



AMERICA'S  
CREDIT UNIONS™

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## **Cincinnati Employees Credit Union**

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**Owner's Annual Report**

**For the Year 2019**

# Welcome to the Meeting

1003 Harrison Ave

Suite 200, Harrison OH 45030

May 20, 2020

## Agenda:

Welcome/Call to Order

*Bill Lane/President of the Board*

Establish a Quorum

Review and Approval of 2019 Minutes

*Douglas Distler/Secretary of the Board*

Board Elections Report

*Tom Brackett/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

## Your Board of Directors

President

Bill Lane

Board Member

Linda Litzler

Vice President

Tom Brackett

Board Member

Dustin Bauer

Treasurer

Raymond Burke

Board Member

Christian Conrad

Secretary

Douglas Distler

### Credit Committee

Chuck Heck

Larry Lutz

Jim Maune

Mike Burns

Rita Werner

Klint Kuetemeyer

### Audit Committee

Juanita Fleek

Clara Zinser

### Office Staff

Christan Eldridge

Kyri Metcalf

Angie Davis

Sherry Lochard

Candi Back

## Treasurer's Report:

Your Credit Union has made a profit for 41 years in a row. The Asset-Liability Committee and the Board of Directors worked diligently during 2019 to form a monthly plan of action that offered the very best dividend and certificate rates to all of you without causing a landslide of deposited funds. An excess of new funds is only a positive if we can actually lend those funds out to our fellow credit union members, otherwise, this excess will actually cause the dividend rates to drop.

The entire staff have been working very extensively to assure that our members are in a good financial position to successfully apply for and repay their loans. They do this by offering budgeting tools, suggesting a newer used vehicle as an alternative to a new car loan, and helping with questions about cleaning up bad credit.

Last year we gave out 10 scholarships totaling \$6,000 and declared a 4% loan interest rebate.

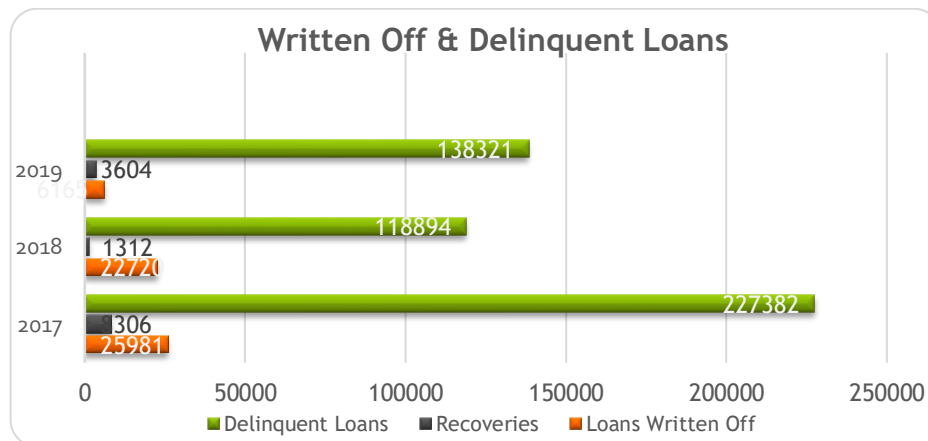
During 2019 our equity increased by \$118,740. Our equity ratio increased from 12.34% to 13.11%, which exceeds our goal of 10.5%. During the year, we wrote off 5 loans totaling \$6,165. We recovered \$3,604 on loans previously written off. We anticipate writing off less than \$50,000 in loans in 2020 due to bankruptcies and repossessions. 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 52.71% to 56.14%. We had an increase in our loans of \$630,000. Our delinquent loans increased from \$118,894 at the end of 2018 to \$138,321 at the end of 2019. The delinquent loan ratio increased from .83% to .93%.

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 and scholarship programs.

*Raymond A Burke*

Treasurer of the Board



# Consolidated Financial Statements

| <b>Assets</b>                          | <b>2018</b>         | <b>2019</b>         |
|--|---------------------|---------------------|
| Secured Loans to Members               | \$7,577,645         | \$ 8,118,652        |
| Unsecured Loans to Members             | 813,209             | 772,172             |
| Home Equity Loans to Members           | 5,886,182           | 6,005,079           |
| Cash & Cash Equivalents                | 952,730             | 769,847             |
| Investments/Banks                      | 10,446,000          | 9,004,000           |
| Investments/Corporate One Credit Union | 1,040,121           | 1,390,170           |
| Net Furniture & Equipment              | 19,261              | 12,393              |
| Other Assets                           | 348,566             | 335,790             |
| Total Assets                           | <u>\$27,083,764</u> | <u>\$26,408,103</u> |

## Liabilities & Members' Equity

|                              |                      |                     |
|------------------------------|----------------------|---------------------|
| Members' Shares & Savings    | \$18,259,882         | \$17,889,592        |
| Members' IRA Accounts        | 5,346,490            | 4,860,387           |
| Accounts Payable             | 135,331              | 197,323             |
| Retained Earnings & Reserves | 3,342,061            | 3,460,801           |
| Total Liabilities & Equity   | <u>\$ 27,083,764</u> | <u>\$26,408,103</u> |

## Income

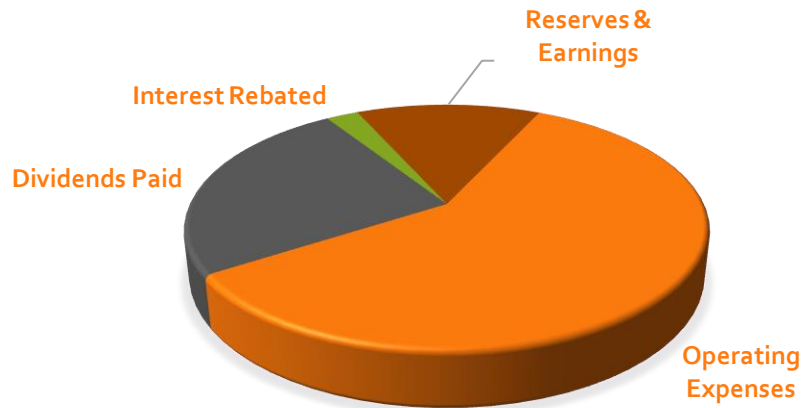
|   |                  |                  |
|---|------------------|------------------|
| Interest on Loans to Members & other income | \$602,477        | \$611,613        |
| Investment Income                           | 237,741          | 257,719          |
| Subtotal Investment Income                  | <u>840,218</u>   | <u>869,332</u>   |
| Dividends to Members                        | -187,753         | -217,241         |
| Loan Interest Rebate paid                   | -19,891          | - 20,719         |
| Net Interest Income                         | <u>\$632,574</u> | <u>\$631,372</u> |

## Expenses

|                           |                  |                  |
|---------------------------|------------------|------------------|
| Salaries & Benefits       | \$ 299,273       | \$268,844        |
| Office Operations         | 114,153          | 132,564          |
| Office Occupancy          | 30,251           | 29,048           |
| Provision for Loan Losses | 11,000           | 12,000           |
| Other Operating Expenses  | 86,289           | 70,176           |
| Total Expenses            | <u>\$540,966</u> | <u>\$512,632</u> |

|                   |                         |                         |
|-------------------|-------------------------|-------------------------|
| <b>Net Income</b> | <u><u>\$ 82,134</u></u> | <u><u>\$118,740</u></u> |
|-------------------|-------------------------|-------------------------|

## DISTRIBUTION OF GROSS INCOME



### Distribution of Gross income

|                             |                          |                    |
|-----------------------------|--------------------------|--------------------|
| Operating Expenses          | \$ 512,632               | 58.97%             |
| Interest Rebated to members | 20,719                   | 2.38%              |
| Dividends Paid              | 217,241                  | 24.99%             |
| Reserves/Undivided earnings | <u>118,740</u>           | <u>13.66%</u>      |
| <b>Total</b>                | <b><u>\$ 869,332</u></b> | <b><u>100%</u></b> |

|   | 2018   | 2019   |
|---|--------|--------|
| <b>CAPITAL ADEQUACY:</b>  |        |        |
| <b>EARNINGS/ASSETS:</b> INDICATES THE RESERVE POSITION RELATIVE TO ASSETS. IT IS ALSO USED AS A MEASURE OF THE ABILITY TO WITHSTAND A LOSS. | 12.34% | 13.11% |
| <b>RESERVES/LOANS:</b> INDICATES THE RESERVE POSITION RELATIVE TO LOANS. THIS ALSO ALLOWS US TO MEASURE THE ABILITY TO WITHSTAND A LOSS.    | 9.81%  | 10.06% |
| <b>ASSET QUALITY:</b>   |        |        |
| <b>DELINQUENT LOANS/LOANS:</b> THIS IS USED TO DETERMINE THE QUALITY OF THE LOAN PORTFOLIO  | .83%   | .93%   |
| <b>LOANS/ASSETS:</b> TOTAL LOANS DIVIDED BY ASSETS.   | 52.71% | 56.41% |
| <b>EARNINGS:</b>  |        |        |
| <b>GROSS RETURN ON ASSETS:</b> TOTAL INCOME DIVIDED BY AVERAGE MONTHLY ASSETS.  | 3.10%  | 3.24%  |
| <b>COST OF FUNDS:</b> DIVIDENDS AND INTEREST PAID FOR THE YEAR DIVIDED BY AVERAGE MONTHLY ASSETS.   | 0.65%  | .81%   |
| <b>OPERATING EXPENSES:</b> SHOWS THE RETURN ON ASSETS REQUIRED TO COVER OPERATING EXPENSES  | 2.07%  | 1.99%  |
| <b>RETURNS ON ASSETS:</b>   | 0.33%  | .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.

| <b>Past Volunteers</b> |                  |                   | <b>Retirees</b>                |
|------------------------|------------------|-------------------|--------------------------------|
| Tina Amhrein           | Gerald Gauck     | Frank McDonald    | Phyllis Bennett                |
| Rick Anderson          | Bob Gibson       | Shirley McGhee    | Phyllis Metz                   |
| Bill Berkshire         | Bob Guilfoyle    | Phyllis Metz      | Mary Kraus                     |
| Jim Bice               | Louis Hengge     | Carla Meyer       |                                |
| Patty Bloom            | Rob Hobday       | Ralph Miller      | In Memory of                   |
| Karen Brandt           | Linda Hornbach   | Bob Moody         | Deb Ahaus<br>Manager 1989-2018 |
| Marjorie Brewsaugh     | Don Humbert      | William Otten     |                                |
| Anita Brown            | Pam Ison         | Mike Pies         |                                |
| Tom Brown              | Tim Jones        | Paulene Saskowski |                                |
| Sharon Chaney          | Geraldine Kemper | Gregg Smith       |                                |
| Jim Chessey            | Alan Kinnett     | Dale Smyth        |                                |
| Darla Cleary           | Don Kirby        | Mark Southard     |                                |
| Dennis Cloutier        | Ken Krusling     | Chuck Snyder      |                                |
| Dan Cormican           | Jim Kramer       | Andy St. John     |                                |
| Kaye Darwish           | Mike Kushman     | Marlene Stone     |                                |
| Larry Dickerson        | Tom Lacey        | Jerry Vaughan     |                                |
| Doug Esterkamp         | Pauline Lehrter  | Jerry Weigand     |                                |
| Pat Flatt              | Dee Lewis        | Rich Wells        |                                |
| Michael Gabrelski      | Jim Lockwood     | Lisa Wilson       |                                |
| William Gates          | Alma Mconnaughey | Ron Zeller        |                                |

## Safeguarding your Assets

As a volunteer group, the audit committee's focus is to assist the Board of Directors as they oversee the integrity of the credit union's financial statements. They work along with the external audit personnel from Schmidt & Associates. Schmidt is 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, 2019. Their letter is included with this annual report. Your audit committee also enlists the help of Mrs. Carol Stoodt of Bellefontaine, Ohio. Stoodt conducts the annual verification of member's statements. Lastly, 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.

## Annual Letter to the Board of Directors

Date: April 22, 2020

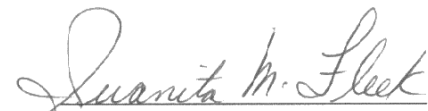
To: The Board of Directors of Cincinnati Employees Credit Union

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



AMERICA'S  
CREDIT UNIONS™

*Where people are worth more than money.™*

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 22, 2020

To: The Board of Directors/Cincinnati Employees Credit Union

From: Credit Committee

During the year ended December 31, 2019 the Credit Committee approved the following loans:

|                             |            |                    |
|-----------------------------|------------|--------------------|
| Advances on Revolving Loans | 357        | \$ 250,136         |
| Unsecured Loans             | 28         | \$ 79,400          |
| Title Secured Loans         | 256        | \$4,818,670        |
| Home Equity Loans           | 21         | \$ 1,573,000       |
| Share Secured Loans         | <u>12</u>  | <u>\$ 199,700</u>  |
| Total Loans Approved        | <u>674</u> | <u>\$6,920,906</u> |

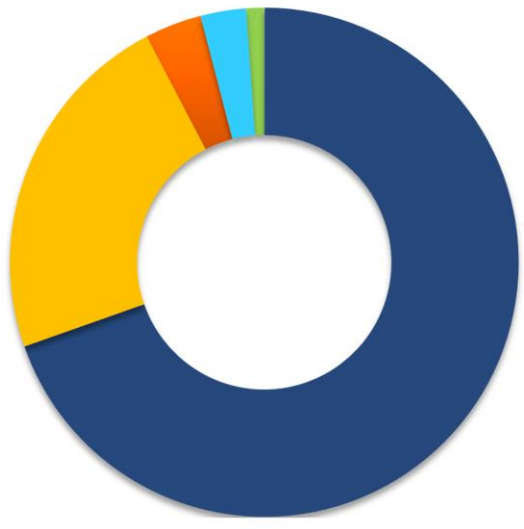
All reviews were conducted in accordance with the loan policy as established by the Board and are within the limits set therein.

Respectfully submitted,

Rita Werner



# Loans Approved



Revolving   Signature   Title Secured   Home Equity   Share Secured