

83rd Annual Meeting — 2018 —

Wednesday, April 25





Our mission is to build lifelong relationships one member at a time; providing sound financial products and services.

Agenda

2018 Valley Communities Credit Union Annual Meeting

1. Meeting called to order
2. Minutes from last year's Annual Meeting
3. Chairperson's Report
4. Election of Directors
5. Treasurer's Report/Financial Statement
6. President's Report & Scholarship Committee Report
7. Loan Report
8. Audit Report
9. Old business/Communications
10. New business
11. Prize drawings
12. Adjournment
13. Dinner with refreshments

2017 Annual Meeting Minutes

The 82th Annual Meeting of Valley Communities Credit Union was called to order on the 25th day of April 2017 at 6:05 pm by Lisa Jakusz.

PRIOR MEETING MINUTES: The minutes of the 2016 meeting had been handed out to members as they entered. A question was asked if there were any additions or corrections to the minutes. Being none, a motion was made and second to approve the minutes as presented. Action on motion: Carried.

ATTENDANCE: A quorum of 136 adults in attendance. This constitutes a legal meeting.

CHAIRPERSONS REPORT: The Chairpersons Report was presented by Jakusz. Vice-Chairman Jakusz introduced the Board of Directors, President /CEO and the Corporate Risk Manager. A motion was made to approve the Chairpersons report and seconded to accept the report. Action on motion: Carried.

FIFTY YEAR MEMBERS: Vice Chairperson Jakusz reported 34 members.

Had been members for 50 continuous years. A gift had been previously sent to them.

NOMINATING COMMITTEE: A motion was made and seconded to affirm board candidates Engebretson and Jakusz to a 3-year term. Actions on motions: Carried.

TREASURERS REPORT: Matis gave the Treasurers Report. A motion was made, and seconded to accept the report. Action on motion: Carried

PRESIDENTS REPORT: Hladovcak gave the Presidents Report. A motion was made, and seconded to accept the report. Action on motion: Carried.

CREDIT COMMITTEE REPORT: Bittner gave the Credit Committee Report. A motion was made, and seconded to accept the report. Action on motion: Carried.

SUPERVISORY COMMITTEE REPORT: Bennett gave the Supervisory Committee Report. Two external exams are given; State Exam and CPA Firm. A motion was made, and seconded to accept the report. Action on motion: Carried.

The Supervisory Committee is appointed by the Board of Directors. No management employee of VCCU serves on the committee. The committee reports to the Board of Directors.

QUESTIONS: There were no communications, old business or new business.

PRIZES: Directors gave out prizes, 40 Adult, 15 Youth. All in attendance received a Card Holder for cell phone and their choice of: USB Charger or Lunch Bag.

Jakusz adjourned the meeting at 6:40 pm. A motion was made and seconded to adjourn the meeting. Action on motion: Carried.

Chairperson's Report

As always, your Board of Directors are here to ensure the Credit Union remains a healthy, stable financial institution. We are dedicated and committed to reviewing and setting policies to ensure our long-term growth and strength. Each year we dedicate time to strategically think and plan for our future. We realize as directors that we need to stay on top of industry standards and provide up to date products and services for you.

We are very happy to tell you on April 1st, we welcomed Worzalla Publishing Employees Credit Union into the Valley Communities Credit Union family. Both Worzalla Publishing and Worzalla Publishing Employees Credit Union have a rich history in Stevens Point. With this partnership, we welcomed about 200 members into our credit union. We are honored we were chosen by their board of directors and members to be their credit union partner. With this partnership, we will have one of their directors attending our board meetings, and others have shown interest in joining our supervisory committee. We are grateful for the expertise and passion for credit unions they will provide.

Looking ahead, you can have confidence we will continue to look out for both the credit union and members best interest. It is an honor to serve as a director and to be able to provide you with everything to meet your financial needs.

We would like to recognize the members who have hit the 50-year mark of being a member. We salute them for their continued support and loyalty, and would like to thank each of them.

50 Year Members

William Bean	Walter Hawro	Richard Peterson
Jerold Bornback	Ardith Hendrickson	Carl Raab
Dexter Brue	Harvey Iwen	Robert Ruether
Dolores Buchanan	Terri Jensen	Michael Scheurer
Ervin Cisler	Robert Krieg	Sharon Seebruck
Lori Daul	Michael Lobner	Robert Trzebiatowski
Bruce Dehlinger	John Malcotte	Glen Wendt
Roger Dittman	Harold Matis	David Werderits
Peter Droste	Reuben Miller	Garland Wesenberg
Sharlene Falkavage	Thomas Molski	Ward Wolff
Merlin Foth	Dale Montag	Larry Worden
Kenneth Goetsch	James Morris	
James Hansen	Bonita Nechuta	

Financial Statement

December 31, 2017

BALANCE SHEET

ASSETS

	<u>2017</u>	<u>2016</u>
Cash on hand and in banks \$	3,639,974	3,994,857
Investments	30,614,285	29,297,716
Loans - Net	113,065,540	106,235,801
Office Furniture I Fixtures	357,816	308,817
Office Buildings-Net	2,687,223	2,761,893
Land	1,103,816	1,103,816
Other Assets	1,855,652	1,561,274
TOTAL ASSETS	\$ 153,324,306	145,264,174

LIABILITIES AND MEMBER EQUITY

Current Liabilities \$	1,285,411	866,093
Deposits	107,143,302	101,627,587
Share Drafts	23,256,175	21,974,206
Accrued Dividends Payable	156	171
TOTAL LIABILITIES	\$ 131,685,044	124,468,057

MEMBER EQUITY

Regular Reserve \$	4,208,377	4,208,377
Undivided Earnings	17,428,739	16,584,609
Accumulated Unrealized Investment Gain	2,146	3,131
TOTAL MEMBER EQUITY	\$ 21,639,262	20,796,117

TOTAL LIABILITIES AND

MEMBER EQUITY	\$ 153,324,306	145,264,174
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PROFIT AND LOSS

<u>INCOME</u>	<u>2017</u>	<u>2016</u>
Loan Interest Income	\$ 4,954,307	4,779,359
Investment Income & Other	1,438,109	1,239,306
TOTAL INCOME	\$ 6,392,416	6,018,665

EXPENSES

Salaries & Benefits	\$ 2,867,887	2,719,963
Office Operations	447,480	422,974
Office Occupancy	359,331	342,364
Outside Services	839,174	863,706
Other Expenses	422,368	366,435
Provision For Loan Loss	129,623	(-94,217)
TOTAL EXPENSES	\$ 5,065,863	4,621,225

Net Income before dividends . . . \$ 1,326,553 1,397,440

Dividends & Interest Paid \$ 445,519 309,991

NET INCOME

Before Non-operating Income . . . \$	881,034	1,087,449
Non-operating Income	255	7,438
Non-operating Expense	(-37,159)	0

NET AFTER NON-OPERATING \$ 844,130 1,094,887

President's Report

Reflecting back on 2017, we had an excellent year of growth which we can all be proud of. Loans grew over 6.4%, and shares grew 5.5%. In 2017, we focused a lot of our efforts on expanding and enhancing technology to better serve you, our members. This year, we are continuing in that direction. We have already implemented our mobile app, and some things you will be seeing later this year are:

- *Card Valet*, which is an app that will give you complete control of your VCCU debit card
- *Credit Sense*, which will give you access to your credit report and analyze better credit options for you
- *Mobile wallet*, which will allow you to have access to your debit card on your phone and pay with your phone
- *Docu Sign*, which will allow you to sign loan documents electronically
- *E-lending*, which will provide a simpler way to apply for a loan electronically

We will stay committed to researching the latest trends in technology and implement those we feel would be of value to you.

As our economy continues to improve, we have seen consumer confidence increase. So far this year, we have had great loan growth both in our consumer loans and real estate loans.

We continue to focus on our community involvement and staff development. We get involved at our local schools in various ways and we help raise money for many local charities. On the staff development side, we continue to train and provide resources for staff to learn and grow within the credit union. Later last year, we started an online training program that is available to all staff and directors. There are hundreds of credit union related courses available.

We would like to thank you, our member owners, for your continued support of Valley Communities Credit Union. We are truly appreciative of your membership, and we don't take that relationship for granted. We know we must work hard to meet your financial needs and be your trusted financial resource.

On behalf of our dedicated staff, directors and volunteers, thank you for an amazing year. We are honored to be able to serve you.

Scholarship Committee Report

Valley Communities Credit Union is happy to support higher education by awarding 5 scholarships. Students of any age who plan on attending a higher education institution were encouraged to apply. This year we received 27 applications. One winner will receive \$1000 and four will receive \$500. The credit union would like to express our thanks to the Scholarship Committee for their time devoted to giving each applicant equal considerations.

The scholarships were awarded to the following students:

Daniel Hess

Kaylee Hollatz

Cole Wright

Jenelle Higgins

Tanya Kranski

We commend all who applied and wish them much success in their endeavors!

Loan Report

During 2017, VCCU wrote 2,786 loans to members totaling \$49,939,053.99.

This consisted of \$28,982,205.15 in consumer loans and \$20,956,848.84 in real estate loans. With normal loan payback, the change in our net loans increased \$6,839,434.82 which resulted in a 6.41% overall increase. At the end of 2017, we had an outstanding loan portfolio of \$113,456,804.27. We take great pride in our loan quality, and our delinquency compares favorably to others.

Audit Report

This past year, we underwent some changes in our Supervisory Committee. I would like to thank all who responded to our call for volunteers for this important committee in our credit union.

The Supervisory Committee is responsible for reporting on the integrity of the credit union's financial records and for ensuring that internal controls are in place to protect the assets of the credit union and its members. It has three main responsibilities: first, to ensure that the credit union adheres to proper accounting and filing requirements for reports; second, to perform or obtain an annual audit; and third, to verify the member's accounts every two years.

To help accomplish this, the Committee contracts with the firm of Hawkins Ash CPAs, LLP for our annual external audit services. The annual audit of the credit union was completed in March 2018 for the period ending December 31, 2017, with very positive results.

At least once every two years, accounts, or statement of accounts and other account records of the members shall be verified against the records of the credit union. This will be accomplished again this year. Thank you for your cooperation.

The Committee also oversees the Risk Management department for monthly internal audits, which include review and testing of branch and department operations to ensure compliance with state and federal regulations, policies and procedures, and to confirm that the appropriate internal controls are in place. A report on the Risk Management department is submitted monthly for the Board to review.

Risk Management appreciates your continued confidence in our oversight role. The support and cooperation of the Board of Directors, management, and employees have assisted us in the performance of our duties and is greatly appreciated.

Board of Directors

(term expires)



Gary Engebretson
Chairperson
(2020)



Lisa Jakusz
Vice Chair
(2020)



Harold Matis
Treasurer
(2018)



Susan Kaup
Secretary
(2018)



Jon Anderson
(2018)



David Bittner
(2019)



James Krzmarcik
(2019)

Supervisory Committee

Shirley Clark
Abigail Howard

Debra Johnson
Luanne Trudell

Nominating Committee

Gary Engebretson (*Chair*)
David Bittner
Lisa Jakusz

Administrative Staff



Kelly Hladovcak
President/CEO



Randy Leszczynski
*Vice President/
CFO*



Robin Mrozinski
*Vice President/
COO*



Bill Jarvis
*Vice President
of Lending*



Mark Bennett
*Corporate Risk
Manager*



Susan Manock-Besaw
AVP of Lending



Kham Yang
AVP of Lending



Betty Martino
*Branch Manager
Kronenwetter*



Jodi Griepentrog
*Branch Manager
Marshfield*



Sara Holtz
*Branch Manager
Mosinee*



Michael Fox
*Branch Manager
Stevens Point*



Mark Anderson
*Branch Manager
Wausau*



Angela Dinkins
*Branch Manager
Wisconsin Rapids*



Amber Clark
Human Resources



Samuel Massey
*Compliance
Specialist*



Erik Clements
*Systems
Administrator*



Terry Thompson
*Marketing
Specialist*

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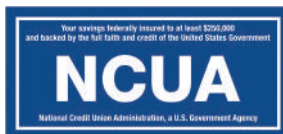
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