



# Building Trades Credit Union

2009 Annual Report



“ We remain steadfast and will lead the way on issues that affect our members – union workers in the building, construction and finishing trades – making a positive difference in their lives, both today and tomorrow.”

## A MESSAGE TO OUR MEMBERS

For more than 50 years, union workers in the building, construction and finishing trades have looked to Building Trades Credit Union (BTCU) for financial guidance, products, and services to enhance their financial safety. Throughout the last half century we have thrived during booming economies and persevered during economic downturns. As always, we remain steadfast and will lead the way on issues that affect our members, making a positive difference in their lives, both today and tomorrow.

As predicted in 2008, the downturn in the economy finally reached the Credit Union. With approximately 40% of our members' unemployed we were proactive in exploring ways to provide them with some relief and control loan losses to the Credit Union. Our staff was proactive in contacting members who showed signs of financial weakness, offering free debt consulting, payment relief and debt restructuring. During the holiday season when family expenses can be unusually high, we even offered a payment relief program, allowing members to skip a monthly payment. Unfortunately, our calls were not always returned which made it difficult to help and resulted in a substantial increase in charge-offs for the year.

Regardless of the circumstances our members face, we are always ready to listen and will offer help whenever we can.

Naturally, when our members struggle the Credit Union is directly impacted. In 2009, the demand for loans dropped to historically low levels, loan charge-offs increased and the low interest rate environment made it difficult for the Credit Union to earn income on the excess funds we invest. Despite these challenges, the Credit Union had net income of \$328 thousand for the year before extraordinary items.

Beyond these direct impacts, BTCU was hit hard by circumstances beyond our control. The National Credit Union Share Insurance Fund costs sky-rocketed as a result of the nationwide increase in federal share insurance coverage (from

\$100,000 to \$250,000) and an increase in losses from failing credit unions across the country. In addition, the Corporate Credit Unions, which provide vital services to credit unions around the country, experienced extraordinary losses on mortgage-backed securities. These losses have been passed-through to all the credit unions who invested in Corporate Credit Unions as member-owners. This added \$1.1 million of additional expense for BTCU, and resulted in a net loss of \$821 thousand for the year.

However, the economic situation did not prevent your Credit Union from improving service to you. We are proud of the innovations we've brought to our members in the past year – changes that position your Credit Union for an exciting and secure future. We've highlighted some of them on the right.

The good news is that BTCU remains strong, well capitalized, well managed and efficiently operated. The men and women we serve can count on getting BTCU's best in these uncertain times despite the continuing weakness in the economy.

We would like to thank the board, management and staff for their hard work and dedication. We would also like to express our sincerest thanks to every member for supporting the Credit Union.

Sincerely,

**Leesa Husak**, *President & CEO & Peter Budge*, *Chairman of the Board*

### 2009 INNOVATIONS

- > We unveiled a stronger brand with a new logo and simplified name to communicate BTCU's uniqueness and increase awareness about the Credit Union among union workers in the building and construction trades.
- > We redesigned our website to be consistent with BTCU's new visual identity and to enhance its capabilities. The up-to-date design, improved structure and extensive content present information to members in a fresh and easily accessible way.
- > We launched a new and improved Online Banking system. We added some great new features and a fresh a new look including simplified menus and easy navigation, enhanced security layers, secured messaging and mobile banking.

### 2009 FINANCIAL HIGHLIGHTS

- > Our total assets remained at \$109 million.
- > Members increased their savings last year and total shares grew by \$923,000. We ended the year with \$97.6 million in share balances.
- > Our loan portfolio remains strong. We granted 1,500 new loans to our members totaling \$31.4 million. Net charge-offs were 0.90% of average loans, and delinquent loans were 0.25% of outstanding loans.

## FINANCIAL REPORT

Unaudited

### Statement of Condition at December 31

	2009	2008
<b>ASSETS</b>		
Cash & cash equivalents	\$ 4,140,442	\$ 2,318,641
Investments	35,782,234	34,257,824
Loans, net	64,439,146	67,574,440
Other assets	5,118,630	5,170,218
Total assets	<b>\$ 109,480,452</b>	<b>\$ 109,321,123</b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
Members' shares	\$ 97,577,098	\$ 96,654,345
Dividends payable & other liabilities	291,633	234,116
Total equity	11,611,721	12,432,662
Liabilities and members' equity	<b>\$ 109,480,452</b>	<b>\$ 109,321,123</b>

### Statement of Income for the Year Ended December 31

	2009	2008
<b>INTEREST INCOME</b>		
Interest income on loans	\$ 4,289,624	\$ 4,542,831
Interest income on investments	1,060,421	1,243,993
Total interest income	\$ 5,350,045	\$ 5,786,824
<b>Interest Expense</b>		
Net interest income	1,314,348	1,898,884
	\$ 4,035,697	\$ 3,887,940
<b>Provision for Loan Losses</b>		
Net interest income after provision for loan losses	733,000	222,100
	\$ 3,302,697	\$ 3,665,840
<b>NONINTEREST INCOME</b>		
Fee income	\$ 386,215	\$ 390,200
Other income	576,287	700,185
Total noninterest income	\$ 962,502	\$ 1,090,385
<b>NONINTEREST EXPENSE</b>		
Salaries and benefits	\$ 1,873,269	\$ 1,734,551
Other operating expense	2,064,100	2,107,407
Total noninterest expense	\$ 3,937,369	\$ 3,841,958
Net income before stabilization expenses	\$ 327,830	\$ 914,267
<b>STABILIZATION EXPENSE</b>		
Loss on Members' United capital shares	\$ 1,019,900	\$ —
NCUSIF Stabilization Expense	128,870	—
Total stabilization expense	\$ 1,148,770	\$ —
Net income	<b>\$ (820,940)</b>	<b>\$ 914,267</b>

### KEY STATISTICS

	2009	2008
Return on Assets	-0.75%	0.85%
Net Capital/Assets	10.61%	11.37%
Net Operating Exp/ Average Assets	3.41%	2.78%
Loans/Shares	66.51%	70.26%
Net Charge-offs/ Average Loans	0.90%	0.29%
Loans Delinquent 60+ Days/Loans	0.28%	0.61%
Allowance/Ending Loans	0.70%	0.46%
Share Growth	0.98%	7.01%
Loan Growth	-4.41%	-4.60%
Asset Growth	0.15%	7.20%
Number of Members	14,844	15,985

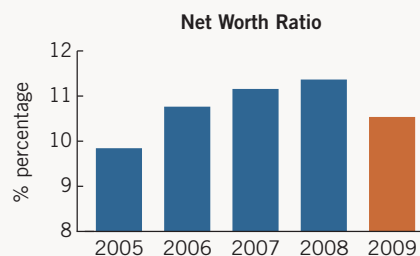
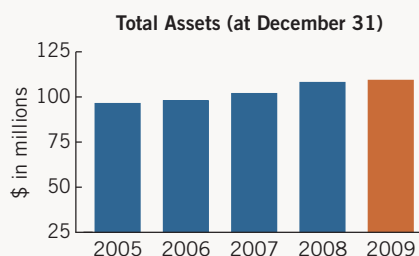
### SUPERVISORY COMMITTEE REPORT

The Supervisory Committee is responsible for verifying the accounts of the members, meeting audit requirements specified in regulations and making recommendations to the Board of Directors for improving operations within the Credit Union.

In that respect, the Committee engaged CPA firm Larsen Allen LLP to conduct an independent audit. They issued an unqualified opinion on the Credit Union's financial statements for the fiscal years ended June 30, 2008 and 2009. A copy of the audited financial statements is available by request.

The Committee also reviewed numerous Credit Union procedures and internal controls throughout the year. The Committee believes that the controls are adequate, member accounts are accurate and the Credit Union is managed in a safe and sound manner.

**Jack Hettwer**  
Chairman, Supervisory Committee



## ABOUT BUILDING TRADES FEDERAL CREDIT UNION

### VOLUNTEERS AND MANAGEMENT

#### BOARD OF DIRECTORS

Peter Budge,  
*Chairman*

Allan Gibney,  
*Vice Chairman*

Frank Vento,  
*Financial Secretary*

Tim Bruhjell,  
*Recording Secretary*

Robert Hansen

Jamie Hermansen

Russ Scherber

Dan Soltis

Stan Theis

#### SUPERVISORY COMMITTEE

Jack Hettwer,  
*Chairman*

Keith Christopherson

Devin Hall

Harry Melander

#### MANAGEMENT

Leesa Husak,  
*President & CEO*

Maureen Daehn,  
*Vice President – Finance*

Bill Daehn,  
*Vice President – Business Development*

Andrea Ferkingstad,  
*Vice President – Marketing*

Barb Klein,  
*Branch Manager*

Kim Schroeder,  
*Branch Manager*

Brad Benson,  
*Mortgage Lending Manager*

Building Trades Federal Credit Union, a not-for-profit financial cooperative, has served the brothers and sisters in the building and construction trades and their families since 1957.

With \$109 million in assets, the Credit Union operates four offices located in Maple Grove, Shoreview, Inver Grove Heights and Eden Prairie. Information is available at [www.buildingtradesCU.com](http://www.buildingtradesCU.com).



# Building Trades Credit Union

### LOCATIONS

#### MAPLE GROVE

12080 73rd Avenue North  
Maple Grove, MN 55369  
Phone: 763.315.3888  
Fax: 763.315.3826

#### INVER GROVE HEIGHTS

5300 S. Robert Trail, Suite 100  
Inver Grove Heights, MN 55077  
Phone: 651.455.1333  
Fax: 651.457.4719

#### SHOREVIEW

3353 North Rice Street  
Shoreview, MN 55126  
Phone: 651.486.9075  
Fax: 651.486.9072

#### EDEN PRAIRIE

10340 Viking Drive, Suite 130  
Eden Prairie, MN 55344  
Phone: 952.746.0990  
Fax: 952.746.5471

