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Stories of



S u c c e s s



A n n u a l R e p o r t



 Florida  
Credit Union

# Introduction

## Mission

Florida Credit Union is dedicated to serving its membership by offering convenient and competitive products and services that are designed to meet the financial needs of the member/owners while preserving the strength of the cooperative for future generations.



FCU Member Service

Representatives are available

**Monday – Friday**

9 a.m. – 8 p.m. and

**Saturday**

9 a.m. – 5 p.m.

# Board of Directors

The member-elected Board of Directors are volunteers who generously give their time to ensure the success and well-being of Florida Credit Union.

## Report of the Board of Directors

When the credit union was established in 1954, your Board of Directors pledged to focus on member needs. 2006 was a banner year in that respect. Throughout this report, you will see that your credit union has become stronger than ever, grown more than other credit unions, offered more products and services to members, and remained a sound, well-run financial institution.

In 2006, we experienced an exceptional year of growth. Florida Credit Union membership took advantage of great rates on deposit accounts and low loan rates. Because of member participation, our assets grew 23.89%, which was about seven times the national average. Deposits grew 20.30% as opposed to the national average of 3.48%. Membership grew 9.8%, which is over four times the national average. We also experienced exceptional loan growth which will be detailed in other reports.

A primary responsibility of your Board of Directors is to ensure that the operations of the credit union meet the needs of the membership. We must also ensure these operations are performed safely and soundly. The reports included in this report support our contention that Florida Credit Union is indeed managed in accordance with policies, laws and regulations.



Chair  
Mr. Von Fraser



Vice-Chair  
Dr. Jacquelyn Hart

Florida Credit Union has come a long way in 52 years. We are determined to continue to meet the needs of our membership and operate within sound financial guidelines.

Mr. Von Fraser, Chair  
Dr. Jacquelyn Hart, Vice-Chair  
Dr. Dan McKinnon, Treasurer  
Dr. Barbara Buys, Secretary  
Dr. John C. Rawls, Director  
Dr. Leonard Jackson, Director  
Dr. John Bonanno, Director

# Board of Directors

## Report of the Treasurer

Florida Credit Union is now serving over 44,000 members. In 2006, Florida Credit Union experienced 23.49% growth in loans. This is quite an accomplishment considering the national growth rate is 8.06%. Actually, we experienced very healthy growth in all areas. Other statistics can be found in the Report of the Board of Directors. As compared to credit unions statewide and nationally, Florida Credit Union tends to grow at or above average trends year after year. All of this can be attributed to the amount of business our members conduct with us.

On the following pages we present a breakdown of the assets and liabilities of Florida Credit Union. You will notice that our assets as of December 31, 2006, were \$344,066,693, which is an increase over 2005 of 23.89%. Nationally, credit unions experienced about 3.4% asset growth. With such a difference, you can see why the board, management and staff of your credit union are so proud of the successes we have experienced.

Dr. Dan McKinnon, Treasurer



Treasurer  
Dr. Dan McKinnon



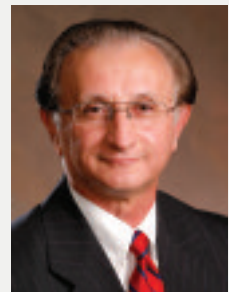
Secretary  
Dr. Barbara Buys



Director  
Dr. Leonard Jackson



Director  
Dr. John Rawls



Director  
Dr. John Bonanno

# Reports of the Audit Committee & Manager

## Report of the Audit Committee

By state law, the Audit Committee is appointed by the Board and charged to oversee the policies and programs of the credit union. The committee ensures a comprehensive audit of the books and records is performed and reports the results to the membership.

During the past year, the Audit Committee met with the examination team from the firm of Orth, Chakler, Murnane, and Company, CPAs. A comprehensive audit as of September 30, 2006, indicates that the credit union is performing to the best benefit of the membership. This same firm performs extensive internal audit work on a quarterly basis. We believe the established policies are being upheld and the operations and programs authorized by the Board of Directors are being well managed.

We appreciate the opportunity to serve the membership of Florida Credit Union and encourage all members to take advantage of the many services and benefits offered by your credit union.

Dr. Leonard Jackson, Chair  
Dr. John C. Rawls, Member  
Dr. John Bonanno, Member



## Report of the Credit Manager

The Credit Manager is appointed by the Board and is responsible for the approval of loan applications in compliance with Board approved policies.

In 2006, Florida Credit Union experienced a very healthy 23.49% growth rate in loans. We are very proud of this outstanding accomplishment. During 2006 we originated over \$158 million in loans of all types.

Our most popular loan products in 2006 were home equities and first mortgages. We are pleased with a 29% increase in our home equity loan balances. This is evidence of a very competitive variety of products with low rates and fees. Additionally, our first mortgage loan programs increased 71% in loan balances. One of the most popular features of FCU mortgages is that they are not sold to other financial institutions. We take pride in the fact that all loans stay here at home where they belong.

We also experienced a great deal of success with a program that offered members a copy of their credit report with a free analysis of that report. More often than not, members discovered that they were paying much higher rates than they should have been paying. Through this free program, we were able to help members reduce their monthly payments, increase their credit score, and take control of their finances. We are excited to be able to continue to offer this very successful program in 2007.

In the coming years, you can expect to see more loan products along with more ways to obtain loans. As usual, FCU rates and terms will be very competitive.

Mr. Mark N. Starr, Credit Manager

# Report of the President/CEO

## Our Story of Success

Since it's founding in 1954, Florida Credit Union has remained a major financial institution in North Central Florida. Our efforts, as we grow and prosper, always focus toward one main goal...fulfilling the financial needs of our membership. We will continue to keep in mind that this is your credit union and we encourage each of you to continue to take advantage of the benefits of membership.

Florida Credit Union had another prosperous year of solid managed growth. This tremendous growth can be attributed to you, the owners of the credit union, for taking advantage of our deposit and loan products. In 2006 our mortgage programs became more successful than ever. In 2003 we introduced commercial banking and commercial loans, now we have 835 business banking members. Thanks to you – our members – we have come a long way since 1954.

When we were first established, Florida Credit Union was known as Alachua County Teachers Credit Union. At that time, we had one source of membership – but that was not to last too long. Very soon after our first annual meeting in 1955, we started adding more school systems, community colleges, and many groups. After 52 years of expanding our field of membership, we are now a leading financial service provider open to eleven counties, over 250 businesses, and available to hundreds of thousands of consumers.

2006 was a year of solid, managed growth. We were able to streamline processes, increase branches, enhance products and services and introduce new programs. All of this was due to you, the membership, taking such an interest in the financial services that we offer.

In 2007 we will continue to focus on our facility and service needs. Florida Credit Union has the most convenient hours of operation in any of our service areas. Members can reach a member of our staff 63 hours each week. Whether inquiring about CD rates or applying for a loan, our staff is available weekdays from 9 am to 8 pm and on Saturdays from 9 am to 5 pm. In addition, we now offer loan services



by phone 24 hours a day, 7 days a week. FCU understands how busy members are, so to make loan services more convenient, the 24/7 service was added in 2006. You can talk to a fully-qualified loan officer anytime of the day or night simply by calling a local branch. Additionally, members can apply for loans anytime of the day or night via our website [www.flcu.org](http://www.flcu.org).

You will see in other reports how strongly we have performed this year. This is because our efforts always focus on our members' needs. When we make decisions, we base them on how we can meet the expectations of our members. We will continue to keep in mind that this is your credit union and we encourage each of you to continue to reap the benefits of membership by taking advantage of all products and services.

In 2006, Florida Credit Union consistently promoted loan programs that were designed to help members pay less. These proved to be very successful. Over \$17,400,000 in loans were moved from other financial institutions who over-charged members. We were able to save our members over \$1,540,000. That's money they would have otherwise given to finance companies, banks, or credit card companies if they had not taken advantage of our great loans.

In 2007, we will continue to focus on the financial needs of our membership. We will continue to provide extended hours of operation, multiple ways to access your account at no charge and knowledgeable and professional information for any financial service you may be interested in.

As a member/owner of Florida Credit Union, you belong to a strong, viable financial institution. With our soundness and stability, we are well positioned in today's financial arena to meet your personal financial needs. I urge you to take full advantage of your credit union membership.

Mr. Mark N. Starr, President/CEO

# Consumer Products and Services

## FCU Services

- Free Checking Accounts
- \$350,000 Share Insurance Coverage
- Youth Accounts
- Money Markets
- Savings Accounts
- Vacation and Holiday Accounts
- Auto and Boat Loans
- Auto Advisor
- Free Credit Report
- Personal Loans
- IRAs and CDs
- Investment Services
- Mortgages
- Home Equity Loans
- Business Accounts and Loans

## Free Seminars

- First Time Home Buyers Workshops
- Investment Seminars
- Managing Consumer Credit
- Managing a Checking Account
- Auto Buying
- Fraud



## Convenience Services

- 8 locations throughout Gainesville, Ocala, Starke and Lake City to serve our members.
- Extended lobby and call center hours  
Mon – Fri 9 a.m. – 8 p.m.  
Saturday 9 a.m. – 5 p.m.
- Loan officers available 24/7.
- Visa® Check Cards
- Visa® Credit Cards
- Local, Fast Decisions

## Electronic Services

- Payroll Deduction
- Direct Deposit
- Online Bill Payer
- 24-hour ATMs
- Free Internet Banking
- Info 24 (Automated phone banking)



# Mortgages

## Your Mortgage Solution

Florida Credit Union's Mortgage Department combines years of mortgage lending experience with the personal touch that only your credit union can deliver. We have a full line of first mortgage products, but with the added benefit that is unique to FCU.

Mortgage brokers, many banks, and most credit unions originate first mortgage loans – then they sell that loan to some large, national chain. Customer service options are only available over the phone, payments are made out of state, you never talk to the same person twice. With a Florida Credit Union mortgage, your loan stays here, at home where it belongs. Decisions are made locally, payments are made locally. You have access to mortgage information in a branch, over the phone, even online.

We offer a wide variety of products and services. All are geared to save members time and money. Here is a sampling of some of the mortgage programs offered:

### Fixed Rate

- 30 & 15-Year

### ARMs

### Construction to Permanent

Available with any of our products

### Combo Loan

Choose from any of our mortgage products, home equity loans, and credit cards to create a custom loan.

### Single/Doublewide Homes with Land

### Vacant Land

- 100% Financing Available
- No Mortgage Insurance on some Loans
- Excellent Customer Service
- Online Applications
- Weekend and Evening Appointments Available
- Local, Fast Decisions

## Mortgage Education Services

- First Time Home Buyer Seminars
- Mortgage Advisor Service
- Free Prequalifications

In 2007, even more programs will be introduced. We take pride in being able to offer our member/owners unique options for their mortgage needs.



**Timothy Cannon**  
VP Mortgage Lending



**Lindsey Browning**  
Mortgage Originator



**Christine Galetka**  
Mortgage Originator



**Mary Gardner**  
Mortgage Originator



**Keith Scheaffer**  
Mortgage Originator



**Al Yerkey**  
Mortgage Originator



# Statement of Financial Condition

## As of December 31, 2006

<b>Assets:</b>	<b>2005</b>	<b>2006</b>
Loans	\$ 231,328,519	\$ 285,670,702
Less: Allowance for Loan Loss	\$ (1,242,618)	\$ (1,316,170)
Net Loans	\$ 230,085,901	\$ 284,354,533
Cash on Hand	\$ 3,751,063	\$ 4,113,757
Investments, at Amortized Cost	\$ 28,785,676	\$ 40,368,621
Fixed Assets,		
Less Accum Depreciation	\$ 6,675,669	\$ 7,428,282
NCUSIF Deposit	\$ 2,097,757	\$ 2,595,478
Loans Held for Sale	\$ 2,500,200	\$ 597,500
Other Assets	\$ 3,830,062	\$ 4,608,522
<b>Total Assets</b>	<b>\$ 277,726,328</b>	<b>\$ 344,066,693</b>

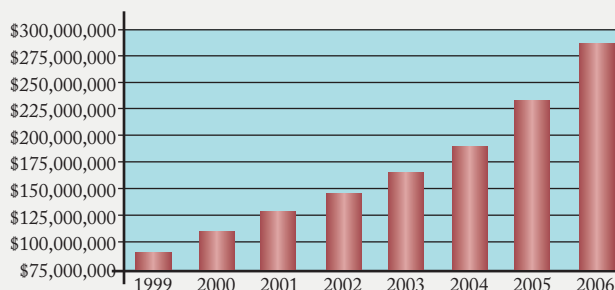
<b>Liabilities and Members' Equity:</b>	<b>2005</b>	<b>2006</b>
Members' Shares & Savings Accounts	\$ 240,021,551	\$ 289,352,091
Non-Member Deposits	997,000	\$ 598,000
Accounts Payable	\$ 6,743,109	7,671,321
FHLB Borrowing	\$ 1,000,000	\$ 11,100,000
Other Accrued Liabilities	\$ 442,637	\$ 643,417
<b>Total Liabilities</b>	<b>\$ 249,204,297</b>	<b>\$ 309,364,829</b>
<b>Members' Equity</b>		
Regular Reserve	\$ 2,376,786	\$ 2,519,688
Undivided Earnings	\$ 26,145,245	\$ 32,182,176
Unrealized Gain/(Loss) on Security	0	0
<b>Total Equity</b>	<b>\$ 28,522,031</b>	<b>\$ 34,701,864</b>
<b>Total Liabilities and Members' Equity</b>	<b>\$ 277,726,328</b>	<b>\$ 344,066,693</b>

# Statement of Operations

## As of December 31, 2006

Income:	2005	2006
Interest on Loans	\$ 13,861,215	\$ 18,869,382
Income on Investments	\$ 857,026	\$ 1,663,341
Other Income	\$ 8,596,828	\$ 10,724,999
<b>Total Income</b>	<b>\$ 23,315,069</b>	<b>\$ 31,257,722</b>
<b>Expenses:</b>		
Employee Compensation and Benefits	\$ 6,404,315	\$ 7,660,781
Office Operations	\$ 3,346,605	\$ 3,752,619
Office Occupancy	\$ 634,220	\$ 768,191
Professional and Outside Services	\$ 1,495,115	\$ 1,946,648
Provision for Loan Loss	\$ 663,064	\$ 471,181
Education and Promotional	\$ 1,636,437	\$ 2,350,187
Loan Servicing	\$ 1,072,112	\$ 1,288,028
Other Miscellaneous	\$ 499,926	\$ 604,852
<b>Total Expenses</b>	<b>\$ 15,751,794</b>	<b>\$ 18,842,487</b>
Income Before Cost of Funds	\$ 7,563,275	\$ 12,415,235
Non-Operating Gains or Losses:		
Gain/(Loss) on Disposition of Assets	-	(1,709)
Total Net Income Before		
<b>Cost of Funds</b>	<b>\$ 7,563,275</b>	<b>\$ 12,416,944</b>
Cost of Funds:		
Dividends and Interest	\$ 3,506,193	\$ 6,830,378
Interest on Borrowed Funds	\$ 13,676	\$ 51,867
<b>Net Income</b>	<b>\$ 4,043,406</b>	<b>\$ 5,534,699</b>

## Loan Growth in 2006



# Commercial Accounts

## Your Commercial Banking Solution

Florida Credit Union's Commercial Banking packages are competitive and convenient – just what business owners need today. Businesses in the ten county area we serve can take advantage of the privileges of credit union ownership also. With just a little research, it is easy to see how a business can take advantage of the credit union difference.

FCU offers a full line of business banking services:

- Free Business Checking
- Free Interest Bearing Checking
- Commercial Mortgages
- (Owner and Non-owner Occupied)
- Vehicle & Equipment Loans
- Construction Loans
- Lines of Credit
- Merchant Processing

## Commercial Checking Accounts Receive:

- Free first box of checks
- Free Visa® Check Card
- Free Online and Phone Banking
- Same Day Credit
- Longest Available Lobby Hours



VP Commercial Lending  
**Julie Todd**  
352.377.4141 x2107  
Cell: 352.514.6812



Business Associate  
**Amanda Harrison**  
352.377.4141 x2136  
Cell: 352.514.6827

In 2006, nearly 400 businesses chose to move their banking to Florida Credit Union. Take advantage of a free personal consultation with a representative from our Commercial Banking Department. They will help you find the commercial banking package that best meets your needs – not the needs of the bank. Isn't it time you started paying yourself rather than those shareholders?

Business owners – take control of your finances. Take advantage of our free, no obligation consultations and see what the credit union difference can do for your bottom line.



# The Florida Credit Union Difference

As members of Florida Credit Union, account holders are eligible for a variety of financial products and services. Free checking, checking with interest, club accounts, loans of any kind, credit cards, check cards, online banking, the list goes on and on. But the real difference lies in the nature of our organization – we are a financial service cooperative.

Cooperatives are customer-owned organizations. Florida Credit Union began in 1954 as Alachua County Teachers Credit Union for the purpose of serving teachers. Over time, service was extended to communities over a ten county area and the name was changed to Florida Credit Union.

Ownership of Florida Credit Union has always been by its customer base. Your credit union can never be bought or sold. This is in stark contrast to the banking industry where community or state banks are built up and later sold to large out of the area banks. In this case, the stockholders usually profit greatly and the customers receive no benefits. Many times they actually find their service levels diminished.

With Florida Credit Union, the stockholders and customers are the same people. Profits earned by the credit union are retained as capital to meet regulatory requirements and for expansion of the credit union and its service offerings.

With a bank, the goal is to maximize the profit of its stockholders which is a totally different group than its customers. That is the Florida Credit Union difference.

Our goal is to maximize the service/value relationship with our customer/owners while building and maintaining the strength of Florida Credit Union so it is here to serve future generations. Florida Credit Union continues to utilize the cooperative principles of:

## 1. Voluntary and Open Membership

FCU is open to all persons in our state approved field of membership who are interested in using our services and willing to accept the responsibilities of membership.

## 2. Democratic Member Control

The member/owners of FCU choose the individuals who serve as elected trustees.

## 3. Member Economic Participation

Member/owners benefit proportionately to their level of participation from full utilization of the products and services that are available through the organization.

## 4. Autonomy and Independence

Financial service is offered to the member/owners who control the organization.

## 5. Education, Training, and Information

Information is provided to members, elected representatives, and staff to ensure further development of the organization.

## 6. Cooperation Among Cooperatives

Working with local, regional, national and international groups to advance knowledge and service availability.

## 7. Concern for the Community

Providing services and programs to benefit the members of the community.

As a Florida Credit Union member, you are an owner of one of the strongest financial institutions in North Central Florida. Take advantage of ownership privileges such as free checking products, free auto advisory service, or a personal consultation with a member service specialist. Then help your credit union grow by spreading the word about the credit union difference.

# Membership

Membership in Florida Credit Union is open to all residents of Alachua, Bradford, Citrus, Clay, Columbia, Gilchrist, Lake, Levy, Marion, Suwannee and Union Counties.

**43rd Street Office**  
2831 NW 43rd St.  
Gainesville  
352-377-4141

**Advantage Center at 13th Street**  
3720 NW 13th St.  
Gainesville  
352-377-4141

**Haile Market Square**  
2785 SW 91 St  
Gainesville  
352-377-4141

**Lake City Office**  
586 West Duval  
Lake City  
386-755-4141

**Ocala Office**  
2424 SW 17 Rd.  
Ocala  
352-237-8222

**Advantage Center at Ocala**  
3504 East Silver Springs Blvd.  
Ocala  
352-237-8222

**Steeplechase Shopping Center**  
8585 SR 200  
Ocala, FL 34481

**Starke Office**  
1371 South Walnut #1600  
Starke  
904-964-1427

**Mailing Address**  
P.O. Box 5549  
Gainesville FL 32627-5549

**Outside Local Calling Areas**  
(800) 284-1144

**Visit Florida Credit Union on The Web:**  
[www.flcu.org](http://www.flcu.org)



Success



Post Office Box 5549  
Gainesville, FL 32627  
[www.flcu.org](http://www.flcu.org)  
800.284.1144