

*my*FUTURE. *my*FAMILY. *my*FORT.



Fort Financial
Credit Union

2015 Annual Report

Annual Meeting Minutes

Chairman Bond opened the 68th Annual Meeting of Fort Financial Credit Union, held at Don Hall's Guesthouse in Fort Wayne, Indiana beginning at 11 A.M., March 21, 2015.

Chairman Bond requested Secretary Francine Good to present the invocation.

Chairman Bond introduced Kevin Boyd from Trinity Presbyterian Church, who led us into prayer. The Voices of Unity Choir provided music, which was enjoyed by all.

Chairman Bond welcomed all in attendance. Chairman Bond requested the Board's Secretary to affirm if a quorum was present. Secretary Good confirmed a quorum was present according to the Federal Credit Union By-Laws, Section 5.

Secretary Good presented the 67th Annual Meeting Minutes as printed in the Annual Report. A motion was made and seconded to accept the minutes as presented. Motion carried.

President and Chief Executive Officer Steve Collins presented the Executive Report as printed in the Annual Report.

The Chairperson of the Supervisory Committee, Mary Michalak, presented the Supervisory Committee Report and introduced Joan Hiemstra, the Board's Internal Auditor.

Treasurer Dave Eckert reviewed the Treasurer's Report as printed.

Chairman Bond introduced and thanked the Fort Financial Credit Union staff responsible for the Annual Meeting preparations.

Chairman Bond presented the Nominating Committee Report.

Chairman Bond adjourned the business meeting at 1:00 PM. Door prizes were awarded to members as attendance prizes.

Chairman's Report

As your Chairman of the Board, I would like to thank our members for a great year for Fort Financial Credit Union. We've seen growth in key areas for the credit union, which has created a very stable future for Fort Financial.



Our key financial indicators were very strong in 2015. In 2015, the board continued to look toward the future, and using our strategic planning initiatives, our focus was to bring an improved technological experience for our members. Plans are underway to completely update the way members interact with Fort Financial, be it through online or mobile applications.

The future for the credit union is very bright, and it's an exciting time as we bring new relationship levels for our members to enjoy more personalized services from Fort Financial.

Nick Bond, Chairperson

Management Report

Fort Financial exceeded expectations in 2015 in several categories. Our mission is to build financial relationships with our members that improve their financial lives. One of the primary ways this is accomplished is with low-cost loans.

For the second year in a row, we broke our direct lending record. Over \$31 million in loans were originated through our branches. In addition, we booked over \$13 million in first mortgages, \$19 million in loans through automobile dealerships and \$2 million in new credit cards. One special offer provided members with a 1% cash back bonus for their next vehicle loan. During this promotion, we paid over \$70,000 back to our members.

For those looking for better savings returns, we offered a 36-month certificate at 1.51% Annual Percentage Yield (APY), and in the latter half of the year, we offered an 18-month at 1.25% APY. These were available as either saving certificates or as IRAs. For those interested in insurance and market investments, we continue to offer services through our wholly-owned financial services division.

Fort Financial continues to monitor service levels and solicit service surveys from our members in multiple ways. We work with an independent consultant to perform secret shoppers at our branch locations. We randomly send service surveys to members that performed a transaction within the month. Lastly, we send surveys to all new members. In 2015 we received back over 700 surveys. Our combined service rating was 9.46 out of 10, which is above industry average.

There are two significant changes happening in 2016. The first is establishing tiered membership levels that will provide members who utilize the credit union most often for their financial services with

improved rates and added benefits. Those that do not utilize the credit union as their primary institution and only use the credit union as a check cashing service will be asked to pay a small service charge to cover the costs of those services. This helps assure we can remain the most competitive option for the members that use the credit union as their primary financial institution.

The second significant change our members will see in 2016 will be the launch of our new mobile and online banking platforms. Early in 2015, we launched our new website. This website is mobile and tablet enabled and provides additional functionality for our members.

In the spring of 2016, we will go live with our online banking applications. Through our new app, you will continue to have access to all your financial relationships and perform all the standard transactions. Enhancements will be added to allow you to deposit checks through your phone or tablet's camera, have mobile bill pay, setup bills by taking a picture, and much more. We will advertise the new and enhanced functionality as we get closer to its launch. We are excited about the new upgrades, and we know our members will be too.

We are very pleased about the excellent performance of the credit union in 2015 and look forward to continuing to serve our membership in 2016 and the years ahead. We are thankful for an excellent membership and a superior staff, board and management team that help make this credit union a strong and advantageous financial choice for our membership.

Steve Collins, President & CEO
Michael Stratton, CFO & VP of Strategic Services
Tammy Hartman, VP of Sales & Service
Michael Boker, VP of Information Technology

Treasurer's Report

In 2015, the credit union was able to continue the prior year's positive growth and earnings trends. For the year, the credit union had a net income of \$791,427 compared to \$898,082 in 2014. While net income was down slightly from 2014, the credit union had a positive net income variance vs. budget of \$138,361. Earnings from the year resulted in a return of average assets of 0.39%.

In all major income statement categories, the credit union was within +/- 10% of budget. The net interest income after the provision for loan loss was \$5,849,028 with a variance for the year of -6.88%.

Total operating expenses for the year were \$9,586,697. The overall variance for total operating expenses was under budget for the year by 2.65%.

Finally, other operating income was \$4,529,095 and 7.33% better than budget.

All these factors help contribute to the overall positive net income budget variance for the year.

During 2015, the credit union experienced strong growth in both loans and deposits. Loans outstanding ended the year at \$167,165,792, up nearly \$4,800,000 from 2014. Loans were also nearly \$6,000,000 ahead of budget in 2015.

Deposit growth was even stronger. Total deposits finished the year up almost \$19,000,000 from 2014 at \$197,200,936, which was \$13,500,000 over budget.

Overall the credit union was able to achieve most of its financial goals for the year, and at the same time, maintain a healthy capital ratio. The big increase in deposits did dilute capital somewhat. However, the credit

union was able to maintain a strong capital ratio.

The credit union is still classified as well capitalized by the NCUA with a capital ratio of 8.88% as of the end of 2015, which is down slightly from 9.15% at the end of last year.

Dave Eckert, Treasurer



Supervisory Committee Report

The Supervisory Committee is responsible for the continued review of credit union activities, ensuring that financial records are accurate and internal controls are in place to protect the credit union and our member's assets. The Committee accomplishes this by overseeing various audits, financial analysis and procedural reviews.

The firm of CliftonLarsonAllen is in the process of performing an audit of the December 31, 2015 financial statements. Their previous audit did not disclose any material discrepancies and indicated that accounting records are maintained in accordance with generally accepted accounting principles and federal credit union guidelines.

We appreciate our members' involvement and commitment to Fort Financial Credit Union. The Committee pledges to remain current on credit union issues and respond to any questions in 2016.

Valerie Eakins, Chairperson
Mary Michalak
Christopher Reed





Operating Statement

	2015	2014	2013
Income			
Interest on Credit Cards	584,700	369,302	186,788
Interest on Other Loans	6,830,841	6,848,269	6,738,581
Income on Investments	77,557	110,859	51,781
Miscellaneous Income	4,529,095	4,450,446	3,945,030
Other Gains or Losses	0	53,696	717,552
Total Income	12,022,193	11,832,572	11,639,732
Expenses			
Salaries (Wages)	3,654,928	3,495,418	3,343,241
Benefits	1,391,109	1,225,109	1,447,763
Travel & Conference	125,786	122,714	141,427
Association Dues	7,232	5,545	6,326
Office Occupancy	771,301	736,933	654,513
Office Operations	2,792,976	2,704,073	2,223,315
Loan Servicing	280,145	234,495	251,574
Outside Services	593,431	664,019	660,552
Operating Fee (NCUA)	(40,413)	1,735	157,429
Miscellaneous	9,653	13,387	15,509
Total Operating Expenses	9,586,148	9,203,428	8,901,649
Distribution of Income			
Dividends (All Accounts)	475,116	405,320	484,531
Provisions for Loan Losses	1,168,783	1,324,432	729,591
Interest on Borrowed Money	719	1,310	4,642
Net Income to Undistributed Earnings	791,427	898,082	1,519,319



Financial Statement

	2015	2014	2013
Assets			
Credit Card Loans	10,239,048	8,163,559	4,252,757
Real Estate Loans	45,324,009	40,492,487	34,587,670
All Other Loans	111,602,735	113,731,998	106,607,551
Allowance for Loan Loss	(1,826,994)	(1,551,554)	(1,321,566)
Cash on Hand	4,291,922	4,677,697	4,143,060
Investments	31,120,902	18,027,107	5,673,003
Land & Building	5,105,707	5,613,639	5,788,641
Other Assets	9,137,241	6,693,755	6,568,428
Total Assets	214,994,570	195,848,688	166,299,544
Deposits			
Liabilities			
Certificates	24,065,430	18,631,616	21,843,892
Share Drafts	39,457,280	32,564,377	23,170,552
IRAs	16,016,610	16,689,967	14,248,246
All Other Deposits	117,661,616	110,337,555	90,959,267
Total Deposits	197,200,936	178,223,515	150,221,957
Other Liabilities	1,077,322	974,105	3,315,727
Equity Capital	16,716,312	16,651,068	12,761,860
Total Equity and Liabilities	214,994,570	195,848,688	166,299,544

Locations

Corporate Office

3102 Spring St.
Fort Wayne, IN 46808

Indiana

Angola Office

603 Harcourt Rd.
Angola, IN 46703

Auburn Office

1302 S. Grandstaff
Auburn, IN 46706

Churubusco Office

702 State Road 205
Churubusco, IN 46723

Dupont Office

4929 E. Dupont Rd.
Fort Wayne, IN 46825

Fort Wayne Meijer - NE

10301 State Road 37 / Maysville Rd.
Fort Wayne, IN 46835

Fort Wayne Meijer - NW

6309 Lima Rd.
Fort Wayne, IN 46818

Fort Wayne Meijer - SW

5909 Illinois Rd.
Fort Wayne, IN 46804

Mississippi

Corinth Office

1808 S. Fulton Dr.
Corinth, MS 38834

North Carolina

Gastonia Office

1475 N. New Hope Rd.
Gastonia, NC 28054

Leadership

Board of Directors

Nick Bond, *Chairperson*

Russ Moore Transmission, CEO

Jeff Leichty, *Vice Chairperson*

Indiana Tech, Director of IT

Francine Good, *Secretary*

Mattress Warehouse, President

Dave Eckert, *Treasurer*

ITT Exelis, Retired

George Eldridge, *Board Member*

Dana Corporation, Retired

Steve Collins, *Board Member*

Fort Financial Credit Union, President & CEO

Mary Michalak, *Board Member*

C&G Companies / InfoBind Systems, President & CEO

Shelly Musolf, *Associate Board Member*

Indiana Tech, Controller

Jonathan Ray, *Associate Board Member*

Fort Wayne Urban League, President & CEO

Executive Management

Steve Collins, *President & CEO*

Michael Stratton, *CFO & VP of Strategic Services*

Tammy Hartman, *VP of Sales & Service*

Michael Boker, *VP of Information Technology*

Supervisory Committee

Val Eakins, *Chairperson*

Ivy Tech, Executive Director of Administration

Christopher Reed, *Committee Member*

Fort Wayne Police Dept., Police Officer

Mary Michalak, *Committee Member*

C&G Companies & InfoBind Systems, President & CEO



Fort Financial

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