

## Supervisory Committee Report

The Supervisory Committee has ongoing responsibilities to appraise policies, review operational procedures and perform internal audits designed to verify that the accounting records accurately reflect the operations of the Credit Union. The Supervisory Committee verifies that there are adequate internal controls in place to protect the Credit Union, its members, management and employees.

The Supervisory Committee selected Eide Bailly LLP to conduct an independent audit of the Credit Union for calendar year 2006. The audit included examination, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The audit also included members' account verification, review of share and loan ledgers, review of loan delinquency and the adequacy of the allowance for loan losses account, review of internal controls and procedures and confirmation of credit union investments.

The Supervisory Committee received a copy of the Independent Auditors' Report for the year ended December 31, 2006 and a copy of this report is available at the Boise Credit Union Office for members to review. It is the opinion of the Supervisory Committee that TruGrocer Federal Credit Union is operating effectively, that the financial statements present fairly its financial position and that operations are handled in accordance with generally accepted accounting principles and related federal regulations.

**Doyle Troyer, Chairman**  
*Supervisory Committee*

## Supervisory Committee

Doyle Troyer, Chairman  
Michele Koci

Roger Belnap  
Matthew McKinlay

## Credit Union Officials and Management Staff

Phyllis A. Adkins, President & CEO  
Michael S. Vickery, Sr. Vice President & COO  
Theresa Koenen, Loan Manager  
Ann Cargile, Loan Servicing Supervisor  
Chris Demaray, Manager, Member Service & Human Resources  
Leo Francis, Manager, Branch Operations & Regulatory Compliance  
Ken Smith, Manager, Technology Development & Loss Prevention  
Stacey Devereaux, Manager, Accounting & Electronic Services  
Denise Bardwell, Orlando Branch Manager  
Tanya Brumfield, Dallas/Fort Worth Branch Manager  
Laura Sotelo, Los Angeles Branch Manager

## Board of Directors

Robert P. Baker, Chairman  
Bill Carter, Vice Chairman  
Michael T. Shalz, Treasurer  
Lary Matthews, Secretary  
Kevan Fenderson

Cynthia Forsch  
Doug Gibson  
Pradip Mehta  
Gary Morton



# and produce!

## Member Services

NCUA Deposit Insurance  
Payroll Deduction  
Share Draft Checking  
Overdraft Protection  
-- Line of Credit  
Direct Deposit  
-- Government & Payrolls  
Savings Accounts  
Vacation & Christmas Club  
IRA's  
Money Market Accounts  
Time Share Certificates  
Health Savings Accounts (HSA's)  
Western Union Quick Collect  
24/7 Loan Link Call Center  
Money Gram & Express Pay  
CUNA Brokerage Services  
Free Travelers Checks  
Discount Movie Tickets\*\*  
Free Home Banking CU OnLine  
Drive Through Window\*\*\*  
Quick Cash Dispensing Machines\*\*  
Account Access through the CU  
Service Centers Network  
Electronic Statement Delivery  
Pay Advance Loans

Safe Deposit Boxes\*  
VISA Credit Cards  
with 1% Purchase Rebate  
Personal Loans  
Real Estate Loans  
Home Improvement Loans  
Automobile Loans  
RV Loans  
Stock Loans  
Credit Disability Insurance  
Credit Life Insurance  
Free Cashiers Checks  
Lifetime & Family Membership  
Roth IRA's  
Free Notary Service\*\*  
Toll Free Electronic Teller "ET"  
Guaranteed Asset Protection (GAP)  
Mechanical Breakdown Protection (MBP)  
ATM/Point-of-Sale/MasterCard Debit  
Internet Home Page  
Free CU OnLine Bill Payer\*\*\*\*  
Excess Share Insurance Coverage up to  
\$350,000 (\$500,000 for IRA's)  
-- no charge to members  
On-line Loan Applications  
Home Equity Lines-of-Credit (HELOC's)

\*Available Boise Only  
\*\*\*Available at Each Branch Office

\*\* Available at Some Locations  
\*\*\*\*With Direct Deposit to a Share Draft Account



# TruGrocer

FEDERAL CREDIT UNION

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

**Boise Main Branch**  
P.O. Box 8145  
Boise, ID 83707  
(208) 385-5200

**Orlando Branch**  
3305 Lake Breeze Dr.  
Orlando, FL 32808  
(407) 292-2006

**Dallas / Fort Worth Branch**  
1327 Brown Trail  
Bedford, TX 76022  
(817) 285-8292

**Los Angeles Branch**  
341 E. Imperial Hwy.  
Fullerton, CA 92835  
(714) 738-4681



## 2006 Annual Report

# A fresh approach...



# TruGrocer

FEDERAL CREDIT UNION

Just for you

committed to produce...



## Management Report

In 2006, TruGrocer Federal Credit Union (TGFCU), formerly Albertsons Employees' Federal Credit Union, celebrated its 41st anniversary and continued its tradition of strong financial performance while positioning for ongoing success.

Throughout the years, TGFCU's objective has been to provide meaningful, high quality and reasonably priced financial services to its member/owners. Since receiving its original charter in 1965 to serve the employees and retirees of Albertsons, Inc. and their family members, TGFCU has become a leader in the financial industry with an ongoing commitment to becoming the financial institution best suited to meet our members' financial needs. We accomplish this through our belief in honesty, responsiveness, accountability, friendliness, financial responsibility, thrift, credit union principles and business practices that ensure financial strength.

While 2006 proved to be a challenging year for many credit unions, with shrinking margins and increased competition, TGFCU maintained strong earnings and continued to thrive in the face of those challenges. Success cannot be measured in numbers alone, but the numbers do speak to the Credit Union's financial strength. The Credit Union had \$3.2 million in net income for 2006, unchanged from the \$3.2 million in net income in 2005, despite additional expenses incurred in 2006 related to the Credit Union's name change, creating a new brand identity and an application for a charter change with the National Credit Union Administration (NCUA).

We know that safety and security is important to our members and during 2006 Capital and Reserves reached \$39.4 million, an 8.7% increase over 2005. This puts the Credit Union's Capital-to-Asset ratio at 20.7%, and its Net Worth Ratio, a calculation used by the NCUA to determine a credit unions financial strength, at 20.4%. Nationally, credit unions of comparable asset size have an average Net Worth Ratio of 11.7%. TGFCU again received the highest ratings allowable for safety, soundness and strong management practices from federal regulators.

The Credit Union ended the year with \$189.9 million in assets, down from \$194.1 million in 2005. Members' savings dropped to \$150.2 million, a 4.7% decrease over 2005. Member loans were at \$82.4 million at year end, a 1.9% decrease over 2005. Decreases were directly related to a decline in the number of credit union members that occurred following Albertsons, Inc.'s announcement that the company was up for sale.

As the Federal Reserve worked to keep inflation in check by tightening monetary policy, interest rates continued to rise for the first half of the year and then remained stable throughout the remainder of the year. Strong earnings allowed your credit union to increase its deposit rates and keep loan rates competitive. Deposit rates were increased gradually, as your Board of Directors and the Asset/Liability Management Committee managed the risks to the Balance Sheet that occur in a rising rate environment.

Whereas the sale of Albertsons, Inc. in June 2006 brought unique challenges, the past year has also brought several exciting changes to TGFCU. The Credit Union had been contemplating a name change for many years, considering the numerous banners Albertsons, Inc. operated under. The need for a name change became more apparent once Albertsons announced its intention to sell. We arrived at the name TruGrocer Federal Credit Union after concluding that we wanted to continue to serve the same group we had been serving for over 40 years; employees of the retail supermarket/grocery industry. The name TruGrocer reflects our commitment to serve this industry, nationwide, while honoring our great history.

TGFCU's charter has been modified to include SuperValu, Inc., Cerberus Capital Management (Albertsons LLC) and Save Mart Supermarkets nationwide. We lost the ability to provide credit union services to stand alone drug stores in the charter modification, which was unfortunate, but our relationship with all other stores remains unchanged and we are extremely grateful for the tremendous support we have received from our new sponsor groups. The Credit Union's application to serve the entire retail supermarket/grocery industry in the United States is pending NCUA approval and we hope to embark on a new phase of expansion in 2007.

Increasing product usage while strengthening relationships with existing members is one of our overall growth objectives, but it's not the only one. We also invest in growing the quality of the services we deliver - from face-to-face service at the teller line to behind-the-scenes services, such as CU OnLine and Bill Payer, to reaching out to members nationwide through the Shared Branch Network and our LoanLink Call Center. Please help us achieve our growth objectives by telling your family members about the benefits of belonging to TruGrocer Federal Credit Union.

While much of 2006 was devoted to a name change and the development of a new brand identity, a few new products and services were introduced. Two new loan products, a Home Equity Line-of-Credit (HELOC) and a Pay Advance Loan (PAL), were implemented to serve a growing member need. Electronic statement delivery was introduced as an enhancement to the CU OnLine home banking product and Health Savings Accounts (HSA's) are now available to qualifying members. The NCUA increased share insurance coverage on IRA's to \$250,000 and the Credit Union's excess share insurance product now insures IRA's to \$500,000.

We continue to put an emphasis on the security and safety of member financial information and in 2007 will be implementing additional security features to CU OnLine and our Debit Card program. Regulators have made clear their expectations for all financial institutions to follow the guidelines outlined by the Federal Financial Institutions Examination Council for stronger methods of authentication on home banking products; guidelines that will become mandatory. Enhanced fraud detection software is now available for our Debit Card program, similar to the fraud detection software already in place on our Credit Card program. TGFCU has taken a proactive approach to addressing these issues.

The Credit Union's participation in the Shared Branch Network will be critical to future membership growth as we expand to provide credit union services to a wider range of potential members. You'll also see us increase our marketing efforts as we promote family membership and our new brand identity, designed to appeal to supermarket/grocery employees, past and present.

TGFCU is proud of its legacy of growth and profitability, as well as its association with Albertsons, Inc. for 41 years. Joe Albertson was a cornerstone in helping the Credit Union get off the ground back in 1965 and we will continue to honor Mr. Albertson and our heritage by placing the welfare of our members first. Our name has changed; our commitment to our members has not!

As TruGrocer enjoys 41 years, we need to express our gratitude for our members' loyalty and their valuable feedback; our volunteer Board of Directors and Supervisory Committee, who have been visionary; our sponsors and their commitment to provide great employee benefits; and our dedicated staff, who are enthusiastic about the Credit Union's future growth opportunities.

As we continue on this amazing journey, please remember the difference between a credit union and a bank. TGFCU is a cooperative financial institution, owned and controlled by our members, with a volunteer Board of Directors. Like banks, we accept deposits and make loans, but unlike banks, our profits are returned to our members by offering better rates and lower fees for services. We are not a bank, and really not like any other credit union. We are 100% committed to serving the needs of employees and retirees of the supermarket/grocery industry and their family members.

A new year means new opportunities for your Credit Union. TGFCU looks forward to an exciting and busy year ahead. Remember, your credit union was built by you and it's owned by you. On behalf of the Board of Directors, committees and staff, we extend our thanks to everyone who helped make 2006 another successful year and to our members and sponsors for their continued support and loyalty.

**Phyllis A. Adkins**  
President & CEO

**Robert P. Baker**  
Chairman

**Michael T. Shalz**  
Treasurer

## financial Highlights

	2006	%Change	2005	%Change	2004
Loans	\$ 82,449,009	-1.9%	\$ 84,045,970	14.3%	\$ 73,508,401
Members' Savings	\$150,235,073	-4.7%	\$157,571,263	-2.1%	\$160,919,280
Cash and Investments	\$101,993,051	-2.5%	\$104,575,922	-9.1%	\$115,008,676
Total Assets	\$189,941,816	-2.2%	\$194,137,428	0.0%	\$194,180,594
Capital and Reserves	\$ 39,358,022	8.7%	\$ 36,221,485	9.4%	\$ 33,104,812
Gross Income	\$ 12,930,639	8.1%	\$ 11,959,828	14.8%	\$ 10,421,377
Net Income	\$ 3,173,038	0.6%	\$ 3,154,142	-1.2%	\$ 3,192,387
Dividends Paid	\$ 3,509,068	29.5%	\$ 2,709,906	16.4%	\$ 2,327,813
Number of Members	40,192	-5.3%	42,452	-6.0%	45,181

## Statement of financial Condition (as of December 31st)

	2006*	2005*	2004*
<b>ASSETS</b>			
Cash and Equivalents	\$ 28,371,617	\$ 20,850,809	\$ 28,701,039
Investments	73,621,434	83,725,113	86,307,637
Loans to Members—Net	81,799,257	83,359,716	72,784,679
Accrued Interest Receivable	534,086	533,787	455,375
Property and Equipment—Net	3,656,784	3,854,053	4,009,395
Other Assets	1,958,638	1,813,950	1,922,469
	<b>\$ 189,941,816</b>	<b>\$ 194,137,428</b>	<b>\$ 194,180,594</b>
<b>LIABILITIES</b>			
Notes Payable	\$ 0	\$ 0	\$ 0
Dividends Payable	246,016	212,400	167,176
Other Liabilities	752,457	818,534	713,048
<b>SHARES</b>			
Share Accounts	150,235,073	157,571,263	160,919,280
Total Liabilities and Shares	151,233,546	158,602,197	161,799,504
<b>MEMBERS' EQUITY</b>			
Regular Reserves	2,567,248	2,567,248	2,567,248
Undivided Earnings	36,141,022	32,967,983	29,813,842
Total Members' Equity	38,708,270	35,535,231	32,381,090
	<b>\$ 189,941,816</b>	<b>\$ 194,137,428</b>	<b>\$ 194,180,594</b>

## Statement of earnings (as of December 31st)

	2006*	2005*	2004*
<b>INTEREST INCOME:</b>			
Interest on Loans	\$ 5,150,473	\$ 4,937,326	\$ 4,882,103
Interest from Investments	4,461,019	3,594,231	2,482,985
	<b>9,611,492</b>	<b>8,531,557</b>	<b>7,365,088</b>
Dividend and Interest Expense	3,509,068	2,709,906	2,327,813
<b>NET INTEREST INCOME</b>	<b>6,102,424</b>	<b>5,821,651</b>	<b>5,037,275</b>
Provision for Loan Losses	213,191	460,217	(398,799)
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</b>	<b>5,889,233</b>	<b>5,361,434</b>	<b>5,436,074</b>
<b>Fees and Other Revenues</b>	<b>3,319,147</b>	<b>3,428,271</b>	<b>3,056,289</b>
<b>OPERATING EXPENSES:</b>			
Compensation and Benefits	2,268,341	2,230,854	2,174,289
Other Operating Expenses	3,784,627	3,428,484	3,125,398
	<b>6,052,968</b>	<b>5,659,338</b>	<b>5,299,687</b>
<b>NON-OPERATING INCOME/EXPENSES:</b>			
Provision for (Recovery of) Investment Loss	(17,629)	0	0
Other Non-Operating (Income)/Expense	0	0	0
Disposition of Assets	3	(23,775)	289
<b>NET EARNINGS</b>	<b>\$ 3,173,038</b>	<b>\$ 3,154,142</b>	<b>\$ 3,192,387</b>

\*Taken from Audited Financial Statements