



AMERICA'S  
CREDIT UNIONS™

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CINCINNATI EMPLOYEES CREDIT UNION

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OWNER'S ANNUAL REPORT  
FOR THE YEAR 2015

# WELCOME TO THE MEETING

Market Street Grille  
Harrison OH 45030  
April 27, 2016

## Agenda:

Welcome/Call to Order

*Bill Lane/President of the Board*

Establish a Quorum

Review and Approval of 2014 Minutes

*Douglas Distler/Secretary of the Board*

Board Elections Report

*Chris Conrad/Vice President of the Board*

State of the Credit Union Reports

*Bill Lane/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 keep the scholarships level at 10/\$500 each. 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

Bill Lane

Board Member

Linda Litzler

Vice President

Christian Conrad

Board Member

Mike Gabrelski

Treasurer

Raymond Burke

Board Member

Tom Brackett

Secretary

Douglas Distler

## TREASURER'S REPORT:

The Asset/Liability Management Committee and your Board of Directors worked diligently during 2015 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 deposited into the Credit Union. Bringing in new 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 of Directors.

If you recall, we raised our dividend rates on 12/31/2014 and we also gave out a bonus dividend at the end of 2015. The rates for the 24 and 36 month certificate were raised in 2015. I wish to thank our members who patiently waited as we reduced our dividend and certificate rates over the previous two years.

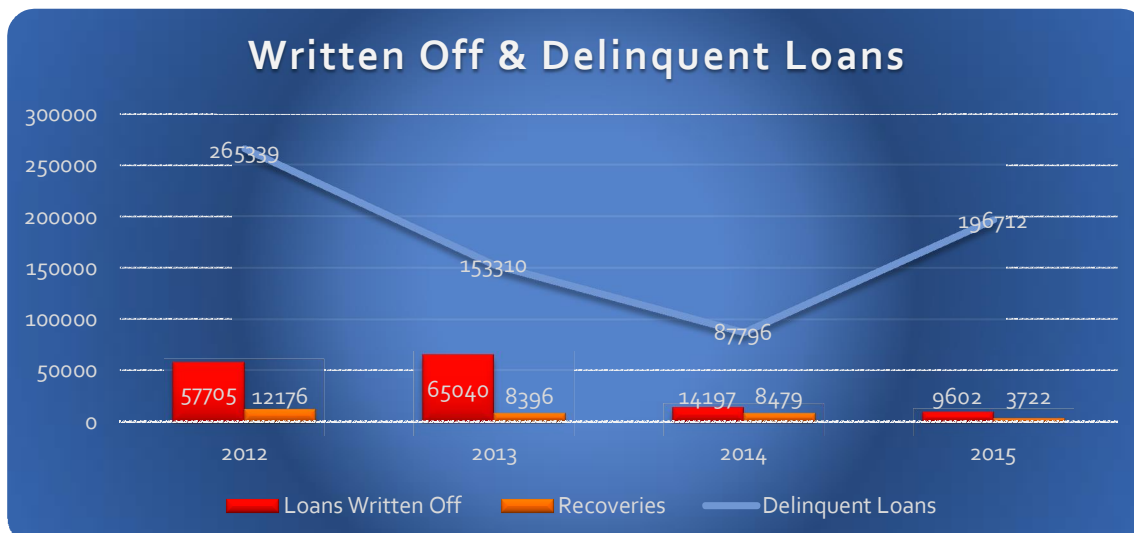
During 2015 our equity increased by \$119,448. Our equity ratio increased from 10.79% to 11.47%, which exceeds our goal of 10.5%. During the year, we wrote off four loans totaling \$9,602. We recovered \$3,722 on loans previously written off. We anticipate writing off less than \$30,000 in loans in 2016 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 loan to asset ratio increased from 45.38% to 50.76%. For the last two years we have had an increase in our loans. Unfortunately, our delinquent loans increased from \$87,796 at the end of 2014 to \$196,712 at the end of 2015. The delinquent loan ratio increased from 0.72% to 1.47%.

Goals for this year are:

1. Continue to explore ways to increase our loans.
2. Maximizing efforts toward getting and keeping our delinquent loan ratio below 1%.
3. Continuing the tradition of funding the loan rebate, bonus dividend and scholarship programs.

*Raymond A Burke*

Treasurer of the Board



# Consolidated Financial Statements

	2014	2015
<b>Assets</b>		
Secured Loans to Members	\$ 5,443,074	\$ 6,340,073
Unsecured Loans to Members	727,204	725,055
Home Equity Loans to Members	5,988,690	6,334,202
Cash & Cash Equivalents	359,851	279,531
Investments/Banks	13,109,000	11,482,000
Investments/Corporate One Credit Union	850,323	973,587
Net Furniture & Equipment	30,712	16,978
Other Assets	287,982	245,514
Total Assets	<u>\$26,796,836</u>	<u>\$26,396,940</u>

## Liabilities & Members' Equity

Members' Shares & Savings	\$17,064,328	\$16,777,451
Members' IRA Accounts	6,812,417	6,558,945
Accounts Payable	11,993	32,998
Retained Earnings & Reserves	2,908,098	3,027,546
Total Liabilities & Equity	<u>\$26,796,836</u>	<u>\$26,396,940</u>

## Income

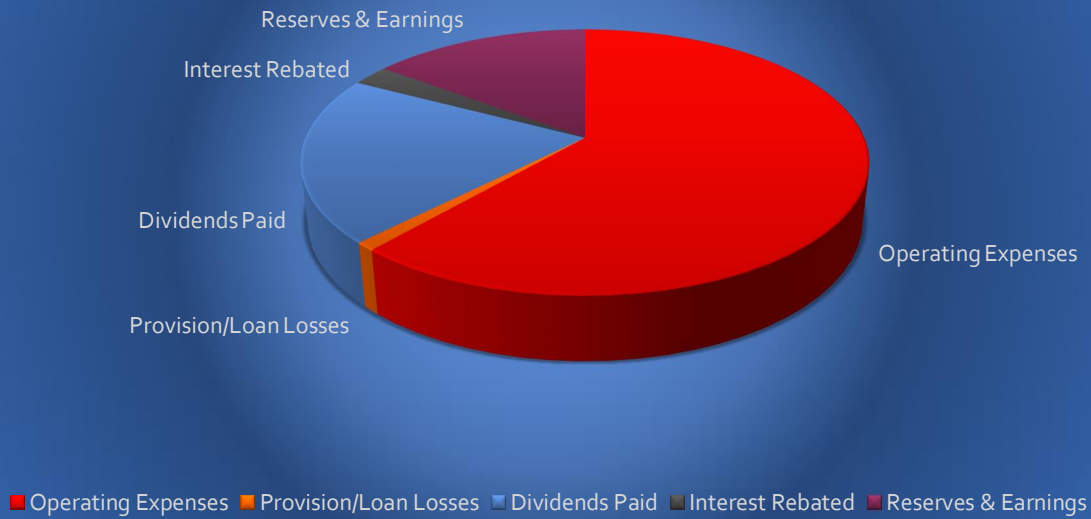
Interest on Loans to Members	\$553,379	\$574,900
Investment Income	252,166	232,626
Subtotal Investment Income	805,545	807,526
Dividends to Members	-166,506	-163,679
Loan Interest Rebate paid	- 19,648	-20,261
Net Interest Income	<u>\$619,391</u>	<u>\$623,586</u>

## Expenses

Salaries & Benefits	\$243,972	\$300,503*
Office Operations	107,551	108,545
Office Occupancy	24,657	27,305
Loan Protection Insurance	26,660	2,268
Provision for Loan Losses	35,000	8,000
Other Operating Expenses	50,140	57,517
Total Expenses	<u>487,980</u>	<u>504,138</u>
Net Income	<u>\$131,411</u>	<u>\$119,448</u>

\*Resulting from accounting method change for IRA and vacation pay.

## Distribution of Net Income



### DISTRIBUTION OF NET INCOME

Operating Expenses	\$ 496,138
Provision for Loan Losses	8,000
Interest Rebated to members	20,261
Dividends Paid	163,679
Reserves/Undivided earnings	<u>119,448</u>
<b>Total</b>	<b><u>\$ 807,526</u></b>

	2014	2015
<b>Capital Adequacy:</b>		
<b>Earnings/Assets:</b> <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%	11.47%
<b>Reserves/Loans:</b> <i>Indicates the reserve position relative to loans. This also allows us to measure the ability to withstand a loss.</i>	11.10%	10.45%
<b>Asset Quality:</b>		
<b>Delinquent loans/loans:</b> <i>This is used to determine the quality of the loan portfolio</i>	0.72%	1.47%
<b>Loans/Assets:</b> <i>Total loans divided by assets.</i>	45.38%	50.76%
<b>Earnings:</b>		
<b>Gross Return on Assets:</b> <i>Total income divided by average monthly assets.</i>	2.98%	2.96%
<b>Cost of Funds:</b> <i>Dividends and interest paid for the year divided by average monthly assets.</i>	0.63%	0.62%
<b>Operating Expenses:</b> <i>Shows the return on assets required to cover operating expenses</i>	1.85%	1.90%
<b>Returns on Assets:</b>	0.50%	0.44%

## 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  
Chuck Snyder  
Rita Werner

### AUDIT COMMITTEE

Juanita Fleek  
Clara Zinser

### OFFICE STAFF

Deb Ahaus  
Phyllis Bennett  
Mary Kraus  
Sherry Lochard  
Della Lutz

## PAST VOLUNTEERS

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

## SAFEGUARDING YOUR ASSETS

Last year, your Supervisory Audit Committee employed the audit services Schmidt & Associates. They are a CPA firm located in central Ohio, with over 65 credit unions in the Midwest as their clientele. They conducted an opinion audit of the records of the Credit Union as of December 31, 2015. Their letter is included with this annual report. Mrs. Carol Stoodt of Bellefontaine, Ohio will continue to conduct the annual verification of member's statements in October of 2016. 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.

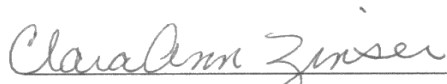
## ANNUAL LETTER TO THE BOARD OF DIRECTORS


Date: April 27, 2016

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: April 27, 2016

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

During the year ended December 31, 2015 the Credit Committee approved the following loans:

Advances on Revolving Loans	423	\$ 395,173
Unsecured Loans	23	\$ 20,800
Title Secured Loans	264	\$ 4,035,460
Home Equity Loans	21	\$ 926,384
Share Secured Loans	<u>11</u>	<u>\$ 729,813</u>
Total Loans Approved	<u>752</u>	<u>\$5,450,730</u>

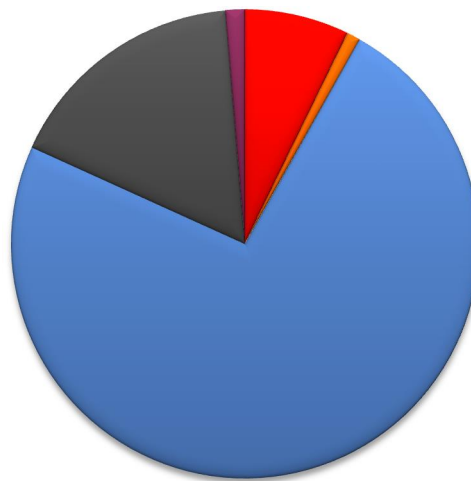
All reviews were conducted in accordance with the loan policy as established by the Board and are within the limits set therein.

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.

