



YOU MATTER HERE



**Valley
COMMUNITIES**

CREDIT UNION

.....Where Membership Matters

84TH ANNUAL MEETING
TUESDAY, APRIL 30, 2019

Table of Contents

Valley Communities' History.....	1
VCCU Vision and Mission Statement	2
2018 Annual Meeting Minutes	3
50 Year Members	4
Chairperson's Report.....	5
Dave Bittner Retirement	6
Financial Statement	7-8
President's Report	9
Robin Mrozinski Appreciation	10
Scholarship Committee's Report.....	11
Community Involvement.....	12-13
Loan Report.....	14
Audit Report	14
Board of Directors	15
Supervisory Committee.....	15
Nominating Committee.....	15
Administrative Staff	16

Agenda

- | | |
|---|------------------------------------|
| 1. Meeting called to order | 7. Loan Report |
| 2. Minutes of 2018
Annual Meeting | 8. Audit Report |
| 3. Chairperson's Report | 9. Old Business/
Communications |
| 4. Election of Directors | 10. New Business |
| 5. Treasurer's Report/
Financial Statement | 11. Prize Drawings |
| 6. President's Report | 12. Adjournment |
| | 13. Dinner/Refreshments |

Valley Communities' History

Valley Communities Credit Union started as Mosinee Paper Credit Union, chartered by the State of Wisconsin on April 11, 1935 to serve the employees of Mosinee Paper Corporation and their families. Operating from the punch house at the Paper Mill, volunteer directors would use notebooks or paper scraps to maintain records.

After steady growth in the 1970's, the credit union relocated to 201 Main Street, Mosinee and expanded its charter to those living or working in the city of Mosinee. Soon, the surrounding townships were included.

In the 1980's the area served expanded to include Marathon County. In 1985 the Credit Union relocated to 1105 Western Avenue in Mosinee, which is still the location of the Mosinee VCCU branch.

Murray Employees Credit Union was acquired in 1987, as well as Co-Ci Credit Union, and the charter expanded to include Portage County. In 1996, Dairymen's Credit Union, Junction City, joined VCCU, adding Wood County to the charter area.

In 1998 the name of the credit union was changed to Valley Communities Credit Union, reflecting what we are and who we serve – multiple offices in the Wisconsin Valley proudly serving those who live and work here.

In 2006 Thorogood Credit Union in Marshfield joined VCCU, and in 2007 Port Credit Union in Port Edwards and Wisconsin Rapids followed, adding Adams County to the charter area. In August, 2013, a new office was opened in Kronenwetter. And most recently, Worzella Publishing Employees Credit Union came on board in 2018.

Today, VCCU's current charter area includes all persons who live, work, or own property in Adams, Clark, Juneau, Lincoln, Marathon, Portage, Shawano, Waupaca, Waushara or Wood counties.



VISION STATEMENT

To become our members
primary financial institution.

MISSION STATEMENT

Building lifelong relationships one
member at a time; providing sound
financial products and services.



2018 Annual Meeting Minutes

The 83th Annual Meeting of Valley Communities Credit Union was called to order on the 25th day of April 2018 at 6:10P.M. by Chair – Engebretson.

- **PRIOR MEETING MINUTES:** The minutes of the 2017 annual 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 139 adults in attendance. This constitutes a legal meeting. Along with 39 Guest and 11 Youth.
- **CHAIRPERSONS REPORT:** The Chairpersons Report was presented by Jakusz. Chairman Engebretson 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:** Chairperson Engebretson reported 37 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 Matis, Kaup and Anderson 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, 45 Adult and 11 Youth. All in attendance received their choice of: VCCU key chain or VCCU can koozie.

Engebretson adjourned the meeting at 6:45 pm. A motion was made and seconded to adjourn the meeting. Action on motion: Carried.

Honoring 50 Year Members

Valley Communities Credit Union is pleased to recognize those who have been members for 50 years. We extend our sincere and heartfelt thanks to these members for their devotion and participation. We thank them for their continued support and loyalty.

Michael Adams
Rodney Baumann
Howard Bannerman
Peter Beaver
William Boyer
Bessie Curran
Caroline Eglund
Linda Egner
Dewayne Felch
Delmar Ganser
Kathryn Gessert
Felix Grutzik Jr.
William Hageman
Dale Hanneman
Ronald Hanneman
Lavern Hofmeister
Bonnie Howard
Donald Huser
Dean Jensen
William Kasten
Andrew Koback
Richard Kolodziej

Gary Krause
James Krzmarcik
Shirley Lang
Andre Leszczynski
Randy Leszczynski
Richard Leverance
James Linder
William Livernash
Kathleen Mills
Robert Montag
Jerome Nash
Marvin Nieman

David Oleson
Marjorie Oppman
Lynn Patton
Douglas Pliskie
Daniel Rescheske
James Schmutzer
Edward Schultz
Roger Spice
Daniel Steen
Beverly Strasser
David Swiggum
Raymond Wiernik



Chairperson's Report

As we reflect on 2018, we are very proud of the accomplishments and growth the Credit Union had. As a Board, we are very committed to making sure VCCU remains a healthy, strong financial institution that strives to meet our members needs. The Board's role is to provide the oversight for the Credit Union. We work hard each year to review and set policies, approve the Credit Union's budget, and plan strategically for the future. The dedicated staff works hard to accomplish goals and perform the day-to-day operations that serve our member/owners.

Change is inevitable, and over the past several years we have dedicated many resources to expand our electronic services to keep up with the changing climate. These products and services make banking transactions easier and more convenient, and are highly utilized by our members. We are proud to offer these tools as you request them.

With the increased use of such online services, our smaller offices saw a noticeable decline in the number of members who came to the branch. It is because of this decline, that in 2018 we made the decision to close our Wausau office. The decision was not made without careful thought and planning. Due to the decreased traffic to that office and the increased use of electronic services, the branch was no longer supporting itself from a financial perspective. Many of the Wausau members now use our Kronenwetter and Mosinee locations.

We are very appreciative of all of our members, directors, volunteers and employees. We will continue to work hard to keep our organization financially sound. You can be confident we do our best to make decisions that have the best interest of our membership in mind.

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.



A FOND FAREWELL TO OUR RETIRING BOARD MEMBER

David Bittner

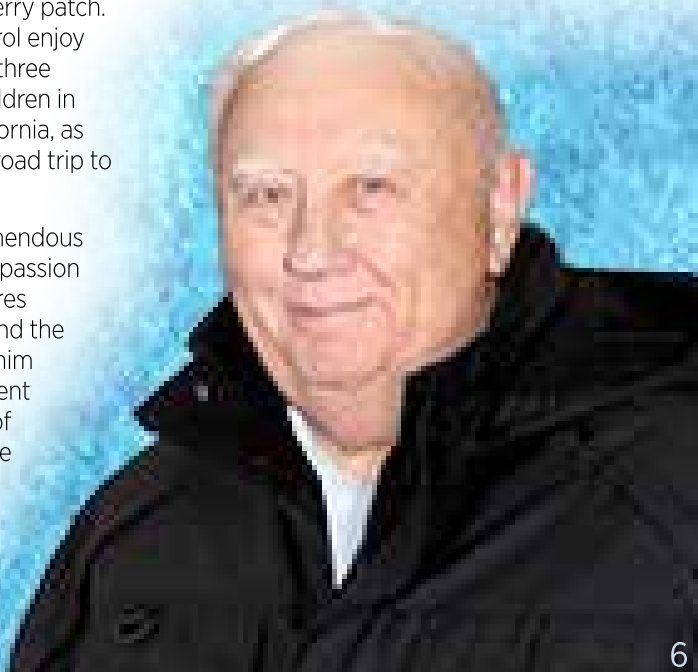
David has been involved with the Credit Union for 42 years! During that time he:

- Was appointed to the Credit Committee on 04/11/1977 (3 years).
- Was elected to the Board of Directors at the 45th Annual Meeting on 02/17/1980 (1 year). At that time, our assets were \$3,510,658
- Was appointed Secretary of the Board on 06/08/1981 (4 years).
- Was elected as Vice Chair of the Board on 06/10/1985 (1 year).
- Was appointed Chair of the Board on 4/14/1986, and held this position for 16 years.
- Was the Vice Chair of the Board from 04/15/2002 until 04/20/2009 (7 years).
- Has continued to serve as a Director for the past 10 years, as well as on other committees, including the ALCO, Retirement, Insurance and Credit Committees.

During David's working career, he specialized in the insurance industry. When he was brought on to serve as a Director, his expertise in insurance was a valuable asset to the Credit Union Board.

Outside of dedicating over 40 years to Valley Communities Credit Union, David has dedicated over 50 years volunteering with the Knights of Columbus (KC's) and other community activities. He also enjoys gardening, and is proud of his award-winning raspberry patch. David and his wife Carol enjoy traveling to visit their three children and grandchildren in South Carolina & California, as well as an occasional road trip to the casino.

David has been a tremendous asset to VCCU, with a passion for our mission. He cares about the members and the community. We wish him the best in his retirement and thank him for all of the years of service. He will be greatly missed.



Financial Statement

December 31, 2018

BALANCE SHEET

ASSETS	2018	2017
Cash On Hand & In Banks.....\$	3,084,627	3,639,974
Investments.....	33,190,818	30,614,285
Loans - Net.	122,489,041	113,065,540
Office Furniture I Fixtures.....	296,550	357,816
Office Buildings-Net.	2,589,872	2,687,223
Land.....	1,103,816	1,103,816
Other Assets	1,869,969	1,855,652
TOTAL ASSETS.....	\$ 164,624,693	153,324,306

LIABILITIES & MEMBER EQUITY

Current Liabilities.....\$	1,263,120	1,285,411
Deposits	115,377,876	107,143,302
Share Drafts.....	24,976,660	23,256,175
Accrued Dividends Payable	468	156
TOTAL LIABILITIES.....	\$ 141,618,124	131,685,044

MEMBER EQUITY

Regular Reserve.....\$	4,208,377	4,208,377
Undivided Earnings	18,606,047	17,428,739
Accumulated Unrealized		
Investment Gain	1,621	2,146
Equity Acquired in Merger	190,524	
TOTAL MEMBER EQUITY.....	\$ 23,006,569	21,639,262

TOTAL LIABILITIES &

MEMBER EQUITY.....	\$ 164,624,693	153,324,306
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PROFIT & LOSS

INCOME	2018	2017
Loan Interest Income.....\$	5,406,215	4,954,307
Investment Income & Other.....	1,974,723	1,438,109
TOTAL INCOME.....\$	7,380,938	6,392,416

EXPENSES

Salaries & Benefits.....\$	3,078,301	2,867,887
Office Operations.....	450,152	447,480
Office Occupancy.....	360,578	359,331
Outside Services.....	1,001,375	839,174
Other Expenses.....	419,144	422,368
Provision For Loan Loss.....	137,954	129,623
TOTAL EXPENSES.....\$	5,447,504	5,065,863

Net Income Before Dividends ...\$	1,933,434	1,326,553
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Dividends & Interest Paid\$	746,998	445,519
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NET INCOME

Before Non-Operating Income ..\$	1,186,436	881,034
Non-Operating Income.....	500	255
Non-Operating Expense.....	(-9,626)	(-37,159)

NET AFTER NON-OPERATING \$	1,177,310	844,130
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President's Report

I would like to start by thanking you, our members, for your continued support of Valley Communities Credit Union. You make us successful, and we realize we need to work hard every day to earn your trust, loyalty and your business. We do not take our relationship with you for granted, and we will continue to work hard for you. As a financial cooperative, we succeed when *you* succeed. When you participate and use the products and services we provide, you contribute to our growth and success. With this growth, we are able to return our profits to you, our member owners. We accomplish this by having competitive interest rates on our savings and loan products, charging fewer fees, and offering products and services that benefit you.

Looking back on the past year, I would like to highlight a few of the new things we implemented:

- Our website has been updated. We hope you have found it easier to use.
- Within our online banking product, NetBranch, we now have *Credit Sense*. *Credit Sense* gives you access to your credit report and your credit score. It also gives you great tips on how you can improve your credit and offers ways for you to save money.
- *Docu Sign* is now available. This provides a way to sign your loan documents electronically for faster, more convenient processing.
- We now offer *Kasasa Checking*, a free reward checking account that pays you monthly when you meet the simple qualifiers of using your debit card, having direct deposit and receiving e-statements.
- We also offer *Kasasa Protect*, which offers identity theft protection and restoration for you at a very reasonable monthly fee.

Community involvement remains a focus for us. We know that staying active in our communities is very important to you. We are proud to have participated in various events, and we are honored to help whenever possible.

On behalf of our dedicated staff, directors and volunteers, thank you once again for a wonderful year. We look forward to serving you and helping you achieve your financial goals.



IN APPRECIATION

Robin Mrozinski

After a 42-year career in credit unions, Robin will be semi-retiring and stepping back from her Chief Operations Officer role with VCCU this year. We are fortunate that she will continue working with us part time, hopefully for a few years.

We would like to acknowledge Robin's experience and career accomplishments.

In 1977, Robin began her credit union career working at Bulls Eye Credit Union in Wisconsin Rapids, through the school-to-work program. In 1982, she was employed by Port Credit Union which had offices in Port Edwards and Wisconsin Rapids. Port Credit Union and Valley Communities Credit Union partnered in January of 2007, which began Robin's career here at VCCU. We are grateful that we have been able to work with Robin for the past 12 years.

Robin is an excellent example of how hard work and dedication can lead to a lifelong career. She started as a teller at the credit union back in 1977, and today she will be retiring as VCCU's Chief Operations Officer. Throughout her tenure, she has been open-minded to opportunities that have come her way.

During the little spare time that she will now have, Robin plans to spend more time with friends and family at their cottage up north. She especially looks forward to enjoying her grandbabies Carson, Madelyn and her new granddaughter who is expected to arrive in May.

We would like to thank Robin for her dedication to credit unions, especially to Valley Communities Credit Union. We have truly valued her commitment of time and talent, and we are honored that we were able to share an amazing adventure together!



Scholarship Committee's 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 students listed below. We commend all who applied and wish them much success in their endeavors!

Hannah Ashbeck

Rae Ballinger

Cody Korth

Callie Lehman

Iris Schira



Community Involvement

Valley Communities Credit Union believes in the philosophy of people helping people, and building lifelong relationships where we live and work. Whether it's supporting charities, volunteering at local schools or taking part in community events, VCCU commits countless hours every year.



Children's
Miracle Network
Hospitals

CHILDREN'S MIRACLE NETWORK:

Credit Unions for Kids is our industry's charity of choice, benefiting local Children's Miracle Network hospitals that serve our community. Thanks to your support of our CMN Share-A-Bear program, we were able to contribute \$3,640 in 2018.



JUNIOR ACHIEVEMENT OF WISCONSIN®:

VCCU participates in the JA Careers in Action and Career Success with the Mosinee Middle & High School. We are also a part of the Executive Business Challenge and the JA High School Business Challenge.

LOCAL SCHOOLS:

Every month a local teacher brings her kindergarten class to the Stevens Point branch to learn about credit unions (pictured below).



Community Involvement



The Mosinee branch participates in the Real Life Academy at the Mosinee High School, and Wisconsin Rapids takes part in Wisconsin Rapids Public School's Reality Check. These programs help kids learn about paying bills, getting jobs, supporting families and other adult activities.

The Mosinee branch also sends a member service representative to the Mosinee Middle School one lunch period a week, to help kids open accounts and learn to save money. Deposits entered kids into a drawing, with a grand prize of \$150 to the student, and another \$150 to that student's favorite teacher to use in the classroom.

FIRECRACKER RUN:

VCCU team members participated in this Mosinee 4th of July event, as a Wellness Committee initiative.



RUN FOR THE FALLEN:

Members of the community, fire service, and law enforcement came together with the Kronenwetter Fire Department in September for a run/walk to remember the fallen and show their appreciation to those who continue to serve our communities.



SUMMER COOK OUTS:

Most of our branches hosted a Summer Cookout to raise money for local charities, like the Ronald McDonald House and South Wood County Humane Society.

CHRISTMAS:

The Marshfield branch helped with the 13th Annual Rotary Winter Wonderland at the Wildwood Park and Zoo. Food donations were given to Marshfield area food pantries.



CENTRAL WISCONSIN GIFT OF LIFE SCAVENGER HUNT:

A fun-filled event, held in the Wisconsin Rapids area raised proceeds for Restoring Hope Transplant House and UW-Education Fund.



BOWL WITH THE BAND:

The Stevens Point branch attended a fundraiser with bands, bowling, food, raffles and door prizes. Proceeds supported Star Treatments, an organization that provides VIP treatment for children battling cancer.

MOVIE UNDER THE STARS:

The Kronenwetter branch hosted Movie Under the Stars in July at Norm Plaza Memorial Park for families in their community to enjoy a movie.



Loan Report

During 2018, VCCU wrote 2,674 loans to members totaling \$50,069,664.35.

This consisted of \$29,512,607.80 in consumer loans and \$20,557,056.55 in real estate loans. With normal loan payback, the change in our net loans increased \$9,469,441.20 which resulted in a 8.35% overall increase. At the end of 2018, we had an outstanding loan portfolio of \$122,926,235.47. We take great pride in our loan quality, and our delinquency compares favorably to others.

Audit Report

Supervisory Committee: Shirley Clark, Debra Johnson and Steve Cisewski.

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, is to perform or obtain an annual audit. And third, is to verify the member's accounts every two years.

To help accomplish this, the Committee continues to contract with the firm of Hawkins Ash CPAs, LLP for our annual external audit services and tax services. The annual audit of the credit union was completed in February 2019 for the period ending December 31, 2018, with very positive results.

Additionally, in June of 2018, the State of Wisconsin Department of Financial Institutions/Office of Credit Unions conducted an examination for the period ending March 31, 2018. Their findings also reflect a high financial performance rating with positive findings.

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 was accomplished utilizing the September 30, 2018 statement cycle, again with no concerns noted. Thank you for your cooperation, especially with the Marathon County address reformatting.

The Committee also oversees the internal audit 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. The Committee recently completed a full cash audit of all branches. A report on the Risk Management department is submitted monthly for the Board to review.

The Committee 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)

LEFT TO RIGHT: Susan Kaup (2021); David Bittner (2019); James Krzmarcik (2019); Lisa Jakusz — *Vice Chair* (2020); Paul Davis; Harold Matis — *Treasurer* (2021); Gary Engebretson — *Chairperson* (2020); Jon Anderson — *Secretary* (2021)

Supervisory Committee

Steven Cisewski; Shirley Clark; Debra Johnson

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*



Angela Dinkins
*Vice President/
COO*



Bill Jarvis
*Vice President/
CLO*



Mark Bennett
*Corporate Risk
Manager*



**Susan Manock-
Besaw**
AVP of Lending



Kham Yang
AVP of Lending



Melissa Anderson
*Branch Manager
Wis. Rapids*



Michael Fox
*Branch Manager
Stevens Point*



Jodi Griepentrog
*Branch Manager
Marshfield*



Sara Holtz
*Branch Manager
Mosinee*



Betty Martino
*Branch Manager
Kronenwetter*



Samuel Massey
*Compliance
Specialist*



Erick Clements
*System
Administrator*



Terry Thompson
*Marketing
Specialist*



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