

Your Quarterly Connection

THE NEWSLETTER ESPECIALLY FOR MEMBERS OF VACATIONLAND FEDERAL CREDIT UNION

SECOND QUARTER

VacationLand Federal Credit Union Welcomes Two New Directors

After successful election by the VLFCU membership in March, Don Bayer and Chuck Renwand are the newest members of the VacationLand's Board of Directors. Both gentlemen have been active in their new roles by attending monthly board meetings, educating themselves on all aspects of credit union business, and participating in a recent Volunteer training conference at Kalahari Resort.



While Don is currently employed at KBI/Delphi, he also has extensive experience in real estate sales and property management. He holds a Bachelor of Science degree from Kent State University as well as a journeyman electrician's card from Terra Community College. Don has served on numerous boards in our community over the

years including the Erie County Board of Realtors, Local 913, and the Sandusky Lions Club.



Chuck, a resident of Castalia, has been a loyal member of VLFCU for more than 27 years. He retired from General Motors in 2001 after 19 years of service. Prior to that, he worked as an electrician in outside construction. A long time member of the Castalia Lions Club, Chuck also enjoys collecting and working on vintage cars.

Don and Chuck will be serving two and three year terms respectively. The Board meets monthly at the Perkins Avenue branch.

Dave Zoliniak

It is with great sadness that we learned of Dave Zoliniak's unexpected passing on June 29, 2011. Dave was a current member of VacationLand's Board of Directors having served more than two terms in that capacity.

Dave's outspoken leadership helped guide us through the recent difficult economy. He had a way with words, loved a good joke, and was very passionate about our credit union, for which we are very thankful. We will miss Dave and the spark he brought along with him. Our thoughts and prayers go out to Dave's wife of 40 years, Penny, and her entire family.

FIGHT BREAST CANCER WITH PINK!

BALANCE TRANSFERS AS LOW AS
3.99%
APR PROMO RATE FOR THE FIRST 6 MONTHS



VacationLand Federal Credit Union (VLFCU) is excited to announce the newest addition to their credit card portfolio, the breast cancer awareness PINK card. Beginning late in May, VLFCU made PINK available to all its members. Aside from being bright pink and bearing the official breast cancer awareness ribbon, VacationLand Federal Credit Union will be making a \$10 donation to a local breast cancer treatment and research foundation for each new PINK credit card application that is approved. In addition, VLFCU will also match up to 1% on all balance transfers of \$5,000 or less to the new PINK card. This means that each new PINK credit card represents a potential \$60 that will be donated to fund breast cancer research and treatment in Sandusky and its surrounding communities. VLFCU has partnered with The Foundation For Firelands and NOMS in order to fight breast cancer in our area through this initiative.

Paws 4 A Cause

Saturday, August 13 - Humane Society of Erie County

Any community members between 15-25, interested in making a positive change in our community are invited to attend our Paws 4 A Cause on Saturday, August 13 from 12 - 4 at the Humane Society of Erie County. Donations are currently being accepted at each of our local branches.



 Find out more at facebook.com/VacationLandFCU

BY THE NUMBERS

Timothy E. Collins, VacationLand FCU Chief Financial Officer

How can you tell if a financial institution is healthy? By The Numbers. The balance sheet, income statement, and the ratios derived from both all tell a story. Every quarter I will take several ratios and explain what they are, their importance and our performance against them. This quarter I will start out by explaining a bit about the balance sheet and income statement.

Balance Sheet

A financial institution, at its simplest, connects people who want to save money to people who want to borrow money. A credit union is a financial

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VLFCU AWARDS SCHOLARSHIPS TO STUDENT MEMBERS

At the close of the 2011 school year, six very deserving VLFCU student members, who have plans to pursue post-secondary studies at college in the fall, were each awarded a \$500 scholarship from the credit union. This year's winners are:



Laura Beebe: Laura is a Perkins High School graduate who will be attending The Ohio State University in the fall where she plans to pursue a career in speech pathology. After

completing her education, she would like to work in an elementary school improving children's speech and language skills.

Timothy Cutler: Tim ranked second in his graduating class at Perkins High School and will be majoring in Pre-Medicine with a minor in Spanish at the University of Dayton. His ultimate goal is to become an orthopedic surgeon in the Sandusky area.



Maria Dorski: Maria, a St. Mary Central Catholic graduate with a 4.3 GPA and 26 banked college credit hours, would also like to pursue a degree in medicine at the University of Toledo.



Talon Flohr: Talon was very active in Student Council at Sandusky High School, where he also served as Class President and lettered in track and cross country. Talon plans to attend the Ohio State.



Christine Hoholski: While a junior and senior at Vermilion High School, Christine was concurrently a full-time post secondary student at BGSU - Firelands. Upon completion of

only one more class this summer, she will receive her Associates Degree in Science. Christine will be attending the University of Toledo in the fall.



Kayla Riddle: Kayla graduated from Huron High School in May earning the high school's Diploma of Distinction and the State of Ohio's Diploma of Honors. At Eastern Michigan

University, she plans to pursue a career in education with a focus on English.

The entire VLFCU staff congratulates these young people for their outstanding accomplishments, and we wish them continued success in their course of studies and their chosen career paths.

** DEBIT CARD NOTICE **

VacationLand is currently experiencing high volumes of fraud in the states of Connecticut, Georgia, Massachusetts, New Jersey and New York. Card activity in these states is limited to PIN based transactions only. If you are traveling to any of these locations, please contact us (419.625.9025 option four) so we can review how to access your account via your Debit Card in more detail.

Unfortunately, this is a compromise of a merchant's network system and does not involve any VLFCU systems. However, we can and are taking proactive steps to protect our members such as limiting the type of activity allowed in the states experiencing high volumes of fraud. But more can be done with your help — please review your statements for unauthorized activity. If you become aware of any, please notify us immediately (419.625.9025 option four).

We appreciate your loyalty and continued support.

BY THE NUMBERS CONTINUED

cooperative, meaning it is a financial institution owned by its customers (or members). I mention this because the two biggest pieces of a credit union's Balance Sheet are its loans and its deposits. Deposits in a credit union are known as shares because they represent ownership; every member owns one share and has one vote.

The Balance Sheet gives a picture of what the credit union is looking after for someone else and what it owns. We are looking after our members' shares and our capital (which is the accumulated earnings since the founding of our credit union). We own our buildings, our furniture and equipment, investments, and loans. So the Balance Sheet shows how we are using the money our members want to save.

For example, our balance sheet for May 2011 reflects \$124,973,469 in Total Shares, \$13,071,177 in Total Equity (Capital), and \$1,864,991 in Total Liabilities. This \$139,910,000 funds \$83,240,539 in net loans (loans minus allowance for loan loss), \$53,756,374 in investments, \$988,656 in Fixed Assets, and \$1,924,067 in Other Assets. If you look at Loans in relation to Total Assets you will see 60% of Assets loaned out. Now look at Fixed Assets in relation to Total Assets and you will see .71% of Assets invested in Fixed Assets. These two ratios should raise questions. Why aren't we making more loans? We aren't making more loans because we have more members looking to save money than members looking to borrow money. This is the general situation across the U.S. Do we have enough invested in our branches and equipment to be as efficient and effective as we can be? Probably not, though this is changing. On average, other credit unions our size have 5 – 6 branches and a Fixed Asset to Total Asset ratio of 2.58%.

Income Statement

The Income Statement shows how the credit union is being operated. It shows all revenue and expenses for a specified period (usually monthly, quarterly, and annually). It starts with interest income earned from lending and investing our members' shares, the interest paid on our members' shares (dividends), and the amount of money we set aside to cover potential losses on our loans. These items give insight into our strategy of how much risk we are willing to take lending and investing (the more risk taken the

greater the income and the greater amount we set aside to cover potential losses) and our philosophy and current strategy on paying dividends. Operating Expenses are listed next. These items show how we connect our saving members to our borrowing members. How much we spend on each line item reflects our priority for delivering our services. Next is Other Operating Income, which shows service fees, penalty fees, and charges for other products such as insurance members purchase with their loans. Lastly, is Non-Operating Income, rarely used by our credit union, which consists of items such as gain or loss on sales of investments. The Income Statement shows how well we are using the money our members want to save.

Our Income Statement reflects a Year-To-Date income of \$390,601 derived from \$1,901,177 in Net Interest Income (interest on loans and investments minus dividends and provision for loan losses), \$2,552,329 in Operating Expenses, and \$1,041,753 in Other Operating Income. You should note that we make more income on loans (\$2,010,826) than investments (\$442,914) and again be asking why we aren't making more loans. Also, if you look at what we provision each month (\$11,000), you might ask if we are taking enough risk in the loans we make as this is extremely low.

Trends and Strategy

One last thought — any time you analyze financials you have to know the past and understand the present. You should look at the financials for the past 5 – 10 years to identify trends, know the current business plan to see where the credit union plans to follow or deviate from past strategies, and what the economy has been and is currently. Looking at our Balance Sheet and Income Statement you would see steady share growth and income generation in all years except for 2009 and 2010. Those two years, driven by the national economy, saw large gains in assets, lower loan volume, and lower income as interest rates dropped, and people fled to the safety of credit unions, stopped borrowing, and paid down debt. We still face these economic conditions, but in the 4th quarter of 2010 we put a strategy in place to slow growth in shares and to build up our loan portfolio, which our 2011 Year-To-Date income shows is working.

