

ADMINISTRATIVE CENTER

2701 Village Lane
Bossier City, LA 71112

AIRLINE CENTER

2321 Airline Drive
Bossier City, LA 71111

ALEXANDRIA CENTER

3500 Jackson Street
Alexandria, LA 71303

BARKSDALE CENTER

700 Northgate Road
Bossier City, LA 71112

BLANCHARD CENTER

200 Main Street
Blanchard, LA 71009

COTTON VALLEY CENTER

106 Resident Street
Cotton Valley, LA 71018

DeRIDDER CENTER

1995 N. Pine Street
DeRidder, LA 70634

EASTBANK CENTER

1560 East 70th Street
Shreveport, LA 71105

FORT POLK CENTER

Bellrichard Avenue, Bldg. 825
Fort Polk, LA 71459

JONESBORO-HODGE CENTER

1026 South First Street
Hodge, LA 71247

LEESVILLE CENTER

604 South Sixth Street
Leesville, LA 71446

MANSFIELD ROAD CENTER

9134 Mansfield Road
Shreveport, LA 71118

MARKET STREET CENTER

519 Market Street
Shreveport, LA 71101

OAKDALE CENTER

1700 East Whatley Road
Oakdale, LA 71463

POLLOCK CENTER

1000 Airbase Road
Pollock, LA 71467

SOUTH BOSSIER CENTER

5490 Barksdale Blvd
Bossier City, LA 71112

INTERNET CENTER

www.bfcu.org

Rod Taylor

President/CEO

Patrick Gullatt

Executive Vice President/COO

John Weaver

Senior Vice President/CFO

Dale Bickham

VP of Retail Operations, Northern Region

Margaret Carlisle

VP of Retail Operations, Southern Region

Cordieann Bright

VP of Mortgage Lending

Chas Dickson

VP of Information Services

Evelyne Epperson

VP of Consumer Lending

Karen Hemperley

VP of Loss Prevention and Recovery

Teresa Poulsen

VP of Operations

Allison Prewett

VP of Marketing

Kelly Roberts

VP of Business Development and Sales

Rose Suire

VP of Human Resources

Willie Tong

VP of Internal Audit



**Barksdale Federal
Credit Union**

Your Financial Partner for Life

1-800-647-2328 | 318-549-8240



Federally Insured by NCUA



A large, ornate gold frame with intricate scrollwork and floral patterns surrounds a central red oval. The year '2009' is written in a large, white, serif font across the top of the oval, and 'ANNUAL REPORT' is written in a smaller, gold, serif font below it.

2009

ANNUAL REPORT



BARKSDALE FEDERAL CREDIT UNION

THE BOARD OF DIRECTORS AND PRESIDENT'S REPORT



Rod Taylor
President/CEO



Virgil Barnette
Chairman of the Board

The year 2009 was like no other in the history of Barksdale Federal Credit Union. The economy began to unwind quickly towards the end of 2008 and, as we know, the housing bubble burst, and the entire country found themselves looking at a different future.

Properly managed credit unions, including Barksdale Federal Credit Union, did not contribute to the sub-prime lending that fueled the overheated housing bubble. Our mortgage-lending program helped thousands of members experience the pride of home ownership, while maintaining a conservative and time-tested model of conventional lending. The credit union and its members have benefited greatly because of this strategy.

BALANCE™

Another way we have enhanced our ability to help members who might be economically distressed is through our new credit and budget counseling service called BALANCE™. This service is available for free and can be used by any member with personal financial questions related to budgeting or debt reduction. I strongly encourage members who are feeling the pressure of personal financial issues and those young members who are just starting out to use this service to learn how to budget or regain control of their financial future.

CREDIT UNION GROWTH

Until about thirty years ago, the national savings rate hovered around 10% in American households. Then in the 80's things started to change and the savings rate dropped dramatically until, in the last decade, the national average went to zero. Now the financial crisis has changed the way all of us look at our government, our financial institutions, and our own personal financial situations.

What does this mean for Barksdale Federal Credit Union? It means we have seen an unprecedented amount of deposit growth over the last year, as members and new members seek to place their money in an institution they trust. We continue to grow deposits and this is a good thing; however, we must

continually keep our deposit and loan pricing within prevailing market conditions in order to assure our growth does not overwhelm our capital position. We began 2009 with \$745 million dollars in assets and ended the year with \$913 million. This represented an annualized growth rate of 23% - a record increase in member deposits at Barksdale Federal. Loans grew at a rate of 9.7% to \$428 million dollars, and our membership grew to almost 98,000. Our Board of Directors and Management Team understand good growth always needs proper management and control. We have all dedicated ourselves to making sure your credit union continues to serve you with the highest level of quality products and service in the safest and most sound environment possible.

NEW LEGISLATION

We would be negligent if we did not mention the number one most pressing issue affecting our credit union and the credit union movement as a whole: new, sweeping legislation now emanating from Washington D.C. like never before. In their attempts to redefine the financial industry after its near meltdown, credit unions are, often inadvertently, being lumped in with those types of institutions that do need more and better regulation. We know that many new laws are presently being drafted that could adversely affect the credit union and the services we provide our members. There may come a time, in the not-too-distant future, when we may ask each of you to be an advocate on behalf of your credit union and the services it provides to you and your community.

COMMUNITY

Barksdale Federal was recognized in 2009 for our social responsibility. We won a first place award in the Dora Maxwell Social Responsibility Recognition Award Program for credit unions. The award program, sponsored by the Louisiana Credit Union League and the Credit Union National Association, honors credit unions for their involvement in community projects and activities.

THE BOARD OF DIRECTORS

Seated (l-r): CMS (Ret) **Virgil Barnette** Chairman, SMS (Ret) **Robert K. Fontenot**, CMS (Ret) **Alvin Oar**

Standing (l-r): LTC (Ret) **Charles M. Johnson** 1st Vice Chairman, **Roy E. Walling** Secretary/Treasurer, SMS (Ret) **Bernie Hawk**, Maj. (Ret) **C. Emory Goodman, Jr.**



So many of Barksdale Federal employees know the true meaning of volunteerism and how to give back to the community that supports the credit union industry. Each quarter we dedicate an entire page of our newsletter, Membership Matters, to the efforts we are involved in within our communities. From monetary donations to painting homes on the weekends, our employees have always given back. Our community involvement is not only good for the community but for the credit union movement as a whole.

BUSINESS LENDING

Business lending has been a hot topic in the credit union industry for several years. A number of credit unions, mostly larger ones, have been in the business lending market for years. Recognizing that the risk posed by these types of loans is far different than the risk of our core consumer business, we have been very cautious about getting into business lending. Our Board of Directors has recognized there are business service needs among our membership, but wanted to be sure we have the expertise to properly evaluate and price business loans.

That being the case, and in the cooperative spirit of the credit union movement, our Board voted to join with six other Louisiana credit unions to form a business lending Credit Union Service Organization (CUSO) that will provide Barksdale Federal with underwriting expertise and proper loan documentation. The CUSO operation will be transparent to our business members. They will work with the members to gather necessary information, evaluate the credit, and make a recommendation to the credit union about approval and pricing.

NEW CENTERS

We continued to develop our center and retail system. We opened a new Barksdale Center and a full service South Bossier Center. The new Barksdale Center project was the result of choosing the most cost effective way of both expanding our existing back office space and moving departments away from expensive lease space around town. The old Barksdale Center is now our Mortgage Center – housing the Mortgage and Loss Prevention/Recovery departments along with C. Taylor Tax, Inc. Two other locations have been purchased for future centers on Pines Road in west Shreveport and Linton Road in Benton. Both locations currently have a drive-thru ATM on site.

LOOKING AT THE FUTURE

Barksdale Federal Credit Union will remain a viable business of choice for the citizens of north and central Louisiana for years to come. There is an old adage – How do you eat an elephant? The answer is – One bite at a time. The same thing occurs each day as we help our membership, one member at a time. Each little thing we do for each member and for our communities every day creates a rolling snowball effect in the future that becomes larger than we can ever imagine today. It's how Barksdale Federal went from \$20 million dollars to \$200 million dollars in twenty years and how the credit union then went from \$200 million to \$900 million in the last seventeen years.

As a not-for-profit, democratically-run, and collaborative movement, we are in a “one-of-a-kind” industry. It is both a privilege and a blessing to be associated with such a noble enterprise. I hope you feel the same way.


SUPERVISORY REPORT

Barksdale Federal Credit Union's financial position and sustained growth has remained strong even during the troubling economic conditions affecting the financial industry as a whole and the individual depositors collectively this past year. The credit union's equity position continues to grow at a strong pace and now surpasses over \$912 million in assets and the reserves and undivided earnings now exceed \$85 million. Additionally, your credit union has declared a year-end bonus dividend for the membership for ten consecutive years. This is a magnificent performance as recognized by the excellent rating from the National Credit Union Administration. These worthy accomplishments are the direct result of the work and effort of the Board of Directors, management staff and employees.

The Supervisory Committee plays a key integral role in maintaining the financial integrity and stability of the credit union. It is charged with the responsibility for assuring the accuracy of financial records, compliance with all legal & regulatory requirements, ensuring adherence to management's policies and procedures and always available to members concerning any questions or concerns regarding their account. This responsibility becomes critically important as the credit union finances become more complex and, combined with the uncertain economic conditions and federal regulations changes, mandate extreme due diligence in the protection of member information. This committee must assure management's practices and procedures, as governed by the Board of Directors, are sufficient to safeguard our members' assets.

The CPA firm of Post and Ford performed the annual audit of the credit union's system of internal control and the accuracy and reliability of the financial records. This annual audit is conducted on a scheduled basis throughout the year by the CPA firm working closely with the supervisory committee, credit union management and our internal audit staff. The audit report of the 2009 financial records is also contained in this brochure. Please note that the firm issued an opinion of the highest level of confidence with no reportable conditions or exceptions. Additionally, Post and Ford CPA engaged the services of Information Technology Services (ITS), a subsidiary of General Dynamics, Inc., to conduct external penetration testing and internal security vulnerability assessment on an on-going basis throughout the year to provide reasonable assurances that the credit union meets the requirements of risk management regarding the data system and associated member information.

Three director positions are expiring this year. The nominating committee submitted the names of incumbent directors: Mr. Virgil Barnette, Mr. Keith Fontenot, and Mr. Bernard Hawk. Since there were no further nominations received by petition according to the by-laws of the credit union the newly elected directors will serve a term of three years.



Charleene Ringler
Chairperson, Supervisory Committee

Other Members: Bernie Hawk, John Spillane, and Steve Stakes

POST & FORD

A Corporation of Certified Public Accountants
742 Professional Dr. North
Shreveport, Louisiana 71105
(318) 798-8885 FAX (318) 798-8881
e-mail: markfordcpa@gmail.com

INDEPENDENT AUDITOR'S REPORT

To The Supervisory Committee
and Board of Directors of
Barksdale Federal Credit Union

We have audited the accompanying statements of financial condition of Barksdale Federal Credit Union as of December 31, 2009 and 2008, and the related statements of income, changes in members' equity and cash flows for the years then ended. These financial statements are the responsibility of the Credit Union's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provided a reasonable basis for our opinion.

As described in Note 1 to the financial statements, the credit union, in conformity with the National Credit Union Administration (NCUA) regulatory requirements and accounting practices, has included members' shares as equity on the statements of financial condition as of December 31, 2009 and 2008.

In our opinion, except for the effects of the item noted in paragraph three, the financial statements referred to above present fairly, in all material respects, the financial position of Barksdale Federal Credit Union as of December 31, 2009 and 2008, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Post & Ford

POST & FORD
Shreveport, Louisiana

February 26, 2010

STATEMENTS OF FINANCIAL CONDITION

DECEMBER 31, 2009 AND 2008

	ASSETS	
	2009	2008
CURRENT ASSETS		
Loans	\$432,420,819	\$393,913,453
Less allowance for loan losses	<u>4,463,336</u>	<u>3,782,893</u>
Net loans	427,957,483	390,130,560
Other receivables	1,407,410	1,317,976
Cash	60,504,157	36,278,233
Certificates of deposit with financial institutions	54,295,083	51,541,000
Corporate credit union investments	10,493,781	3,012,181
Trading investment	-	-
Available for sale investments	-	-
Held to maturity investments	321,574,397	234,504,467
Accrued income	3,037,258	3,083,271
Prepaid and deferred expense	442,683	420,152
Total Current Assets	<u>879,712,252</u>	<u>720,287,840</u>
PROPERTY AND EQUIPMENT		
Fixed assets	39,177,028	38,144,676
Less accumulated depreciation	<u>14,013,051</u>	<u>16,265,009</u>
Net Property and Equipment	25,163,977	21,879,667
OTHER ASSETS		
Other assets	8,025,459	3,276,368
TOTAL ASSETS	<u>\$912,901,688</u>	<u>\$745,443,875</u>
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$538,854	\$546,900
Notes and interest payable	-	-
Dividends payable	33,909	26,596
All other liabilities	1,970,416	3,817,454
Total Current Liabilities	<u>2,543,179</u>	<u>4,390,950</u>
COMMITMENTS AND CONTINGENT LIABILITIES		
MEMBERS' EQUITY		
Members' shares	824,547,108	663,016,110
Regular reserves	32,944,077	30,158,231
Undivided earnings	52,867,324	47,878,584
Total Members' Equity	<u>910,358,509</u>	<u>741,052,925</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u>\$912,901,688</u>	<u>\$745,443,875</u>

The Statements of Financial Condition and Statements of Income are shown for illustrative purposes only. The related footnotes to the financial statements, which are an integral part of these financial statements and should be considered as a whole, are available for review at Barksdale Federal Credit Union offices.

STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
INTEREST INCOME		
Interest on loans	\$26,709,564	\$25,920,087
Income from investments	11,940,674	11,639,886
Total Interest Income	38,650,238	37,559,973
COST OF FUNDS		
Dividends	15,979,122	16,819,385
Interest on borrowed money	122	981
Total Cost of Funds	15,979,244	16,820,366
Net Interest Income	22,670,994	20,739,607
PROVISION FOR LOAN LOSSES	4,205,000	3,945,000
Net Interest Income After Provision for Loan Losses	18,465,994	16,794,607
OPERATING EXPENSE		
Compensation	10,812,101	10,173,949
Accrued compensated absences	50,601	56,409
Employee benefits	2,503,669	2,211,798
Travel and conference expense	269,775	362,517
Association dues	119,126	108,103
Office occupancy expense	1,589,156	1,468,742
Office operations expense	6,286,777	5,600,413
Educational and promotional expense	866,318	793,991
Loan servicing expense	395,571	362,546
Professional and outside services	3,282,799	3,205,455
Federal examination fee	178,181	145,114
Depreciation	1,935,826	1,756,630
Members' insurance	138,284	206,099
NCUA corporate stabilization assessment	378,712	5,059,982
Cash over and short	(522)	45,758
Annual meeting expense	32,531	37,044
Miscellaneous operating expense	551,358	998,339
Total Operating Expenses	29,390,263	32,592,889
OTHER OPERATING INCOME		
Account and mortgage fees and charges	1,403,289	719,021
Other member fees and charges	15,632,367	15,723,376
Other miscellaneous income	31,027	54,642
Total Other Operating Income	17,066,683	16,497,039
NET INCOME FROM OPERATIONS	6,142,414	698,757
OTHER NON-OPERATING INCOME	1,632,172	692,773
NET INCOME	<u>\$7,774,586</u>	<u>\$1,391,530</u>

The Statements of Financial Condition and Statements of Income are shown for illustrative purposes only. The related footnotes to the financial statements, which are an integral part of these financial statements and should be considered as a whole, are available for review at Barksdale Federal Credit Union offices.