

2012 ANNUAL REPORT



BUILDING A  
**BRIGHT FUTURE**

Federally Insured By NCUA

## Message from the Chairperson & CEO

### 2012: A Year of Gains

We are very pleased to report that Market USA Federal Credit Union posted strong gains in 2012, both in financial performance and member service. Assets grew over \$3 million, earnings were positive at \$162,683, which is the best we've had in three years, and expenses were reduced by \$867,795. The advances follow a period of reorganization and expense reduction instituted the previous year in order to deal with reduced earnings, large assessments on credit unions and a burdensome administrative cost. The regulatory environment has also added to our challenges. Our positive results in 2012 show that, as difficult as some of our earlier decisions were, they were the right course for Market USA. Previous losses have turned into gains for the Credit Union. We will continue to carefully monitor the wider economy and members' financial needs, and will take action as conditions warrant in order to continue providing members with the quality products and services that they expect and deserve. In fact, we plan to build on our 2012 gains in 2013 – our 60th year – with some exciting plans for enhancing the member experience. Because we are not-for-profit and member-owned, our main priority is the financial success of our membership.

### Product & Service Achievements

In addition to our financial gains in 2012, Market USA introduced and improved upon products and services throughout the year. Highlights include:

- Applicants now receive decisions more quickly and can apply at their convenience through a mobile version of the online loan application.
- Introduction of AutoSMART and its mobile app offers members a one-stop online source of information for vehicle purchases and loans.
- Online banking was enhanced with Popmoney, giving members the ability to make person-to-person payments online.
- The addition of an ATM at Quincy and a deposit-taking ATM in Mauldin added convenience for members. All ATMs were upgraded to be ADA compliant.
- We made it easier for members to take advantage of our Fresh Start products for those looking to establish or rebuild credit.
- Additional informational seminars were held for employees of our core sponsors.
- Privilege Pay enhancements helped take the worry out of accidentally overdrawing an account.

## Supervisory Committee Report

The Supervisory Committee, appointed by the Board of Directors, is charged with the responsibility of overseeing Market USA's management and financial records to ensure the institution's financial condition is fairly presented. The Supervisory Committee also works to strengthen the financial internal controls and to protect the assets of the Credit Union.

An integral part of ensuring the fair presentation of financial condition is the execution of the annual independent audit. This year we appointed the firm of CliftonLarsonAllen LLP to fulfill that responsibility. We are pleased to report their audit resulted in an unmodified opinion.

In addition, each year an exam is conducted by the National Credit Union Administration (NCUA). The governmental body provides oversight for all US federally chartered credit unions.

### Building on Our Successes

As we enter 2013, Market USA plans to build on our successful performance of the past year with an overall theme of convenience – we want to make banking at Market USA faster, easier and more convenient than ever before. Mobile Banking will launch in the 2nd quarter, giving members the ability to use a smartphone or tablet to access their accounts anytime and anywhere. Additional ways we plan to use technology to improve member service are a website redesign, addition of educational and promotional videos on our YouTube channel, and offering remote deposits through digital check scans on smartphones. In another effort to assist members establishing or re-establishing credit, we plan to launch a secured Visa® credit card. All members are invited to take advantage of CCCS, Consumer Credit Counseling Services of Maryland and Delaware, a free financial counseling service we added to our roster of member education offerings earlier this year. Reaching out to an important segment of membership, our select employee groups, is another priority for 2013.

### Gratitude to Cynthia J. Terry – A Valued Leader

While we are highlighting our successes, we would like to pay tribute to someone who has contributed so much to Market USA's achievements over the years: Cynthia J. Terry. Cynthia recently stepped down after 14 years on the Board of Directors, including serving as Chairperson from 2002-2006 and Secretary from 2006-2012. She provided strong leadership and oversaw the introduction of many Market USA products and services, including first mortgage loans, Visa credit cards, children and teen savings programs, member seminars, small business accounts and many more. Cynthia was also a key player in our merger with BI-LO Credit Association Federal Credit Union. She was named 2006 Volunteer of the Year by the Maryland & District of Columbia Credit Union Association. Thank you, Cynthia, for your hard work and dedication to Market USA!



As we celebrate our 60th anniversary during 2013, we are mindful of all who help make Market USA a strong and growing financial institution: our volunteer Board, Supervisory Committee, the staff and especially our members. Thank you for your contributions to Market USA.

**Robert D. Evans**  
Chairperson

**Laura Tacker Hassan**  
President and CEO

The Supervisory Committee attends all Credit Union Board meetings to ensure that updated policies and procedures are presented and approved. In addition, the Supervisory Committee participates regularly in the Credit Union Oversight Committee meetings.

Our goal, through these activities, is to provide the Credit Union membership with independent assurance that the Credit Union Board and staff are meeting their fiduciary responsibilities.

**Steve Marks**  
Supervisory Committee Chairperson

## STATEMENTS OF FINANCIAL CONDITION

Balances As Of December 31,

ASSETS	2012	2011
Unsecured Loans	7,213,202	7,536,621
Mortgage/Home Equity Loans	12,549,511	14,467,204
New and Used Vehicle Loans	15,167,170	15,918,063
Other Secured Loans	310,770	644,118

**TOTAL LOANS** **35,240,653** **38,566,006**

Allowance for Loan Losses (687,117) (702,117)

**NET LOANS TO MEMBERS** **\$34,553,536** **\$37,863,889**

Cash & Investments 56,717,794 50,419,297

Accrued Interest Receivable 160,325 165,752

Land & Building 3,493,913 3,573,128

Other Fixed Assets 335,417 350,377

Other Assets 3,576,859 3,164,258

**TOTAL ASSETS** **\$98,837,844** **\$95,536,701**

### LIABILITIES & EQUITY

Accounts Payable/Accrued Expenses 913,360 877,515

Members' Accounts 80,150,211 77,068,380

Reserves and Undivided Earnings 17,774,273 17,590,806

**TOTAL LIABILITIES & EQUITY** **\$98,837,844** **\$95,536,701**

## STATEMENTS OF OPERATIONS

Balances As Of December 31,

	2012	2011
Interest on Loans	2,182,723	2,244,921
Interest on Investments	434,407	571,367
Other Income	3,323,620	3,247,927

**TOTAL REVENUE** **5,940,750** **6,064,215**

Operating Expenses 5,159,702 6,027,497

Provision for Loan Losses 249,602 428,497

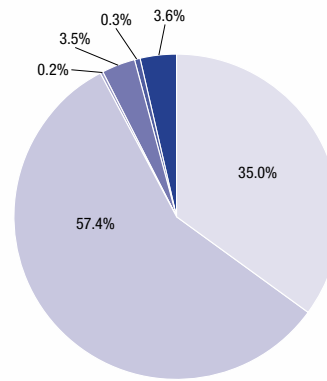
Gain/(Loss) on Disposition of Assets 0 0

Dividends Paid to Members 368,764 556,679

### ADDITIONS TO RESERVES

**& UNDIVIDED EARNINGS** **\$162,682** **(\$948,458)**

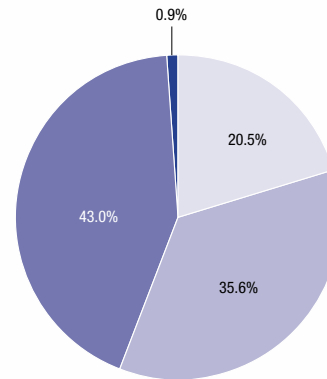
### ASSET COMPOSITION



As of December 31, 2012

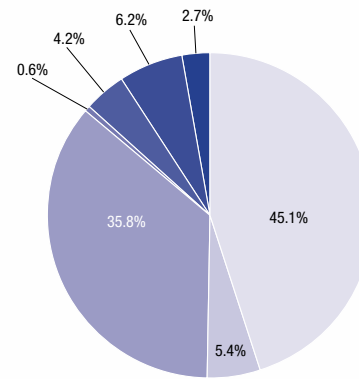
- Other Assets
- Other Fixed Assets
- Land & Building
- Accrued Income Receivable
- Cash & Investments
- Net Loans

### LOAN PORTFOLIO



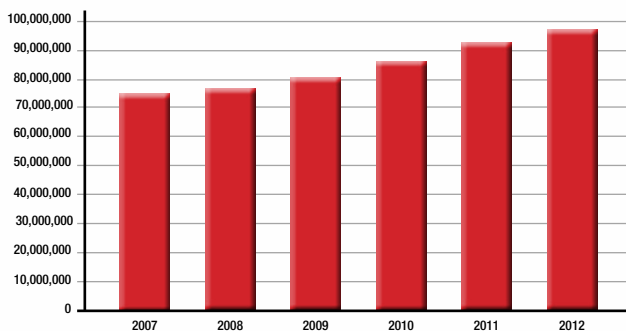
- Other Secured Loans
- New & Used Vehicles
- Mortgage/Home Equity
- Unsecured

### DISTRIBUTION OF 2012 REVENUES

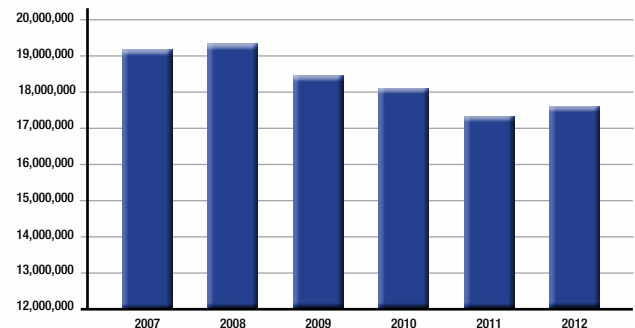


- Undivided Earnings
- Dividend
- Net Charge-Offs
- Other Expenses
- Office Operations
- Office Occupancy
- Personnel

### Total Assets



### Reserves & Undivided Earnings



## Board of Directors



**Robert D. Evans**  
Chairperson



**Ricky Barnes**  
Treasurer



**Brian Shelton**  
Secretary



**Gary Boozer**



**Becki Havard**



**Jeff Jones**



**Ward Kraemer**



**John Latham**



**Robert Watts**

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## Supervisory Committee



**Steve Marks**  
Chairperson



**Scott Latchaw**



**Tom Reed**



**Millicent Rice**



**Laura Tacker Hassan**  
President and CEO

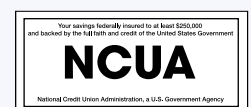


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