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

LINTON ROAD CENTER 115 W. Linton Blvd. Benton, LA 71006

MANSFIELD ROAD CENTER 9134 Mansfield Road Shreveport, LA 71118

MARKET STREET CENTER 519 Market Street Shreveport, LA 71101

OAKDALE CENTER 1700 East Whatley Road 363 HWY 165 N Oakdale, LA 71463

POLLOCK CENTER 1000 Airbase Road Pollock, LA 71467

SOUTH BOSSIER CENTER 5490 Barksdale Blvd Bossier City, I A 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 & Recovery

Teresa Poulsen VP of Operations

Allison Prewett VP of Marketing

Kelly Roberts VP of Business Developmen & Sales

Rose Suire VP of Human Resource

Willie Tong VP of Internal Audit



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BARKSDALE FEDERAL CREDIT UNION

Success is a JOURNEY

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REPORT

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BOARD OF DIRECTORS

AT BARKSDALE FEDERAL CREDIT UNION WE CLOSED ANOTHER SUCCESSFUL YEAR IN 2010 FINANCIALLY AND CULTURALLY AS WE HAVE CONTINUED TO HELP OUR MEMBERS ACHIEVE THEIR GOALS WITH CARING, COMPETENCY AND COMPASSION. THE BOARD OF DIRECTORS IS PROUD OF EACH EMPLOYEE AND ALL THEIR HARD WORK FOR THE MEMBERSHIP.

REMEMBRANCE

We lost one of our beloved Board Members in 2010. Lt. Colonel Charles "Chuck" Milton Johnson passed away in February 2010 when he lost his battle with cancer. Chuck loved the credit union industry and everyone in it. Chuck's knowledge, leadership and support for credit unions were outstanding. He will be truly missed by all those who knew him. The Board of Directors selected Charleene Ringler, past Chairperson of the Supervisory Committee, to fill Johnson's seat and was officially elected in this summer. Ringler has a vast array of financial and credit union expertise. Our own retired President and CEO, Arno Easterly, became the new Chairman of the Supervisory Committee..

NEW LEGISLATION

In 2010 the government was moving at record pace to enact new regulations and laws that have dramatic impact on many parts of the economy. Some decisions are positive, like making permanent the \$250,000 deposit insurance and requiring institutions to have an opt-in policy for Overdraft Privilege programs.

However, some of these regulations force credit unions and banks to alter the way we price our services, and how it will end up affecting our membership is unknown. The credit union industry only represents about six percent of the total deposits in the country, but we are getting swept up in the regulations aimed at the bigger institutions and those that participate in deceptive lending practices.

All of this is causing us to look at our loan and deposit pricing, fee structure, and product mix. We always want our pricing to be fair and to reward members who use our services, but we also realize that competition from national and local institutions will impact our pricing structure. These decisions are very PRESIDENT'S REPORT

important and our focus will always remain on providing quality service and good returns to our membership. At a 2010 committee meeting in Congress, Chairman of the Federal Reserve Ben Bernanke singled out credit unions as having unfair advantage with our tax exemption and recommended an artificial cap of 12.5% of assets for credit union business lending programs. Chairman Bernanke failed to mention credit unions are already the most regulated portion of the financial industry or that, unlike banks, any profit we make has to go to our capital in order for us to grow and compete. Credit union members also determine the governance of the organization within a democratic "one member - one vote" environment and the governance – our Board of Directors - serves without pay. This has not and will not be the last time our tax exemption will be guestioned, but we believe in the foundational ideals that ground the credit union movement are strong and fundamentally good for our members, our community and our country.



CREDIT UNION GROWTH

Our regulator, the NCUA, continues to assess premiums which are needed to cover charges to its share insurance fund for nation-wide credit union losses resulting from the mortgage crises occurring over the past few years. These charges totaled more than \$2 million in 2010. These NCUA charges which are expected to continue over the coming years, impact the amount of earnings that remain in equity reserves. Nevertheless, the credit union's equity ratio was a very healthy 9.51% at year end, and we remain well positioned to respond to our member's needs.



We started 2010 with \$913 million dollars in assets and ended the year with \$968. This represented an annualized growth rate of 6.02%. Loans grew at a rate of 9.48% to \$478 million dollars, booking 5,400 vehicle loans totaling over \$115 million and 762 mortgage loans totaling over \$75 million. Our membership grew to almost 100,000.

Barksdale Federal grew in terms of locations with a new center in Benton, Louisiana. The center is located at the corner of Airline and W Linton Blvd. We also opened an additional Oakdale, Louisiana location. This center is located in the Donna Bell State Farm shopping strip on HWY 165 N.

We also grew in terms of products and services. Business Services offerings were announced July 2010. In today's environment, small business owners are looking for long-term and mutually beneficial financial service relationships. We feel we can fit the needs of our business members who are looking for the kind of expertise to help navigate the competitive waters. We know small businesses are the engine of our economy and make a big impact on the quality of life for all our members in our market areas. We are excited to partner with these particular members to make our communities just that much better.

AWARD WINNING

Barksdale Federal had an outstanding award winning year in 2010. The credit union was honored in January of 2010 to be awarded the Bossier Chamber of Commerce's Business of the Year. The Shreveport Times 2010 Reader's Choice Awards announced Barksdale Federal as taking home 1st Place for Best Credit Union. Then in October we were nominated and awarded the Better Business Bureau Torch Award Large Business of the Year. The Torch Awards are presented to companies for commitment to customer service through exceptional standards for ethical business practices.

These awards are the direct result of each of you who make this business the best every day. We will continue to grow and improve our products and services going forward. Success is a journey, and we thank you for your membership.



BOARD OF DIRECTORS Back Row: Keith Fontenot, Al Oar, Charleene Ringler, Bernie Hawk, Roy Walling

Front Row: Emory Goodman, Virgil Barnette



SUPERVISORY COMMITTEE REPORT

Barksdale Federal Credit Union's financial position has remained strong. The credit union's equity position grew at a strong pace and now surpasses over \$967 million in assets and the reserves and undivided earnings now exceed \$92 million. Income for the past year was \$6,254,361. Capital ratio ended the year at a very strong 9.51%. Additionally, the credit union opened the new Linton Road Center and another location in Oakdale. These magnificent accomplishments were recognized by the excellent rating from the National Credit Union Administration and 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 and this responsibility becomes critically important as the credit union finances become more complex and, combined with the uncertain economic conditions and accelerated federal regulatory changes, mandate extreme due diligence in the protection of member information. It is further charged with the responsibility to ensure adherence to management's policies and procedures, as governed by the Board of Directors, and always available to members concerning any questions or concerns regarding their account.

The CPA firm of Mark Ford, CPA, LLC 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 2010 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, Mark Ford, CPA, LLC engaged the services of a subsidiary of General Dynamics, Inc., to conduct external penetration testing and internal security vulnerability assessment of the credit union's core processing system 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.

Two director positions are expiring this year. The nominating committee submitted the names of incumbent directors: Mrs. Charleene Ringler and Mr. Roy E. Walling. 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.

Arno Easterly Chairman of the Supervisory Committee

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

MARK FORD, CPA, LLC

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9253 Wallace Lake Road Shreveport, Louisiana 71106 (318) 688-7006 FAX (318) 688-7016 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, 2010 and 2009, 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, 2010 and 2009.

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, 2010 and 2009, 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.

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Mark Ford, CPA, LLC Shreveport, Louisiana

February 18, 2011

STATEMENTS of FINANCIAL CONDITION

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December 31, 2010 & 2009

	ASSETS	
	2010	2009
CURRENT ASSETS		
Loans	\$477,727,412	\$432,420,819
Less allowance for loan losses	<u>4,717,614</u>	<u>4,463,336</u>
Net loans	473,009,798	427,957,483
Other receivables	1,552,878	1,407,410
Cash	50,888,040	60,504,157
Certificates of deposit with financial institutions	54,388,083	54,295,083
Corporate credit union investments	10,227,621	10,493,781
Held to maturity investments	340,336,528	321,574,397
Accrued income	3,117,774	3,037,258
Prepaid and deferred expense	507,921	442,683
Total Current Assets	934,028,643	879,712,252
PROPERTY AND EQUIPMENT		
Fixed assets	41,051,609	39,177,028
Less accumulated depreciation	16,099,913	14,013,051
Net Property and Equipment	24,951,696	25,163,977
OTHER ASSETS Other assets	0 0 4 2 4 5 0	0.025.450
	<u>8,843,459</u>	<u>8,025,459</u>
TOTAL ASSETS	\$967,823,798	\$912,901,688
LIABILITIES & MEMBERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$804,043	\$538,854
Notes and interest payable	-	
Dividends payable	24,289	33,909
All other liabilities	2,997,889	1,970,416
Total Current Liabilities	3,826,221	2,543,179
COMMENTER AND CONTINCENT LA DIL 18		
COMMITMENTS AND CONTINGENT LIABILITI MEMBERS' EQUITY	IES	
Members' shares	871,931,815	824,547,108
Regular reserves	35,719,919	32,944,077
Undivided earnings	56,345,843	52,944,077
Total Members' Equity	963,997,577	910,358,509
	1/5,/66,506	910,358,509
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$967,823,798	\$912,901,688

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 / INCOME

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For the years ended December 31, 2010 & 2009

	2010	2009
INTEREST INCOME		
Interest on loans	\$27,265,189	\$26,709,564
Income from investments	10,984,899	11,940,674
Total Interest Income	38,250,088	38,650,238
COST OF FUNDS		
Dividends	12050075	15 070 122
Interest on borrowed money	12,050,975	15,979,122 122
Total Cost of Funds	12,050,975	15,979,244
	12,050,975	15,979,244
Net Interest Income	26,199,113	22,670,994
PROVISION FOR LOAN LOSSES	2,774,000	4,205,000
Net Interest Income After		
Provision for Loan Losses	23,425,113	18,465,994
NON-INTEREST INCOME		
Account and mortgage fees and charges	1,287,037	1,403,289
Other member fees and charges	15,947,627	15,632,367
Other miscellaneous income	32,081	31,027
Total Other Operating Income	17,266,745	17,066,683
OPERATING EXPENSE		
Compensation	11,485,209	10,812,101
Accrued compensated absences	105,003	50,601
Employee benefits	2,803,597	2,503,669
Travel and conference expense	243,404	269,775
Association dues	125,219	119,126
Office occupancy expense	1,805,213	1,589,156
Office operations expense	6,587,915	6,286,777
Educational and promotional expense	1,035,986	866,318
Loan servicing expense	426,405	395,571
Professional and outside services	3,547,161	3,282,799
Federal examination fee	213,902	178,181
Depreciation	2,161,170	1,935,826
Members' insurance	177,941	138,284
NCUA corporate stabilization assessment	2,678,946	378,712
Cash over and short	8,152	(522)
Annual meeting expense	29,075	32,531
Miscellaneous operating expense	740,539	551,358
Total Operating Expense	34,174,837	29,390,263
NET INCOME FROM OPERATIONS	6,517,021	6,142,414
OTHER NON-OPERATING INCOME (LOSS)	(262,660)	1,632,172
NET INCOME	\$6,254,361	\$7,774,586

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.