

## Message from the Chairman of the Board

Welcome to Century Federal Credit Union's 64th annual meeting! In 2011, the credit union embarked at increasing its capital ratio and at reducing its net long term assets. Both goals were met well before the yearend targeted date. The capital ratio increase came about by lowering the short term deposit rates and the reduction of the net long term assets was successfully reached by selling all mortgages above five years in duration to the secondary market. But as of January 1, 2012, Century is now booking on our portfolio all mortgages with loans to values at/or below 85%. And since December we partnered with CU Student HELP to offer you the Smart Option Student Loan available through Sallie Mae.

Century Federal's capital grew in 2011 to a total of \$27,734,890 with a corresponding ratio of the net worth to total asset of 8.80%, well above the 7.00% well-capitalized classification under our regulator guidelines. The asset growth was very modestly increased by about \$2.5 million to total asset of \$314,958,905 by yearend.

From the operation side, Century Federal replaced three of its older ATMs with newer state-of-the-art machines. The Brecksville VA was closed the beginning of July at the request of VA administration management. We are currently planning for a new ATM at the new Parma VA facility, as well as a second ATM at the Wade Park VA new administration building as soon as we get the go ahead from the VA. The online banking module was updated in October to a cleaner look and feel. We also added a new product called ZashPay<sup>sm</sup>: an online personal payment service that lets you send and receive money directly from/to your accounts.

Century Federal Credit Union's records and operations were examined by NCUA as well as an independent auditing firm. The independent auditor stated that the financial statements presented fairly, in all material respects, the financial position of CFCU as of December 31, 2011.

Finally, on behalf of all the volunteers and the employees, I would like to take this opportunity to thank you for entrusting your financial needs and services to Century Federal. You are the owners of this financial cooperative. And the volunteer Board is just here to be your voice in making decisions, in setting rates or fees, and providing you with new products and services.

Sincerely yours,

Louis J. Ghosn  
Chairman of the Board

## Branch Locations

**Downtown**  
1240 E 9th St  
AJC Federal Building  
Room 719  
Cleveland, OH 44199  
Fax (216) 535-3219  
M-F: 8:00a - 3:30p

**NASA**  
21000 Brookpark Rd  
Building 15  
Cleveland, OH 44135  
Fax (216) 535-3409  
M-F: 8:00a - 3:30p

**Wade Park VAMC**  
10701 East Blvd  
University Circle  
Cleveland, OH 44106  
Fax (216) 535-3609  
M-F: 8:00a - 3:30p

**North Olmsted**  
28251 Lorain Rd  
North Olmsted, OH 44070  
Fax (216) 535-3109  
M-Th: 8:30a - 4:00p  
F: 8:30a - 6:00p  
Sat: 8:30a - 2:00p

**Lyndhurst**  
5465 Mayfield Rd  
Lyndhurst, OH 44124  
Fax (216) 535-3809  
M, T, Th: 8:30a - 4:00p  
closed Wednesdays  
F: 8:30a - 6:00p  
Sat: 8:30a - 2:00p

**Sherwin-Williams**  
101 Prospect Avenue NW  
Room 900  
Republic Building  
Cleveland, OH 44115  
Fax (216) 535-3709  
M-F: 8:30a - 4:00p  
closed: 1:00p - 1:30p

# 2011 Annual Report

## Member Service Center

(216) 535-3200  
(800) 615-2328 (outside local calling area)  
M-F: 7:30a - 6:00p  
Sat: 8:00a - 2:00p

[memberservice@cenfedcu.org](mailto:memberservice@cenfedcu.org)

## Audio Response System

(216) 535-3288  
(800) 626-7974 outside local calling area

[www.cenfedcu.org](http://www.cenfedcu.org)

Your funds are insured up to  
**\$250,000 by the NCUA**



# 2011 Financial Statements

Century Federal Credit Union and Subsidiaries

## Treasurer's Report

### Net Income

In 2011, Century Federal Credit Union (CFCU) had an outstanding year in reported net income. The increase in net income primarily was due to: a) the large reduction in dividends paid to members, which more than offset the reductions in interest income earned on member loans and investments; and b) the National Credit Union Administration's (NCUA) requirements that CFCU increase its net worth to assets ratio to at least 8.5% which required a reduction in dividend payments so that the rate of deposit inflow was reduced.

Also, NCUA required CFCU to reduce its long-term capital assets (primarily mortgages re-pricing in more than five years) to asset ratio. Although the member depositors continued to incur severe dividend rate reductions throughout 2011, because NCUA's requirements were achieved, CFCU now is able to issue 15-year fixed rate mortgages – as we have in the past at reduced costs to members. Due to increased interest rate risk, CFCU is still issuing fixed rate mortgages with maturities exceeding 15 years through the myCUMortgage® program. Net income for 2011 was about \$2.9 million, compared to \$1.9 million for 2010.

### Net Worth and Net Worth/Long-Term Asset Ratio

At December 31, 2011, CFCU's net worth ratio was 8.69% and the net long-term to asset ratio was 363.38%. As mentioned above, by achieving these results, CFCU now is able to portfolio 15-year fixed rate mortgages.

### Allowance for Loan Losses

During 2011, CFCU's provision for loan losses was \$1.452 million. The allowance for loan losses at December 31, 2011 was \$2,132,850. During 2011, \$1,052,078 in secured and unsecured loans was charged off. VISA, signature loans, and other unsecured lines of credit represented \$910,526 of the charge offs. Secured loan charge offs of \$141,552 consisted of: a) first mortgages \$21,719; b) second mortgages including home equity lines of credit \$21,997; and c) automobile \$97,836. Charge off recoveries during 2011 were \$175,552.

### Return to Members

Even though CFCU had to continue large dividend rate reductions, member borrowers were able to obtain automobile loans at very low rates, along with five-year ARM loans. As mentioned, during 2012 CFCU has brought back its traditional fixed rate mortgage program for 15-year fixed rate mortgages. The CFCU Board also has established the dividend policy of paying competitive dividend rates on term shares (CDs) that have maturities of 18 months or longer.

Respectfully submitted,

Tim Edmunds  
Treasurer

## Consolidated Balance Sheets

### Assets

Cash and Cash Equivalents		
Investments		
Loans to Members		
Allowance for Loan Losses		
Net Loans to Members		

Property and Equipment		
Accrued Interest Receivable		
Deposit in NCUSIF		
Other Assets		

### Total Assets

### Liabilities and Equity

Member Shares		
Accounts Payable		
Notes Payable		
Statutory Reserve		
Undivided Earnings		

### Total Liabilities and Equity

## Consolidated Statement of Income

### Interest Income

Interest on Loans		
Investment Income		

### Total Interest Income

### Interest Expense

Dividends on Shares		
Interest on Borrowed Money		

### Total Interest Expense

### Net Interest Income

Provision for Loan Losses		
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### Net Interest Income After Provision for Loan Losses

### Non-Interest Income

Fees and Charges		
Gain on Sale of Investments		

### Total Non-Interest Income

### Non-Interest Expense

Compensation and Benefits		
Office Occupancy		
Office Operations		
Other Operating Expenses		
Prepayment of FHLB Loans Expense		

### Total Non-Interest Expense

### Net Income

## December 31, 2011 and 2010

	2011	2010
<b>Assets</b>		
Cash and Cash Equivalents	\$ 14,443,472	\$ 27,150,868
Investments	97,738,165	62,525,655
Loans to Members	197,863,895	217,354,010
Allowance for Loan Losses	(2,132,850)	(1,557,377)
Net Loans to Members	195,731,045	215,796,633
Property and Equipment	1,806,847	1,794,069
Accrued Interest Receivable	775,197	791,396
Deposit in NCUSIF	2,798,269	2,820,340
Other Assets	1,665,910	1,590,654
<b>Total Assets</b>	<b>\$ 314,958,905</b>	<b>\$ 312,469,615</b>
<b>Liabilities and Equity</b>		
Member Shares	\$ 285,587,080	\$ 286,641,914
Accounts Payable	1,636,935	1,042,968
Notes Payable	-	-
Statutory Reserve	3,597,645	3,597,645
Undivided Earnings	24,137,245	21,187,088
<b>Total Liabilities and Equity</b>	<b>\$ 314,958,905</b>	<b>\$ 312,469,615</b>

## December 31, 2011 and 2010

	2011	2010
<b>Interest Income</b>		
Interest on Loans	\$ 10,434,010	\$ 11,525,381
Investment Income	1,292,371	1,757,759
<b>Total Interest Income</b>	<b>11,726,381</b>	<b>13,283,140</b>
<b>Interest Expense</b>		
Dividends on Shares	1,742,091	3,548,423
Interest on Borrowed Money	742	423,452
<b>Total Interest Expense</b>	<b>1,742,833</b>	<b>3,971,875</b>
<b>Net Interest Income</b>	<b>9,983,548</b>	<b>9,311,265</b>
Provision for Loan Losses	1,452,000	1,500,000
<b>Net Interest Income After Provision for Loan Losses</b>	<b>8,531,548</b>	<b>7,811,265</b>
<b>Non-Interest Income</b>		
Fees and Charges	2,567,859	2,417,183
Gain on Sale of Investments	94,231	499,803
<b>Total Non-Interest Income</b>	<b>2,662,090</b>	<b>2,916,986</b>
<b>Non-Interest Expense</b>		
Compensation and Benefits	3,584,044	3,459,197
Office Occupancy	237,184	242,093
Office Operations	2,650,823	2,606,675
Other Operating Expenses	1,830,130	1,673,899
Prepayment of FHLB Loans Expense	-	842,680
<b>Total Non-Interest Expense</b>	<b>8,302,181</b>	<b>8,824,544</b>
<b>Net Income</b>	<b>\$ 2,891,457</b>	<b>\$ 1,903,707</b>

## Board of Directors

**Chairperson**  
Louis J. Ghosn  
**Vice Chairperson**  
Stephanie Miller  
**Secretary**  
Diane F. Bridges  
**Treasurer**  
Tim Edmunds  
**Directors**  
William Ahonen  
Kristina Beletic  
Richard French  
Rose K. Lorenz  
Norm Musial  
**Associate Director**  
Thomas Saad  
**Recording Secretary**  
Pat Kamholz

## Supervisory Committee

**Chairperson**  
Pete Bonacuse  
**Secretary**  
Matt Melis  
**Members**  
David R. Hull  
Rose K. Lorenz  
David O'Brien  
**Senior Internal Auditor**  
Beverly McMahan

## CU Center West, Inc. Board of Trustees

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William T. Ahonen  
**Vice Chairperson**  
Mack Thomas  
**Secretary**  
Dave Cattani  
**Treasurer**  
Tim Edmunds  
**Trustees**  
William Crell  
Elizabeth Russ  
**Trustees Emeritus**  
Richard Danielson  
Lou Nagy  
**Property Manager**  
Zach Hoty  
**Recording Secretary**  
Elizabeth Russ

## Senior Leadership Team

**CEO (acting)**  
Sharon Churchill  
**VP-Lending**  
Ron Hongosh  
**VP-MIS**  
Nick Nero  
**VP-Operations**  
Cathy MacMillan Kapan

## Management Team

**Accounting Manager**  
Tim Csuti  
**Branch Managers**  
Santina Evans  
Kathy Juray  
Sharonda Moss  
Susan Tancak  
Mirjana Zovkic  
**Director-Human Resources**  
Tina Brostek  
**Director-Marketing**  
Lynn Kaperak-Miller  
**Lending Manager**  
Pete Romano  
**Member Service Center Manager**  
Deedra Miles-Yarborough  
**Network Administrator**  
Jim Coulter  
**Risk Management Analyst**  
Mark Banks

## Team Members

Maurice Adams  
Joel Andexler  
Eric Arcuri  
Wendy Arcuri  
Richard Ayala  
Connie Bacha  
Laura Baldwin  
Kelly Belfi  
Carrie Boll  
Charlotte Bosak  
Melissa Cordy  
Julie Dunn  
Denise Dvorak  
Chrisilyn Falensky  
Elizabeth Gill  
Donna Gillis  
Nancy Hetrick  
Kim Hickman  
Pat Jackson  
Veronica Jackson  
Tasha Jones  
Cheryl Keyser  
Ellen Khrenovsky  
Jill Kiggins  
Kyle Kotarski  
Janet Kovalak  
Jeff Lanzen  
Jeffrey Leighton  
Matthew Lyzen  
Sally Mandic  
Linda Martin  
Denise McLaughlin  
Deedra Miles-Yarborough  
Harriet Monroe  
Lindsay Mroz  
Jeanette Ozimek  
Jeffrey Pece  
Dianne Pennington  
Kelly Pogue  
Valerie Pope  
Wendy Ruffing  
Melissa Seketa  
Becky Sinram  
Sue Sliman  
Denise Smith  
Connie Swetel  
Tiffany Tolbert  
Tina Walters  
Denise Yonkouski  
Lettoya Young  
Dawn Zmcecek