

2018

ANNUAL REPORT

67TH ANNUAL MEETING
TUESDAY, APRIL 16, 2019



FINANCIAL
Credit Union *Plus*



67TH ANNUAL MEETING AGENDA

Tuesday, April 16, 2019

Call Meeting to Order

(Chairman)

Introductions

Determination of a Quorum

(Secretary)

Adoption of the Agenda

Acceptance of Minutes

Annual Meeting April 17, 2018 - Page 3

Chairman and President's Report

Pages 6-7

Treasurer's Report

Pages 8-11

Audit Committee Report

Page 12

President's Remarks

Report of the Nominations Committee

Election Results

Old Business Report

New Business Report

Motion to Adjourn

2018 ANNUAL MEETING MINUTES

FINANCIAL PLUS CREDIT UNION 66th ANNUAL MEMBERSHIP MEETING TUESDAY, APRIL 17, 2018

Call to order by Chairman, Ron Jansson at 5:00 P.M.

Roll Call – B. Hennessy, D. Webb, K. Jones, L. Campbell, K. Rheume, B. Tynes, and R. Jansson.

R. Jansson introduced J. Reno, President, Audit Committee members Schlicht, Cotterman, and Rheume, and Advisory Committee member, M. Samuels present at the meeting.

Jansson called for a Moment of Silence to honor the passing of Charlie Kirk and Byron McCarthy, former Supervisory and Audit Committee members.

It was determined and announced by K. Jones, Secretary that a quorum was present. (26 members present).

Motion, supported, and carried to adopt the agenda as printed.

Motion, supported, and carried to approve the minutes of the April 18, 2017 Annual Meeting as printed.

Motion, supported, and carried to accept the Chairman and President's Report as printed in the Annual Report.

Motion, supported, and carried to accept the Treasurer's Report as reflected in the financial statements of the Annual Report.

Motion, supported, and carried to accept the Audit Committee and Independent Auditor's Reports as printed in the Annual Report.

Reno presented a brief overview of 2017 financials and operations. A copy of remarks are attached.

Motion, supported, and carried to approve the President's oral remarks.

It was reported by Ron Jansson that the Nominating Committee consisted of Kim Jones, Chairperson, Larry Campbell, Diana Webb, Kirk Rheume, and Ron Jansson. Jones reported that the Nominating Committee nominated Barney Hennessy and Bill Tynes to the Board of Directors for three-year terms. There were no nominations by petition received.

Motion, supported, and carried to accept the Nominating Committee Report.

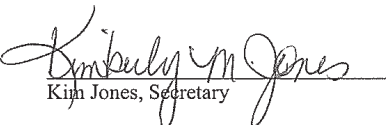
Motion, supported, and carried to instruct the Secretary to cast unanimous ballots in favor of Barney Hennessy and Bill Tynes to the Board of Directors for three-year terms.

Jansson called for any Old Business three times. Hearing no Old Business, a motion was made, supported and carried to accept the Old Business Report.

Jansson called for any New Business three times. Hearing no New Business, a motion was made, supported, and carried to accept the New Business Report.

Motion to adjourn.


Ron Jansson, Chairman of the Board


Kim Jones, Secretary



67th Annual Meeting • Tuesday, April 16, 2019

**Board of Directors, Audit Committee
and Advisory Board Members**

BOARD OF DIRECTORS

Ron Jansson - Chairman
Barney Hennessy - Vice Chairman
C. Diana Webb - Treasurer
Kim Jones - Secretary
Larry Campbell - Director
Kirk Rheaume - Director
Bill Tynes - Director

AUDIT COMMITTEE

Bill Tynes - Chairman
Charlie Cotterman
Kirk Rheaume
Muriel Samuels
Robert J. Allen

ADVISORY BOARD

Muriel Samuels

MISSION STATEMENT

COMMITMENT

to enhancing the financial well-being of our members!

PASSION

for service!

DEDICATION

to enriching the communities we serve!

AWARDS & RATINGS

Financial Plus has been recently recognized by several organizations for strength, stability, and service.

DORA MAXWELL SOCIAL RESPONSIBILITY COMMUNITY SERVICE AWARD RECIPIENT

2018 Michigan Credit Union League & Affiliates and CUNA Award

View Newspapers

Grand Blanc, Davison, Swartz Creek, and Flushing

FAVORITE CREDIT UNION

2018 Best of the Best

BauerFinancial, Inc.

5-STAR RATING

for 35 consecutive quarters!

4-STAR OR 5-STAR RATING

for 114 consecutive quarters!



"One of the Nation's Strongest Credit Unions"

- BauerFinancial



SPECIAL MESSAGE FROM THE CHAIRPERSON & PRESIDENT/CEO

We are pleased to report 2018 was a good year and we anticipate the coming year to be even stronger in lending and deposit growth. At year end, membership grew to a total of 56,150 members and we continue to focus on our primary strategic initiative to develop stronger relationships with existing and new members. Our annual deposit growth was \$15.9 million (3.6%), with checking accounts contributing \$10 million and Certificates of Deposit \$9M. There was a decline in loans by \$8.4M (2.2%). However, business lending continues to be a positive contributor and 2018 was no exception with nearly \$4M (8.2%) in new loan growth compared to the previous year. Throughout 2018, we provided more than \$207 million in new loans, advances on lines of credit, and credit card transactions to our members.

Below are some of the highlights from the year in the following key areas:

- **Members** – We continue to focus on one of our primary objectives, which is to **“Enhance the Financial Well-Being of Our Members”** in this increasingly competitive marketplace. Enhancements have been made to our member referral programs and revitalization of the grassroots credit union movement of past years. Onsite visits at General Motors’ plants and surrounding businesses have been very successful in attracting new members and checking accounts. To thank members for their business and loyalty, we began offering a Member Loyalty Discount with up to 50 basis points off their loan rate when enrolled in Direct Deposit and automatic transfer of loan payments. A **“Passion for Service”** has been a long-standing tenet of our Mission Statement as we strive to build deeper loyalty and reduce attrition among our membership. We are very passionate in our desire to provide superior member service satisfaction. We continue to invest significant resources to measure and monitor member satisfaction as it is extremely important to the Board of Directors and our entire team! Overall response at our Happy or Not kiosks is on average 97% member satisfaction.
- **Technology** – We strive to enhance our member experience among all delivery channels from our physical branches, to the myfpcu.com website, to the mobile banking application, and more. Consumer demand for an overall seamless experience across all digital platforms to compete in the digital space has become even more critical to our success. It wasn’t that long ago that we re-launched our online banking and BillPay platforms, providing members with additional functionality and access to their financial information anytime and anywhere. However, ongoing financial investment in technology is essential to remain relevant to members, to retain business, and to deepen relationships. As a result, we will be deploying enhancements to the existing BillPay platform, as well as implementation of a new integrated mobile and online banking platform later in 2019.
- **Employees** – We are committed to ensuring our team is well-prepared to deliver quality services to our membership. Initiatives include product knowledge and ongoing sales and service training, as well as information security awareness programs. We value our employees, their loyalty, and strive to create a warm-enriching culture. Throughout each year, we invest in employee wellness programs, our SPARK! Service initiative, as well as employee appreciation and service award recognition events. Employees are encouraged to provide feedback and share ideas. Our objective is to retain staff and increase employee job satisfaction.
- **Communities** – For many years, Financial Plus and its employees have remained highly involved, connected, and committed to our **“Dedication to Enriching the Communities We Serve”** initiative. We demonstrate this commitment by investing time and resources with a large number of charitable organizations, sponsoring community events, and partnering with colleges and area schools to provide financial education programs. Throughout the past year, we contributed 800 volunteer hours and over \$80,000 through community partnerships. We remain focused on leveraging those relationships to strengthen our communities, and to generate new business and Financial Plus brand awareness. Several of the successful onsite employer visits held in 2018 were a result of the relationships established with local area businesses and continuing support from General Motors and the UAW.

- **Recognition** – We are pleased to announce that Financial Plus was recently recognized by the following organizations for our strength, stability and service:
 - Michigan Credit Union League & Affiliates and CUNA: Dora Maxwell Social Responsibility award recipient for our Classroom Makeover Challenge contest contributing \$1,500 to the winning teacher to purchase much needed classroom supplies.
 - View Newspapers poll, Favorite Credit Union – “Best of the Best” in Grand Blanc, Davison, Swartz Creek and Flushing.
 - BauerFinancial, Inc. 5-Star rating for 35 consecutive quarters and 4-Star or 5-Star rating for over 28 years, affirming the strong financial management of the credit union on behalf of its membership.

Several of the markets we serve have continued to experience ongoing bank mergers and credit union acquisitions. This activity has amplified the overall market competitiveness, adding even more well-known financial service providers into our marketplace, and requiring an increase in the financial resources necessary to retain and build new business.

To increase member convenience, we are opening a new full-service branch located at 8075 Lapeer Road in Davison later this year. Expect the full functionality and high quality service provided by our other branches. Further updates, as well as, grand opening and ribbon cutting details, will be provided in the newsletter and on our website. We recently launched Elite Checking, a new 4.15% APY high rate checking product, which has received enthusiastic response from our membership. Our Benefits Plus program, launched more than a decade ago, continues to build positive momentum and achieved an all-time high with 7,430 checking members enrolled in this exclusive program. As stated earlier, we are making ongoing enhancements to strengthen our digital banking platforms and our product line. We anticipate presenting new and redesigned products to our marketplace during the coming year, adding convenience, strengthening our market share, and to better meet the needs of our membership. We will continue to work diligently to deepen member relationships and making Financial Plus top-of-mind in financial services.

Consumer, real estate and member business lending sectors typically experience production peaks and valleys through the years, and usually at different times. Although we experienced a decline in Consumer and Real Estate loans in 2018, Member Business lending improved, and over 80% of member deposits have been loaned out to members. During the past year, we have worked to strengthen our real estate programs, adding FHA mortgages to our product mix, as well as other changes. We are confident these changes, and potentially others to come, will result in improved production volume going forward.

We look forward to the opportunities awaiting us in 2019, the completion of our Davison branch which will mark our 8th branch opening, the recent launch of our new high rate Elite Checking account, and enhancing our online banking and mobile platform. And even more important, we look forward to building upon the strong relationship that we have with our membership.

The Board of Directors, management, and staff sincerely appreciate your continued support and look forward to helping you meet all of your future financial needs.



Ron Jansson, Chairperson
Financial Plus Board of Directors



Jill Reno, President/CEO
Financial Plus Credit Union

CONDENSED STATEMENTS OF FINANCIAL CONDITION ⁽¹⁾

YEARS ENDED DECEMBER 31, 2018 AND 2017 (AUDITED)

ASSETS	YEAR ENDED DECEMBER 31		PERCENT % INCREASE (DECREASE)
	2018	2017	
Cash and cash equivalents	\$ 18,474,512	\$ 35,292,487	(48%)
Investment securities, available-for-sale	\$ 118,588,214	\$ 86,371,699	37.3%
Federal Home Loan Bank Stock, at cost	\$ 639,100	\$ 639,100	0%
Investments in CUSOs	\$ 850,334	\$ 813,646	4.5%
Loans held for sale	\$ 218,900	\$ 279,875	(21.8%)
Net loans	\$ 366,188,616	\$ 374,882,751	(2.3%)
Accrued interest receivable	\$ 1,545,832	\$ 1,438,412	7.5%
Foreclosed assets	\$ -	\$ 35,324	(100%)
Premises and equipment, net	\$ 13,244,455	\$ 13,488,034	(1.8%)
Alloya FCU member capital ⁽²⁾	\$ 845,800	\$ 845,800	0%
NCUSIF deposit	\$ 4,525,896	\$ 4,393,536	3%
Other assets	\$ 11,640,286	\$ 2,004,152	480.8%
TOTAL ASSETS	\$ 536,761,945	\$ 520,484,816	3.1%

LIABILITIES AND MEMBER'S EQUITY	YEAR ENDED DECEMBER 31		PERCENT % INCREASE (DECREASE)
	2018	2017	
LIABILITIES			
Members' share accounts	\$ 459,580,663	\$ 443,688,250	3.6%
Accrued interest payable & other liabilities	\$ 3,769,464	\$ 5,752,166	(34.5%)
TOTAL LIABILITIES	\$ 463,350,127	\$ 449,440,416	3.1%
MEMBERS' EQUITY			
Regular reserve	\$ 6,492,396	\$ 6,492,396	0%
Undivided earnings	\$ 68,545,709	\$ 65,429,013	4.8%
Accumulated other comprehensive loss	\$ (1,626,287)	\$ (877,009)	85.4%
TOTAL MEMBERS' EQUITY	\$ 73,411,818	\$ 71,044,400	3.3%
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 536,761,945	\$ 520,484,816	3.1%

(1) These condensed financial statements are derived from our audited financial statements and available on our website at www.myfpcu.com.

(2) National Credit Union Share Insurance Fund required deposit

CONDENSED STATEMENTS OF INCOME ⁽¹⁾

YEARS ENDED DECEMBER 31, 2018 AND 2017 (AUDITED)

INTEREST	YEAR ENDED DECEMBER 31		PERCENT % INCREASE (DECREASE)
	2018	2017	
Interest Income			
Loans (including fees)	\$ 17,198,082	\$ 18,063,214	(5%)
Investment securities	\$ 2,803,956	\$ 1,717,568	63%
Total interest income	\$ 20,002,038	\$ 19,780,782	1%
Interest expense			
Members' share accounts	\$ 1,984,066	\$ 1,543,546	29%
Borrowed funds	\$ 5	\$ 22,800	(100%)
Total interest expense	\$ 1,984,071	\$ 1,566,346	27%
Net interest income	\$ 18,017,967	\$ 18,214,436	(1%)
Provision for loan losses	\$ 3,149,104	\$ 4,976,691	(37%)
Net interest income, after provision	\$ 14,868,863	\$ 13,237,745	12%

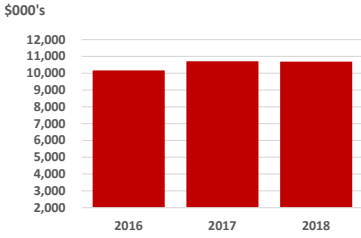
NONINTEREST	YEAR ENDED DECEMBER 31		PERCENT % INCREASE (DECREASE)
	2018	2017	
Noninterest income			
Fees and charges	\$ 5,386,506	\$ 5,570,455	(3%)
Net gain on sale of loans	\$ 195,731	\$ 246,711	(21%)
Net gain (loss) on sale of foreclosed assets	\$ 14,328	\$ 2,878	398%
Other	\$ 5,094,022	\$ 4,895,785	4%
Total noninterest income	\$ 10,690,587	\$ 10,715,829	0%
Noninterest expenses			
Compensation and benefits	\$ 11,886,137	\$ 10,902,060	9%
Operations	\$ 4,070,616	\$ 4,009,502	2%
Loan servicing	\$ 1,984,703	\$ 1,991,271	0%
Professional services	\$ 1,652,355	\$ 1,464,500	13%
Office occupancy	\$ 1,447,939	\$ 1,260,696	15%
Educational and promotional	\$ 880,178	\$ 978,138	(10%)
Other	\$ 520,826	\$ 409,920	27%
Total noninterest expenses	\$ 22,442,754	\$ 21,016,087	7%

NET INCOME	\$ 3,116,696	\$ 2,937,487	6%
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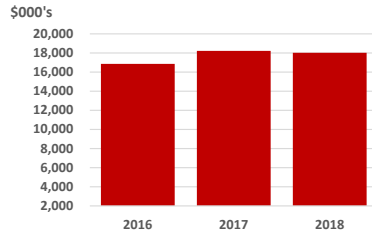
(1) These condensed financial statements are derived from our audited financial statements and available on our website at www.myfpcu.com.

STATEMENT OF INCOME

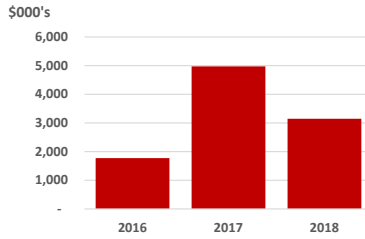
NONINTEREST INCOME



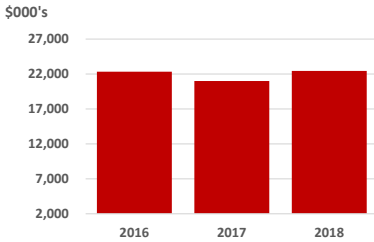
NET INTEREST INCOME



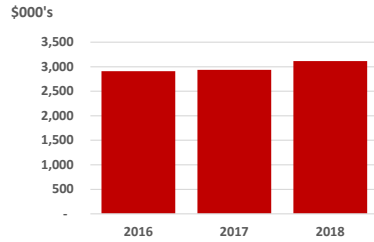
PROVISION FOR LOAN LOSSES



NONINTEREST EXPENSE

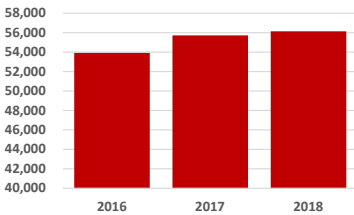


NET INCOME

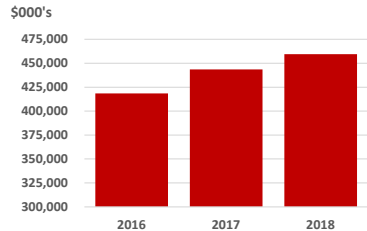


GROWTH COMPARISON 2016, 2017 & 2018

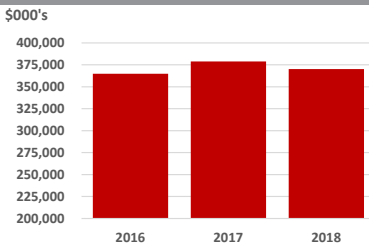
TOTAL MEMBERS



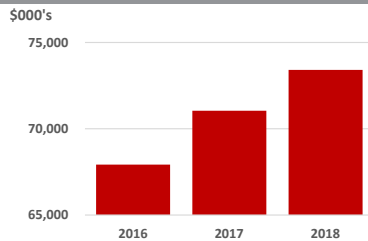
TOTAL SHARES



TOTAL LOANS



TOTAL MEMBERS' EQUITY

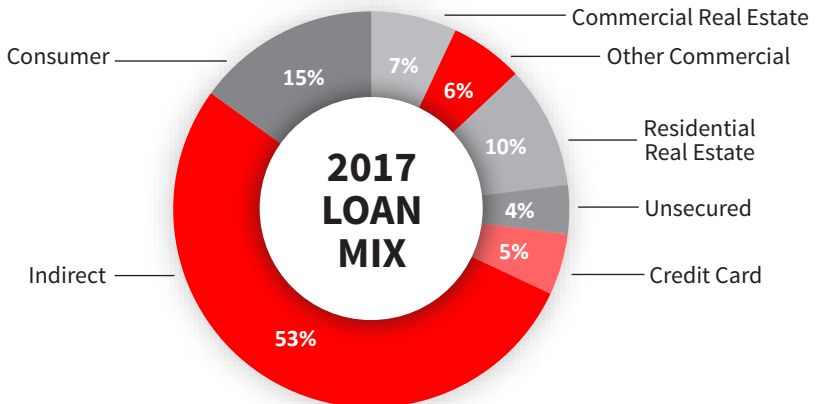
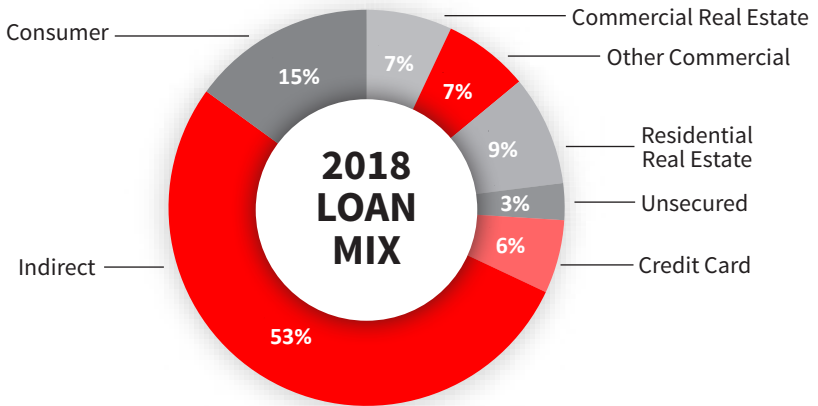


LOAN PORTFOLIO

DECEMBER 31, 2018 AND 2017

LOANS	DECEMBER 31		PERCENT % INCREASE (DECREASE)
	2018	2017	
Consumer	\$ 54,867,047	\$ 56,821,606	(3.4%)
Indirect (Boat, Auto, RV)	\$ 196,977,570	\$ 201,593,016	(2.3%)
Credit Card	\$ 21,582,046	\$ 21,369,280	1%
Unsecured	\$ 10,998,726	\$ 14,093,710	(22%)
Residential Real Estate	\$ 33,716,959	\$ 36,939,459	(8.7%)
Other Commercial	\$ 26,639,244	\$ 21,936,391	21.4%
Commercial Real Estate	\$ 25,296,805	\$ 26,071,450	(3%)
TOTAL LOANS	\$ 370,078,397	\$ 378,824,912	(2.3%)

LOAN MIX



FROM THE AUDIT COMMITTEE

The primary function of the Audit Committee is to obtain an independent, objective and comprehensive annual audit. This includes a reconciliation of financial statements and verification of member accounts to the records of the Treasurer. For the years 2015-2018, the services of the CPA Firm Rehmann Robson LLC were retained to carry out this mandate.

The independent auditor report reflects that the audits were conducted in accordance with Generally Accepted Auditing Standards.

The audits included examining, on a test basis, the evidence supporting the amounts and disclosures in the financial statements. It also included assessing the accounting principles used and significant estimates made by management, as well as the evaluation of the overall financial statement presentation.

The audit report, reflected on the following page indicates that the 2018 and 2017 condensed financial statements are consistent, in all material respects, with the audited financial statements in conformity with Generally Accepted Accounting Principles of Financial Plus Credit Union, from which they have been derived.

Respectfully Submitted,

Bill Tynes, Chairperson
Audit Committee

INDEPENDENT AUDITORS' REPORT



Rehmann Robson
 5800 Gratiot Rd.
 Suite 201
 Saginaw, MI 48638
 Ph: 989.799.9580
 Fx: 989.799.0227
 rehmann.com

INDEPENDENT AUDITORS' REPORT ON CONDENSED FINANCIAL STATEMENTS

April 12, 2019

Board of Directors and Audit Committee
 Financial Plus Credit Union
 Flint, Michigan

The accompanying condensed financial statements appearing on pages 8-9, which comprise the condensed statements of financial condition as of December 31, 2018 and 2017, and the condensed statements of income for the years then ended, are derived from the complete audited financial statements of *Financial Plus Credit Union* for the years ended December 31, 2018 and 2017. We expressed an unmodified audit opinion on those audited financial statements in our report thereon dated March 22, 2019.

The condensed financial statements do not include all of the basic financial statements nor contain all of the disclosures required by accounting principles generally accepted in the United States of America. Reading the condensed financial statements, therefore, is not a substitute for reading the audited financial statements of *Financial Plus Credit Union*.

Management's Responsibility for the Condensed Financial Statements

Management is responsible for the preparation of the condensed financial statements on the basis described in the audited financial statements from which these condensed financial statements are derived.

Independent Auditors' Responsibility

Our responsibility is to express an opinion about whether the condensed financial statements are consistent, in all material respects, with the complete audited financial statements based on our procedures, which were conducted in accordance with auditing standards generally accepted in the United States of America. Our procedures consisted principally of comparing the condensed financial statements with the related information in the audited financial statements from which the condensed financial statements have been derived and evaluating whether the condensed financial statements are prepared in accordance with the basis described in the audited financial statements from which these condensed financial statements are derived.

Opinion

In our opinion, the condensed financial statements of *Financial Plus Credit Union* as of and for the years ended December 31, 2018 and 2017, referred to above are consistent, in all material respects, with the complete audited financial statements from which they have been derived, on the basis of presentation described in the audited financial statements from which these condensed financial statements are derived.

Rehmann is an independent member of Nexia International.

CPAs & Consultants Wealth Advisors Corporate Investigators

A member of
 Nexia
 International



***Why be basic when
you can be Elite?***

Elite Checking
HIGH RATE. HIGH POWERED.

4.15%
APY*

APPLY TODAY



Federally insured by the NCUA. Also privately insured by Excess Share Insurance (ESI). ESI is not affiliated with NCUA.

*APY = Annual Percentage Yield. Requirements apply to earn 4.15% APY. Monthly minimum requirements include direct deposit of \$2,500 into Elite Checking and 15 debit purchase transactions per month (ATM transactions not included.) Must have Online Banking, e-Statements, and e-Notices. Dividends paid at month-end on daily balance up to \$10,000. A 0.25% APY will apply to balances over \$10,000. A 0.00% APY will apply in months where all requirements are not met. If requirements are not met for 6 (six) consecutive months, the account will be changed to Free Checking. APY current as of 4/9/19. Rates subject to change. Limit one Elite Checking account per primary member. Business accounts do not qualify. Some restrictions apply. See Credit Union for complete details.



GIVING BACK TO THE COMMUNITIES WE SERVE

WE ARE A PROUD SPONSOR OF:

- Food Bank of Eastern Michigan
- Old Newsboys of Flint • Crim Festival of Races
- Hurley Medical Center and Hurley Foundation
- Big Brothers Big Sisters • Humane Society
- And many more!

HIGHLIGHTS OF GIVING



Awarded **3 scholarships** each worth \$1,000.



Raised over **\$150,000** for Hurley's Breast Cancer Navigation Program.



Over **800 volunteer hours** recorded in 2018.



A **\$1,500 Teacher Classroom Makeover** awarded to Mrs. Kenny at Hemlock Elementary in Saginaw.



Hosted community blood drive where 33 volunteers donated which could **potentially save 99 lives.**



COMING FALL 2019



NEW DAVISON BRANCH

We are excited to announce we are building a new full-service branch located at 8075 Lapeer Road in Davison. The 3,800 square foot branch will be equipped with three drive-thru lanes and an exterior drive-thru ATM. We will be breaking ground this spring and anticipate the branch opening in fall of 2019.

The branch will serve thousands of existing members who reside in the area and will provide enhanced convenience and access to services. We look forward to welcoming existing and new members to our newest branch, and deepening our presence within the Davison community.

NEW FUTURE BRANCH



(800) 748-0451

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