



AMERICA'S
CREDIT UNIONS™

CINCINNATI EMPLOYEES CREDIT UNION

OWNER'S ANNUAL REPORT
FOR THE YEAR 2014

WELCOME TO THE MEETING

Market Street Grille
Harrison OH 45030
March 18, 2015 - 5:00pm

Agenda:

Welcome/Call to Order

Michael Gabrelski/President of the Board

Establish a Quorum

Review and Approval of 2013 Minutes

Douglas Distler/Secretary of the Board

Board Elections Report

Chris Conrad/Vice President of the Board

State of the Credit Union Reports

Michael Gabrelski/President of the Board

Raymond Burke/Treasurer of the Board

Scholarship Drawing

Call for Adjournment

BOARD OF DIRECTORS

Board members are responsible for setting policies, development of the strategic plan, reviewing and approving the annual budget and overseeing the progress of the Credit Union. Due to the efforts of the elected Board of Directors, your Credit Union has remained true to what being a financial cooperative is all about, demonstrating the “people helping people” spirit. In this spirit, they were able to declare not only a 4% interest rebate this year, but also a bonus dividend and an increase in the scholarships funded from 6 to 10. They have defined a course to keep your Credit Union strong; continually striving to improve the products while maintaining a high quality of service to our valued members. Your Board consists of nine volunteer members, each elected to a three-year term. The board members are responsible for setting policies, development of the strategic plan, and reviewing and approving the annual budget. We truly appreciate their time and efforts!

President

Michael Gabrelski

Board Member

Linda Litzler

Vice President

Christian Conrad

Board Member

Bill Lane

Treasurer

Raymond Burke

Board Member

Tom Brackett

Secretary

Douglas Distler

TREASURER'S REPORT:

The Asset/Liability Management Committee and your Board of Directors were kept very busy during 2013 and 2014 trying to form a monthly plan of action that offered the very best dividend and certificate rates to our membership without causing a landslide of funds being deposited in the Credit Union. Bringing in money without the probability of lending would cause a negative effect on our savings and certificate rates. The rates are reviewed and discussed monthly by both the Asset/Liability Committee and the Board.

We are happy to announce that your Credit Union has raised the dividend rates on shares as of 12/31/2014. We are planning on raising some of our certificate rates during 2015. I wish to thank our member who have waited patiently as we reduced our dividend and certificate rates over the last two years.

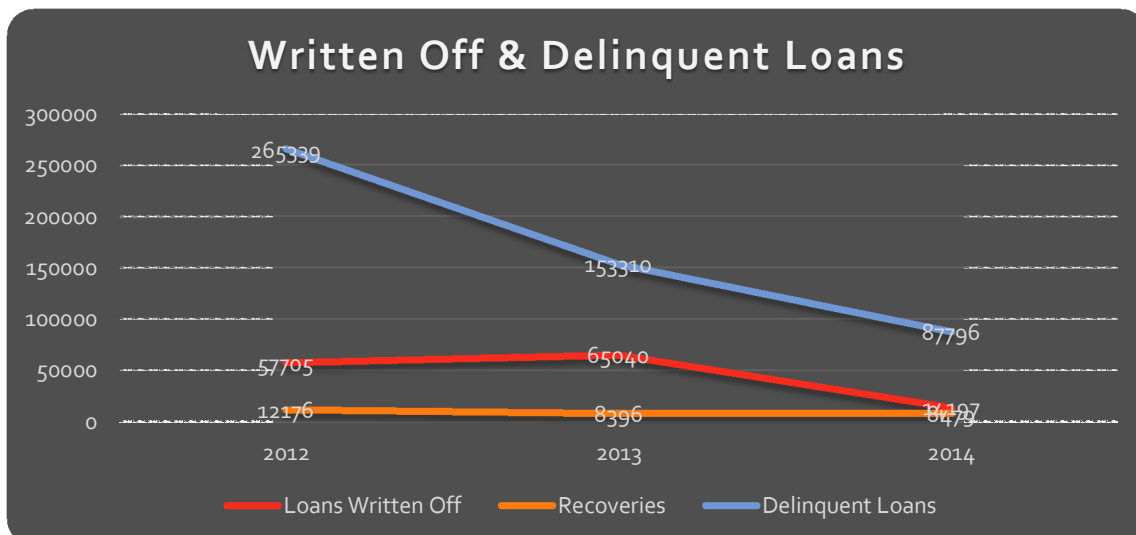
During 2014 our equity increased by \$131,411. Our equity ratio increased from 10.73% to 10.79%, which exceeds our goal of 10.5%. During the year, we wrote off four loans totaling \$14,197. We recovered \$8,479 on loans previously written off. We anticipate writing off less than \$30,000 in loans in 2015 due to bankruptcies, repossessions and foreclosures. We have already budgeted for this, our loan loss account is adequately funded to cover these potential losses. Our delinquent loans have decreased from \$153,310 at the end of 2013 to \$87,796 at the end of 2014. The delinquent loan ratio decreased from 1.37% to 0.72%. Our loan to asset ratio increased from 43.07% to 45.38%. This is the first increase in over three years.

Goals for this year are:

1. Continue to increase our loans.
2. Continue our efforts to keep our delinquent loan ratio below 2%.
3. Repeat the loan rebate, bonus dividend and scholarship programs.

Raymond A Burke

Treasurer of the Board



Consolidated Financial Statements

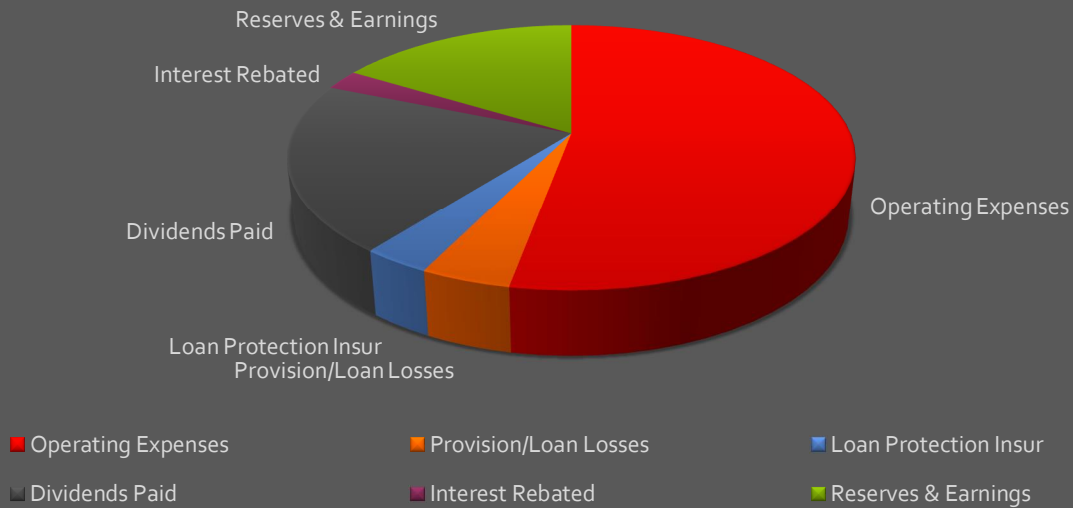
	2013	2014
Assets		
Secured Loans to Members	\$ 4,498,777	\$ 5,443,074
Unsecured Loans to Members	627,453	727,204
Home Equity Loans to Members	6,037,259	5,988,690
Cash & Cash Equivalents	306,790	359,851
Investments/Banks	13,646,000	13,109,000
Investments/Corporate One Credit Union	466,442	850,323
Net Furniture & Equipment	45,613	30,712
Other Assets	290,743	287,982
Total Assets	<u>\$25,919,077</u>	<u>\$26,796,836</u>

Liabilities & Members' Equity		
Members' Shares & Savings	\$16,327,568	\$17,064,328
Members' IRA Accounts	6,771,482	6,812,417
Accounts Payable	43,340	11,993
Retained Earnings & Reserves	2,776,687	2,908,098
Total Liabilities & Equity	<u>\$25,919,077</u>	<u>\$26,796,836</u>

Income		
Interest on Loans to Members	\$545,625	\$553,379
Investment Income	242,562	252,166
Subtotal Investment Income	788,187	805,545
Dividends to Members	-191,940	-166,506
Loan Interest Rebate paid	- 19,541	- 19,648
Net Interest Income	<u>\$576,706</u>	<u>\$619,391</u>

Expenses		
Salaries & Benefits	\$230,351	\$243,972
Office Operations	111,785	107,551
Office Occupancy	28,209	24,657
Loan Protection Insurance	24,654	26,660
NCUA Stabilization Expense	17,512	0
Provision for Loan Losses	35,000	35,000
Other Operating Expenses	40,883	50,140
Total Expenses	488,394	487,980
Net Income	<u>\$88,312</u>	<u>\$131,411</u>

Distribution of Net Income



DISTRIBUTION OF NET INCOME

Operating Expenses	\$ 426,320
Provision for Loan Losses	35,000
Loan Protection Insurance	26,660
Interest Rebated to members	19,648
Dividends Paid	166,506
Reserves/Undivided earnings	<u>131,411</u>
Total	<u>\$ 805,545</u>

	2014	2013
Capital Adequacy:		
Earnings/Assets: <i>Indicates the reserve position relative to assets. It is also used as a measure of the ability to withstand a loss.</i>	10.85%	10.73%
Reserves/Loans: <i>Indicates the reserve position relative to loans. This also allows us to measure the ability to withstand a loss.</i>	11.10%	11.42%
Asset Quality:		
Delinquent loans/loans: <i>This is used to determine the quality of the loan portfolio</i>	0.72%	1.37%
Loans/Assets: <i>Total loans divided by assets.</i>	45.38%	43.07%
Earnings:		
Gross Return on Assets: <i>Total income divided by average monthly assets.</i>	2.98%	3.04%
Cost of Funds: <i>Dividends and interest paid for the year divided by average monthly assets.</i>	0.63%	0.76%
Operating Expenses: <i>Shows the return on assets required to cover operating expenses</i>	1.85%	1.93%
Returns on Assets:	0.50%	0.35%

A SPECIAL THANK YOU TO OUR VOLUNTEERS

Cincinnati Employees Credit Union would like to extend sincere thanks to all of our volunteers. We have been fortunate enough to have an outstanding array of volunteers contribute their valuable time and efforts to many aspects of the Credit Union. The dedication and hard work of our contributing volunteers have helped guide us toward success.

CREDIT COMMITTEE

Pat Bloom
Jim Chessey
Chuck Heck
Larry Lutz
Rita Werner

AUDIT COMMITTEE

Juanita Fleek
Clara Zinser

OFFICE STAFF

Deb Ahaus
Phyllis Bennett
Mary Kraus
Della Lutz
Phyllis Metz

PAST VOLUNTEERS

Tina Amrhein	Bob Guilfoyle	Shirley McGhee
Rick Anderson	Louis Hengge	Ralph Miller
Bill Berkshire	Rob Hobday	Bob Moody
Karen Brandt	Linda Hornbach	William Otten
Jim Bice	Don Humbert	Mike Pies
Marjorie Brewsaugh	Pam Ison	Paulene Saskowski
Anita Brown	Tim Jones	Gregg Smith
Tom Brown	Geraldine Kemper	Dale Smith
Sharon Chaney	Alan Kinnett	Mark Southard
Darla Cleary	Don Kirby	Chuck Snyder
Dennis Cloutier	Ken Krusling	Andy St. John
Dan Cormican	Jim Kramer	Marlene Stone
Kaye Darwish	Mike Cushman	Jerry Vaughan
Larry Dickerson	Tom Lacey	Jerry Weigand
Doug Esterkamp	Pauline Lehrter	Rich Wells
Pat Flatt	Dee Lewis	Lisa Wilson
Geral Gauck	Jim Lockwood	Ron Zeller
William Gates	Alma McConnaughey	
Bob Gibson	Frank McDonald	

SAFEGUARDING YOUR ASSETS

For the last several years the Supervisory Audit Committee employed the audit services of Mrs. Carol Stoodt of Bellefontaine, Ohio. Stoodt's last independent audit was for the 12 month period ended 3/31/2014. During 2014, our asset size increased to a level exceeding 25 million dollars. According to the Ohio regulations, that increase necessitated a change to our audit structure. At that asset size, credit unions governed by the State of Ohio need to retain the services of a CPA firm. Thus, we will be audited for the next 12 month period by Schmidt & Associates CPA firm out of Hilliard, Ohio. They provides accounting and auditing services to over 65 credit unions throughout the Midwest, and are highly recommended. We look forward to working with them. Finally, the Credit Union's financial statements and operational procedures are audited each year by the Ohio Division of Financial Institutions. This audit fulfills the regulatory requirements of the State of Ohio. The results of this audit are also reviewed by the National Credit Union Association. Lastly, your Supervisory Audit Committee rounds out our audit "team". The Supervisory Audit Committee, although appointed by the Board of Directors, works independently of the Board to ensure that all the records are accurately and properly reported. They fulfill this obligation by monitoring and auditing the activity of the management in various areas and by reporting their findings monthly directly to the Board of Directors. We truly appreciate all their time and efforts.

ANNUAL LETTER TO THE BOARD OF DIRECTORS


Date: March 18, 2015

To: The Board of Directors of Cincinnati Employees Credit Union
From: The Supervisory Audit Committee

In our opinion, the financial statements of Cincinnati Employees Credit Union and results of its operation are in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Respectfully submitted,


Clara Ann Zinser


Juanita M. Fleek

The Credit Committee meets regularly throughout the year to approve loans, making sure that the Credit Union is operating within its established lending policies and procedures. The committee's diligent efforts helps the Credit Union maintain its standing as a safe and stable financial institution.

ANNUAL LETTER TO THE BOARD OF DIRECTORS

Date: March 18, 2015

To: The Board of Directors/Cincinnati Employees Credit Union
From: Credit Committee

During the year ended December 31, 2014 the Credit Committee approved the following loans:

Advances on Revolving Loans	379	\$ 258,358
Unsecured Loans	27	\$ 66,521
Title Secured Loans	235	\$ 3,186,780
Home Equity Loans	24	\$ 631,315
Share Secured Loans	<u>20</u>	<u>\$ 206,973</u>
Total Loans Approved	<u>701</u>	<u>\$4,465,647</u>

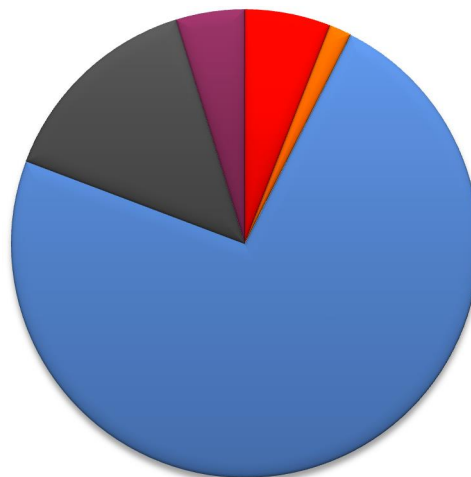
All reviews were conducted in accordance with the loan policy as established by the Board and are within the limits set therein.

Respectfully submitted,



James L. Cheesey

Loans Approved



■ Revolving ■ Unsecured ■ Title Secured ■ Home Equity ■ Share Secured

OUR SERVICES

Share Accounts: Dividend earning savings

Share Certificates: Higher-yield savings option

Individual Retirement Accounts: Supplement your retirement savings with a Roth or Traditional IRA. Choose an easy payroll deduction and build up your IRA savings painlessly, or opt for a higher-yield IRA certificate.

Christmas/Vacation Club: Be prepared to relax and enjoy instead of stressing out!! Easy payroll deductions can really help you out!

Special Savings Accounts: Save for a wedding, college, or simply to pay your yearly real-estate tax bill. Your goals can be reached; break it down to a per-pay deduction and you'll be surprised how easy it is.

Checking Accounts: just like any other financial institution, only in credit union land we call them "share drafts". You may access your account by writing traditional paper checks, or by using a convenient **debit card**. **Mobile Banking** and **online banking** help you keep all you accounts up to date.

Lifetime Family Membership: Because you're a member of the credit union, members of your family also can take advantage of the many benefits of belonging. Once a member, always a member!

Scholarship Drawing: a way to give our student members a little extra to get them started in college.

Financial Counsel: Got Questions? Linda Litzler is on site every Wednesday to help you find your way around the stock market. Call for an appointment.

New/Used Vehicles: Get pre-approved for a car and shop on YOUR terms. We'll take care of everything!

Home Equity Loans: Pay for anything from a car or boat to a wedding or a new roof. No points or annual fees, call us for details.

Signature loans: Loans for just about anything! **Revolving Line-of-credit:** Like a credit card, get approved for a credit line, and don't panic next time you need new tires!

Share-Secured Loans: Have you worked too hard to build up your savings to withdraw it for those season tickets you want? Pledge your savings as collateral and we will only charge you 1.50% over what we're paying you in dividends for the loan.

Account Access 24/7: Review account activity, look at your check copies, transfer funds, and more! Includes E-Statements and Online Loan Applications.

