

# ANNUAL REPORT 2016

## Greater Iowa CREDIT UNION



2016 Board Oath of Office



2016 Land-A-Grand Scholarship Winners



Member-selected non-profit receives donation



GICU Member Day at ISU Football Game

### OUR PROMISE

We will grow with our communities and our members by providing lifelong personal service and innovative financial products.

### OUR VISION

Greater Iowa Credit Union will become a pacesetter in the financial services industry.

### OUR CORE VALUES

Diversity • Accountability • Respect • Excellence • Integrity

### OUR VALUE PROPOSITION

Solutions at every point of contact.

# PRESIDENT / CEO REPORT



Scott Zahnle  
President/CEO

As your president and CEO, I want to extend my thanks and appreciation to our members and board of directors for their commitment & dedication to Greater Iowa Credit Union. Also, my gratitude and appreciation to all our staff and management team for working diligently throughout the year to support our goals and to meet the needs of our membership.

I am responsible to the member-elected Board of Directors to manage the day-to-day operations of your Credit Union. The value proposition for our members remains: **A Solution at Every Point of Contact**. Greater Iowa Credit Union is a financial co-operative of over 29,000 members and assets of over \$402 million. We recognize that one of the most effective ways to strengthen our cooperative is to help members connect every time, at every point of contact

with solutions for financial strength and growth. We strive to do this through low cost, service and innovation.

In 2016, we continued to address four major initiatives:

**Member Engagement:** When you participate in your credit union, you are contributing to its growth, and that's why Greater Iowa continues to thrive year after year. In return, because of our cooperative structure, we're able to return our profits back to you, the member-owners, by offering competitive rates, new products, enhanced services, and additional points of service.

**Asset Growth:** Our annual growth and member service goals each year are determined primarily by the needs and expectations of our member-owners. As reflected in the 2016 committee reports, Greater Iowa experienced outstanding growth during 2016, indicating our member-owners value the reputation, safety and soundness that the credit union provides as their trusted financial institution. Also based on that tremendous growth, I feel confident our elected directors and staff are listening to what our members want from their credit union.

Growth is important for success. However, we will never lose sight of our responsibilities of being a socially responsible partner in our communities. In 2016 we introduced Givelowa.org, a community giving initiative that allows Greater Iowa Credit Union members to nominate worthy non-profits and encourage others to support them. It's just one of the ways that makes a cooperative different.

**Innovative Service Delivery:** Being able to provide members with distinct points of accessibility includes maintaining maximum levels of security to member accounts while still providing convenience of access. In 2016 we introduced the Interactive Teller Machine (ITM) for our new Waukee branch. During designated hours, members can access the personal service of a financial service representative (FSR) to conduct their transaction. When the designated hours have closed, the ITM can still provide access to member accounts through an ATM process.

**Talent Management:** Greater Iowa is committed to recruit, retain, and develop current and future employees. It will encompass a business strategy to include job descriptions, compensation packages and benefit management.

In 2017 we will continue to focus on people first. It's what makes our credit union different, and what makes us strong. As we embark on the year ahead, my commitment to you is that Greater Iowa will continue to grow responsibly, while listening and responding to your needs; explore innovative product and service solutions to enhance your financial life; and develop our staff and board so they can confidently and wisely serve you.

Many thanks for being an essential part of our credit union family. On behalf of the entire staff, we look forward to a happy and successful 2017.



## ProjectClassroom Winner 2016

Students in Holly Hutchison's classroom at United Community Schools get excited for winning a 2016 ProjectClassroom grant. They will use the grant to create a "maker space" for students to learn using the Lego WeDo system.

On behalf of the Board of Directors, I am pleased to report that 2016 was financially a very solid year. Thanks to the hard work of our management and incredible staff we grew to a \$400M credit union and exceeded our net income goals. Given the economic climate of the past several years, I hope this assures you of the quality of leadership at Greater Iowa Credit Union. You, the members, share in this outstanding accomplishment because of the individuals you have elected to represent you on the board. As the board chair, it is a pleasure to serve with each of them.

The Board of Directors, as leaders of your Credit Union, along with management, continually strive to anticipate your future financial needs by analyzing trends in such areas as economics, demographics, security, and technology, with the goal of moving the Credit Union forward and providing you with the products and services you need.

As we perform our board of director duties, we review and analyze information and make decisions on behalf of the membership's overall interests. The board of directors established the following three decision filters to align strategic choices and intent for the credit union:

- 1. Safety and Soundness:** Strategic decisions must be aligned with our organization's short-term (e.g., earnings, ROA) and long-term (e.g., interest margin, net worth ratio) financial position and desired long-range operating results.
- 2. Member Benefits:** Actions and undertakings will result in greater member benefits.
- 3. Ethics and Logic:** Leaders will exercise high standards of sound management and proactive decision making, including efficiency, integrity, and economy of operations.

Greater Iowa's management and board of directors recognize that for decision filters to be effective, they need to be used consistently by people making decisions at all levels of the organization.

As you'll see outlined in this year's annual report, Greater Iowa's 2016 performance was exceptional. With Scott Zahnle, our president and CEO, and our management team's leadership, and staff's hard work, Greater Iowa saw an amazing year of loan growth, asset growth, increased member satisfaction scores and increased community involvement. I'm extremely proud of the work they have accomplished.

As we mark the end of our 85th year serving you, the executive committee consisting of Darren Jarboe, Mike Welter, Don Tebben and I along with the rest of the Board of Directors want to thank you for another year of membership. Again, I express our confidence in the leadership of Greater Iowa Credit Union, the guidance of our board of directors, the dedicated commitment of our staff and the support and loyalty of our members. We can be extremely optimistic about the future as Greater Iowa Credit Union is well positioned to face any challenge and any opportunity that presents itself in 2017.

TREASURER'S REPORT

Mike Welter, Treasurer

The purpose of the Greater Iowa Credit Union is to foster and promote the economic well-being, growth, and development of our membership base through fiscally responsible and effective funds management. We do this along with loan, investment, and corresponding services for the ultimate benefit of our member-owners. As Treasurer of the board and chairman of the Asset Liability Committee (ALCO), I am pleased to report that Greater Iowa remains safe and sound due to a well-capitalized position as deferred by the National Credit Union Administration (NCUA) standards. Other ALCO members include Darren Jarboe and Bob Haug from the board, President/CEO Scott Zahnle, CFO David Carlson, VP Lending Neal Dietz and Accounting Manager Carla Danielson.



For 2016, assets grew 12.2% (\$43.7million) ending the year at \$402.5 million. Gross loans grew 16.2% (\$45.7 million) ending the year at \$328.2 million and although delinquencies grew as expected, they still remained positioned well below peer at 0.53% at sixty-day delinquency. In addition to strong asset growth, shares grew 9.8% (\$31.1 million). capital remained strong at 8.8%, and net Income for 2016 was \$1,919,199.

Greater Iowa's sustained strong financial performance is reflective of the relevance and value we provide to our members and the community, which in turn provides us the ability to continue to invest in improving and expanding the products and services we offer to meet your financial needs in every phase of your life.



THE 2016-2017 BOARD OF DIRECTORS

Front Row: Annie Arbuckle, Don Wirth, Don Tebben (Secretary) and Linda Ashby (Chair).

Back Row: Max Porter, Michael Welter (Treasurer), Robert Haug, Kevin Stow and Darren Jarboe (Vice Chair).

STATEMENT OF CONDITION

ASSETS	12/31/2016
Gross Loans*	\$328,158,388
Less: Allowance for Loan Losses	(\$2,286,557)
Net Loans	\$325,871,831
Cash and Cash Equivalents	\$3,638,099
Investments and Overnight Funds	\$50,092,017
Accrued Interest	\$763,276
Buldings, Land, Land Improvements, and Equipment, net	\$16,559,220
Collateral Pending Liquidation	\$301,624
Mortgages in Process	\$847,604
Share Insurance Fund	\$3,162,862
Other Assets	\$1,248,260
<b>TOTAL ASSETS</b>	<b>\$402,484,793</b>
LIABILITIES	
Total Member Deposits	\$348,177,083
Notes Payable	\$13,090,000
Accounts Payable & Other Liabilities	\$5,373,052
<b>TOTAL LIABILITIES</b>	<b>\$366,640,135</b>
EQUITY	
Legal Reserves	\$13,818,128
Undivided Earnings	\$19,686,376
Unrealized Gain/Loss on AFS	\$420,955
YTD Net Income	\$1,919,199
<b>TOTAL EQUITY</b>	<b>\$35,844,658</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$402,484,793</b>

\*The above Gross Loans includes business loans and participations totaling \$27,002,888.

Management represents, to the best of its knowledge, that this year-end financial statement and related reports, present fairly in all material respects, the financial position of the **GREATER IOWA CREDIT UNION**.

The Greater Iowa Credit Union's Chair and Treasurer acknowledge receipt and review of this report.

Federally insured by NCUA.



United Way Food Drive

The Credit Committee is pleased to report 2016 was a tremendous year in the loan department. The committee's primarily responsible to ensure that the credit union is following approved lending policy and guidelines and to review reports in key areas such as lending activity and delinquencies. As chairman of this committee, I am joined by fellow board members Darren Jarboe and Don Wirth, alternates Annie Arbuckle and Kevin Stow along with Vice President of Lending Neal Dietz as voting members to the committee. Credit Union management Scott Zahnle, President/CEO and staffers David Carlson, CFO and Arlyn Basel, Asset Recovery Manager, serve as non-voting members.

Greater Iowa's basic objective is to make loans to members for worthwhile purposes. Renewed consumer confidence in the economy prompted more members to turn to Greater Iowa for their auto, home and other loans.

We continued to be competitive in the market with good rates. Working with finance, branch operations and marketing, the lending division identifies various loan types as the key to a productive loan portfolio at Greater Iowa.

In 2016 we had total loan originations of \$196,687,576. This is made up of \$61,638,534 in consumer loans, \$46,305,188 in first real estate mortgages for purchases or refinances, \$11,479,259 in business loans and \$77,264,595 in indirect auto loans. Our Allowance for Loan and Lease Loss was fully funded at year-end for a total of \$2,286,557. Our 60-day delinquency rate of 0.53% continues to be well below that of peer credit unions.

As you can note in the financial statement included in this annual report, our net loans for the credit union at year-end 2016 totaled \$325,871,831. It is the view of the credit committee that Greater Iowa remains healthy and fiscally responsible in its lending program.



Staff volunteering and donation to Trees Forever organization.



Holiday Extravaganza in Indianola



Bow Tie Thursday at Lincoln Way



Toys for Tots 2016

AUDIT COMMITTEE REPORT

Don Tebben, Committee Chair

The Credit Union operates under the laws and regulations of the Iowa Department of Commerce Division of Credit Unions and is insured by the National Credit Union Administration (NCUA), an agency of the federal government. Examiners of the State Division of Credit Unions and the NCUA make annual examinations to ensure proper operation of the Credit Union.

The Credit Union's Board of Directors elects an Audit Committee responsible for safeguarding the Credit Union's assets and protecting the interests of the members. Serving with me on the 2016 Committee were Bob Haug as Secretary and Mike Welter.

The Credit Union's Board of Directors in 2016 retained the certified public accounting firm of Petersen & Associates (CPA) to perform an audit of the financial statements for the year ended December 2016. The audit performed meets the annual regulatory requirements. The issued report includes, in part, a paragraph that reads as follows: In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greater Iowa Credit Union as of December 31 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Based on the above activities, it is the unanimous opinion of the Audit Committee that Greater Iowa Credit Union is financially solid and is being operated safely and soundly.

# 83RD ANNUAL MEETING MINUTES

The 84th annual business meeting of the Greater Iowa Credit Union was held on Saturday, April 4, 2016 at the Quality Inn & Suites Starlite Village Conference Center. Entertainment for the evening was comedian Willie Farrell from Des Moines, Iowa.

**Ascertainment of a Quorum:** Board Secretary Don Tebben verified a quorum of 150 voting (primary) members present.

**Meeting Called to Order:** Board Chair Linda Ashby called the meeting to order at 6:25 p.m.

**Directors Present:** Linda Ashby, Craig Forney, Darren Jarboe, Steve Karsjen (serving as Governance Committee Chair), Max Porter, Don Tebben, Kevin Stow, Mike Welter and Don Wirth.

**Additions/Deletions to original Agenda:** None.

**Approval of April 9, 2015 Greater Iowa Credit Union 84th Annual Business Meeting Minutes:** Motion to approve by Ken Larson. Seconded by Archie Steenhard. Approved.

**Presentation of Slate of Candidates/Voting Instructions/Election Committee Vote Tellers Present:** Governance Committee Chair Porter presented slate of candidates as published and approved by the Greater Iowa Credit Union Board of Directors on January 26, 2015: Darren Jarboe (Incumbent - Urbandale), Annie Arbuckle (Ames) and Robert Haug (Ames).

Call for candidate notification, announcement of the annual meeting notification and voting procedure were in compliance with Chapter 533 of the Iowa Code and Chapter 189 of the Administrative Rulings.

**Election Committee Vote Tellers:** Chris Low (head election teller), Traci Faber, Terry Greenfield, John Hawkins, Alice Ridsen and Archie Steenhard.

**Nominations from the Floor:** None

**2015 Chairperson Annual Report:** Board Chair Ashby, on behalf of the executive committee, presented the 2015 chairperson's report for acceptance as presented in the 2015 Annual Report. Motion to accept by Kevin Stow. Seconded by Don Tebben. Accepted.

**2015 Board Committee Reports:** Presented for acceptance as printed in the 2015 Annual Report - Audit Committee (Don Tebben), Treasurer on behalf of the ALCO (Darren Jarboe), Credit Committee (Don Wirth). All reports accepted.

**2015 President/CEO Annual Report:** Zahnle presented his Chief Executive Officer's report for acceptance as printed in the 2015 Annual Report. Motion to accept by Craig Forney. Seconded by Archie Steenhard. Accepted.

**Unfinished Business:** None

**New Business:** None

**Voting Results:** Governance committee chair Porter received the ballot results from Election Committee Head Teller Traci Faber and announced the election results: elected to serve three-year terms were Annie Arbuckle, Robert Haug, and Darren Jarboe. Derek Krebs moved that the ballots be destroyed after 60 days according to the by-laws. John Hawkins 2nd. Approved. Chris Low, Attorney at Law administered the oath of office to the Board of Directors for 2016-2017.

**Adjournment:** Craig Valtali moved to adjourn the meeting at 6:52 p.m. Ken Larson 2nd. Meeting adjourned.

- Submitted by Cathy Krebs, Recording Secretary