

# ANNUAL REPORT 2017



**Greater Iowa**  
CREDIT UNION

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On behalf of the Board of Directors, I am pleased to report yet another year of continued growth for Greater Iowa Credit Union - reaching over \$422 million in asset size as compared to \$402 million at the end of 2016; a significant achievement despite increased competition and an ever-moving economic climate. Net income also remained positive despite increases in both infrastructure and advancement into new markets including the exciting addition of our new branch in Waukee. These outcomes reaffirm my belief that our credit union is well-managed and staffed by team members well-equipped to have not only met the challenges of this past year but to also drive us forward toward continued success in the future.



THE 2017-2018 BOARD OF DIRECTORS

Front Row: Annie Arbuckle, Darren Jarboe, Linda Ashby (Chair) and Jennifer Tebbe.

Back Row: Michael Welter, Ashraf Bastawas, Robert Haug and Don Wirth. Not pictured: Kevin Stow

**“We are positioned to not only be a leader in today’s financial services market, but tomorrow’s as well.”**

The Board of Directors and management continually strive to anticipate the financial needs of our members, as well as those who should, and will be, our members. By continually analyzing economic trends, the changing demographics and preferences of our service areas, security, technology, anticipating the current and changing future needs and wants of all we serve and balancing all with prudent, fiscally sound decision making, we are positioned to not only be a leader in today’s financial services market but tomorrow’s as well. This position is a direct reflection of exceptional leadership; from your Board, GICU’s management team and, ultimately, the President/CEO of our credit union, Scott Zahnle.

As we perform our Board of Directors duties, we have established the following three decision filters to align strategic choices and intent for Greater Iowa Credit Union:

- 1) Safety and Soundness
- 2) Member Benefits
- 3) Ethics and Logic

GICU’s management and Board of Directors recognize that for these decision filters to be effective, they need to be consistently used by people making decisions at all levels of the organization.

You, our members, are a vital part of our current and future success as is the continued direction of the strong and dedicated Board we have in place; people who are passionately dedicated to the success of Greater Iowa Credit Union. As GICU marks the end of its 86th year serving you, my fellow Executive Committee members consisting of Darren Jarboe, Mike Welter and Robert Haug as well as the additional Board of Directors Annie Arbuckle, Ashraf Bastawas, Kevin Stow, Jennifer Tebbe and Don Wirth, management and team members wish to thank you for another year of membership. You are GICU and one of the responsibilities with a member-owned financial services cooperative is the opportunity to elect Directors who will serve you in the next year. You have an opportunity to witness the administering of the oath to the entire Board of Directors. Your participation underscores that you, as a member, have a clear and heard voice in the present and future success of your credit union.

As I close my tenure as Board Chairperson, it has been my sincere honor to serve both you the members and serve with this talented and dedicated group of people.

Waukee Branch Ribbon Cutting - April 2017



STATEMENT OF CONDITION

<b>ASSETS</b>	12/31/2017
Gross Loans*	\$342,613,194
Less: Allowance for Loan Losses	(\$3,084,442)
<b>Net Loans</b>	<b>\$339,528,752</b>

Cash and Cash Equivalents	\$5,063,006
Investments and Overnight Funds	\$52,264,638
Accrued Interest	\$853,862
Buildings, Land, Land Improvements, and Equipment, net	\$17,335,670
Collateral Pending Liquidation	\$232,278
Mortgages in Process	\$526,114
Share Insurance Fund	\$3,512,771
Other Assets	\$3,026,431
<b>TOTAL ASSETS</b>	<b>\$422,343,522</b>

<b>LIABILITIES</b>	
Total Member Deposits	\$373,690,933
Notes Payable	\$5,090,000
Accounts Payable & Other Liabilities	\$5,262,887
<b>TOTAL LIABILITIES</b>	<b>\$384,043,820</b>

<b>EQUITY</b>	
Legal Reserves	\$14,904,671
Undivided Earnings	\$20,519,032
Unrealized Gain/Loss on AFS	\$1,287,928
YTD Net Income	\$1,588,071
<b>TOTAL EQUITY</b>	<b>\$38,299,702</b>

<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$422,343,522</b>
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\*The above Gross Loans includes business loans and participations totaling \$30,093,432.61.

Management represents, to the best of its knowledge, that this year-end financial statement and related reports, present fairly in all material respects, the financial position of the **GREATER IOWA CREDIT UNION**.

The Greater Iowa Credit Union’s Chair and Treasurer acknowledge receipt and review of this report.

Federally insured by NCUA.

It has been my continued honor to serve as Greater Iowa Credit Union Board Treasurer and Chair of the Asset Liability Committee (ALCO). Board members serving with me on the Committee include Darren Jarboe and Don Wirth. ALCO’s mission is to monitor and provide guidance to GICU management resulting in fiscally sound and effective administration and oversight of funds. These funds are used to foster the economic well-being, growth and development of our members through loans, investments and corresponding services.

One of the key indicators measured by ALCO is the fiscal soundness of our credit union. This is measured by ongoing and periodic audits of our safeguards and processes conducted by both internal and external examiners such as The National Credit Union Administration (NCUA).

I am pleased to report that by NCUA standards, our credit union remains fiscally safe, fundamentally sound and well-capitalized. Accounting for a slight increase in loan loss/charge-off provisions, this year still resulted in an overall growth in loans, savings, investments, assets and membership. GICU finished 2017 with a net income of almost \$1.6 million, an asset growth of 5% and a net worth-to-asset ratio of 8.76%.

CREDIT COMMITTEE REPORT

Don Wirth, Committee Chair

It is an honor for me to serve as Chair of your credit union’s Credit Committee. Board Members also serving on the Committee with me are Bob Haug and Darren Jarboe. The Credit Committee’s primary responsibility is to ensure that your credit union is following approved lending policy and guidelines; reviewing key metrics such as lending activity and delinquencies. As Chair of this Committee, I am pleased to report that, while 2017 presented a number of market challenges, it also presented other opportunities which the loan department worked to take advantage of resulting in a very good year overall.

We continued to be competitive in the market with good rates and loan options, including newly developed member incentives to make the switch and bring their loans to GICU. Working with Finance, Branch Operations and Marketing, Lending continues to identify various loan types and competitive offers as keys to a productive loan portfolio and increased member engagement with Greater Iowa.

In 2017, we had total loan originations of \$163.4 million. Contributing to this total were \$52.5 million in consumer loans, \$41 million in first real estate mortgages for purchases or refinances, \$12.6 million in business loans and \$57.4 million in indirect auto loans. The allowance for loan loss is at the calculated required amount of \$3,084,442. The 60-day delinquency rate of 0.67% is slightly below that of peer credit unions.

As you can note from the included financial statement, GICU’s net loans at year-end 2017 totaled \$339.5 million. I am proud to report it is the view of the Credit Committee that Greater Iowa is healthy and fiscally responsible in its lending program.

AUDIT COMMITTEE REPORT

Jennifer Tebbe, Committee Chair

In wrapping up my first year of service to the membership of Greater Iowa Credit, it has been of equal honor to also serve as Chair of the Audit Committee. The Credit Union’s Board of Directors elects an Audit Committee whose appointees are responsible for safeguarding the Credit Union’s assets and protecting the interests of the membership. Serving with me on the 2017 Committee were Ashraf Bastawas and Mike Welter.

The Credit Union operates under the laws and regulations of the Iowa Department of Commerce Division of Credit Unions and is insured by the National Credit Union Administration (NCUA), an independent agency of the federal government. Examiners of the State Division of Credit Unions and the NCUA conducts periodic examinations to ensure proper operation of the Credit Union.

GICU’s Board of Directors retained the certified public accounting firm of Petersen & Associates (CPA) to perform an independent audit of the consolidated financial statements for the year ending December 2017. The audit performed meets the annual regulatory requirements. The issued audit requires several weeks of final preparation and was not yet available at the time of this report. An excerpt from the previous year’s audit reflected the following:

*“In our opinion, the financial statements present fairly, in all material respects, the financial position of Greater Iowa Credit Union and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.”*

Based on the above activities and previous audit history, it is the unanimous opinion of the Audit Committee that Greater Iowa Credit Union is financially solid and is being operated safely and soundly.



As your president and CEO, I look back on the challenges and achievements of 2017 and consider what the future will bring, and want you to know that the membership, our single greatest asset today and in the future, is always foremost in the thoughts of your management team, staff and of your Board of Directors. It is our membership that makes the credit union strong and successful.

While 2017 was a good year for the U.S. from an economic standpoint and for the financial industry with strong loan growth and continued earnings, there were also a few concerns and challenges. One of the major challenges GICU saw was the increase in competition by traditional and non-traditional foes. Another challenge was the three rate increases by the Federal Reserve, a trend most likely to continue into 2018. These increases bring to face concern on the cost side; however, remaining competitive did not allow us to raise rates. As a result, we saw margins shrink due to the economic climate.

The 2017 earnings for GICU proved to be positive with a net income of almost \$1.6 million as GICU remained well capitalized at 8.76%. Total deposits grew by \$25.5 million. Total assets grew to \$422 million, an increase of \$19.9 million from year-end 2016.

In early January, we moved into the new Operations Center in Ames. The layout of this building brought back-office staff from four different locations together for better collaboration and efficiency.

In mid-February we opened our branch in Waukee using the open lobby concept previously used at our Indianola branch with pods, cash recyclers and extended hours. We also installed an Interactive Teller Machine (ITM), a complete kiosk solution integrating directly into our core platform. This interactive video technology allows members to handle transactions while still providing face-to-face conversations. The ITM is managed through our call center in Ames during business hours. After business hours, the ITM converts to ATM service.

Growth and continued earnings are the foundation of the success of GICU. However, we will never lose sight of our responsibilities of being a socially responsible partner in our communities. We continue to support financial literacy and local school districts through Project Classroom, Land-A-Grand Scholarships and Banzai. In addition, we continued to build relationships we have with community events including the Latino Heritage Festival in Des Moines, the Tri City BBQ Festival in Denison, the National Balloon Classic in Indianola, Givelowa, CMN Hospitals and Jolly Holiday Lights, to mention just a few.

GICU team members remains personally committed to supporting the credit union industry philosophy of *People Helping People*. In April, 33 volunteers from the GICU family packaged 9800 meals for Meals from the Heartland. GICU again served as a Pacesetter for the United Way of Story County and as a participant for United Way of Central Iowa with staff pledging \$12,000+ and \$3,700+ respectively. Adding GICU's 100% match, over \$30,000 was provided to help meet the needs of others through philanthropy. Staff also participated in the United Way Day of Caring to benefit the needs of non-profit organizations.

GICU was proud to have two team members selected to serve on the Iowa Credit Union League's Innovation Group. This group is a part of the League's leadership development partnership with the Filene Research Institute. Representing GICU were Geneva Miesner, Branch Manager at Denison and Justin Lee, Accountant in Finance. Participants worked to create new ways to approach financial industry challenges and identify solutions. As an added benefit, everything learned can be transferred back to the individual's credit union, helping to move the industry forward.

GICU was honored with several awards, on both the local and national level. The Ames Chamber and Ames Economic Development Commission selected GICU as one of their Economic Impact Award winners. Marketing won four Credit Union National Association (CUNA) Diamond Awards in the categories of Cutting Edge (one-of-a-kind marketing idea), Commercial Video, Complete Campaign and Digital Advertising. They also won two NOVA Awards from the American Marketing Association (AMA) of Iowa for advertising campaigns.

GICU shared a celebration with Board Chair Linda Ashby as she received the 2017 Volunteer Cooperative Spirit Award at the 2017 Annual Iowa Credit Union Convention. The Cooperative Spirit Award was created to recognize individuals who have shown outstanding service, commitment and leadership in the credit union movement.

GICU has a proud tradition of being a strong and safe financial institution. We will continue to be committed to helping you with "A Solution at Every Point of Contact" for your financial needs. On behalf of your volunteer Board of Directors and 112 team members, thank you for being a member. We look forward to serving you and your family in 2018.

# 85TH ANNUAL MEETING MINUTES

The 85th annual business meeting of the Greater Iowa Credit Union was held on Saturday, March 4, 2017 at the Scheman Building, Iowa State Center. Entertainment for the evening was a murder mystery show performed by the Jest Murder Mystery Company. Directors present were Linda Ashby, Annie Arbuckle, Darren Jarboe (serving as Governance Committee Chair), Bob Haug, Max Porter, Don Tebben, Kevin Stow, Mike Welter and Don Wirth.

After the ascertainment of a quorum of 81 primary voting members present from board secretary Don Tebben, Chair Linda Ashby called the meeting to order at 5:13 p.m. There were no additions or deletions to the agenda. Chair Ashby declared the agenda approved as written. Don Tebben moved to approve the minutes of the 84th annual business meeting held on April 9, 2016. Don Wirth 2nd. Minutes approved as written and presented.

Governance Committee Chair Jarboe presented slate of candidates as published and approved by the Greater Iowa Credit Union Board of Directors on January 23, 2017:

Mike Welter, Incumbent, Story City	Karlos Kirby, Des Moines
Don Wirth, Incumbent, Ames	Paul Miller, Urbandale
Ashraf Bastawros, Ames	Jennifer Tebbe, Ellsworth

Call for candidate notification, announcement of the annual meeting notification and voting procedure were in compliance with Chapter 533 of the Iowa Code and Chapter 189 of the Administrative Rulings. There were no nominations from the floor.

Election Committee Vote Tellers were primary members Chris Low (head election teller), Geri Derner, Marilyn Devick, John Hawkins and Alice Ridsen.

Board Chair Ashby, on behalf of the executive committee, presented the 2016 chairperson's report for acceptance as presented in the 2016 Annual Report. Motion to accept by Mike Welter. Don Wirth 2nd. Accepted. The 2016 Board Committee Reports were accepted by the membership as printed in the 2016 Annual Report. Reports were given by Audit Committee Chair Don Tebben; Treasurer Darren Jarboe on behalf of the ALCO; and Credit Committee Chair Don Wirth.

Scott Zahnle, President/CEO presented his Chief Executive Officer's report for acceptance as printed in the 2016 Annual Report. Motion to accept by Derek Krebs. Don Wirth 2nd. Accepted.

There was no unfinished business or new business brought forth by the membership.

Governance Committee Chair Jarboe received the ballot results from Election Committee Head Teller Chris Low and announced the election results: elected to serve three-year terms were Jennifer Tebbe, Mike Welter and Don Wirth. Elected to serve a one-year term was Ashraf Bastawros. Kevin Stow moved that the ballots be destroyed after 60 days according to the by-laws. Don Wirth 2nd. Approved.

Chris Low, Attorney at Law administered the oath of office to the Board of Directors for 2017-2018.

Geri Derner moved to adjourn at 5:49 p.m. Darren Jarboe 2nd. Meeting adjourned.

- Submitted by Cathy Krebs, Recording Secretary

## OUR PROMISE

We will grow with our communities and our members by providing lifelong personal service and innovative financial products.

## OUR VISION

Greater Iowa Credit Union will become a pacesetter in the financial services industry.

## OUR CORE VALUES

Diversity  
Accountability  
Respect  
Excellence  
Integrity

## OUR VALUE PROPOSITION

Solutions at every point of contact.