



# ANNUAL REPORT 07



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**AOD**  
**Federal Credit Union**

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*"Quality Member Service"*

Front cover: (left to right)

**1st row**

Diane Payne – member, Zeneshua Jairrels – member, Cindy Manning – member, AODFCU's e-Link

**2nd row**

Dena Haynes – member, Shannon & Amaya Studdard – winners of the World's Largest Christmas Stocking give-a-way, T.J. Brown – member, Diedra Foote – member

**3rd row**

Cassandra Roberts – member, Bruce & Kallie Tankersly – members, AODFCU volunteers for the East Central Alabama United Way 2007 Day of Caring at the Boy's & Girls Club/  
Hamilton Unit, April Evans – member

**4th row**

Angela Roberts – member, Allison Tolbert – member

**5th row**

Robert Bean – member, Judy Spradlin – member



*Our greatest assets  
are our members.*

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*Giving back to our Community!  
"Team" AOD May 11th, 2007 at the  
American Cancer Society Relay for  
Life event (left) and donations made  
to Saks Middle School (right).*



## *Mission Statement*

AOD Federal Credit Union is a cooperative organized for members to pool their savings, lend them to one another, and own the organization where they save, borrow and obtain related financial services.

## *Working Vision Statement*

“Quality Member Service”

## *Organizational Values*

Progressive  
Commitment to a Quality Staff  
Community Service  
Integrity  
Commitment to Members' Financial Well-Being



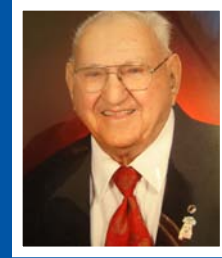


## *Our History*

AOD Federal Credit Union was federally chartered on April 21, 1950, as a financial cooperative to serve its members. The credit union's original charter group consisted of 45 members who were all employed by the Anniston Ordnance Depot. AOD's first day of operation was May 4, 1950, in an office located on the Depot property.

Since 1950, AOD Federal Credit Union has grown to four branches, located throughout Anniston with more than 260 select employer groups. For almost 58 years, the credit union's goal has been to provide its members with sound savings programs, competitive lending and checking products, and a variety of other convenient services tailored to fit the needs of each individual member.

AOD Federal Credit Union's 58 years of service and experience has positioned the credit union to become one of the largest and most stable credit unions in the country.



## *Joseph John Burn, Sr.*

03/27/1909 - 10/18/07

Joe Burn had been a member of AODFCU for over 57 years and was the sixth person contacted to start the credit union. During an interview in 2007, Mr. Burn stated that he wanted to be a part of the Credit Union. "I joined because I was asked. I started putting \$25 in every month and I've been doing it ever since." His work on the credit committee helped the credit union make sound loans to many AODFCU members.

Mr. Burn was born March 27, 1909 in Charleston, South Carolina. He was raised there with two brothers and a sister. He started his career with the government in 1929 in Charleston. He married his late wife Emma, in 1935. They had four children. He was transferred to Alabama in 1941 and worked for the Anniston Ordnance Depot until he retired in 1970. He lived in the same house in Anniston since 1952. His 10 grandchildren and 7 great grandchildren reside in many different states.

He was very active in the Knights of Columbus, the Retired Federal Employees Association and was a member of Sacred Heart of Jesus Catholic Church since 1942. On November 1, 1990, he was made an Honorary Life member of the Knights of Columbus. His service to the community was recognized by the ARC of Calhoun and Cleburne Counties on his 90th birthday. For 28 years, he raised thousands of dollars for children and adults with developmental disabilities and did not stop after his 90th birthday. He kept on raising funds by selling Tootsie Rolls for another six years until 2004 when his health prevented him from continuing his efforts. Mr. Burn enjoyed playing poker with friends in his "spare" time.

Mr. Burn passed away on Thursday, October 18, 2007 at his Anniston residence. His granddaughter, Maggie Burn Owens, wanted to thank AODFCU for helping her grandfather. She said, "He loved AOD [Federal] Credit Union." She reminisced that he also loved saying "Book #6" to new tellers!



# *AOD Federal Credit Union*

## *Original Charter Members*

Foster Oliver	Freeman A. Lambert
Jack P. Butterly	Charles W. Locke
T.L. Drummonds	Mildred J. Cowan
Milton E. Harris	Leon W. Poe
S.C. Woodard	D.E. Smith
Joseph Burn	Dudley C. Ward
Rudolph K. Baerwald	H. M. Bunch
Donald C. Koehn	E.R. Perry
Edward C. O'Brien, Jr.	Nellie C. Holmberg
M.B. Jackson	Clarence A. Gilmore
John L. Carpenter	Grady L. Tew
Lincoln Gundlack	Nobie T. Martin
Elijah J. Colley	Alanzo O'Harrow
Nell M. Flanagan	James B. Perry
Lewis E. Melton	Carrie E. Dickie
Clarence W. Gober	S.S. Penuel
Billy Malcom	Margaret Jamison
Fannie D. Battles	Ruth L. Cornelius
Catherine W. Bowling	F.J. Krysiak
James B. Owen	Revy E. Higgins
Marvin H. Voges	Thomas E. Ball
Herbert C. Price	W.W. Owens
Donald Turner	

# Active Charter Members



## Catherine Bowling

Ms. Catherine Bowling was born in 1922 in Hamlet, NC. She moved to Anniston, Alabama to work at the Anniston Ordnance Depot in the early 1940's leaving behind her two sisters and the rest of her extended family. She met her husband, John Edward. They married and had two children: Richard and Donna.

During her career working at the Depot, she was one of the 45 individuals who pooled \$25,000 to open the credit union in order to make loans to other members. As secretary to the Depot Colonel, Ms. Bowling made time to volunteer at AODFCU.

She processed the first loan made. She retired in 1980.

AOD Federal Credit Union is proud to recognize Ms. Bowling as a charter member and appreciates her commitment to helping the credit union grow to serve the needs of Anniston and surrounding areas.



## James Perry

Mr. James Perry had always wanted to be in the military and was the first in his family to serve. Mr. Perry was drafted into the service in 1941, and proudly served 4 years, 3 months and 16 days. He then returned to his home town of Anniston, Alabama, and began work at the Anniston Ordnance Depot.

Soon after he began work at the Depot, he was asked to join a new credit union that was being organized to serve the needs of Depot employees. Mr. Perry and his late wife, Grace, made the decision to join AOD Federal Credit Union at the request of

Mr. Roger Thackery, and that is how they became charter members. Mr. Perry was well known at the Depot and asked others to join too. At age 89, Mr. Perry still has fond memories of his years growing up in Golden Springs, his days in the military, and the years that he and his late wife enjoyed as they raised their family.

After serving in the Army Air Corp and completing a tour of France, Italy, Germany and Africa, Mr. Perry began his career at the Depot doing carpentry work. He retired at age 55 as supervisor of the Box and Crate Shop. During that time, Mr. Perry remained a member of AOD Federal Credit Union and took advantage of the many benefits. He instilled in his three children, Robert, Bryant, and Grace, as well as his 2 granddaughters, the membership advantages that AODFCU offers. "AOD Federal Credit Union has been a great thing and helped my whole family," relates Mr. Perry.

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## The 2007 AOD Federal Credit Union Scholarships



The 2007 scholarships were named in honor of charter members Catherine W. Bowling, Joseph Burn, and James B. Perry. The award winners pictured left to right: Jillian P. Brodeur, Saks High School  
Brett L. Fleming, Pleasant Valley High School  
Chad Weston Lloyd, Trinity Christian Academy  
Benjamin Joseph Crosby, White Plains High School  
Meghan M. Lindsey, Oxford High School  
Hannah Faulkner, White Plains High School (not pictured).

# **AOD FEDERAL CREDIT UNION**

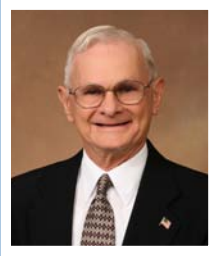
## **PAST BOARD CHAIRMEN**

<b>Rudolph K. Baerwald</b>	<b>5 / 1950</b>	<b>-</b>	<b>7 / 1950</b>
<b>George Mayne</b>	<b>7 / 1950</b>	<b>-</b>	<b>1 / 1951</b>
<b>Foster F. Oliver</b>	<b>1 / 1951</b>	<b>-</b>	<b>1 / 1953</b>
<b>Woodrow W. Owens</b>	<b>1 / 1953</b>	<b>-</b>	<b>1 / 1954</b>
<b>C. C. Parker</b>	<b>1 / 1954</b>	<b>-</b>	<b>1 / 1955</b>
<b>Jack Butterly</b>	<b>1 / 1955</b>	<b>-</b>	<b>1 / 1956</b>
<b>Troy C. Mintz</b>	<b>1 / 1956</b>	<b>-</b>	<b>1 / 1966</b>
<b>Bernise R. Slay</b>	<b>1 / 1966</b>	<b>-</b>	<b>1 / 1968</b>
<b>Edson W. Laney</b>	<b>1 / 1968</b>	<b>-</b>	<b>1 / 1969</b>
<b>Randall Q. Cassity</b>	<b>1 / 1969</b>	<b>-</b>	<b>1 / 1973</b>
<b>Robert F. Estes</b>	<b>1 / 1973</b>	<b>-</b>	<b>1 / 1975</b>
<b>Bonnie J. McDougal</b>	<b>1 / 1975</b>	<b>-</b>	<b>1 / 1977</b>
<b>Samuel E. Brown</b>	<b>1 / 1977</b>	<b>-</b>	<b>1 / 1979</b>
<b>Evelyn J. Brooks</b>	<b>1 / 1979</b>	<b>-</b>	<b>1 / 1980</b>
<b>Harold M. Mooneyham</b>	<b>1 / 1980</b>	<b>-</b>	<b>1 / 1982</b>
<b>Wallace E. Self</b>	<b>1 / 1982</b>	<b>-</b>	<b>1 / 1983</b>
<b>Chester Webb</b>	<b>1 / 1983</b>	<b>-</b>	<b>1 / 1984</b>
<b>Gordon L. “Doc” Williamson</b>	<b>1 / 1984</b>	<b>-</b>	<b>2 / 1991</b>
<b>Robert E. Nicholson</b>	<b>2 / 1991</b>	<b>-</b>	<b>2 / 1992</b>
<b>Clyde L. Wesson</b>	<b>2 / 1992</b>	<b>-</b>	<b>3 / 1994</b>
<b>Bobby J. Israel</b>	<b>3 / 1994</b>	<b>-</b>	<b>3 / 1995</b>
<b>James Dan Munroe</b>	<b>3 / 1995</b>	<b>-</b>	<b>4 / 1997</b>
<b>Gordon L. “Doc” Williamson</b>	<b>4 / 1997</b>	<b>-</b>	<b>3 / 1998</b>
<b>Clyde L. Wesson</b>	<b>3 / 1998</b>	<b>-</b>	<b>4 / 2000</b>
<b>Gordon L. “Doc” Williamson</b>	<b>4 / 2000</b>	<b>-</b>	<b>3 / 2002</b>
<b>Jimmy E. Webb</b>	<b>3 / 2002</b>	<b>-</b>	<b>2 / 2003</b>
<b>George Moore, Jr.</b>	<b>2 / 2003</b>	<b>-</b>	<b>2 / 2004</b>
<b>Clyde L. Wesson</b>	<b>2 / 2004</b>	<b>-</b>	<b>Current</b>



# *Leadership Team*

## **Board of Directors**



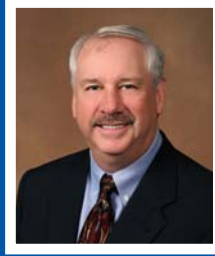
Clyde Wesson  
Chairman



Ken Reid  
Vice-Chairman



James Daugherty  
Secretary



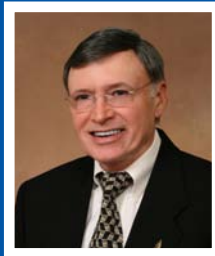
Jim Webb  
Treasurer



Bobby Israel

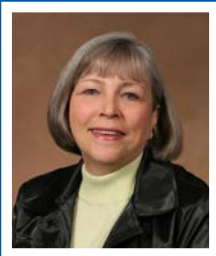


Randy Wiggins



Gordon "Doc"  
Williamson

## **Supervisory Committee**



Faye Robertson  
Chairperson



James Dan  
Munroe  
Vice-Chairman



Everett Kelley  
Secretary/Recording  
Officer

## **Senior Management**



Kenneth R.  
Reynolds  
President and  
Chief Executive  
Officer



Nina Gilbert  
Chief Operations  
Officer



Jeff Napper  
Chief Financial  
Officer



Victor Morales  
Chief Information  
Officer

# *58th Annual Meeting Agenda*

FEBRUARY 26, 2008

- Call to order
- Ascertainment that a quorum is present
- Invocation & Pledge of Allegiance – Everett Kelley, Supervisory Committee Secretary/Recording Officer
- Annual Meeting Video
- Reading and approval or correction of the minutes of the last meeting
- Report of the Directors—Clyde Wesson, Chairman
- Report of the Treasurer—Jimmy Webb, Treasurer
- Report of the Supervisory Committee
- Unfinished Business
- New Business other than elections
- Special Recognition of Employees and Volunteers
- Adjournment
- Awarding of Door Prizes



*Ken Reid, Vice-Chairman, awarded door prizes to lucky members during the 2007 Annual Meeting. Pictured are two of the winners: Larry Turner (left) & Andrew Burns (right).*



## *Minutes of the 57th Annual Meeting*

### 1. Date, Time, Place and Attendance:

- a. Date and Time: February 27, 2007 at 6:30 P.M.
- b. Place: Anniston Army Depot, CAC #251
- c. Attendance:
  - Board Members Present:
    - Clyde Wesson, Chairman
    - Ken Reid, Vice-Chairman
    - James Daugherty, Secretary
    - Jim Webb, Treasurer
    - Bobby Israel, Director/Supr. Com. Chair
    - Randy Wiggins, Director
    - Gordon "Doc" Williamson
  - Supervisory Committee Members Present:
    - Bobby Israel, Chairman
    - Faye Robertson, Vice Chairperson
    - Wanda Chris Lathem
    - James Dan Munroe

- 2. Board of Directors Chairman Clyde Wesson called the meeting to order at 6:30 p.m. He verified with Secretary James Larry Daugherty that a quorum was present and welcomed those in attendance to AOD's 57th Annual Meeting.
- 3. The invocation was presented by Vice-Chairman Ken Reid. Mr. Reid also led those present in the Pledge of Allegiance.
- 4. Mr. Reynolds introduced a special video presentation entitled, "Giving Back to Our Members" to the audience.
- 5. Special guests Mr. Joseph Burn and Mr. James Perry were seated on stage.
- 6. Mr. Wesson introduced himself as the Chairman of the Board. He commended the CEO and Staff on this year's annual report. He added that members' pictures were included in this year's report to honor our members. He referenced page 3 of the Annual Report and stated that the building pictured to the left of the page was the original branch of AOD Federal Credit Union constructed outside of the Anniston Army Depot. Mr. Roger L. Thackery was pictured on the right-hand side of the page. Mr. Wesson stated that Mr. Thackery was the first general manager of AOD. He was employed by AOD for 21 years and substantially grew the Credit Union during his tenure. Mr. Wesson added that we owe a lot to Mr. Thackery for contributing to the success of AOD. He also referenced page 4 which lists AOD's Original Charter Members. He stated that the Credit Union was capitalized with \$25,000 and that the charter members risked a lot in order to begin the Credit Union. The three people listed on page 5; Joe Burn, Catherine Bowling and James Perry are still active charter members of the Credit Union and have been for 57 years. Mr. Wesson asked the audience to review page 7 of the annual report. He stated that those included on the page were the Leadership Group of the Credit Union. He added that Mr. Everett Kelley had joined the Supervisory Committee this year.
- 7. Mr. Wesson asked if there were any recommended changes to the Minutes of the 56th Annual Meeting.



*" I like the location and convenience AOD [FCU] offers... and I like the Skip-a-Payments because that helps out, especially at Christmas time."*

*- Mark Donaldson*

There were none. Mr. Wesson then called for a motion to suspend the reading of the 2006 Annual Meeting minutes and to approve the minutes as written. Mr. James Daugherty made a motion to suspend the reading of the minutes and to approve them as written. Mr. Joe Burn seconded the motion. The motion was approved unanimously.

8. Chairman's Report- Mr. Wesson reviewed the highlights of page 12 of the 2006 Annual Report.
  - a. He emphasized how well the Credit Union had performed this past year.
  - b. He stated that AOD would be building a new branch in Oxford in early 2008. AOD will be the only financial institution just south of I-20. In addition, new ATMs are being constructed near the Murphy Oil Stations adjacent to Wal-Mart in Oxford, Anniston, Jacksonville, and Talladega. This will provide members with more branch and ATM locations.
  - c. Mr. Wesson added that Shared Branching will also be implemented this year and would give members access to their money at other credit unions within the Shared Branching network.
  - d. Mr. Wesson called attention to the Voice Link Program. He explained its' benefits and encouraged everyone to use Voice Link rather than calling the credit union to check on their balances.
  - e. Mr. Wesson expressed his gratitude to the Volunteers, CEO and Staff, Employees and Members for their dedication to AOD Federal Credit Union. He then asked for the Treasurer to step forward.
9. Treasurer's Report- Mr. Jimmy Webb asked those in attendance to review the report. He stated that the Credit Union is healthy and strong in comparison to other financial institutions. He noted that the assets were higher in 2003 than they are now. He said that this was due to the Monsanto checks, but this was expected by the Board.
10. Supervisory Committee Report- Mr. Israel stated that the Credit Union had been audited 3 times this past year and that they had all come back favorably. He informed those present that if they had any complaints, they should contact the Supervisory Committee. Mr. Israel stated that he would be stepping down from the Supervisory Committee this year.
11. Mr. Wesson introduced Mr. Ken Reynolds, President and CEO of AOD Federal Credit Union. Mr. Reynolds reiterated that 2006 had been a successful year for the Credit Union and that 2007 would be an even more exciting year. He reviewed the upcoming plans for the new branch in Oxford, the construction of the ATMs in Oxford, Anniston, Jacksonville and Talladega, and the shared branching implementation which will allow members to access their money at 2500 credit unions across the United States. Mr. Reynolds stated that the members are always welcome to come by his office for a visit. In conclusion, he thanked the Board of Directors for their dedication and commitment to moving the Credit Union forward, the Supervisory Committee for keeping the Credit Union operating in a proper fashion and the employees who make it happen for the members each and every day.
12. Mr. Wesson asked if there was any unfinished business. There was none.
13. Mr. Wesson asked if there was any new business other than elections. There was none.
14. Board Election Results: Mr. Wesson stated that there were two positions on the Board to be filled. There were three candidates for these two positions. The two members with the highest votes who were elected were: Mr. Bobby Israel and Mr. Jimmy Webb. He congratulated those elected and welcomed them to the Board of Directors of AODFCU for another term.

15. Mr. Wesson recognized the following people for contributing to AODFCU's success:

- a. Three of the original Charter Members are still members of AOD after 57 years. They are Ms. Catherine Bowling, Mr. Joseph Burns, and Mr. James Perry. Ms. Bowling could not be with us tonight, but Mr. Burns and Mr. Perry are here on stage. To honor these three members of 57 years, AOD is awarding a \$1000 scholarship in each of their names in 2007. Mr. Burns and Mr. Perry were then presented with a plaque. Mr. Burns and Mr. Perry each spoke to the assembled members.
- b. Two AOD employees – Ms. DeAnn Mayo and Ms. Amy Williams. Ms. Mayo was recognized for having provided outstanding member service in the resolution of a member's problem. The member wrote a letter praising Ms. Mayo's actions. Ms. Williams was recognized for assisting a Supervisory Committee member by allowing her personal debit card to be used to purchase items for a local charity.
- c. Sonya Heathcock and Dawn Parker were recognized by the Board for volunteering to take the minutes of the Board of Directors' meetings. They also received a certificate and monetary award for their service.

16. Mr. Wesson presented to the assembled members several employees who received letters of appreciation from the Board for assisting the Supervisory Committee in 2006 in counting the election ballots. These employees were Sean Gauldin, Sonya Heathcock, Darla James, Victor Morales, Dawn Parker, and Allison Sanders. The employees who assisted the Supervisory Committee in the 2007 election process were Diana Newberry, Audrey Cole, and Jamie Moore.

17. Mr. Wesson recognized Depot Chef, Nancy Smith, for the food prepared for the annual meeting.

18. Mr. Reynolds thanked Vickie Rowland and Audrey Tinkey for their hard work in planning and coordinating this year's annual meeting.

19. The meeting was adjourned at 7:25 P.M.

After the meeting adjourned, Mr. Ken Reid conducted the drawing for door prizes. Audrey Tinkey assisted with the distribution of the prizes.

Clyde Wesson, Chairman

Sonya Heathcock, Recording Secretary



*Getting cash  
when you need it  
is important.  
AODFCU's  
ATMs give you  
convenient access  
to your cash  
24 hours a day,  
7 days a week  
around the world.*

*- pictured member  
Ashley Lenning*



## *Chairman's Report*

We are pleased to provide you with this year's Annual Report. 2007 marks our 57th year of service to members of AOD Federal Credit Union.

Thank you for your continued loyalty and support as members and owners of AOD Federal Credit Union. The sole purpose of your credit union is serving you and helping you achieve greater financial success.

Through your active participation, we make progress together. By saving, borrowing, and referring family and friends, you contribute to your credit union's growth and healthy financial condition. This enables your not-for-profit credit union to offer attractive rates, lower fees, many free services and other helpful benefits.

Sadly, we lost one of our charter members this year -- Joe Burn. Mr. Burn began his membership with AOD in 1950 and remained an active member for over 57 years. We appreciate his support and dedication to the credit union and will dearly miss him.

We are pleased to highlight some of our many accomplishments in 2007.

- Members received over \$3.1 million in regular dividends
- Over \$500,00 was returned to members in the form of extraordinary or bonus dividends
- AOD was recognized by the National publication "Credit Union Journal" (November 12, 2007) as one of the best and highest performing Credit Unions in the entire country
- Provided approximately \$40 million in loans to members
- Members received over \$77,000 in cash rebates and rewards from AODFCU's "Cash Back" and "Rewards" credit card products
- Members used their debit card to conduct over 2 million transactions
- Awarded six \$1,000 student scholarships with AODFCU's new "Scholarship Program"
- A record number of members took advantage of AODFCU's "Courtesy Pay/Paid NSF" program and saved hundreds of thousands of dollars in merchant fees and the embarrassment of returned checks
- Members skipped over 3,000 loan payments through free skip-a-pay promotions saving over \$75,000 in fees
- Provided credit union services to members in 45 states and a number of foreign countries
- Introduced Electronic Statements, at no charge, with over 1,100 new member sign ups.
- Provided Internet Banking access to Check Images at no charge
- Provided ability to set up Internet Banking Account Notifications at no charge
- Introduced new Telephone System and skill-based routing to improve member service
- Increased member security and reduced debit card fraud by implementing Falcon Neural Network to monitor member accounts





*"I use AOD Federal Credit Union for all of my personal business because it's more convenient and the employees have always been easy to deal with."*

*- Phil Stumbo*

- Added 4 new ATM locations – near Wal-mart/Murphy Oil in Anniston, Jacksonville, Oxford, and Talladega
- Provided support for numerous organizations and events throughout our communities – including United Way, American Cancer Society, American Heart Association, Army Emergency Relief, Red Cross, Boys and Girls Club, Cystic Fibrosis Foundation, Sunny King Charity Classic, Calhoun County Humane Society, United Cerebral Palsy, Rainbow Omega, Muscular Dystrophy Association, Calhoun County Achievement Foundation, Association of the U. S. Army, Knox Concert Series, YMCA, and others.
- Implemented Shared Branching – providing members over 2,000 additional access points, for fee free transactions, at credit union offices through out the United States and a number of foreign countries.
- Introduced the new Fresh Start30, thirty year mortgage product.

These accomplishments would not be possible without loyal membership. Thanks to an exceptional group of volunteers, management and staff whose teamwork and dedication make our accomplishments possible. We would also like to thank an integral part of the AODFCU team, the Supervisory Committee, comprised of Faye Robertson, Chairperson, Everett Kelley and Dan Munroe, committee members.

We are grateful for the opportunity to serve you, the Member-Owners of AOD Federal Credit Union, with financial resources that assist you to save, build, grow, dream, and achieve. We look forward to continuing to build on the solid foundation of service and success we have created together over the years.

Respectfully,

Clyde Wesson  
Chairman of the Board

# *Treasurer's Report*



## **Distribution of Income**

AOD Federal Credit Union had a record year with over \$2.7 million of net income prior to the \$500,000 bonus dividend paid on December 31, 2007. As a result, your credit union was able to offer very competitive pricing with loan products while increasing share and certificates rates above market. The competitive loan pricing and decline in market rates had a minor impact to income from loans. The credit union's income from loans declined by \$17,732 or .35%. During 2007, the credit union was able to increase yields in the securities portfolio while maintaining the existing level of investment risk. This change increased investment income by \$496,819.44 or 26.36%. Fees and charges continued to significantly grow during 2007 due to the success of the "Paid NSF" or "Courtesy Pay" program. Member

usage continued to rise in many credit union products in addition to the "Paid NSF" program. The debit card program had a record year in debit card transactions growing from 1.6 million to 1.9 million transactions or 18%. The successes of these services increased income, but also had a direct or indirect cost to the credit union.

Income	2007	2006
Income from Loans	\$4,997,935.89	\$5,015,668.41
Investment Income	\$2,381,130.18	\$1,884,310.74
Fees & Charges	\$2,859,094.40	\$2,571,162.76
Misc Operating Income	\$743,283.15	\$749,122.55
SVC Income on Loans	\$47,870.49	\$92,502.07
Total Operating Income:	\$11,029,314.11	\$10,312,766.53

## **Distribution of Expenses**

During 2007, the credit union had a 14% increase to overall expenses from the previous year. This increase was due to increased share and certificate rates and a \$500,000 bonus dividend paid to the membership. The \$500,000 bonus dividend was paid in December to give back to the membership for a successful year. Compensation & Benefits rose by 5% due to increases to cost of living and insurance costs. These costs continued to be below peer averages on these categories. Operating Expenses and Professional and Outside Expenses increased as membership usage increased in products and services.

Expenses	2007	2006
Compensation & Benefits	\$2,524,126.39	\$2,396,632.70
Operating Expenses	\$2,980,985.28	\$2,904,382.68
Dividends	\$3,191,449.36	\$2,142,718.49
Provision for Loss	\$70,311.03	\$233,690.13
Total Expenses	\$8,766,872.06	\$7,677,424.00

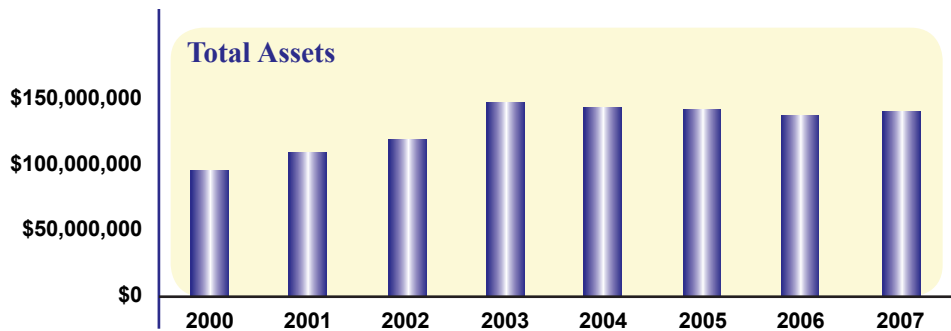


*Stanley Jemison and his wife were referred to AODFCU by his brother. They needed help paying their bills. They chose AODFCU because it was a fast and uncomplicated way to get a loan.*

*- pictured member, Stanley Jemison*

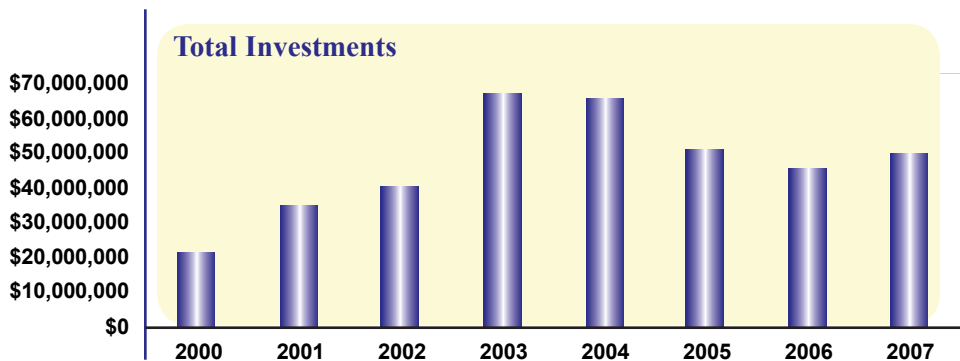
### **Total Assets**

Between 2006 and 2007, total assets increased from \$137,849,622 to \$140,987,649. The increase in assets was due to a combination of strong income and increase to investment values. The credit union had a 13.19% increase to undivided earnings which will allow the credit union the financial stability to offer additional products and services for the membership. During 2007, the value of the bond portfolio rose which resulted in an increase to total equity. The market value for investments increased \$525,212 between 2006 and 2007.



### **Total Investments**

The credit union invests excess funding between shares and loans into investments with the best possible returns. These funds are used to offset member withdrawals, changes to equity, and loan growth. Since the credit union's equity increased, investment balances increased \$4 million during 2007.



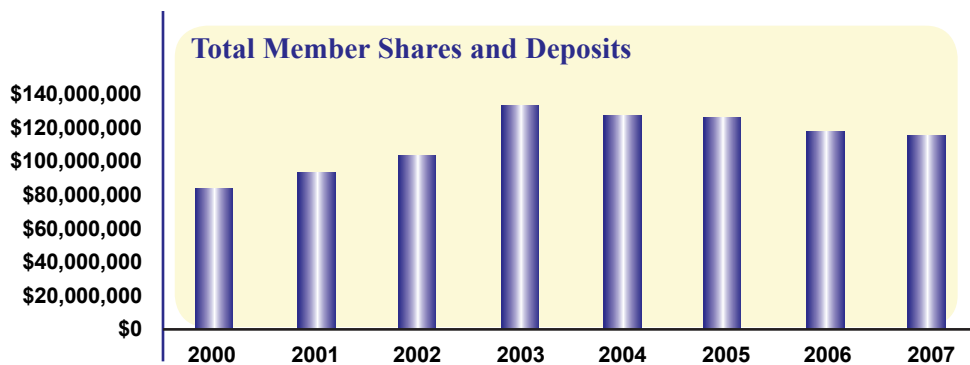


*"I don't know what I would have done without the Credit Union... they've helped my whole family."*

*- Beuna Carr*

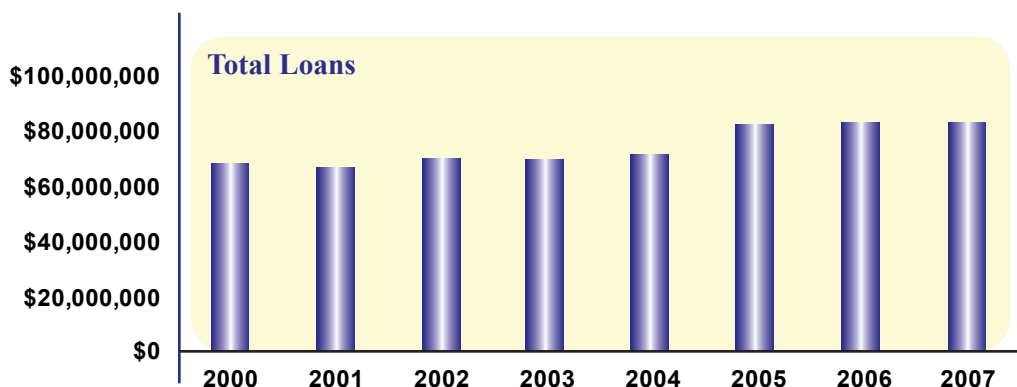
### Total Member Shares and Deposits

Total Member Shares and Deposits declined 1.71% or \$2.04 million between 2006 and 2007. Regular share and drafts balances declined from member withdrawals and transfers to certificate products. During 2007, the credit union implemented an aggressive pricing strategy for deposit products to minimize member withdrawals and give back to the membership. Many members took advantage of the certificate products. Certificate balances increased \$583,768 or 2.50% between 2006 and 2007.



### Total Loans

Member loans increased \$240,806 or .29% between 2006 and 2007. The credit union maintained a level pricing strategy to offer competitive loan rates to the membership. The credit union implemented a cash back rewards program to the credit card program and two free skip-a-pay promotions to give back to the membership. This pricing strategy assisted in maintaining existing loan balances with the members. The credit union card program added \$336,727 which was in line with the credit union's growth strategy.



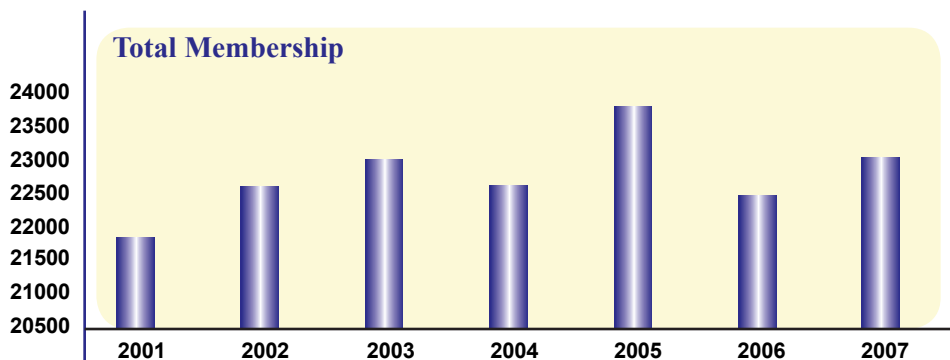


*"I like AOD[FCU] because they meet my financial needs... they don't treat you like a number, they treat you like a human."*

*- Linda Morgan*

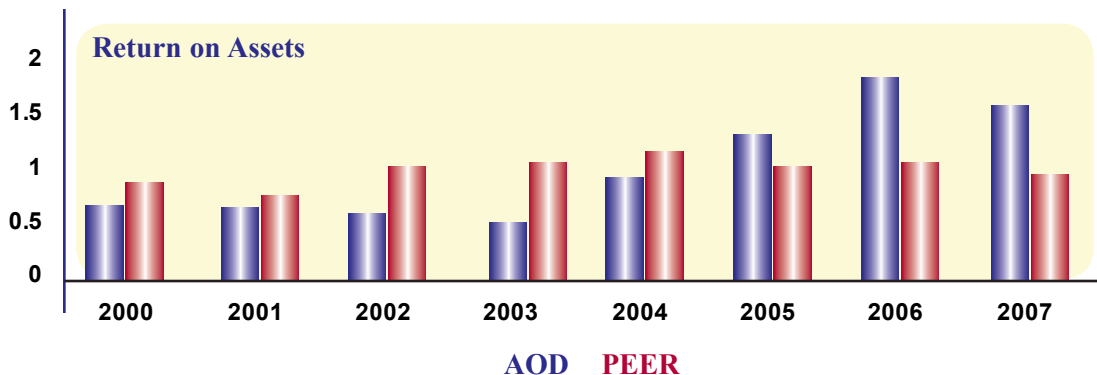
### Membership

Between 2006 and 2007, the credit union had a net increase of 574 new members. The credit union implemented an aggressive SEG development program to increase membership and product penetration. The SEG development strategy had a positive impact to the membership growth plan.



### Return on Assets

The return on assets (ROA) looks at a ratio of AOD Federal Credit Union net income divided by its average total assets. The graph shows both AOD's ROA and that of its peer group\* which is published by Callahan and Associates. AOD Federal Credit Union has historically been below the peer average until 2005. Between 2006 and 2007, the credit union's ROA declined from 1.87% to 1.59% due to increased dividend payments. During 2007, the credit union paid \$3,191,449 in dividends back to the membership as compared to \$2,142,718 from 2006. This reflects a 48.9% increase to dividend payments from 2006. As of December 31, 2007, the credit union paid \$500,000 in bonus dividends to give more back to the membership.

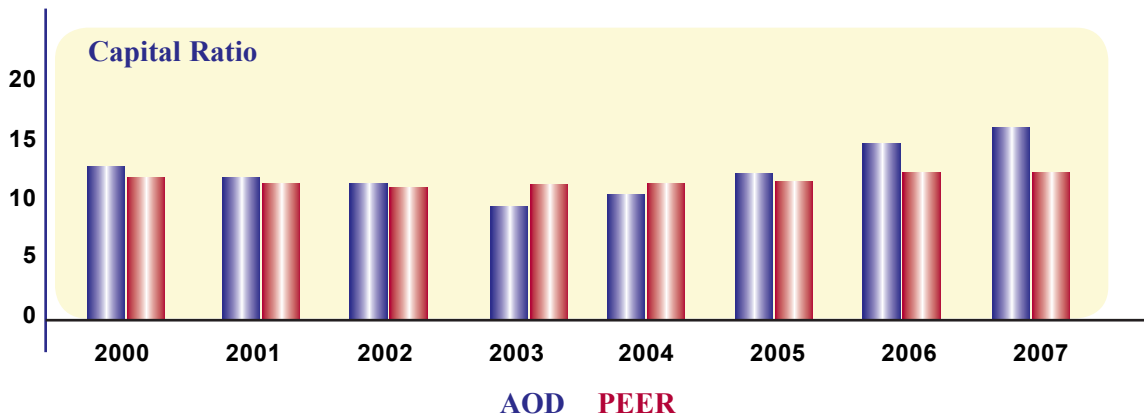


*AODFCU's Board of Directors welcomes the new incoming Commander of the Anniston Army Depot, Colonel Sherry Keller.*



### Capital Ratio

The capital ratio is calculated as a ratio of AOD's regular reserve and undivided earnings divided by end of year total assets. As shown by the graph, AOD Federal Credit Union has outperformed peer averages since 2005. During 2007, the credit union continued to follow the same trend. The credit union continued to be well above the state average of 12.30%.



\*The peer averages were based on 151 Alabama credit unions. The 2007 peer ratios were based on September 2007 data, because December 2007 data was not available.



# *Supervisory Committee's Report*



The Supervisory Committee is created by Federal law and is appointed by the Board of Directors according to the provisions in the Federal Credit Union Act. Committee members for 2007 included Faye Robertson, Chairperson, Dan Munroe, Vice-Chairman, and Everett Kelly, Secretary/Recording Officer.

In accordance with the rules and regulations of the National Credit Union Administration (NCUA) and the Federal Credit Union Act, the Committee is accountable for the effective performance of certain duties and responsibilities. The Supervisory Committee is available to assist any member who encounters problems transacting Credit Union business. In addition to providing impartial and independent assistance to members, the Committee is also responsible for conduct-

ing audits and protecting the Credit Union against carelessness, error, and fraud.

To meet these responsibilities, the Supervisory Committee engages outside auditors to provide an independent review of the Credit Union. The 2007 Financial Audit of the Credit Union's accounts and financial records was performed by Kemp and Associates, PC. This audit validated that the financial statements present the true and accurate financial condition of your Credit Union as of March 31, 2007. Kemp and Associates also performed the 2007 Agreed Upon Procedures Audit and Bank Secrecy Act Audit. These audits validated that your Credit Union's operational procedures and practices followed NCUA guidelines.

The Supervisory Committee wishes to thank all our members who supported the Credit Union during the year. Together we were able to again successfully pool our resources in the true credit union philosophy of people helping people for the benefit of all members.

Faye Robertson,  
Supervisory Committee Chairperson



*The 15th Annual Credit Union Car Sale was held the last weekend in March, 2007. AODFCU had drawings for both a flat screen TV and DVD player. Pictured are Flat Screen TV winners Dustin, Jessica & Ethan (3) Kemp (left) and Christy McCullough, Teller, with DVD winner Eddie McDowell (right).*



# Statement of Financial Condition

December 31, 2007

	2007	2006
<b>ASSETS</b>		
Cash and cash equivalents:		
Non-interest bearing	\$ 2,907,110	\$ 4,171,526
Interest bearing	14,500,729	9,045,881
Total Cash and Cash Equivalents	17,407,839	13,217,407
Securities available-for-sale	30,328,203	31,326,061
Securities held-to-maturity	2,402,680	2,696,133
CD's and investments with other financial institutions	493,945	501,273
Loans to members, net of allowance for loan loss	83,766,505	83,353,874
Deposit in NCUSIF	1,168,232	1,144,854
Investments in corporate credit unions	887,860	1,061,255
Accrued income	633,711	581,659
Property and equipment	3,169,408	3,238,896
Other assets	729,267	728,209
Total Assets	<u>\$ 140,987,650</u>	<u>\$ 137,849,623</u>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
Members' share and savings accounts	\$ 117,778,430	\$ 119,823,057
Dividends accrued and payable	71,518	67,699
Accrued expenses and other liabilities	653,057	(1,738,125)
Total Liabilities	118,503,005	118,152,631
Members' equity:		
Regular reserve, restricted	3,017,985	3,017,985
Undivided Earnings	19,413,000	17,150,558
Accumulated other comprehensive income	53,660	(471,552)
Total Members' Equity	<u>22,484,645</u>	<u>19,696,991</u>
<b>TOTAL LIABILITIES &amp; MEMBERS' EQUITY</b>	<u>\$ 140,987,650</u>	<u>\$ 137,849,623</u>



*"I would never leave the Credit Union...I would go to my grave being a Credit Union Member because AOD[FCU]'s always been there for me."*

*- Virginia Batey*

## *Statement of Income*

For the Years Ending December 31, 2007 and 2006

	2007	2006
<b>INTEREST INCOME</b>		
Interest on loans		
Interest on investments	\$ 4,997,936	\$ 5,015,668
Total Interest Income	<u>2,381,130</u>	<u>1,884,311</u>
	7,379,066	6,899,979
<b>INTEREST EXPENSE</b>		
Net Interest Income	<u>3,192,636</u>	<u>2,143,168</u>
	4,186,430	4,756,812
<b>PROVISION FOR LOSSES</b>		
Net Interest Income After Provision for Losses	<u>70,311</u>	<u>233,690</u>
	4,116,119	4,523,121
<b>NON-INTEREST INCOME</b>		
	<u>3,650,248</u>	<u>3,412,787</u>
<b>NON-INTEREST EXPENSE</b>		
Compensation and benefits		
Operations and loan servicing		
Professional & outside services	2,524,126	2,396,633
Occupancy	1,548,224	1,487,405
Other	638,619	631,308
	241,051	256,100
Total Non-Interest Expense	<u>551,904</u>	<u>529,121</u>
	5,503,925	5,300,566
<b>NON-OPERATING INCOME (Expense)</b>		
	<u>0</u>	<u>(1,170)</u>
<b>NET INCOME</b>		
	<u>\$ 2,262,442</u>	<u>\$ 2,634,172</u>



*Members Danny Shears & Steve Taylor (left) and David & Jackie Morgan (right) won tickets to play on behalf of AODFCU in the 29th Annual Sunny King Charity Golf Classic. AODFCU was a Corporate Sponsor for the tournament, which provides support to over 20 local non-profit charitable organizations each year.*



## *Statement Of Members' Equity*

For the Years Ending December 31, 2007 and 2006

	Comprehensive Income	Total Members' Equity	Regular Reserve	Undivided Earnings	Accumulated Other Comprehensive Income
<b>BALANCE, December 31, 2005</b>		<b>\$ 16,672,280</b>	<b>\$ 2,807,985</b>	<b>\$ 14,726,387</b>	<b>\$ (862,092)</b>
Comprehensive income:					
Net Income	\$ 2,634,172	2,634,172	-	2,634,172	-
Other comprehensive income:					
Unrealized holding gains on securities available for sale	390,540	390,540	-	-	390,540
Total comprehensive income	<u>\$ 3,024,712</u>				
Transfers		-	210,000	(210,000)	-
<b>BALANCE, December 31, 2006</b>		<b>\$ 19,696,992</b>	<b>\$ 3,017,985</b>	<b>\$ 17,150,559</b>	<b>\$ (471,552)</b>
Comprehensive income:					
Net Income	\$ 2,262,442	2,262,442	-	2,262,442	-
Other comprehensive income:					
Unrealized holding gains on securities available for sale	525,212	525,212	-	-	525,212
Total comprehensive income	<u>\$ 2,787,654</u>				
Transfers		-	0	0	-
<b>BALANCE, December 31, 2007</b>		<b><u>\$ 22,484,646</u></b>	<b><u>\$ 3,017,985</u></b>	<b><u>\$ 19,413,001</u></b>	<b><u>\$ 53,660</u></b>

# Office Information

**Bynum** • 334 Victory Drive • Bynum, AL 36253

**Depot** • Anniston Army Depot Building 141 • Bynum, AL 36253

**Greenbrier** • 216 E. Greenbrier Dear Road • Anniston, AL 36207

**Lenlock** • 150 Bill Robison Parkway • Anniston, AL 36206

## Office Hours

### Bynum

Monday – Friday  
9:00 a.m.-5:00 p.m.

### Depot

Monday – Friday  
8:00 a.m. – 4:00 p.m.  
Closed for Lunch  
1:30 p.m. - 2:00 p.m.

### Greenbrier

Monday – Friday  
9:00 a.m. – 5:00 p.m.  
Drive Thru open until 6:00 p.m. Friday  
Saturday  
8:00 a.m. – 12:00 p.m.

### Lenlock

Monday – Friday  
9:00 a.m. – 5:00 p.m.  
Drive Thru open until 6:00 p.m. Friday  
Saturday  
8:00 a.m. – 12:00 p.m. (Drive Thru Only)

## Website

[www.aodfcu.com](http://www.aodfcu.com)

## Phone

(256) 237-9494  
(800) 637-0299  
(256) 237-3285-fax



*Giving Back to our  
Membership!  
The new Oxford office  
is scheduled to open in  
early 2009.*



*"AOD Federal Credit Union has low rates and good accounts for saving. I checked rates with banks, they just don't help."*

*- Wade Wilkerson*

## *Products and Services*

Share Accounts	Accidental Death & Dismemberment Insurance
Kids Club	Credit Life Insurance
First Choice Share Draft Account	Credit Disability Insurance
Freedom Classic Share Draft Account	GAP Insurance
AOD Plus Share Draft Account	Excess Share Insurance
Blue Ribbon Share Draft Account	VoiceLINK
AOD Gold Share Draft Account	AOD E-Link
Christmas Club	Online Bill Pay
Share Certificates	Online Statements
Individual Retirement Account (IRA's)	e-Notifications
Home Loans	Visa Check Card
Manufactured Home Loans	ATM Card
Construction/Permanent Loans	Notary Public
Home Equity Lines of Credit	American Express Travelers Cheques
Home Improvement Loans	Official Bank Checks
Automobile Loans	Check by Phone
Boat Motor and Trailer/RV/Motorcycle Loans/ Recreational	Check Reordering
Farm Equipment Loans	Money Orders
Share Secured/Certificate Secured Loans	Direct Deposit
Signature Loans	Payroll Deduction
Lines of Credit	Electronic Funds Transfer
Overdraft Protection	Night Depository
Student Loans	U.S. Savings Bonds
Master Card and Visa Credit Cards	American Express Gift Cards
Identity Theft Insurance	Wire Transfers
Member's Home Owner's Insurance	Safe Deposit Boxes
Member's Auto Insurance	Shared Branching



You are part of our "*Field of Membership*" if you are an  
employee or a family member of an employee of one of our  
*Select Employee Groups (SEGs)*

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ANAD EMPLOYEES	BLACK'S AGENCY	COOK'S AUTO SALES
ABS BUSINESS SYSTEMS	BLASTCRETE EQUIPMENT CO.	COOPER CHEVROLET
ACAPULCO RESTAURANT	BLUE MOUNTAIN PALLET	COOSA VALLEY YOUTH SERVICES DETENTION CENTER
ADVANCE AMERICA	BOOTS, SHOES, THINGS, ETC. AKA S&W ENTERPRISES	COTTAQUILLA COUNCIL OF GIRL SCOUTS
ADVANCE AUTO PARTS	BOSTROM SEATING, INC	COUNTRYSIDE HOSPICE
ADVANCED FEDERAL SERVICES CORPORATION	BRIDGEWATER INTERIORS	CROWN KIA
AERO MISSILE COMPONENTS	BROWN & KUGHN MEMORY CHAPEL	CUE TIMES CAFÉ & BILLIARDS
ALA BEECHING ENTERPRISES, DBA THE HONEY BAKED HAM CO. & CAFÉ	BROWN ROOFING CO.	CUSTOM PIZZA
ALABAMA'S ABC 33/40	BUBBA'S CAR WASH	DAMN YANKEES OYSTER BAR
ALLERGY & ASTHMA CENTER, LLC	BURGESS CHIROPRACTIC	DR. DAVID CUMMINGS FAMILY DENTISTRY
ALLSTATE INSURANCE	BUSTER MILES CHEVY-OLDS	DR. JAMES JOHNSON
AMERICAN AWARDS	BUSTER MILES HEFLIN FORD	DR. STEPHEN LYNCH, D.M.D
AMERICAN FIREWARE, INC.	CABLE ONE	EAST ALABAMA REGIONAL PLANNING AND DEVELOPMENT COMMISSION
ANAD CONTRACT EMPLOYEES	CALHOUN COUNTY CHAMBER OF COMMERCE	EATON PRINTING COMPANY
ANAD-MILITARY	CALHOUN COUNTY COMMISSION	ELITE HOME CARE
ANNISTON BRIDGE ASSOCIATION	CALHOUN COUNTY JUVENILE PROBATION OFFICE	ELITE IMAGES
ANNISTON EMERGENCY MEDICAL SERVICES, INC.	CARNABY STREET BEAUTY SALON	EMPLOYEES OF THE CREDIT UNION
ANNISTON EXECUTIVE AVIATION	CAROLINA LOGISTIC SERVICES	FABLES CHEVROLET
ANNISTON FIRST WESLEYAN CHURCH	CAROL'S CREATIONS	FAITH CHRISTIAN HIGH SCHOOL
ANNISTON FITNESS CENTER	CARQUEST OF ANNISTON	FAITH TEMPLE CHRISTIAN CENTER
ANNISTON HEALTH & SICKROOM SUPPLY	CENTRAL CASTING CORPORATION / TYCO FIRE & BUILDING PRODUCTS	FAMILY CHRISTIAN BOOKSTORE
ANNISTON LINCOLN MERCURY	CENTURY 21 HARRIS-MCKAY REALTY	FITCO
ANNISTON MEDICAL CLINIC	CHINA LUCK RESTAURANT	FOOTHILLS TIMBER CO., INC.
ANNISTON PLATING & METAL FIN.	CITIFINANCIAL	FORSYTH BUILDING COMPANY INC
ANNISTON QUALITY MEATS	CITY OF OXFORD	FORTE POWER SYSTEMS/SOUTHWIRE
ANNISTON RUNNERS CLUB	CITY OF WEAVER	FOWLER HOME MAINTENANCE
ANNISTON VETERINARY HOSPITAL	CIVILIAN MARKSMANSHIP PROGRAM	GEICO INSURANCE
ANY MEMBER (RETIRED OR ACTIVE) US MILITARY IN NORTHEAST ALABAMA	CLASSIC CATERING	GOLDEN LIVING CENTER
ARRIS, INC.	CLAY COUNTY COMMISSION	GREAT AMERICAN CAR WASH
AUTO CUSTOM CARPETS	CLAY COUNTY E-911	HABITAT FOR HUMANITY OF CALHOUN COUNTY
B&M AUTOMOTIVE SERVICE	COLDWELL BANKER 1ST ANNISTON OXFORD REALTY CO. INC.	HALE BUILDING COMPANY, INC.
BACK YARD BURGERS	COLOMBIAN KNIGHTS/KNIGHTS OF COLOMBUS	HARLEY-DAVIDSON MOTOR COMPANY
BAMA BUDWEISER OF ANNISTON	COUNCIL 3227	HAVARD PEST CONTROL
BECKWOOD MANOR	COLUMBUS FINANCE CO.	HAYNES MACHINE COMPANY
BENTLEY GLENN FLOORING	COMPLETE CAR WASH SYSTEMS	HGS ENGINEERING
BEST WAY RENT-TO-OWN	CONTEMPORARY TILE	HIS & HER FAMILY SALON
BETTY'S B-B-Q	CONTRACTORS STAFFING	HOLOX, LTD.
BIG CHIEF'S RVS		HOOVER MATERIALS GROUP, INC.
BIG LOTS		HOWARD CORE & CO.

## *Select Employee Groups (SEGs) continued...*

IDEAS PLUS	PHILLIPS MANUFACTURING CO.	UNIQUE BEAUTY SALON
ISOM & STANKO, LLC-ATTORNEYS AT LAW	PHYSICIANS CARE CLINIC	UNREMARKED SPOUSES OF DECEASED
J D BYRIDER SALES	PINEY WOODS FURNITURE	MEMBERS OF THE CREDIT UNION
J SUPPLY COMPANY	PLAYTIME COMICS	US DEPARTMENT OF AGRICULTURE, HEFLIN
JACKSON MORTGAGE CO.,INC	PRECISION STRIP, INC	VALLEY MACHINE CO., INC
JACKSONVILLE VETERINARY MEDICAL CENTER	PRIMERICA FINANCIAL SERVICES	VALLEY PHOTOGRAPHY
JIM PREUITT FORD	PRYOR GIGGEY COMPANY	WALLACE METALS
JIM'S QUINTARD TRANSMISSION	PULMONARY CARE SERVICES, INC.	WAL-MART ANNISTON
JOSE OBLENA, M.D. -OXFORD MEDICAL CLINIC	QUIZNO'S SUBS	WAL-MART JACKSONVILLE
K & K AUTO SALES	RAINBOW OMEGA	WAL-MART OXFORD
KELLY GROUP MORTGAGE	REMODELER'S OUTLET/ ADVANCED	WATER WORKS SEWER BOARD OF THE CITY OF
KID'S FIRST CHILDCARE	FENSTRATION PRODUCTS	HEFLIN
LANEY AIR CONDITIONING	RICE & RICE, P.C.	WDNG RADIO
LAWN DOCTOR/JIM RAY ENTERPRISES, INC	RON NEWTON PONTIAC-CADILLAC	WELLNESS FOUNDATION
LAYTON PLACE RESTAURANT	RON'S BAR-B-Q	WESTERN SIZZLIN' OF OXFORD
LEE'S HEATING & AIR CONDITIONING	RUSSELL MACHINE CO.	WHMA RADIO
LENN COSTNER AUTO SALES	SAM'S AUTO SERVICE	WHOG RADIO
LESCO, INC.	SAVE YOUR DATA, LLC	WILHOITE & ASSOCIATES
LIFETIME EYE HEALTH CARE	SENTINEL CONSUMER PRODUCTS	WILLS AIR FREIGHT
LINDAHL'S SMALL ENGINE REPAIR	SERVICE REALTY COMPANY	WJXS- TV 24
LIPSCOMB AUTO SALES	SERVICEMASTER BY MIMSCO	WOODARD BROADCASTING CO./WVOK 97.9
M&H VALVE EMPLOYEES (EFFECTIVE 03/01/08)	SHAFER USED CARS	WOODMEN OF THE WORLD
MARTIN'S PHARMACY	SHAWN SNIDER STATE FARM	WOOD'S BODY SHOP
MARVEL CLEANERS	SNEAKY PETE'S AKA RANNOV INC	YOUNG, WOLLSTEIN, JACKSON, WHITTINGTON,
MARVIN'S BUILDING SUPPLY	SOUTHERN WASTE SYSTEMS INC	ROBINSON, RUSSELL LLC
MAVIS WILLINGHAN B'RUPTCY COURT	SOUTHWIRE MEDIUM VOLTAGE	YOUNG'S DENTISTRY
MCCLELLAN FAMILY CHIROPRACTIC	SPORTS TRAILERS, INC	
METRO MAIL SERVICE	SPRINGS INDUSTRIES, INC	
MINTON INDUSTRIES	STATE BEAUTY SUPPLY	
MOORE PRINTING COMPANY	STRINGFELLOW HOSPITAL	
MOORE REALTY	SUNNY KING MOTOR COMPANY	
MORRIS ALTERATIONS	SUPERIOR AUTOMOTIVE	
MORROW FURNITURE	SUPERVALU/WESTERN SUPERMARKETS	
MOVIE GALLERY	SUPERVISORY OFFICE--US DEPT OF	
MT. OLIVE VOL FIRE DEPARTMENT	AGRICULTURE, SOIL CONSERVATION SERVICE	
NANNEY & SON INC.	IN AUBURN	
NETWORK TECHNOLOGY, INC.	SYSTEMS BY DESIGN	
NEW LEAF MARKETING	TALLADEGA OB-GYN	
NHC HEALTHCARE	TAYLOR CORP	
NOLEN COMPANY	TEMPFORCE	
OMNI CLINIC	THE MOELLER LAW FIRM	
ORION TECHNOLOGY, INC.	THE SUPPLY ROOM	
OXFORD BLUEPRINT & REPROGRAPHICS, INC.	THE SURGERY CENTER	
OXFORD EMERGENCY MEDICAL	THE VILLAGE STATIONER	
OXFORD MACHINE COMPANY	TRACTOR & EQUIPMENT	
PEEWEE TURNER	TRI STAFFING	

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*Team*

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**A.O.D.**  
Federal Credit Union

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*Thank You  
Members*



[www.aodfcu.com](http://www.aodfcu.com)

