

# 2017 Annual Meeting PRESIDENT'S REPORT

Since 1957, Lincoln County Credit Union has operated on the principle of "not-for-profit, not-for-charity, but-for-service." For-profit financial institutions generate capital by selling stock to their stockholders and in turn the profits are given back to the stockholders. Credit Unions' capital is generated directly from the members' deposits and the profits are returned to the members in many different forms.

In 2017 Lincoln County Credit Union gave \$600,000 back to its members as a patronage dividend. A patronage dividend is a dividend or distribution that a cooperative pays according to how much each member has used the cooperative's services. This was a way to reward members for choosing to use the products and services offered by your locally owned credit union. Your Credit Union had 21% capital, this is over twice the peer average. Money from the net income is put into the reserves at the end of each year. Net income is all income minus all expenses. At the end of the year this income is then put into the reserves account. Since the Credit Union was highly capitalized and financially sound, we were able to put more money directly back into our member's pockets. The dividend was posted on September 30, 2017.

Not only do we give back to our members but we also give back to our community. Contributions to our community have always been important. We donated to the community by being involved in and donating to local projects, events and non-profit organizations.

The staff and volunteers truly are appreciative of each and every one of our members who choose to participate in our local, member owned, financial cooperative, Lincoln County Credit Union.

# SUPERVISORY COMMITTEE REPORT

The Supervisory Committee is charged with the audit function of the Credit Union. The Committee members independently perform duties to evaluate the effectiveness of internal controls and compliance with regulations. In addition, the Committee selected the firm of Wipfli LLP to complete the independent external audit to fulfill the National Credit Union Administration's requirements. The following general areas were reviewed: internal controls, cash and cash items, lending, including the allowance for loan loss, reserves, investments, other assets and liabilities, board policies and minutes, Bank Secrecy Act, ACH Audit, and the Red Flag/Identity Theft Program.

The State of Montana Division of Banking and Financial Institutions also conducted a regulatory risk focused examination.

Lincoln County Credit Union fulfills an important mission in a complex financial marketplace. Even with the economic challenges, the Credit Union is able to maintain local and independent management of funds for the benefit of the community. We are well-positioned to continue to provide financial products and quality service to the membership.

Respectfully submitted,  
Keith Ivers, Chairperson

# CREDIT UNION OFFICIALS

## Board of Directors

Roy Richardson, Chairman  
Devi McCully, Vice Chairman  
Jon Reny, Secretary  
Lou Kuennen, Director  
Lydia Mysse, Director  
Jan Ivers, Director  
Gayl Smith, Director

## Supervisory Committee

Keith Ivers, Chairman  
Abbe Heemeier, Member  
Anna Erlandson, Member



lincolncountycu.com

## LIBBY OFFICES

714 WEST 6TH STREET  
293-7771 • FAX 293-3236

Rosauer's Supermarket  
293-4275  
Open 6 days a week

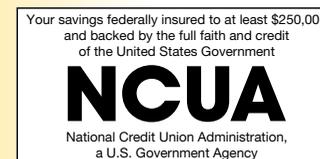
## TROY OFFICE

Stein's Market  
295-5569  
Open 6 days a week

## CREDIT UNION SERVICES

Savings Accounts  
Checking Accounts  
Share Certificates  
Money Market  
IRAs  
Personal Loans  
Construction Loans  
Consumer Loans  
Real Estate Loans  
Share Secured Loans  
Home Equity Loans  
HELOC  
Business Loans  
VISA Credit Cards

Debit Cards  
Voice Response  
Money Orders  
Safe Deposit Boxes  
Three Free Local ATMs  
Overdraft Privilege  
Notary Service  
Wire Transfers  
Online Account Access  
Bill Payer  
Mobile Banking  
Remote Deposit Capture  
Electronic Transaction  
and Balance Alerts



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# 2017

# ANNUAL REPORT



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# 2017 ANNUAL MEETING AGENDA

- I **CALL TO ORDER – DETERMINE A QUORUM IS PRESENT** (15 members required per Article IV, Section 5 of the bylaws)
- II **READING & APPROVAL** (or correction)
- III **PRESIDENT & BOARD CHAIRMAN'S REPORT**
- IV **SUPERVISORY COMMITTEE REPORT**
- V **ELECTION OF OFFICERS**  
Article V, Section 4 of the bylaws; All elections shall be determined by majority vote, and shall be by Ballot except when there is only one candidate for office.
- VI **OTHER BUSINESS**
- VII **ADJOURNMENT**

# 2017 ANNUAL MEETING MINUTES

The 60th Annual Meeting of Lincoln County Credit Union was held at the Memorial Center.

Prior to the start of the business session, the Libby Children's Select Choir performed for the membership. Donations were collected throughout the evening, with the Credit Union matching the amount given. A total of \$661.32 was given to the choir.

The business session was called to order by Chairman, Roy Richardson. It was determined that a quorum was present. Members reviewed the minutes of the 2016 Annual Meeting. It was moved and seconded to approve the minutes from the previous meeting. Motion carried. (Renee Rose/Devi McCully)

### President's Report:

- ◆ In celebration of our 60th Anniversary, a Prime Rib dinner was served by the Switchback Bar and Grill. One hundred sixty nine members attended and each member received a written report, a coffee mug and was entered into a drawing for 10 cash share deposits totaling \$1,000.
- ◆ The Board, Supervisory Committee and staff were recognized. Without all of them, doing their part, the Credit Union would not be where it is today.

- ◆ Specific recognition was given to Chari Lucas for her years of service to the Credit Union. Under her leadership and working with the Board the Credit Union grew from \$13 million to \$108 million in assets and from 10.6% to over 20% in capital! Several innovative products and services were added, branches opened and buildings built during times of economic hardships in our communities.

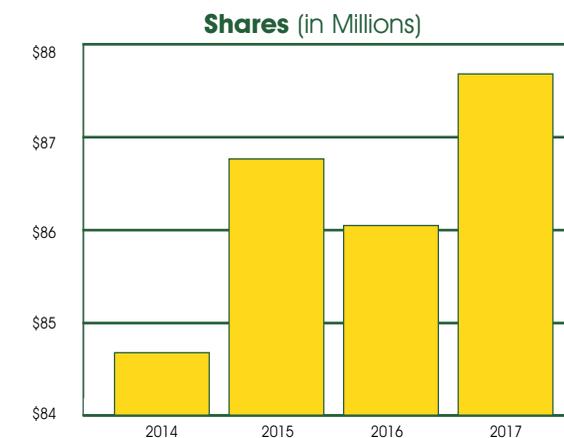
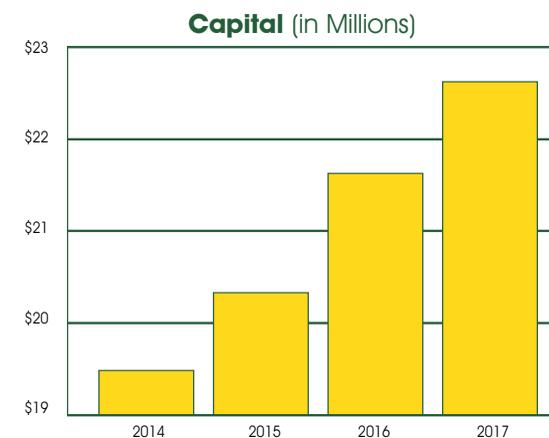
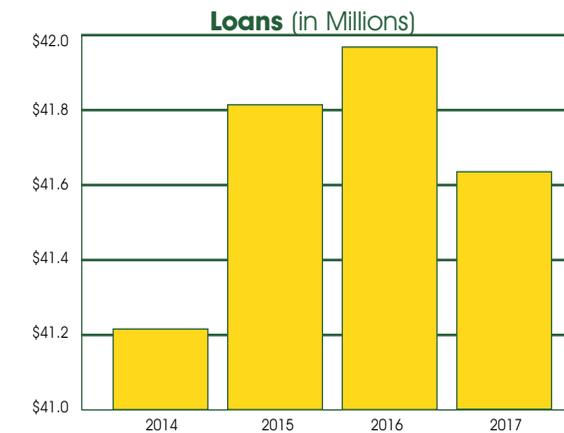
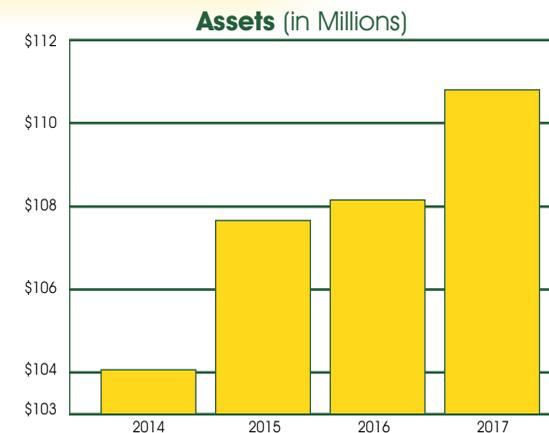
- ◆ The brochure was referenced highlighting statistics and historic timelines for the Credit Union and the community.

- ◆ The patronage dividend of \$600,000 was unveiled. Because of sound financial management over several years this was made possible. The patronage dividend was posted to member's savings accounts September 30, 2017.

Election of Officers: Article V, Section 4 of the bylaws states that elections shall be conducted if there is more than one candidate for each vacant position. The terms expiring this year are Lou Kuennen and Jan Ivers. They are both willing to serve another term.

Respectfully submitted,  
Jon Reny, Secretary Roy Richardson, Chairman

# STATISTICS



# INCOME & EXPENSE

	Dec. 31, 2016	Dec. 31, 2017
<b>Income Statement</b>		
Loan Income .....	\$1,972,921	\$1,914,486
Investment Income.....	\$582,044	\$800,014
Other Income .....	\$825,211	\$814,365
<b>Total Income.....</b>	<b><u>\$3,380,176</u></b>	<b><u>\$3,528,865</u></b>

	Dec. 31, 2016	Dec. 31, 2017
<b>Expense Statement</b>		
Operating Expenses.....	\$1,937,253	\$1,817,348
Provision for Loan Loss .....	\$6,315	\$0
Dividend Expense .....	\$255,538	\$794,064
<b>Total Expenses .....</b>	<b><u>\$2,199,106</u></b>	<b><u>\$2,611,412</u></b>
Gain/Loss - Fixed Asset .....	-\$21,982	-\$34,134
<b>Net Income.....</b>	<b><u>\$1,159,087</u></b>	<b><u>\$883,319</u></b>