

2016 ANNUAL MEETING

President's Report

In March of 1957 Lincoln Federal Credit Union was chartered to collect deposits and make loans to the federal employees of Lincoln County. There have been a significant amount of changes over the past 60 years. Just take a look at the statistics and a portion of the community's history. While there was clearly a downturn in the local economy and demographics, our local Credit Union experienced significant growth and expansion. Sixty years of providing relevant products and services and also being a generous contributor to the local community is definitely something to celebrate!

The core processing conversion was completed in November 2015. Even though we were very prepared for all the changes, 2016 was a year of transition working through all the details that come with a completely new operating system. There were a number of learning and professional growth opportunities and lessons throughout the series of required procedural changes. Lindsay Beaty took on a major role, which increased her knowledge and helped prepare her for the CEO/President position. We are successfully working through the leadership transition.

Lindsay and the Board will continue to use sound Asset Liability Management Principles as we all keep our eyes on any movement and trends in the economy, specifically deposit and loan rates. Lincoln County Credit Union's financial position will allow the local financial cooperative to serve the membership and community well into the future.

I will always be grateful for the opportunity I was given to be involved with financial services. I have been able to live out a deep passion for the Credit Union Difference, helping people discover ways to improve their finances, and finding ways to partner with other organizations that serve our community!

Respectfully submitted,
Chari Lucas, Retired President

SUPERVISORY COMMITTEE

Report

The Supervisory Committee is charged with the audit function of the Credit Union. It is made up of three Lincoln County Credit Union volunteer members. Each member performs specific duties to verify regulations and policies are being followed. Some of the duties include: counting teller cash drawers, reviewing new accounts for Patriot Act Compliance, checking dormant accounts for suspicious activity, monitoring loan activity, and reviewing the reasons for account closures. The committee also contracts for the annual audit and performs the biennial member account verification.

WIPFLI was selected to conduct the annual audit to meet the National Credit Union Administration's requirements. The focus of the audit includes: verification of cash, bank reconciliations, investments, general ledgers, reserve accounts, lending and allowance for loan losses, wire transfers, employee and official's accounts, Bank Secrecy Act, ACH Audit, Red Flag/Identity Theft Program, and the Patriot Act.

The State of Montana and Division of Banking and Financial Institution also conducted a regulatory risk focused examination. The purpose of the exam is to assess the financial and operating condition of the Credit Union over seven risk categories. Lincoln County Credit Union is well capitalized with strong earnings and is positioned well to continue to provide financial products and quality service to our members well into the future, even with today's economic challenges.

Respectfully submitted,
Keith Ivers, Chairman

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



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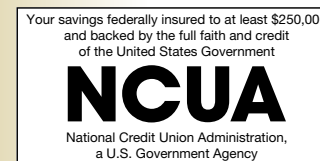
Rosauer's Grocery Store
293-4275
Open 6 days a week

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



Annual Report

2016



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

2016 ANNUAL MEETING *Minutes*

The Annual Meeting of Lincoln County Credit Union was held in the Credit Union's Community Room.

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 2015 Annual Meeting. It was moved and seconded to approve the minutes from the previous meeting. Motion carried. (Jon Reny/Verna Johnson)

Chairman Richardson introduced the Board and Supervisory Committee Members and thanked them for their volunteer service.

President's Report:

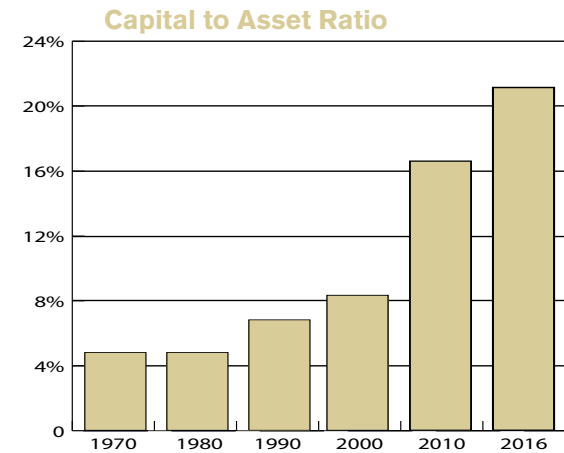
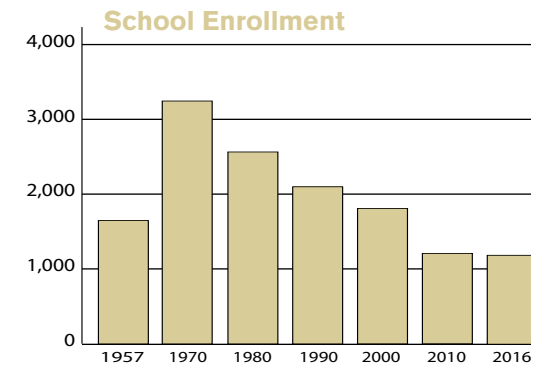
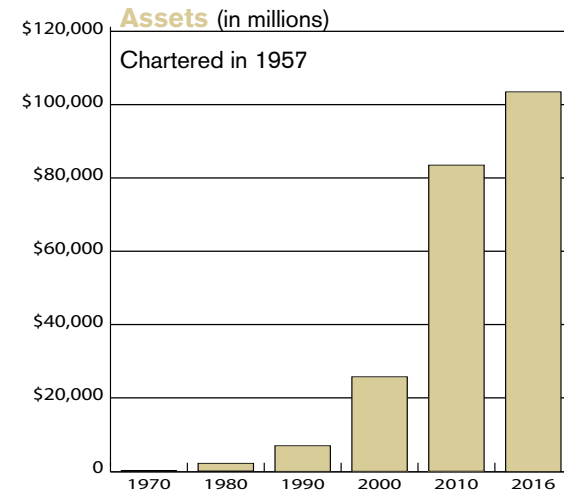
- ◆ We tried something completely different this year. The focus was on having a Member Appreciation Day. A food truck was in the Credit Union parking lot throughout the day for members to enjoy lunch or dinner. A total of 264 members participated. Each member received a written report, a large cooler and got entered into a drawing for a total of 15 cash share deposits totaling \$1,000.
- ◆ Thanks and appreciation for the members that stayed for the business meeting.
- ◆ New e-alerts have been added for account transactions and balances. Members were encouraged to sign up to receive the notices.
- ◆ Remote Deposit Capture is now available. This service allows members to take a picture of a check on a smart phone and electronically deposit it to an account.

- ◆ Over the years, we have continued to offer the products and services the members want and the Credit Union is financially strong. In the midst of a troubled local economy, we have a lot to be thankful for!
- ◆ The past 12 months were intense going through the core processing conversion. A special recognition was given to Lori Damon and Lindsay Beaty for working with the staff through all the changes. Chari is super proud of all of the staff and how engaged they were through the whole process. Tina, the intern from China, was introduced. She is a bright young lady and was a huge help throughout the Membership Appreciation Day.
- ◆ The BIG DIFFERENCE in the Credit Union is that we have a volunteer board and supervisory committee compared to for-profit banks and financial institutions that are owned by stockholders.
- ◆ This local financial cooperative is what makes us exist for this community!

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 Roy Richardson and Lydia Mysse. They are both willing to serve another term.

Respectfully submitted,
Jon Reny, Secretary Roy Richardson, Chairman

STATISTICS



HISTORIC *Timeline*

Items in Blue were Major Business Changes

