



# ANNUAL REPORT

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**RiverFall**  
CREDIT UNION





RIVERFALL CREDIT UNION

# 64th ANNUAL MEMBERSHIP MEETING

March 7, 2017







# AGENDA

**CALL TO ORDER**

**INVOCATION**

**RECOGNITION**

**ASCERTAINMENT OF A QUORUM**

**SECRETARY'S REPORT**

**CHAIRMAN'S REPORT**

**TREASURER'S REPORT**

**SUPERVISORY COMMITTEE REPORT**

**PRESIDENT'S REPORT**

**UNFINISHED BUSINESS**

**NEW BUSINESS OTHER THAN ELECTIONS**

**ELECTIONS**

Board of Directors: Dr. Byron Abston

Board of Directors: Mr. Greg Hurst

Board of Directors: Mr. Don Kelly

Supervisory Committee: Ms. Jennifer Box

**DOOR PRIZES**

**ADJOURNMENT**



# MINUTES

RiverFall Credit Union  
63rd Annual Membership Meeting  
March 1, 2016

**CALL TO ORDER:** The 63rd Annual Membership Meeting of RiverFall Credit Union was called to order by Vice Chairman Marlon Murray on March 1, 2016.

**PRESIDING:** Marlon Murray, Vice Chairman.

**INVOCATION:** Neal Guy, Treasurer.

**ASCERTAINMENT OF A QUORUM:** Marlon Murray welcomed members and declared a quorum present.

**RECOGNITION:** The head table was introduced and credit union employees were recognized.

**SECRETARY'S REPORT:** RiverFall Credit Union Secretary, Byron Abston, was not in attendance to review the Secretary's Report. Marlon referred us to the report as printed on pages 3 and 4 of the 2015 Annual Report.

**CHAIRMAN'S REPORT:** Chairman Mike Daria was not in attendance to review the Chairman's Report. Marlon referred to written material provided on page 10 in the 2015 Annual Report.

**TREASURER'S REPORT:** Neal Guy, Treasurer, reviewed the printed report provided on page 8 in the 2015 Annual Report. Mr. Guy spoke briefly of our progress and mentioned future plans for improvement.

**SUPERVISORY COMMITTEE REPORT:** Don Kelly, Supervisory Committee Chairman, presented the Supervisory Committee Report. He reviewed information from the 2015 Annual Report, as printed on page 9.





# MINUTES

**PRESIDENT’S REPORT:** President Greg Sassaman referred to his printed report. He also spoke of the ongoing exciting and positive changes in our credit union; along with expressing gratitude for the tools and resources we have been provided to enhance our credit union. The floor was then opened for questions, of which there was one.

**UNFINISHED BUSINESS:** None. At this point Mr. Murray introduced Connie Cooley and Laura Angel from Maxwell Elementary School, our Adopt-A-School. There was a brief video to accompany their presentation.

**NEW BUSINESS OTHER THAN ELECTIONS:** None.

**ELECTIONS:** The following were nominated by the Nominating Committee for terms on the Board of Directors and Supervisory Committee. No petitions were presented by others interested.

- **Board of Directors: Mr. Jack Gibson**
- **Board of Directors: Mr. Neal Guy**
- **Supervisory Committee: Mr. Don Kelly**

The nominees were elected by acclamation.

**DOOR PRIZES:** Scot Ryan, VP of Member Services, conducted the drawings for door prizes.

**ADJOURNMENT:** After drawing for door prizes, the meeting was adjourned.



# FINANCIALS

## **RIVERFALL CREDIT UNION** **STATEMENTS OF FINANCIAL CONDITION**

### **ASSETS**

	September 30,	
	2016	2015
Cash and cash equivalents	\$ 4,922,583	\$ 3,689,592
Investments:		
Available-for-sale	54,554,519	60,473,080
Other	2,300,000	2,800,000
Federal Home Loan Bank (FHLB) stock	106,400	106,400
Loans receivable, net of allowance for loan losses	44,239,912	39,301,659
Accrued interest receivable	322,615	341,065
Premises and equipment, net	9,823,333	7,091,840
National Credit Union Share Insurance Fund deposit	968,138	967,285
Assets acquired in liquidation	146,576	136,632
Other assets	2,676,534	3,004,439
<b>Total Assets</b>	<b>\$ 120,060,610</b>	<b>\$ 117,911,992</b>

### **LIABILITIES AND MEMBERS' EQUITY**

	September 30,	
	2016	2015
<b>Liabilities</b>		
Members' share and savings accounts	\$ 104,670,563	\$ 101,685,831
Accrued expenses and other liabilities	551,681	1,472,384
Total liabilities	105,222,244	103,158,215
Commitments and contingent liabilities		
<b>Members' Equity</b>		
Regular reserve	6,375,000	6,375,000
Appropriated undivided earnings	687,085	687,085
Undivided earnings	9,828,061	9,532,810
Accumulated other comprehensive loss	(2,051,780)	(1,841,118)
Total members' equity	14,838,366	14,753,777
<b>Total Liabilities and Members' Equity</b>	<b>\$ 120,060,610</b>	<b>\$ 117,911,992</b>





# FINANCIALS

## ***RIVERFALL CREDIT UNION*** ***STATEMENTS OF INCOME***

	September 30,	
	2016	2015
<b>Interest Income</b>		
Interest on loans receivable	\$ 1,896,971	\$ 1,863,081
Interest on investments	1,171,887	1,223,493
Interest income	3,068,858	3,086,574
<b>Interest Expense</b>		
Dividends on members' share and savings accounts	688,634	750,787
Interest on borrowed funds	2,320	21
Interest expense	690,954	750,808
<b>Net Interest Income</b>	2,377,904	2,335,766
<b>Provision for Loan Losses</b>	123,503	100,120
<b>Net Interest Income After Provision for Loan Losses</b>	2,254,401	2,235,646
<b>Non-Interest Income</b>		
Fees and service charges	849,008	804,954
Other non-interest income	441,199	459,548
Non-interest income	1,290,207	1,264,502
	3,544,608	3,500,148
<b>Non-Interest Expense</b>		
Compensation and employee benefits	1,292,793	1,292,115
Operations	724,740	492,885
Professional and outside services	626,112	647,433
Occupancy	304,779	264,704
Education and promotion	155,389	138,105
Loan servicing	114,925	118,461
Loss on disposition of assets acquired in liquidation, net	30,619	3,266
Non-interest expense	3,249,357	2,956,969
<b>Net Income</b>	\$ 295,251	\$ 543,179



# FINANCIALS

## STATISTICS

Loans and Advances Made in 2016	11,373
Amount	\$ 22,030,634
Loans Charged-off in 2016	\$ 127,529
Recoveries	\$ 17,020
Loans Charged-off Since Organization	\$ 4,692,338
Recoveries	\$ 1,657,594
Number of Members	8,953

## COMPARISON OF 2015–2016 FIGURES

	As of 12/31/2015	As of 12/31/2016	Amount of Change	% Change
Assets	\$ 117,675,804	\$ 119,773,433	\$ 2,097,629	1.8 %
Shares	\$ 102,378,272	\$ 105,287,540	\$ 2,909,268	2.8 %
Loans	\$ 40,594,255	\$ 44,605,865	\$ 4,011,610	9.9 %
Members	8,599	8,953	354	4.1 %

## SOURCE AND USE OF FUNDS IN 2016

SOURCE OF FUNDS	AMOUNTS	% OF TOTAL
Loan Interest Income	\$ 1,932,364	44 %
Investment Income	\$ 1,156,371	26 %
Other Income	\$ 1,305,900	30 %
<b>TOTAL</b>	<b>\$ 4,394,635</b>	<b>100 %</b>

## USE OF FUNDS

Dividends	\$ 685,521	16 %
Operating Expenses	\$ 3,491,956	79 %
Undivided Earnings	\$ 217,158	5 %
<b>TOTAL</b>	<b>\$ 4,394,635</b>	<b>100 %</b>





## TREASURER'S REPORT

RiverFall Credit Union provides its members with sound financial services and solid credit union operations. Total assets for 2016 were \$119,773,443. Shares for 2016 were \$105,287,540. Both of these year-end totals increased slightly from 2015, as RiverFall continues to hold a strong financial position.

For the year 2016, RiverFall Credit Union made 11,373 loans and advances to members. These loans totaled \$22,030,634. This represented a more than 41% increase from the previous year. This loan growth is directly attributed to the commitment of RiverFall's leadership to provide competitive rates to our members. Additionally, RiverFall returned to its members in the form of dividends over \$685,521.

These numbers reflect RiverFall Credit Union's sound financial standing. Significant and exciting progress was made in 2016 in facilities, branding, member services, and financial products and services. Your board is committed to ensuring that RiverFall continues to maintain stable and secure financial practices while seeking forward thinking approaches to improvement and innovation. The board, along with the administration, is striving to design operating procedures for all aspects of RiverFall Credit Union that will ensure exceptional services for our members. We are pleased with the improvements to-date and look forward to working together to continue building a credit union that is focused on member services, relationships, and progress.

Gregory Hurst  
Treasurer





# SUPERVISORY COMMITTEE REPORT

The Supervisory Committee of a credit union is created by law to act as the members' representative in monitoring and guiding operations of the credit union, and is similar to an in-house audit committee found in many financial institutions. I have proudly served as chairman of the Committee this past year. Serving with me are Jennifer Box and Deron Cameron.

Responsibilities of the Committee include making sure the credit union has internal controls in place to protect credit union assets. During 2016, as in years past, we engaged the auditing firm of Nearman, Maynard, Vallez, CPAs (NMV), a quality auditing firm that has been serving only credit unions for more than 30 years.

NMV conducted three audits: (1) Certified Audit for the period October 1, 2015 through September 30, 2016; (2) ACH (Automated Clearing House) Compliance Review; (3) OFAC (Office of Foreign Assets Control) & BSA (Bank Secrecy Act) Compliance Review.

In addition to the annual audit(s) performed by NMV, the Supervisory Committee has enlisted the assistance of, and delegated authority to, select credit union staff to perform various/numerous internal audit tasks on a periodic, ongoing basis. Some of these include random counts of teller drawers and vaults, review of account maintenance changes, and transaction verifications with members.

Adherence to regulations by RiverFall Credit Union is monitored, and the credit union remains sound and in compliance.

Don Kelly  
Chairman



## CHAIRMAN'S REPORT

Chairman's Report not available at time of printing





## PRESIDENT'S REPORT

To be certain, last year was an eventful and challenging one for RiverFall Credit Union. While we are proud of the ongoing progress and accomplishments, candidly, we are relieved to move away from the disruptive and trying situations encountered throughout much of 2016. Nonetheless, it was a productive year overall and for that we are grateful.

Major highlights were completion of vastly upgraded facilities – offices in the community's southern, central, and northern areas – and conversion of data processing functions to more flexible and cost-efficient systems and partners. These projects were somewhat complex and very demanding in time and resources required. They mark the culmination of strategic planning that began in 2012, now with full implementation of the three major initiatives included, 1) recognizable name and brand, 2) functional and attractive facilities, and 3) enhanced and affordable technological capabilities. RiverFall has put in place a solid foundation and basic infrastructure on which to continue building, now better positioned to fully implement the many additional products and services also planned.

A key question during strategic plan adoption was 'could the credit union afford substantially increased operating expenses' resulting from the major initiatives. Budget projections indicated so but at much lower net income. That proved true for 2016, though ironically the major cause for inordinately high expenses (hence lower net income) was debit card fraud losses primarily related to the Wendy's data breach. In addition to the financial impact, this also had substantial member impact and created inconvenience that was compounded by our data processing partner's failure to reissue cards in a timely manner, further prolonging the predicament. Additionally, the data processing conversion strained staff resources which affected responsiveness and service, along with the changes members experienced that are inherent in such a transition. We realized the conversion and accompanying changes would create some short-term complications, but were (and remain) assured the long-term result will be positive.

Even with the obstacles RiverFall's 2016 performance was among its best ever in new members, new checking accounts, and new loans.

In some aspects 2016 could fall into the "no pain, no gain" philosophy. There were some pains for which we apologize and appreciate your patience. There were also some gains and you have our commitment to build on them going forward.

Greg Sassaman  
President





