

## Report from the supervisory committee

The supervisory committee's role is to maintain oversight of the safety and soundness of the credit union.

Operating independently of all entities at the credit union, we ensure the board of directors functions in a manner beneficial to the members. We also review practices and procedures followed by staff to verify that management carries out the policies set by the board. In addition, we monitor compliance with applicable laws and government regulations.

Besides reviewing monthly and quarterly financial reports and conducting ongoing operation audits ourselves, we engage an independent certified public accounting firm annually to perform an opinion audit that evaluates accounting controls, financial statements and verification of members' accounts. For the fiscal year ending Sept. 30, 2009, Cummings, Ristau & Associates, P.C., conducted the 2009 audit of Arsenal Credit Union. Arsenal Credit Union received an unqualified opinion on the financial statements. This essentially means that, after the audit, the firm felt that the credit union followed all accounting rules appropriately, and the financial reports are an accurate representation of our financial condition.

To assist the committee in its responsibilities, in 2009 we hired a full-time internal auditor to review daily operations for proper internal controls. He reports directly to us.

State and federal regulators also examine the credit union on a regular basis; the supervisory committee reviews the results and follows up with senior management on any action items identified in the report.

A lesser-known role of the supervisory committee is serving as the liaison between the membership and management of the credit union. All member communication is reviewed by us and acted on accordingly.

The supervisory committee can say with complete confidence that Arsenal Credit Union continues to maintain a high level of financial safety and soundness. We will remain vigilant representatives of our members' interests, ensuring continued safety and soundness for your money as the credit union strives to provide you and your family with excellent member service.



Respectfully Submitted,

Peggy Haberberger  
Supervisory Committee Chair