



2009

Annual Report

FEDERAL CREDIT UNION
VANTRIA

60 YEARS
FAIRFAX COUNTY'S
BANKING ALTERNATIVE.
**AGE
DOES
MATTER.**



CEO/treasurer's report

When I wrote my annual report for 2008, I was hopeful that the impacts of the worst recession in 70 years were largely behind us. Unfortunately for financial institutions, 2009 saw the trend of increasing loan losses escalate. Since becoming CEO in 2002, I have seen Vantria continually increase our value to members in the areas of electronic service delivery, new products, and improved staff competency. That being said, 2009 presented the most challenges to our management staff and Board of Directors compared to any period in the recent past. Growing unemployment, unprecedented home foreclosures, loan defaults, and failures in the corporate credit union banking structure combined with historically low interest rates to result in a loss of reserved capital by year-end.

Although there are always uncontrollable economic forces we must contend with in order to prosper, the current environment impacts our operation in material negative fashion. The decline in housing values, particularly in the Northern Virginia area, is a key factor contributing to mortgage losses. Although Vantria has never made a sub-prime mortgage loan, we cannot escape some repercussions of the actions of other financial institutions that were not as prudent or ethical in their lending decisions. The actions of a relatively few numbers of members in filing for bankruptcy or just failing to keep their contractual commitments have harmed all of us, including both staff and members. We hope to see change in the manner the court system handles these cases in the future so that only a limited range of reasons will be considered legitimate to qualify for discharge of debt.

The accompanying financial reports reflect a negative return on assets for 2009. The majority of the loss was due to loan defaults, while the remainder was a result of a 67% write-off of our investment in Virginia Corporate Federal Credit Union. This adjustment to the value of our investment in Virginia Corporate was due to their recognition of other than temporary losses in the investment portfolios of our central banker, U. S. Central. The fact that we are well-capitalized as a result of earnings reserved in more favorable economic periods enabled us to absorb these adjustments. Vantria remains well above the regulator-defined net worth ratio defined as "well-capitalized". Once again, it is a credit to our past management of funds that we are able to weather the current downward spiral without significant impact to our rates and services.

Our growth numbers were affected by this economic environment. Loans declined by 2.96% during 2009, a reflection of both loan losses and depressed loan demand. Shares grew by almost 15% as members recognized the safety of investments in credit unions compared to other investment options. The increase in market share growth was well above the peer average of 12.64%. This was a positive sign considering the depth of our recession. Loan losses were the primary reason for our income performance, but we have attempted to offset these losses to some degree by decreasing operating expenses. We reduced our net operating expense to average asset ratio to 2.76%, making us more efficient than our peers who averaged 3.45% in this measure. An indicator of the value we deliver to members relative to our competition is our fee income/average assets ratio of .74% compared to a peer average of 1.37%. We are hopeful that with the utilization of outside collection and legal resources, we will be able to stem the tide of rising loan delinquencies and return to our normal lower loss ratio by the end of 2010.

We pledge to continue to move into the coming year with the goal of using a combination of technology and knowledgeable staff to continually improve service to the membership.

Patricia Malatesta
CEO/Treasurer



Supervisory Committee Report

The Supervisory Committee is responsible for ensuring that the credit union is operated in a safe and sound manner in accordance with the bylaws, regulations, and internal policies of Vantria Federal Credit Union. The committee is appointed by the Board of Directors and is tasked with selecting the independent auditors that perform the annual audit and render a certified opinion of the financial statements.

During 2002, the Supervisory Committee first engaged the services of Schreiner Legge & Company to conduct this annual audit. As of July 1, 2008, Schreiner Legge merged with the firm of Larson Allen.

The results of the audit by Larson Allen for 2009 accompany this report. No material exceptions were noted during the audit period. Larson Allen also conducted a verification of member accounts as of September 30, 2009, in accordance with U.S. generally accepted auditing standards. No errors were noted as a result of the verification procedures.

The committee concludes, as supported by the annual audit and the annual examination by our regulator, the National Credit Union Administration, that Vantria FCU is financially sound and well-positioned to service the banking needs of its membership.

Stephanie Whalen
Chair, Supervisory Committee

INDEPENDENT AUDITORS' REPORT

Supervisory Committee and Board of Directors
Vantria Federal Credit Union
Springfield, Virginia

We have audited the accompanying statements of financial condition of Vantria Federal Credit Union as of December 31, 2009 and 2008, and the related statements of operations, members' equity (not presented herein), and cash flows (not presented herein) for the year then ended; and in our report dated March 15, 2010, we expressed an unqualified opinion on those financial statements.

In our opinion, the information set forth in the accompanying condensed financial statements is fairly stated, in all material respects, in relation to the financial statements from which it has been derived. However, the reader of these condensed financial statements should note that this presentation does not constitute a complete set of financial statements as required to be presented in conformity with U.S. generally accepted accounting principles.

LarsonAllen LLP
Arlington, Virginia
March 15, 2010



VANTRIA FEDERAL CREDIT UNION STATEMENTS OF FINANCIAL CONDITION

DECEMBER 31, 2009 AND 2008

ASSETS	2009	2008
Cash and Cash Equivalents	\$ 13,754,587	\$ 3,501,262
Deposits in Other Financial Institutions	15,528,075	14,531,284
Securities - Available for Sale	16,965,868	15,527,843
Loans, Net	30,839,118	32,312,444
Accrued Interest Receivable	273,392	377,387
Property and Equipment, Net	1,996,867	2,097,756
NCUSIF Deposit	690,320	195,903
Other Assets	4,251,897	2,612,365
TOTAL ASSETS	\$ 84,300,124	\$ 71,156,244
LIABILITIES AND MEMBERS' EQUITY		
LIABILITIES		
Members' Share and Savings Accounts	71,919,386	62,579,826
Borrowed Funds	5,000,000	-
Accrued Expenses and Other Liabilities	452,291	415,548
TOTAL LIABILITIES	\$ 77,371,677	\$ 62,995,374
COMMITMENTS AND CONTINGENT LIABILITIES		
MEMBERS' EQUITY		
Regular Reserves	707,752	707,752
Appropriated Undivided Earnings	1,507,013	1,507,013
Undivided Earnings	4,532,134	5,622,996
Accumulated Other Comprehensive Income	181,548	323,109
TOTAL MEMBERS' EQUITY	6,928,447	8,160,870
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 84,300,124	\$ 71,156,244

VANTRIA FEDERAL CREDIT UNION STATEMENTS OF OPERATIONS

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
INTEREST INCOME		
Loans	\$ 1,868,633	\$ 2,100,242
Securities and Interest Bearing Deposits	1,035,160	1,362,445
Total Interest Income	2,903,793	3,462,687
INTEREST EXPENSE		
Members' Share and Savings Accounts	1,246,512	1,285,842
Net Interest Income	1,657,281	2,176,845
PROVISION FOR LOAN LOSSES	861,444	305,564
Net Interest Income after Provision for Loan Losses	795,837	1,871,281
NON-INTEREST INCOME		
Service Charges and Fees	465,984	511,715
Other Non-Interest Income	191,834	192,975
Total Non-Interest Income	657,818	704,690
NON-INTEREST EXPENSE		
General and Administrative Employee Compensation and Benefits	1,097,139	1,242,824
Office Occupancy and Operations	761,901	788,831
Other Operating Expenses	782,585	716,026
Total Non-Interest Expense	2,641,625	2,747,681
Net Loss Before NCUSIF Corporate Credit Union Costs	(1,187,970)	(171,710)
NCUSIF AND CORPORATE CREDIT UNION COSTS		
NCUSIF Impairment Loss	-	398,218
NCUSIF Share Insurance (Recovery) Premium	(69,590)	173,138
NCUSIF Impairment (Recovery) Income	(398,218)	-
Corporate MCS Investment Loss	370,700	-
Total NCUSIF and Corporate Credit Union Costs	(97,108)	571,356
NET INCOME (LOSS)	\$ (1,090,862)	\$ (743,066)

The condensed financial statements presented hereto do not constitute a complete set. The complete set, including the statements of changes in members' equity, cash flows and notes to the financial statements, is available in the credit union office.

Notes