

**ANNUAL REPORT OF
SUPERVISORY COMMITTEE
December 31, 2011**

The Supervisory Committee continued its practice of weekly meetings throughout the past calendar year in order to perform its oversight responsibilities of the credit union operations.

The Committee put out to bid the positions of Internal Auditor and Annual Auditor. After reviewing the proposals, we chose to accept the one submitted by Mike Garvey, CPA from [Garvey & Associates, LLC of Mystic CT.](#), to perform the Annual Audit for 2012 as well as the Internal Auditor for the credit union for the calendar year ending December 31, 2012. The detailed financial information in the Annual Audit for 2011 is available upon request at the credit union.

Greenwood Credit Union (GCU) experienced exceptional growth in 2011 with Total Assets increasing by over \$36 million from \$291.4 million to \$327.7 million. Deposits increased from \$263.4 million to \$297.0 million due mostly to strong growth in share accounts. Cash and investments increased substantially from \$99.1 million to \$104.4 million. Capital grew 11.3% from \$26.6 million to \$29.6 million ending the year with a capital ratio of 9.03% well above 7% which NCUA defines as "well capitalized".

Management did an outstanding job of managing growth and controlling expenses which resulted in Net Income for 2011 of \$3.0 million. The Return on Assets (ROA) for 2011 was an exceptional 0.98%. GCU also rates very high in other financial measures including net interest margin, operating expense control, and the strength of reserves. GCU has worked with its members and has held the line on the delinquency rate in this unique difficult economy. GCU was able to show superior earnings while paying its members some of the highest rates on deposits. In fact GCU was able to pay 1% on savings while most other financial institutions were only paying .1% to .25%. That's four to ten times higher than our competitors. We also kept our fees as low as possible, offering free checking accounts and even checking accounts that earn interest.

The Committee also supported the annual on-site visits of the National Credit Union Administration (NCUA), our insurer, and the Rhode Island Department of Business Regulation.

The internal audit functions were performed in accordance with a formalized annual plan. The Committee along with the external auditors executed the annual audit plan.

The Committee has kept the board of directors and credit union management apprised of all the ongoing examinations and any related recommendations we may have.

New loans were continuously reviewed, through a random sampling basis to assure that only valid loans were recorded in the credit union records and that they were documented in accordance with credit union policy.

Periodic reviews, through a random sampling of the open accounts and the accounts that have been closed, were made to ensure that the GCU database for those accounts was accurate.

The cooperation of the credit union's members, directors, officers and employees is appreciated. Your Supervisory Committee shall continue to perform its oversight responsibilities in the best interest of all the credit union members.

Respectfully Submitted,



Arnold "Nick" Butziger
Supervisory Committee Chairperson