



Better Rates...Better Service...Better Banking!™

2010 Annual Report

*Looking Ahead...*



VALUES      STABILITY  
PERSEVERANCE

# A Challenging Year Leads to New Beginnings

## Chairman's Message

As we approach our 75th anniversary, a milestone of significance among Credit Unions on Long Island, we look forward to new beginnings: for Sperry Associates Federal Credit Union; for our members; and, for the communities in Nassau County that we serve.

This past year, we assembled a new Board of Directors with over 100 years of collective business expertise, including over 30 years of CU experience. I am especially heartened to report that we have truly assembled a diverse Board. We are now focused on building a strong infrastructure with a new management team. We are energized and committed to serving you and your families moving forward.

Long Islanders (and many Americans) continue to face tough economic times; indeed, for most of us, the global financial crisis remains a difficult reality to this day. Although mainstream economists and media pundits claim there is a recovery underway, many hardworking and intelligent people see absolutely no signs of it in their day-to-day lives.

Unemployment is still high and quality job opportunities have become all the more difficult to come by. As this happens, for-profit banking firms, particularly on Wall Street, continue to party on and pay out record executive bonuses, very often to the anguish of folks whose pockets are being hit harder and harder by inflation.

The good news is that the Board is dedicated and focused on supporting and rebuilding our communities. We will continue to support our members and community with initiatives that improve the local quality of life. We will not gamble away your hard-earned funds on questionable Wall Street bets; as a not-for-profit organization, we return profits to members in the form of better services and interest rates - that benefit you.

In short, we at Sperry value and genuinely appreciate each and every member; we also share your concerns about the financial future of Nassau County. Over the next year, you will see our new team emerge as a collective voice of integrity for all Long Islanders. Through our Board's existing relationships with professionals in business and political circles, we intend to create a new era of prosperity for our Credit Union. The future will be bright and we hope to share it with you.

*Gary Barello*, Chairman

## Executive Message

A new year, a new job, a new Sperry. We reflect on 2010 as a year of perseverance and change for Sperry Associates Federal Credit Union, and welcome you to the beginning of a new era as we enter our 75th year of dedicated member service.

These last few years have presented unprecedented challenges to the economy, our Credit Union and our membership. Meeting these challenges has called for difficult decisions for all of us as individuals and for your Credit Union. Every decision we make is made with the best interests of our entire membership in mind.

I have served you for sixteen years in a variety of roles and now look forward to being able to have an even greater impact as your new President and Chief Executive Officer. I have been a part of the credit union movement my entire adult life and believe deeply in the credit union mantra of people helping people. Credit Union roots are found in difficult times and this is when we truly shine by helping each other.

The way our members choose to interact with us has evolved over time and we continue to evolve to meet those changing needs. More and more, our members are defining convenience as being able to manage their accounts anywhere, anytime. To that end, we continue to innovate and expand our electronic offerings, while striving to improve your personal interactions as well.

For the numerous Sperry Associates Federal Credit Union members who transact business online—and we're proud to report that there are thousands of you—we spent a great deal of time and effort in 2010 improving our online presence with the launch of the Sperry Associates Federal Credit Union's eBranch. Members can now access and manage their financial information with much greater ease, anytime, anywhere. Along with an increasing number of full-service online banking capabilities our website now also offers an instant chat feature, allowing members to speak directly with us in real time while online.

We have also worked to improve service by expanding our hours of business. We are now open every day at 8:30am, have extended our Saturday hours until 1:00pm and our call center hours now match our branch hours. We will continue to look for ways to improve your experience as a member of the Sperry Associates Federal Credit Union.

The Management and Employees of Sperry Associates Federal Credit Union, with the support of your Board of Directors and Volunteers, consider it a privilege to serve you. You have made us strong for 75 years and we look forward to building an even better 75 years to come, together.

*James Duffett*, President & CEO

## Financial Summary

During our 75-year history, Sperry Associates Federal Credit Union has withstood economic downturns, but none has been as challenging as the last several years. The economic recession and instability in the housing and financial markets affected our financial results. In 2009 and 2010, our financial performance was negatively impacted by increased premium charges imposed by the National Credit Union Share Insurance Fund which was established by Congress in 1970 to insure member's shares. We also incurred extraordinary charges from corporate credit union losses and from reserves that we needed to set aside for increases in non-performing loans that needed to be charged off and removed from our books. It is important to note that throughout this challenging period, your deposits were always safe. Your accounts continue to be backed by the full faith and credit of the National Credit Union Association (NCUA), an agency of the United States Government, for up to \$250,000 per account.

Despite the economic environment, and the extraordinary charges that we needed to make to our financials, our income from operations in 2010 was \$7.0 million, an increase of \$2.6 million from 2009. We are carefully managing our rates and net interest margins. Our loan portfolio is performing better as we are experiencing lower write offs and our investment portfolio is diversified and conservative. We are also aggressively controlling our operating expenses. Our Net Worth to Assets ratio, a measure of the financial strength of the credit union has been steadily improving during the last seven months and is currently 5.19% as of April 2011. We are making every effort to achieve our monthly earnings goals and build capital for 2011 and beyond.

As a not-for-profit financial institution, we continue to offer our members the highest deposit rates and lowest loan rates in the community. Our firm commitment to you as members is to protect your funds and interests. We will remain competitive and continue to give back to our members and the communities that we serve as we have for the past 75 years.

*Rocco Sabino*, Chief Financial Officer



# STABILITY

### Financial Highlights

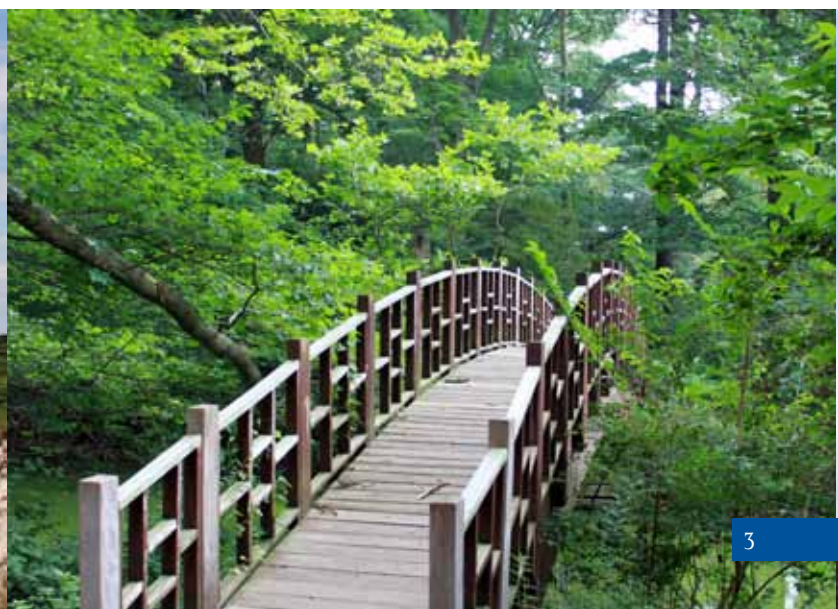
As of December 31	2010	2009	2008
Assets	\$327,654,980	\$367,393,976	\$319,432,767
Deposits	\$309,776,283	\$348,304,064	\$291,396,776
Gross Loans	\$228,390,438	\$237,165,556	\$211,926,262
Capital	\$16,763,273	\$18,321,708	\$23,959,467
Dividends	\$4,982,391	\$7,899,738	\$9,003,491
Members	18,278	19,463	19,929
Loans to Deposits	73.73%	68.09%	72.73%
Net Worth to Assets	4.88%	4.89%	7.43%

# Statements of Financial Condition

	12/31/10	12/31/09	12/31/08
<b>ASSETS</b>			
Cash & Cash Equivalents	\$20,093,337	\$9,589,582	\$9,309,488
Investments	68,634,763	112,223,919	90,380,020
Loans receivable, net	224,636,794	231,810,275	210,850,564
Property & Equipment	4,837,736	5,199,902	5,600,331
Other Assets	9,452,350	8,570,298	3,292,364
<b>Total Assets</b>	<b>\$327,654,980</b>	<b>\$367,393,976</b>	<b>\$319,432,767</b>
<b>LIABILITIES &amp; MEMBERS' EQUITY</b>			
<b>Liabilities</b>			
Members' Shares	\$309,776,283	\$348,304,064	\$291,396,776
Accrued Expenses & Other Liabilities	1,115,424	768,204	4,076,524
<b>Total Liabilities</b>	<b>310,891,707</b>	<b>349,072,268</b>	<b>295,473,300</b>
<b>Members' Equity</b>			
Regular Reserves	12,327,299	10,955,299	8,324,221
Undivided Earnings	3,658,932	7,020,550	15,418,187
Appropriated Undivided Earnings	777,042	345,859	217,059
<b>Total Members' Equity</b>	<b>16,763,273</b>	<b>18,321,708</b>	<b>23,959,467</b>
<b>Total Liabilities &amp; Members' Equity</b>	<b>\$327,654,980</b>	<b>\$367,393,976</b>	<b>\$319,432,767</b>



PERSERVERENCE



# Statements of Income

	12/31/10	12/31/09	12/31/08
<b>INTEREST INCOME</b>			
Interest on Loans Receivable	\$12,751,176	\$12,961,886	\$12,552,737
Interest on Investments	3,831,656	5,031,092	4,550,106
Total Interest Income	16,582,832	17,992,978	17,102,843
<b>INTEREST EXPENSE</b>			
Dividends on Members' Shares	4,982,391	7,899,738	9,003,491
Interest on Borrowed Funds	2,620	7,634	61,036
Total Interest Expense	4,985,011	7,907,372	9,064,527
Net Interest Income	11,597,821	10,085,606	8,038,316
Provision for Loan Losses	4,586,594	5,711,044	1,291,044
Net Interest Income after Provision for Loan Losses	7,011,227	4,374,562	6,747,272
<b>NON-INTEREST INCOME</b>			
Fee Income	922,686	1,195,199	937,529
Other Operating Income	1,071,162	889,330	1,008,187
Other Non-Interest Gain (Loss)	253,454	(273,100)	(9,660)
NCUSIF & Corporate Stabilization Loss	(2,003,073)	(3,625,061)	-
Total Non-Interest Income	244,229	(1,813,632)	1,936,056
Net Income Before Expenses	7,255,456	2,560,930	8,683,328
<b>NON-INTEREST EXPENSES</b>			
Salaries & Benefits	3,506,993	3,455,426	3,529,874
Occupancy	564,150	573,726	596,778
Operations	5,173,933	4,298,333	4,181,463
Total Non-Interest Expenses	9,245,076	8,327,485	8,308,115
<b>Net Income</b>	<b>\$(1,989,620)</b>	<b>\$(5,766,555)</b>	<b>\$375,213</b>



## Supervisory Committee Report

Sperry Associates Federal Credit Union's Supervisory Committee, appointed by the Board of Directors, is a volunteer group that independently evaluates the safety and soundness of the credit union's operations and activities.

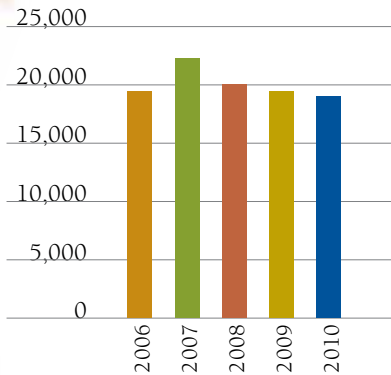
The Committee's major responsibilities are to you, the members of Sperry Associates Federal Credit Union. We are responsible for ensuring that management implements sound internal controls and maintains practices and procedures that adhere to generally accepted accounting principles. In doing so, we carry out the following primary responsibilities:

- Protection of members' funds and interests
- Safeguarding of assets
- Ensure compliance with regulations, policies and procedures
- Monitoring of the financial reporting by management

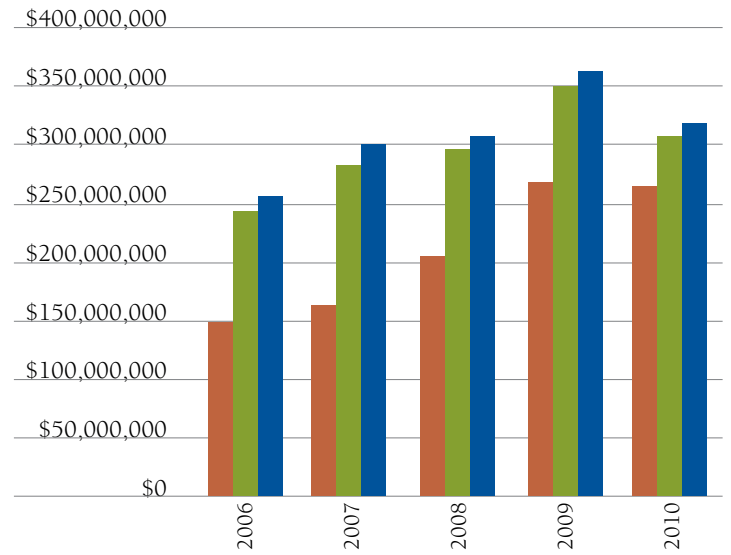
We have retained the additional support of Nawrocki Smith LLP to strengthen the internal controls that will allow us to continue to enhance the overall internal controls of the credit union.

The Supervisory Committee also retained Robert Anderson & Company P.C., an independent accounting firm, to perform an annual financial audit and issue certified financial statements on the overall financial condition of Sperry Associates Federal Credit Union. The financial statements as of December 31, 2010, are currently unaudited. An audit will be conducted by Robert Anderson & Company P.C. and an opinion will be issued as part of the audit for the twelve month period ending March 31, 2011. An audit was conducted and financial statements certified by Robert Anderson & Company for the 12 month period ending March 31, 2010. Their opinion stated that our *"financial statements are presented fairly, in all material respects...and the results of its operations and cash flow for the year then ended is in conformity with accounting principles generally accepted in the United States of America."*

*Christine Grillo*, Chairman, Supervisory Committee



**Membership**  
as of December 31, 2010



**Total Loans, Shares & Assets**  
as of December 31, 2010

■ Net Loans ■ Shares ■ Assets



Sperry Associates Federal Credit Union has been a longtime supporter of **Big Brothers Big Sisters**, sharing valuable networking opportunities, financial support and their services to the agency and their program participants. "It is so important that we provide the children in our program with positive experiences," remarks Susan Samaroo, Chief Operating Officer of Big Brothers Big Sisters of Long Island. "Sperry Associates Federal Credit Union has provided those experiences for the past two years with their generous sponsorship, and we value the relationship that we have built with their organization."



Sperry Associates Federal Credit Union is proud to be a Founding Member of **KioLi.org** – a movement supporting local businesses on Long Island, encouraging consumers to spend money in places where they live and where the profits remain on Long Island.



Sperry Associates Federal Credit Union has been a continued supporter of the **Colette Coyne Melanoma Awareness Campaign (CCMAC)** from its early beginnings by sponsoring the CCMAC annual walk/run to bring awareness of the damages sun can do to everyone, especially Long Islanders. Also a sponsor of the annual gala fundraiser, Sperry Associates Federal Credit Union was honored at the 2010 gala for its continued support.



In 2010, Sperry Associates Federal Credit Union teamed up with **The Salvation Army** to help children of Nassau County have a joyous holiday season through member and staff 'Angel Tree' donations to purchase clothing, toys and other items. Staff also made the holidays bright with generous contributions and donations for two 'adopted' families. Sperry Associates Federal Credit Union members and staff continue their generosity throughout the year by supporting The Salvation Army food and clothing drives.



Sperry Associates Federal Credit Union was a platinum sponsor for the **17th Annual Walk-Along for Lupus**, Long Island's first and longest running Lupus walk. The credit union staff and members collected donations totaling over \$1,500, and a team of employees and family members laced up their sneakers to walk for a cure. Members were seen walking and volunteering at the event as well. The Walk-Along was a huge success, raising more than \$235,000!



**Sperry Associates Federal Credit Union was also involved in other local community events during 2010:**

- Delivered presentations on credit unions, ATM use, convenience banking and Internet safety tips to the Knights of Columbus Seniors Club and the New Hyde Park AARP.
- Hosted a child traveling from the Dominican Republic to have open heart surgery through the Farmingdale Rotary Club's Gift of Life Program.
- Collected and contributed funds for both The Salvation Army and AmeriCares to help earthquake victims in Haiti.
- And many more...



Sperry Associates Federal Credit Union participates with a cooperative of twelve Long Island credit unions that conduct an Island-wide food drive and fundraising campaign in October to support Long Island's leading hunger-fighting organizations, **Island Harvest** and **Long Island Cares**.



Better Rates...Better Service...Better Banking!™

## Board of Directors

Gary Barello	Chairman
Christine Grillo	Director
Kevin Healy	Director
Jorge Restrepo	Director
Susan Samaroo	Director

## Supervisory Committee

Christine Grillo	Chairman
Gus Drivas	Member
Anna Gutsin	Member
Rosaria Sasso	Member

## Management

James Duffett	President & CEO
Rocco Sabino	Chief Financial Officer
Angela Fulgieri	Member Service Manager
Amy Borek	Collection Manager
Jon Lukin	IT Manager

## LOCATIONS / HOURS OF OPERATIONS

Our E-Branch never closes:

**E-Branch:** [www.sperryfcu.org](http://www.sperryfcu.org)

**Hours:** 24/7

Call Center and Live Help:

Available during business hours



### MAIN OFFICE

2400 Jericho Turnpike  
Garden City Park, NY 11040 - 4711  
Telephone: (516) 873-7171  
Fax: (516) 873-7628

### Lobby Hours and

#### Drive-up Teller Window:

Monday	8:30am – 4:30pm
Tuesday	8:30am – 4:30pm
Wednesday	8:30am – 4:30pm
Thursday	8:30am – 4:30pm
Friday	8:30am – 6:30pm
Saturday	9:00am – 1:00pm

### GARDEN CITY BRANCH

830 Stewart Avenue • Garden City, NY 11599

#### Branch Hours:

Monday - Friday	8:30am – 1:00pm 2:00pm – 4:30pm
Wednesday	10:30am – 1:00pm 2:00pm – 4:30pm

### Locate your nearest Shared Branch or Surcharge-free ATM.

To find one nearest you visit our E-Branch at [www.sperryfcu.org](http://www.sperryfcu.org) and click on the Branches & ATMs link. There are more than 60 credit union shared branches located across Long Island.

### Tel-24 Touch Tone Service

(516) 873-7171, Option 2

(800) 676-5512, Option 2

### MasterCard® Customer Assistance

(800) 237-6211 • [www.ezcardinfo.com](http://www.ezcardinfo.com)

**First Mortgage** (800) 239-5376

**Our Routing Number** 221475773



Your savings are federally insured to at least \$250,000 and backed by the full faith of the United States Government. The National Credit Union Administration (NCUA) is a U. S. Government Agency.

# VALUES

