

# 2016 Annual Report

**IT'S A,  
HAPPINESS  
STARTS HERE,  
KIND OF PLACE.**



MEMBERS FIRST  
CREDIT UNION

find your happy.

# Message from the Chairman



**Robert G. Cooper**

## 2016 Highlights

We celebrated 80 years of service to our members and communities in 2016. We reached new highs together, with over \$390 million in assets and an expanded loan portfolio of over \$245 million. We are now serving an incredible 50,000 members. Your credit union remains strong and – our promise to be trustworthy, caring and enthusiastic to help you succeed is even stronger.

We continue to see growth in our investment advisor program in partnership with CUNA Mutual Group. Our advisor, Marc Livernois, is located in our main office in Midland and is available by appointment at any of our eight branches. Marc has served almost 200 members since he started with us nearly two years ago and he is available to help you with investment decisions, financial planning, retirement planning, and more.

Last June we brought our credit card program in-house and converted our cards to EMV chip technology in order to enhance security for our members. Card fraud continues to increase and chip technology is one way we can combat the fraud.

## Encouraging a Better Tomorrow in 2017

Because security is a top priority for us we will be converting our debit cards to EMV chip technology at the end of this year. As mentioned above, card fraud continues to increase and it is important to get EMV debit cards in your hands so you can conduct card transactions with confidence. We will be communicating more in the coming months as we get closer to the conversion date.

Our eBranch/Virtual Branch continues to grow as our largest member service provider with over 40,000 transactions every month. For many members our website and mobile app is their primary branch. More and more members each year use our online banking, bill pay, lending and account opening products. As such, we will be enhancing those platforms and the capabilities within those channels to make it the best experience it can be.

Serving our communities is a vital component of our mission. We do so primarily through our Community Difference Project which was created to impact peoples' lives via staff volunteerism, performing good deeds, or providing support for people in need. We work closely with the United Way and many other charitable organizations throughout central Michigan. Thank you for allowing us to help build stronger communities.

As always, on behalf of our Board of Directors, our Supervisory Committee, and our employees; we thank you for your trust and loyalty. We truly appreciate you giving us the opportunity to Encourage a Better Tomorrow for you and for our communities.

# Statement of Income & Expense

For the Years ended December 31, 2016 & 2015

	2016	2015		2016	2015
	Unaudited			Unaudited	
<b>Interest Income</b>			<b>Operating Expenses</b>		
Interest - Consumer Loans	\$ 10,978,512	\$ 9,370,646	Salaries & Benefits	9,182,065	8,502,901
Interest - Real Estate Loans	3,667,766	3,365,729	Training, Travel & Conference	654,608	547,430
Interest - Business Loans	<u>1,278,020</u>	<u>791,247</u>	Association Dues	26,232	23,246
<b>Total Income From Loans</b>	<b>15,924,298</b>	<b>13,527,622</b>	Office Occupancy & Operations	6,492,641	5,557,231
Income From Investments	<u>1,215,273</u>	<u>1,037,797</u>	Education & Promotion	868,951	637,643
<b>Total Interest Income</b>	<b><u>17,139,571</u></b>	<b><u>14,565,419</u></b>	Loan Servicing Expense	1,098,519	1,023,839
			Professional/Outside	392,370	311,056
<b>Interest Expense</b>			Misc Operating Expense	<u>86,307</u>	<u>53,779</u>
Dividends - Regular Shares	96,334	88,120	<b>Total Operating Expense</b>	<b><u>18,801,693</u></b>	<b><u>16,657,125</u></b>
Dividends - Share Drafts	44,127	38,279			
Dividends - High Yield Savings	31,908	31,247	<b>Other Operating Income</b>	<b><u>9,302,960</u></b>	<b><u>8,066,611</u></b>
Dividends - Super High Yield Savings	399,984	374,688	<b>Net Before Non Operating Exp/Inc</b>	<b><u>3,258,497</u></b>	<b><u>2,425,496</u></b>
Dividends - IRA Accounts	158,355	155,600	Non Operating Expense/Income	210,097	269,791
Dividends - Certificates	<u>591,668</u>	<u>544,477</u>	<b>Net Income</b>	<b><u>3,468,594</u></b>	<b><u>\$2,695,287</u></b>
<b>Total Dividends</b>	<b><u>1,322,376</u></b>	<b><u>1,232,411</u></b>			
Interest On Borrowed Funds	<u>5</u>	<u>2</u>	<b>Statistics</b>		
<b>Total Interest Expense</b>	<b><u>1,322,381</u></b>	<b><u>1,232,413</u></b>		<b>2016</b>	<b>2015</b>
<b>Net Interest Income</b>	<b>15,817,190</b>	<b>13,333,006</b>	Members	49,942	46,399
Loan Loss Provision	<u>3,059,960</u>	<u>2,316,996</u>	Loans	42,252	36,187
<b>Net After Loss Provision</b>	<b>12,757,230</b>	<b>11,016,010</b>	Delinquent Loans	670	394
			Delinquent Dollars	\$1,898,068	\$1,680,503

# Statement of Financial Condition

As of December 31, 2016 & 2015

	2016	2015		2016	2015
		Unaudited		Unaudited	
<b>Assets</b>			<b>Liabilities</b>		
Consumer Loans	\$ 136,040,646	\$ 125,117,901	Accounts Payable &		
Real Estate Loans	79,550,860	76,991,150	Other Accrued Expenses	<u>2,655,860</u>	<u>2,381,863</u>
Business Loans	<u>29,892,727</u>	<u>21,818,481</u>	<b>Total Liabilities</b>	<b><u>2,655,860</u></b>	<b><u>2,381,863</u></b>
<b>Total Loans To Members</b>	<b>245,484,233</b>	<b>223,927,532</b>			
Allowance For Loan Loss	<u>(3,049,670)</u>	<u>(2,071,739)</u>	<b>Equity</b>		
<b>Net Loans To Members</b>	<b>242,434,563</b>	<b>221,855,793</b>	Share Savings	66,616,223	62,021,491
Cash & Cash Equivalents	20,241,326	24,244,886	Share Drafts	59,755,662	52,733,617
US Govt. Agencies	38,734,039	29,102,785	High Yield Savings	16,061,818	16,054,203
Alloya Corporate Credit Union	872,571	4,894,480	Super High Yield Savings	129,440,917	125,656,895
Bank & Credit Union CDs	63,213,806	65,754,997	IRA Accounts	18,700,207	18,611,169
Other Investments	<u>1,007,250</u>	<u>2,482,693</u>	Certificates Of Deposit	<u>55,385,736</u>	<u>54,357,026</u>
<b>Total Investments</b>	<b>124,068,992</b>	<b>126,479,841</b>	<b>Total Member Shares</b>	<b>345,960,563</b>	<b>329,434,401</b>
Land & Building Net	11,156,793	11,388,301	Reserves	3,196,853	3,196,853
Other Fixed Assets	3,392,743	2,820,498	Undivided Earnings	35,396,075	32,700,788
All Other Assets	<u>9,603,181</u>	<u>7,869,893</u>	Unrealized Gain/(Loss)	(21,673)	5,134
<b>Total Other Assets</b>	<b><u>24,152,717</u></b>	<b><u>22,078,692</u></b>	YTD Earnings	<u>3,468,594</u>	<u>2,695,287</u>
<b>Total Assets</b>	<b><u>\$390,656,272</u></b>	<b><u>\$370,414,326</u></b>	<b>Total Member Capital</b>	<b><u>42,039,849</u></b>	<b><u>38,598,062</u></b>
			<b>Total Shares &amp; Equity</b>	<b><u>388,000,412</u></b>	<b><u>368,032,463</u></b>
			<b>Total Liabilities &amp; Equity</b>	<b><u>\$390,656,272</u></b>	<b><u>\$370,414,326</u></b>

# Community Difference Project

We created the Community Difference Project to impact peoples' lives in positive ways. Whether it's to volunteer, perform a good deed, or provide support to people in need, we're here to encourage a better tomorrow for everyone in our community.

We are proud to share with you some of the events and organizations that we supported or volunteered with in 2016 in all the counties we serve, not only through the Community Difference Project, but involvement through volunteer hours, monetary donations and sponsorships.



Held fundraiser for Timbers/Smart Paws | Collected supplies for local schools | Gas card giveaways  
Diaper Drive for The Diaper Alliance | Collected hats & mittens to donate | Aaron's Gifts From Home fundraisers  
Volunteered at the CMU Special Olympics 5K | Paid for families to attend festivities at The Wild Pumpkin  
Held a Credit Union PinkOut in support of Breast Cancer | Supported and volunteered for Sharing Tree  
Put together 24 bags of supplies for foster children | Volunteered with Junior Achievement | Food Drives  
Adopt-A-Family | Raised money for 1,000 pounds of food for the Food Pantry of Gratiot and Isabella County  
Did random acts of kindness in honor of MFCU's 80th Anniversary | Blood Drives

**CommunityDifferenceProject.org**



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Members First Credit Union is an Equal Opportunity Lender