

## Supervisory Committee Report

The Supervisory Committee is responsible for reviewing procedures and examining the business operations of the Conservation Employees' Credit Union (CECU). The Supervisory Committee has met monthly throughout the past year and is happy to report another year of great performance by CECU leadership and employees. Committee activities for 2017 included:

- Reviewed random samplings of signature loans, collateralized and non-collateralized loans, and mortgage loans.
- Checked CECU for compliance with the Office of Foreign Asset Control (OFAC).
- Conducted periodic surprise cash drawer audits.
- Audited all consignment items.
- Reviewed CECU employee monthly VISA bills.
- Participated in the CECU annual planning session.
- Maintained the "Supervisory Committee Internal Control Checklist" document. This is a living document that helps guide the Supervisory Committee through its duties and provides consistency with year to year reporting.
- Reviewed CECU vehicle expense records.
- All Supervisory Committee members attended Bank Secrecy Act Compliance training.
- Conducted physical equipment inventory.

The Chairperson of the Supervisory Committee or a substitute, if needed, attended the monthly board meetings throughout the year. That member then shared pertinent information on the actions of the Board with the Supervisory Committee members for their review.

I would like to recognize Supervisory Committee members Lindsey Evers, Pamela Porting and Sandy Dorge for their dedicated service on this committee throughout 2017.

I would also like to thank CECU President Kevin Brueseke and his entire staff for their support and willingness to offer assistance to our committee whenever needed.

Best Regards,  
Patricia Vitello  
Supervisory Committee Chairperson

**Board of Directors**  
David Urich, Chairman  
Dennis Steward, Vice-Chairman  
Sandy Payne, Secretary/Treasurer  
Dean Harre, Director  
Mary Lyon, Director  
Tim Smith, Director  
Tamie Yegge, Director

**Supervisory Committee**  
Pat Vitello, Chairperson  
Lindsey Evers, Member  
Sandra Dorge, Member  
Pam Porting, Member

**Credit Union Staff**  
Kevin Brueseke, President  
Cathy Adams, Vice Pres.of Operations  
Kathy Kliethermes, Dir. of Office Admin  
Jessica Stuenkel, Branch Manager  
Maureen Ball, Loan Officer  
Ronda LePage, Loan Officer  
JoAnn Pointer, Loan Officer  
Dawn Ellis, Card Services Coordinator  
Stacia Peters, Call Center Rep.  
Mike Kallenbach, Call Center Rep.  
Carol Kimball, Loan Processor  
Jean McKinley, Support Specialist  
Sharon Bax, Call Center Clerk  
Denise Willroth, Member Services Rep.  
Lisa Woodland, Member Services Rep.  
Emily Franklin, Member Services Rep.  
James Gerling, Member Services Rep.  
Mike Smith, Member Services Rep.  
Roger Luebbert, Financial Advisor



# CONSERVATION EMPLOYEES' CREDIT UNION 2017 ANNUAL REPORT

## Statement of Condition

Assets	
Loans to Members (net)	81,035,162.21
Non-Interest Earning Cash	2,447,742.87
Corporate/Overnight	6,167,843.77
Investments	20,718,349.34
Furniture/Equipment	24,714.85
Building/Land	958,215.87
Accrued Income	201,955.38
PrePaid & Deferred Expenses	786,913.60
NCUSIF Share Insurance	973,127.60
<u>Other Assets</u>	<u>28,858.35</u>
Total Assets	113,342,883.84

## Liabilities/Equity

Accts Payable	727,854.78
Dividends	43,234.17
All Other Liabilities	469,197.55
Members' Shares	39,569,425.84
Members' Share Drafts	15,104,682.11
Members' Share Certificates	24,599,740.69
Members' IRA Certificates	4,200,006.42
Members' IRA Shares	5,087,197.28
Members' Money Market Shares	13,061,292.57
<u>Life Savings</u>	<u>50,832.15</u>
Total	102,913,463.56
Unrealized Gain/Loss Investments	(252,503.58)
Pension Other Comprehensive	(491,121.00)
Regular Reserves	3,161,143.70
<u>Undivided Earnings</u>	<u>8,011,901.16</u>
Total	10,429,420.28
Total Liabilities/Members Equity	113,342,883.84

## Statement of Earnings

Income	
Interest from Member Loans	2,934,812.45
VISA Interchange Income	277,876.34
Debit Interchange Income	211,471.14
Interest from Investments	443,770.70
Life and CDI	90,111.48
<u>Other Income</u>	<u>86,473.42</u>
Total Income	4,044,515.53

## Operating Expenses

Salary and Benefits	1,262,891.60
Travel & Conference	26,817.95
Association Dues	28,394.31
Office Occupancy	35,353.82
Office Operations	207,037.36
Education/Marketing	56,652.55
Loan Servicing	415,241.25
Professional Outside Services	729,425.84
Member's Insurance	25,556.78
Supervision and Examinations	14,118.77
Depreciation Expense	70,332.07
Provision for Loan Loss	66,628.26
(Gain)/Loss on Sale of Assets	0
<u>Misc.</u>	<u>46,280.24</u>
Total Operating Expenses	2,984,730.80

## Interest Expense

Interest on Borrowed Money	0
Share/Sharedraft Dividends	138,619.63
Money Market Shares	39,858.71
IRA Shares and Certificates	77,895.31
<u>Share Certificates</u>	<u>272,050.45</u>
Total Cost of Funds	528,424.10

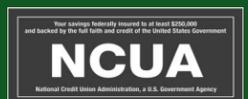
Total Expenses 3,513,154.90

## Net Income 2017

Net Income 531,360.63



Conservation Employees' Credit Union  
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## Chairman of the Board of Directors and President's Report 2017

### Loan Report 2017 Business Year

Conservation Employees' Credit Union assisted members during 2017 by loaning a total of \$29,368,625.37. The following data indicates the areas in which CECU assisted members during the year.

<u>LOAN TYPE</u>	<u>NUMBER</u>
New Vehicles	66
Used Vehicles	738
Mortgage	30
Mortgage-10 yr. Balloon	11
Home Equity	551
Land Equity	39
Unimproved Land	18
Recreation	123
Farm/Industrial	71
LOC/Overdraft	4,397
Adjustable Rate LOC	846
Student	187
Consolidated Student	6
Share Secured	33
Signature	284
Co-Maker	15
Payday	88
Other	2
<b>Total</b>	<b>7,505</b>



**Conservation  
Employees'  
Credit Union**



Conservation Employees' Credit Union had a strong 2017. We set new high-water marks for the number of members we serve, deposits, assets and loans to members. This was achieved while maintaining strong reserves.

However, a strong bottom line is not the primary way we measure our success. The credit union is a not-for-profit financial cooperative. Our focus is on serving the financial needs of our members rather than generating huge profits. This requires us to strike a balance between offering top-quality services, providing members convenient access to their accounts, continuing to provide the personal service that our members deserve and putting as much money as possible back into our members' pockets.

One of the most visible upgrades we made last year was our new website. Members tell us it's much easier to find the information they're looking for, including information about the services we offer and applications for loans and other services. We hope you have a chance to check it out and give us your feedback. We will make regular improvements to the site.

We know that many of our members use their mobile devices to access their accounts online. The credit union developed a new app to make it easier to conduct transactions. The app includes remote deposit of your checks and Credit Sense, which gives members free access to their credit scores. Also new in 2017 were MobiMoney, a debit card app, and CardValet, a credit card app. Check your purchase history, move money between linked accounts and more while you're on the go. Plus, users can register their mobile devices and be notified of transactions in real-time. This can help members immediately identify potentially fraudulent activity. You also get the ability to block or unblock the card immediately when it's misplaced or lost. We also added Apple Pay and Google Pay last year so our members can quickly pay at selected merchants in a safe and secure environment. Electronic signatures were added to our account applications. This eliminates the need for members to mail, fax or deliver a signed paper document to the credit union.

These new services allow us to serve our members statewide and beyond, any time of day, regardless of where they live, work or travel. However, if you want to talk to a person, members of our staff are available by phone, email and fax ... you can even stop by the lobby if you are in the neighborhood.

Not all our service enhancements were focused on account access. We also partnered with Benefits Plus®, a new rewards program. Members enjoy discounts on gift cards, travel, entertainment, retailers, even health services. Members can also earn cash back from major retailers. The credit union also took the extra step of preapproving members for credit cards. This means the process of issuing new cards is easier and quicker.

The credit union also offers free retirement and investment advice through Wealth Management and Certified Financial Planner/Certified Public Accountant Roger Luebbert. Over the last two years, Roger has made 37 visits to MDC field offices and met with 371 members, and we encourage you to contact the credit union make an appointment with him.

The credit union will continue to improve service in 2018. One of the programs we are excited about is a partnership with the Federal Home Loan Bank. Through this new program, we offer our members a mortgage assistance grant program. Eligible buyers can use these funds (that don't have to be repaid) for a down payment, closing costs or rehabilitation assistance. If you're thinking about buying a home, you don't want to miss out on this opportunity. To communicate effectively and in a timely manner with our membership, the credit union sends information to our members via eblast (group email) beginning this year.

As always, the credit union is committed to returning as much money as possible to our members in the form of lower rates on loans, better rates on savings, lower fees and incentive programs for using our services. Our Visa® rewards program returned \$142,500 to members during 2017.

The credit union once again received national recognition for our efforts to return more money to members. Callahan & Associates – a company that provides data-based insights to credit unions – compares credit unions in various areas including Return Of The Member (ROM). ROM measures the value credit unions provide to their members, based on rates, fees charged and other factors. Once again, Conservation Employees' Credit Union was ranked at the top of the ROM category of one-branch credit unions with assets between \$75 and \$150 million! We are very proud of this accomplishment and will continue to retain our members-first philosophy.

The credit union strives to improve the quality of life in the communities where our members live. We participate in many programs in conjunction with the Missouri Department of Conservation. And, the credit union awarded six \$1,300 scholarships to high school and college students. Funds for many other causes were donated by the credit union.

The credit union has always taken great pride in delivering the highest quality service our members could receive from any financial institution. We've been fortunate to have retained many of our talented employees over the years. It seems like every year, multiple staff members are celebrating landmark anniversaries. We are very proud of our staff and their tireless efforts to serve your needs.

Because we are a cooperative, our board and committee members are volunteers elected by their fellow members. They spend countless hours of time and effort making sure the credit union is the best that it can be. We want to thank our volunteer board and committee members for their continued support.

Most of all, we want to thank you, our members. Without your continued support, the credit union would not exist. We encourage you to take advantage of the unique benefits Conservation Employees' Credit Union offers and to tell your family members and co-workers about the benefits of membership at the credit union.

We hope you have a safe, happy and productive 2018.

*David Urich*

David Urich  
Chairman

*Kevin Brueseke*

Kevin Brueseke  
President/CEO