some exciting changes in the later half of the year.

As always, thanks for your loyal support of your credit union. Everything we do is for you, our members.

Sincerely,

Ronnie L. Stephens
President / CEO

2005

BRECO FEDERAL CREDIT UNION

Income/Expense as of 12/31/2005



INCOME

INCOME FROM LOANS	\$1,362,114.11
CREDIT CARD INCOME	93,218.95
INVESTMENT INCOME	358,721.45
INCOME FROM INVESTMENTS-NCUSIF	964.18
INCOME FROM OTHER INVESTMENTS	30,019.01
LEASE INCOME	7,600.00
FEES & CHARGES INCOME	115,365.99
MISCELLANEOUS INCOME	132,617.43

TOTAL INCOME **\$2,100,621.12**

EXPENSE

EMPLOYEE COMPENSATION	\$492,821.77
EMPLOYEE BENEFITS	154,621.68
TRAVEL/CONFERENCE EXPENSE	18,130.81
ASSOCIATION FEES	7,547.58
OFFICE OCCUPANCY EXPENSE	67,476.14
OFFICE OPERATIONS EXPENSE	244,396.78
EDUCATION/PROMOTION EXPENSE	82,332.24
LOAN SERVICING EXPENSE	115,852.14
PROFESSIONAL/OUTSIDE SERVICES	129,162.08
PROVISION LOAN LOSS	44,664.28
EXAMINATION FEES	6,758.15
CASH OVER/SHORT	13,055.96
INTEREST ON BORROWED MONEY	12,775.81
ANNUAL MEETING EXPENSE	7,442.19
MISCELLANEOUS OPERATING EXPENSE	4,039.25

TOTAL EXPENSE **\$1,401,076.86**

NET BEFORE DIVIDENDS **\$699,544.26**

DIVIDENDS **\$498,855.66**

NET AFTER DIVIDENDS **\$200,688.60**

2005

BRECO FEDERAL CREDIT UNION

Statement of Condition as of 12/31/2005

ASSETS

LOANS	\$16,106,620.10
IST MORTGAGE PORTFOLIO	1,983,955.98
LAND LOANS	669,655.10
REAL ESTATE HELD FOR RESALE	56,110.24
HOME EQUITY LOANS	2,465,091.01
FRESH START REPAYMENT PLAN	155.20
HOME EQUITY LINE OF CREDIT	123,274.64
CASH ADVANCE SUSPENSE	(2,492.28)
TOTAL LOANS	\$21,402,369.99
VISA REGULAR CREDIT CARD LOANS	\$421,200.86
VISA PLATINUM CREDIT CARD LOANS	602,739.08
PREPAID CREDIT CARDS	(18,466.00)
RIVERBEND PLATINUM CREDIT CARD LOANS	139,058.13
SIDELINER PLATINUM CREDIT CARD LOANS	16,165.98
TOTAL VISA	\$1,160,698.05
BANK ONE ACCOUNT	\$308,735.61
PAYROLL CHECKING ACCOUNT - BANK ONE	(9,734.51)
TRAVELERS EXPRESS CHECKS	(127,005.10)
TRANSIT ACCOUNT FOR CASH	153,233.35
VAULT - NORTH BLVD.	63,657.77
VAULT - SHERWOOD	89,637.00
ATM - RIVERBEND	29,730.00
ATM - SHERWOOD	32,190.00
ATM - SHAW	11,140.00
HANCOCK BANK	99,314.09
PETTY CASH	10.00
HIBERNIA NATIONAL BANK	28,169.34
CASH ACCOUNTS	\$679,077.55
ALLOWANCE FOR LOAN LOSS	\$(43,815.24)
ALLOWANCE FOR CR CARD LOSSES	(27,394.60)
PROVISION FOR OVERDRAFT LOSSES	(7,698.91)
ALLOWANCE ACCOUNTS	\$(78,908.75)
DEPOSITS IN OTHER CREDIT UNIONS	\$197,975.00
LA CORPORATE FCU	33,912.81
LA CORPORATE CU - MEMBERSHIP	165,008.37
SOUTHWEST CORPORATE - SETTLEMENT	721,443.65
SOUTHWEST CORPORATE - MEMBERSHIP	330,016.74
DEPOSITS IN CREDIT UNIONS	\$1,303,364.27
CERTIFICATES/MMDA	\$7,062,000.00
SHARE W/D RESERVE	750,000.00
OTHER DEPOSITS	\$7,812,000.00
FEDERAL AGENCIES	\$1,800,000.00
FED AGENCIES PREM/DISCOUNT	(5,274.76)
INV IN CU SERVICE CENTER	51,500.00
MORTGAGE BACK SECURITIES	226,391.04
MORTGAGE BACK PREM/DISCOUNTS	8,348.95
TOTAL INVESTMENTS	\$2,080,965.23
DEPOSIT NCUIF	\$273,944.90
PREPAID COMPUTER EXPENSES	\$5,859.10
PREPAID BOND	41,286.13
PREPAID MAINTENANCE	9,184.00
PREPAID MARKETING COSTS	5,261.46
PREPAID CLOSING COST	36,086.49
CUAC INDIRECT LENDING FEES	5,946.35

2005

BRECO FEDERAL CREDIT UNION

Statement of Condition (continued)



PREPAID OPERATION FEE	27,486.19
TOTAL PREPAID	\$131,109.72
BUILDING	\$737,075.34
ACCUM DEPRECIATION - BUILDING	(95,808.20)
FURNITURE & FIXTURES	552,710.79
ACCUM DEPRECIATION - FURNITURE/EQUIPMENT	(404,397.02)
LEASE HOLD IMPROVEMENT	48,300.00
ACCUM DEPRECIATION - LEASE HOLD	(48,300.00)
FIXED ASSETS	\$789,580.91
ACCRUED INTEREST ON LOANS	\$41,750.17
ACCRUED INTEREST FEDERAL AGENCIES	17,770.00
ACCRUED INTEREST MORTGAGE BACKS	1,037.62
STATE QUARTERS	160.00
ACCRUED INCOME	\$60,717.79
TOTAL ASSETS	35,759,911.96
LIABILITIES	
MEMBER TAXES PAYABLE	\$13,878.89
CREDIT DISABILITY INSURANCE	5,566.35
AFLAC INSURANCE PREMIUM	629.68
CAFE 2 MEDICAL AFLAC	133.20
UNITED WAY	288.06
COIN COLLECTION	148.00
UNPOSTED COMPUTER TRANSACTIONS	(480.02)
ACH SETTLEMENT	43,317.97
EXTENDED WARRANTIES	3,233.00
ACCOUNTS PAYABLE	\$66,715.13
FEDERAL WITH HOLDING, TAX PAYABLE	\$2,841.07
BACKUP WITH HOLDING, TAXES	57.47
TAXES PAYABLE	\$2,898.54
ACCRUED EXPENSES	\$8,250.21
VISA SCORECARD POINTS	14,626.88
SERVICE CENTR/ATM SETTLMENT	4,651.95
SERVICE CENTER/ATM ADJUSTMENTS	(126.46)
ACCRUED EXPENSES	\$27,402.58
TOTAL LIABILITIES	\$97,016.25
EQUITY	
SHARES	\$19,725,749.96
SHARE DRAFTS	1,482,156.88
SHARE CERTIFICATES	8,104,551.76
TOTAL SHARES	\$29,312,458.60
IRA TRADITIONAL	\$260,580.90
IRA CERTIFICATES	622,162.17
IRA ROTH	551.35
TOTAL IRAS	\$883,294.42
GUARANTY FUND	\$1,666,286.31
UNDIVIDED EARNINGS	3,800,856.38
RESERVES	\$5,467,142.69
TOTAL EQUITY	\$35,662,895.71
LIABILITIES + EQUITY	\$35,759,911.96

2005

BRECO FEDERAL CREDIT UNION

Staff Members



Main Office:

Seated Left to Right: Lori Vige', Yolanda Sampson, Christy O'Neal, Cheryl Kirby.
Standing Left to Right: Latasha Harris, Demetria Brumfield, Brenda Simpson,
Melissa Firmin, Ronnie Stephens



**Shaw Satellite
Office:**
Ina Kendall



North Blvd:

Left to Right: Mary Tillmon, Kim Falgout, Carmen Araya

2005

SUPERVISORY COMMITTEE REPORT

March 26, 2006



The Supervisory (Audit) Committee is appointed by the Board to assist in overseeing the integrity of the financial statements, compliance with regulatory requirements, the auditors independence and performance. The committee investigates and disposes of matters presented by the member-owners. The functions are:

1. Retain and/or terminate the auditor including scope fees, and terms of the engagement.
2. Present to the Board the Committee's conclusions with respect to the audit.
3. Serve as a channel of communication between the Board and auditor.

The Committee has three members, each of whom is independent and experienced as determined by the Board. For 2005, the committee was composed of Joyce Buchanan, Jack Hatcher, and Angela Brewster. To ensure independence, the auditor is not a member and does not utilize the credit union's services.

In conclusion, the Supervisory Committee is pleased to report the Financial Statements as summarized and presented for December 31, 2005 are an accurate presentation of BRECO Federal Credit Union. Since 2000, the credit union has increased membership by 38%, deposits by 86% and loans by 63%. The year was closed with income of \$482.11 per member, expenditures for service delivery and dividends of \$427.39. The remaining \$54.72 was retained to improve each member's net worth in BRECO FCU. We have built the net worth to a point where each \$1.00 of deposits is worth \$1.18.

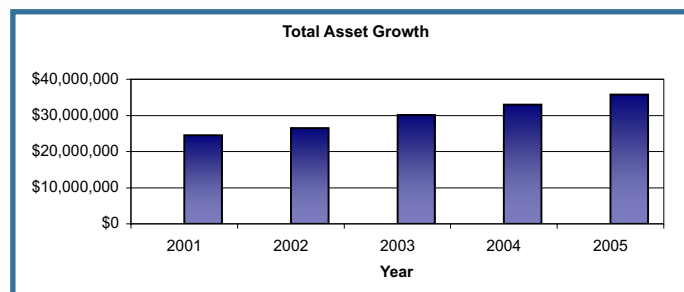
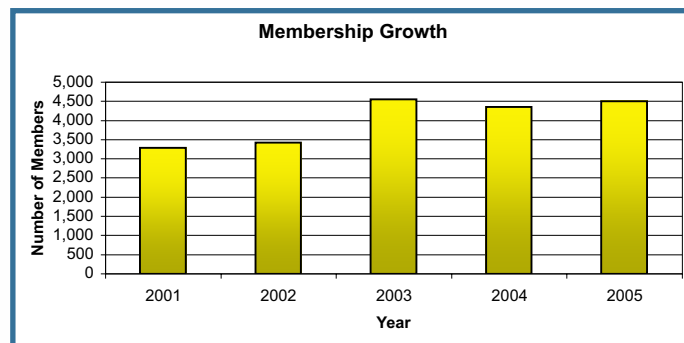
Respectively,

Joyce Buchanan

Jack Hatcher

Angela Brewster

Harvey Grimball, Auditor



2005

BRECO FEDERAL CREDIT UNION

Board of Directors

Sam Dispenza - Chairman
Ron Gilkey - Vice Chairman
Geraldyn Ashley - Recording Officer
Billie Fortenberry - Financial Officer
Torriss Pelichet - Member
Rehnea Sharp - Member
Joey Albert - Member
Keith Dantin - Member
Chip Arnould - Member
Fred Allen - Member
Steve Rabalais - Member

Supervisory Committee

Joyce Buchanan - Chairperson
Jack Hatcher - Member
Angela Brewster - Member

Credit Union Employees

Ronnie Stephens - President / CEO
Kim Falgout - Assistant Manager
Cheryl Kirby - Assistant Manager
Ina Kendall - Assistant Manager
Melissa Firmin - Bookkeeper
Brenda Simpson - Loan Officer
Yolanda Sampson - Head Teller
Mary Tillmon - Member Service Rep./ Teller
Carmen Araya - Member Service Rep./ Teller
Demetria Brumfield - Member Service Rep./ Teller
Latasha Harris - Member Service Rep./ Teller
Christy O'Neal - Business Development Officer
Lori Vige' - Operations Assist.

Member Representatives

Cheryl Dispenza
Debbie Dodson
Claudia Hurst
Rodney Whitley
Tim Williams
Bill Stuart
Cindy Ibert
Larry Myers
Dana Boyd
Roy Hodgeson
Gary Kling

Ruebin Gorley
Lisa Creekbaum
Sherri Eschete
Dana Woods
Gwynne Tullier
Judy Israel
Lloyd Brandon
Mary Moore
Lena Moran
Chip Arnould
Darryl Jones
Gweneva Triplett
Michael Allen

Ella Kirby
Brenda Juneau
Pam Romano
Mac Leger
David Martinez
Sharon McAdams
Candace Daigle
Theresa Coleman
Deborah Moran
Paul Blouin
Jan Norris
Judy Hergruder
Valerie Deshotels

Terry McGarity
Becky Harris
Nikki Jordan
Lisa Baker
Rhonda Ramirez
Kenneth Dupaty
Simone Landry
Mary Poole
Lisa Burgess
Elizabeth Triche
Christy Cassels
Heather Duncan

Office Information

Main Office:	(225) 273-1529	Outside Baton Rouge:	(800) 361-1631
	(225) 273-4697 Fax	24 Hr. Loan and Rate Line:	(225) 381-5790
North Blvd.:	(225) 381-5791	Entergy Interoffice:	8-555-5791
	(225) 381-5783 Fax	Website	www.brecofcu.com
Shaw Satellite Branch	(225) 932-5859		
	(225) 932-5860 Fax		

CU Service Center

Visit a CU Service Center in Baton Rouge, New Orleans, Mandeville or Shreveport until 7 p.m. weekdays and Saturday from 9-5 to conduct most BRECO transactions.

Several CU Service Outlets (branches of other credit unions) are available throughout Louisiana and the United States to serve Breco members.
Go to www.cuservicecenter.com for locations.

Breco24

24 Automated Teller
Phone: 1-866-234-2117
www.brecofcu.com

ATM Locations

Main Office
Riverbend Nuclear Plant
Any Pulse, Cirrus Network, Select ATM
or CU24 Here ATM



2005