

Vermillion FEDERAL CREDIT UNION



2017 Report 58th Annual Meeting

Thursday, April 12, 2018



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The mission of Vermillion Federal Credit Union,
through member ownership and involvement,
is to provide financial services in a professional and responsive
manner, reflecting the credit union philosophy,
“People Helping People”.

Vermillion Federal Credit Union
58th Annual Meeting
April 12, 2018
4:00 pm

AGENDA

Meeting called to order by President, Cathi Powell BOD

Minutes of 2017 Annual Meeting

Treasurer's Report by David Moen, Treasurer BOD

Supervisory Committee Report
by Deb Larson, Supervisory Committee Chair

Loan Report
by Jamie Neitzke, Loan Officer

President's Report by Cathi Powell, President BOD

CEO's Report by Janet Mount

Old Business

New Business

Election of Officers

Adjournment

BOARD OF DIRECTORS

President	Cathi Powell	Term Expires 2018* Volunteer since 1996
Vice President	Lisa Terwilliger	Term Expires 2018* Volunteer since 2013
Treasurer	David Moen	Term Expires 2020 Volunteer since 2013
Secretary	Ruth Bremer	Term Expires 2020 Volunteer since 1999
Compliance/Security	Patty Larsen	Term Expires 2020 Volunteer since 2016
Marketing/Operations	Leslie Buryanek	Term Expires 2019 Volunteer since 2016
Personnel Director	Aaron Fader	Term Expires 2019 Volunteer since 2006

SUPERVISORY COMMITTEE

Chair	Deb Larson	Volunteer since 1998
Member	Kevin Loftus	Volunteer since 2009
Member	Teresa Chasing Hawk	Volunteer since 2015

* Term Expires

Minutes of the 57th Annual Meeting

The 57th Annual Meeting of the Vermillion Federal Credit Union was held Wednesday, April 19, 2017 at the Credit Union.

President Powell called the meeting to order at 4:00 pm with 17 members in attendance. She asked if everyone had read the minutes of last year's annual meeting and called for any additions or corrections to those minutes. Bremer made a motion to dispense with reading the minutes aloud and accept them as written. 2nd by Larson. Motion carried.

David Moen presented the Treasurer's Report. Moen reported that there was an 0.85% increase in assets from 2015 to 2016. Going back for the past 5 years there has been a 39% growth in assets. He noted that approximately 43% of our membership have loans and our loan to share ratio at the end of 2016 was 56.87%. He commented that Prompt Corrective Action (PCA) ratio was 11.63% which is within our business plan of 11% to 13%. Moen reported that for the seventh year in a row, we were able to give a dividend rebate in December as a way of thanking our members. Moen pointed out that the Income Statement on page of 8 of the annual meeting book had a typo. Dividend expenses should be \$27,384.34 instead of \$21,384.34 resulting in a net profit of \$80,475.76. Motion to approve the Treasurer's Report was made by Buryanek and 2nd by Terwilliger. There was no discussion, motion carried.

Supervisory Report was given by Deb Larson. She noted the committee meets 6 times per year. She has been on the committee since 1998, Loftus has been on since 2009 and volunteer Teresa Chasing Hawk attended her first meeting in January 2016. Larson stated Supervisory committee would report any finding from auditors or any concerns that the committee has to the Board of Directors. She mentioned that a list of some the things the committee reviews at their meetings are written in the annual meeting book. She asked if there were questions, there were none. Motion to approve the Supervisory Committee Report was made by Buryanek, 2nd by Moen. There was no discussion, motion carried.

Loan Report was given by Loan Officer, Jamie Neitzke. Neitzke covered the loan officer report and referenced the charts available in the Annual Meeting Report booklet. She mentioned that we had increased the number of loans written from 2015 to 2016, that the board had offered the holiday loans and loan skips and how much the members really seem to like those, and we continue our relationship with CU Mortgage Direct. Joe and Audrey Gillen were in attendance to attest to how easy it was to work with CU Mortgage Direct. Neitzke also talked some about the new indirect lending and there was lots of work to get it started but the first application seems to have worked very easily. Mount asked Neitzke about the number of turndown loans for 2016. The number seems a little on the high side for us because we really try to work and approve as many loans as we can. Motion to approve the loan report was made by Larsen, 2nd by Fader. There was no discussion, motion carried.

Cathi Powell gave the President's Report. She commented that each month when the Board meets, there are discussions on how best to maintain the financial stability of the credit union while meeting the member's needs and giving them the best pricing for financial services. She thanked Doug Brunick who resigned from the Board in November 2016 for his nearly 6 years of volunteerism. She welcomed Patty Larsen who had agreed to fill out his term and to seek re-election. Powell mentioned that Andy Kronaizl was hired in April 2016 as the Marketing Director, Tech Support and Member Services. She noted we continue to be a part of NAFCU, CUNA, UMACHA and that we now also belong to Corporate Central. She thanked Lisa and Phil Terwilliger, Teresa and Dale Chasing Hawk as well as Andy and Carolyn for representing us at the Chamber of Commerce annual meeting. Motion to approve made by Fader, 2nd by Buryanek. There was no discussion, motion carried.

President Powell called for the CEO's Report. Mount said her annual report was in the meeting booklet but there were a few updates to pass along. ACH regulations have changed and instead of receiving ACH transmissions once a day, right now we receive them in the morning, but also deposits again in the afternoon. In September that will be updated to include ACH withdrawals in the afternoon as well. We are actively working on getting Remote Deposit Capture (RDC) up and running, there is more paperwork to be done and contracts to sign but it is in progress. Our current relationship with SCFCU is changing, but exactly what the changes will be is yet to be determined, including surcharge free ATM machines that SCFCU owns. CU Mortgage Direct is buying back all the loans they have ever done and will have them in Sioux Falls. Members can now make their mortgage payments to VFCU and we will transmit to CUMD. We are also seriously looking into entering into a relationship with a company name Patelco in order to offer business loans. There were no questions. Motion to approve was made by Larson 2nd by Terwilliger. There was no further discussion, motion carried.

President Powell called for any old business, there was not any. Powell called for any new business, there was not any. Powell introduced the candidates for Board of Directors: David Moen, Ruth Bremer, and Patty Larsen. Nominating committee representative Terwilliger reported there were no further nominations. Powell three times asked if there were any nominations from the floor. There were none. Kronaizl called for nominations to cease and to approve the slate of candidates, 2nd Iverson. Motion carried. The elections were unanimous.

With no further discussion President Powell called for a motion to adjourn the meeting at 4:31 p.m. Motion made by Joe Gillen, 2nd Neitzke. Motion carried.

Cathi Powell, President

Ruth Bremer, Secretary

Treasurer's Report

On January 1, 2017 our asset size was \$16.811 million and at year end our assets were \$17.022 million. In 2017 membership grew from 2376 to 2422. Loan demand also increased. Loans grew from a total of 1033 outstanding at the end of 2016 with an outstanding balance of \$8,305,262 to 1074 loans outstanding with a balance of \$9,093,823. This represents a 9.5% growth in the outstanding loan balance during the past year. The average loan balance was \$8,467. Approximately 44% of the membership has a loan.

Delinquency is monitored daily by the staff and monthly by the board of directors. In this industry, charge offs are a part of how we function and we are positioned to absorb those losses. In 2017 there was \$13,373 in loans charged off, with recoveries of \$3,871. Net loss on loans was \$9,502.

The PCA (Prompt Corrective Action) ratio shows the balance of regular reserves plus undivided earnings divided by total assets. The beginning of the year ratio was 11.63% and the end of the year 12.07%. Our business plan is for this ratio to be between 11% and 13%. The significance of this figure is to show the stability and efficiency of the credit union. If this ratio is low it means that the credit union is not working as efficiently as it should be and conditions need to be altered to improve the financial condition. If this ratio is too high it means that too much money is being reserved. The higher the ratio the better position the credit union is in to do things like increase share rates, add services or upgrade services already in place. This capital ratio remains well above the 7% minimum standard set by the National Credit Union Administration.

Patronage dividends were declared and paid again in December. After these were paid the net profit for the year was \$98,597. Future projections show the credit union continuing to be successful.

	Dec 2013	Dec 2014	Dec 2015	Dec 2016	Dec 2017	Business Plan:	Peers: Sept 2017
Assets	\$15,306,619	\$15,920,518	\$16,671,083	\$16,811,837	\$17,022,294		
Loan/Shares	44.91%	43.84%	51.40%	56.88%	61.82%		58.06%
Delinquency	0.08%	0.33%	0.20%	0.95%	0.23%	<1.5%	1.20%
Accounts	2243	2281	2290	2376	2422	To increase	
PCA ratio	11.35%	11.31%	11.25%	11.63%	12.07%	11 to 13%	12.62%
Capital/assets	11.34%	11.28%	11.18%	11.57%	11.90%	>10%	12.62%
Income	\$75,277	\$62,532	\$74,963	\$80,472	\$98,596	No sharp increase or decline	
Return on Assets	0.50%	0.40%	0.46%	0.50%	0.58%		0.29%

Respectfully submitted,

David Moen, Treasurer

Vermillion Federal Credit Union
Balance Sheet
12/31/2017

Assets

Current Period

Loans to Members	\$ 9,093,822.78
Allowance for Loan Losses	\$ (29,224.27)
Total Loans to Members	\$ 9,064,598.51
Cash and Cash Equivalents	\$ 434,301.18
Prepaid Accounts	\$ 42,072.91
Investments	\$ 6,614,753.05
NCUSIF	\$ 146,108.29
Land	\$ 45,361.60
Building	\$ 563,227.12
Equipment	\$ 65,466.56
Accrued Income	\$ 46,405.10
Total Assets:	\$ 17,022,294.32

Liabilities and Equity

Liabilities

Accounts Payable	\$ 14,674.02
Other Obligations (CPA, backup withholding, prop tax)	\$ 764.28
Accrued Employee Benefits	\$ 29,252.37
Draft Processing Exceptions	\$ 152,426.89
Shared Branching Settlement	\$ 1,439.13
Sub Total	\$ 198,556.69
Dividends Payable	\$ 3,151.40

Total Liabilities: \$ 201,708.09

Equity

Shares	\$ 8,990,435.90
Share Drafts	\$ 4,512,397.42
Total Certificates	\$ 1,208,217.21

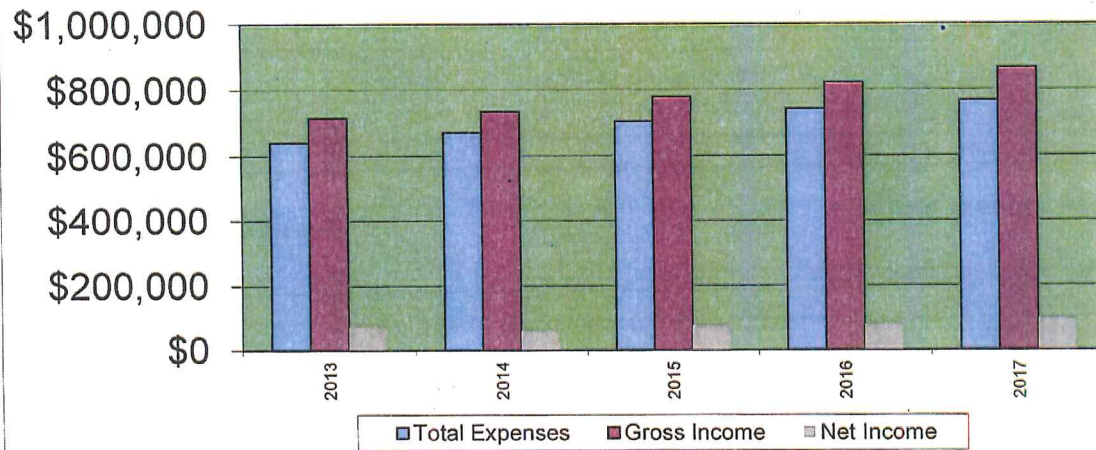
Member Deposits: \$ 14,711,050.53

Reserves

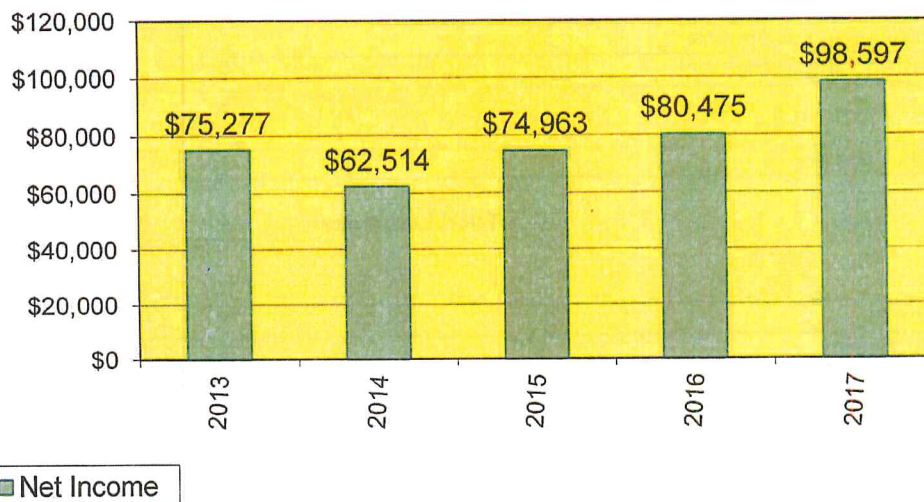
FMV of Investments	\$ 54,831.04
Regular Reserves	\$ 132,922.71
Undivided Earnings	\$ 1,921,781.95

Total Liabilities and Equity: \$ 17,022,294.32

Income, Expense, Profit



Income



Supervisory Committee Report

The duty of the Supervisory Committee is to act as an independent auditor. The committee is made up of three individuals. On the committee is Kevin Loftus who has volunteered since June 2009, Teresa Chasing Hawk who has volunteered beginning in February 2016, and I have been on since 1995.

Members having concerns in regard to their account balances may direct comments to the Supervisory Committee for review and action. The committee then reports to the Board of Directors. The Board of Directors keeps the Supervisory Committee informed on action taken.

The Supervisory Committee met for 6 regular monthly meetings during 2017, including once with NCUA and once with the CPA firm. A partial list of agendas for meetings included:

- Verifying member account balances (including staff and volunteers)
- Count cash
- Review loan files
- Verifying dividends paid
- Verifying credit union balances with statements
- Analysis of paid ahead loan reports
- Verifying fixed assets for proper reporting
- Verifying delinquency or charged-off accounts to assure regulation compliance

In April 2017 the National Credit Union Association (NCUA) was at the credit union to perform their annual exam for the period ending March 2017. Allan Reinders did not have any significant items of concern for Vermillion Federal Credit Union.

In February 2017 the CPA firm of Quam and Berglin performed their onsite portion of the audit as of the end of year 2016. It was an unmodified opinion audit performed to GAAP standards. There were no significant findings. The year end 2017 onsite portion of the audit was in January 2018.

The ACH audit was done in June 2017 by the compliance firm Vantage Point Solutions. There were no significant findings.

A Bank Secrecy/Anti-Money laundering audit was conducted in November 2017 by the Compliance Officer from the Credit Union Association Amy Kleinschmidt. A copy of the final report was given to the supervisory committee, NCUA and the CPA firm. There is always a need to stay up-to-date on laws and regulations concerning bank secrecy and anti-money laundering. The credit union is doing everything necessary to fulfill those obligations.

The annual SAFE audit was done by the Supervisory Committee in December.

Overall, Vermillion Federal Credit Union is doing well. The financial statements show a strong financial position with continuing strong, safe and sound practices.

Respectfully submitted,

Deborah Larson
Supervisory Chair

Loan Officer Report

In the year 2017, Vermillion Federal Credit Union experienced an increase in our amount of loans written. We wrote 616 new loans for a total of \$5.7 million as compared to 629 new loans for \$4.8 million in 2016. Of total loans outstanding at year-end our largest loan category by dollar amount was used vehicles with just over \$3.2 million. We also experienced some more loan growth in 2017 with \$789,000 more outstanding in loans at the end of the year compared to 2016.

The Board of Directors approved the holiday loan and holiday loan skip program in November, December and January again this year. We had 86 members do a new holiday loan and 112 members took advantage of the holiday loan skip.

This year added indirect lending with a local dealership. We received 34 applications through the new indirect option and added over \$320,000 in vehicle loans to our portfolio. We hope to see the indirect lending grow over the next year.

We are also continuing our relationship with CU Mortgage Direct. In 2017 we were able to participate in mortgage loans of over \$394,000 for our members. This program with CU Mortgage Direct allows the Credit Union to earn some interest for our members that are financing their mortgage with CU Mortgage Direct. It is a great program for both the Credit Union and our members. With all the construction loans we have going this coming spring, we hope to increase our participation loans.

I have continued my volunteer role on the board for the local chapter of Junior Achievement and as a Brownie Girl Scout troop leader. Junior Achievement offers programs in the classrooms of our community schools teaching kids about financial literacy, entrepreneurship, and work readiness. I was able to teach a 2nd grade class about what makes up our community and how money moves through the community.

Overall, it is a great to see our members utilizing our loan services. We will work to ensure that this trend continues in the years to come.

Respectfully submitted,

Jamie Neitzke
Loan Officer

Vermillion Federal Credit Union
Loan Officer Report
January 1, 2017 through December 31, 2017

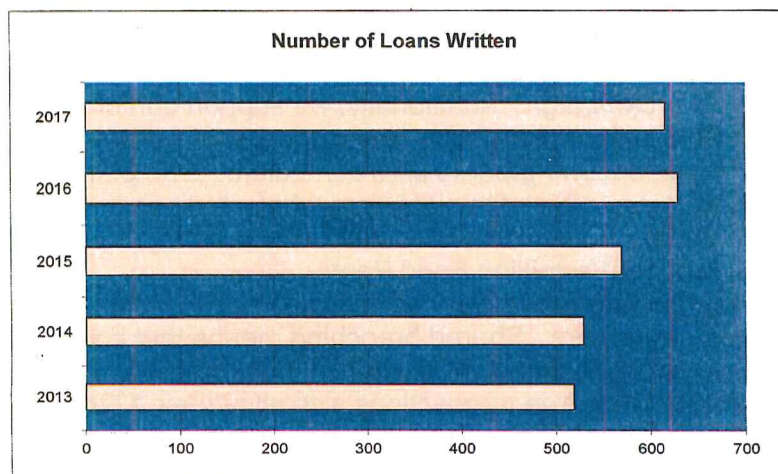
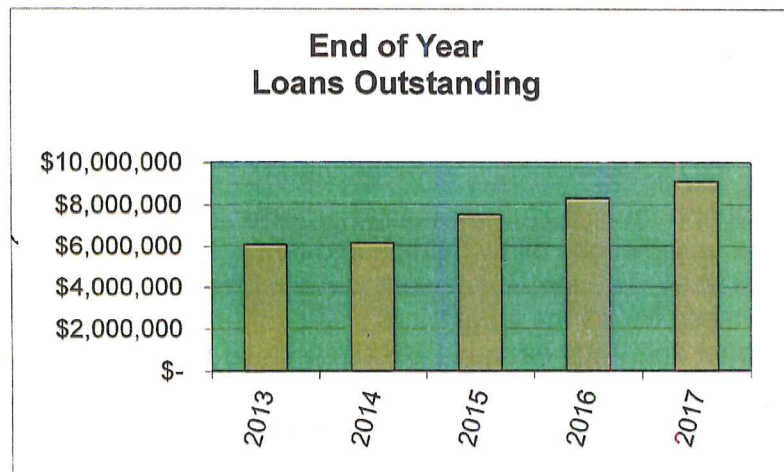
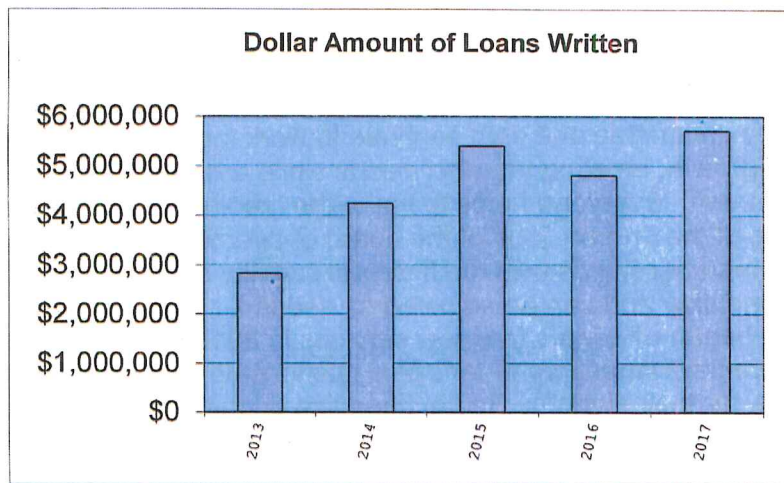
2017 YEAR TO DATE APPROVED			2016 YTD APPROVED		
# LOANS	TYPE OF LOANS	\$ IN LOANS	# LOANS	\$ IN LOANS	
156	SIGNATURE	\$ 391,333.12	197	\$ 541,321.42	
197	USED VEHICLE	\$ 2,041,061.86	191	\$ 1,907,507.30	
26	NEW VEHICLE	\$ 796,256.20	10	\$ 318,230.00	
8	SHARE SECURED	\$ 68,080.00	7	\$ 67,750.00	
43	RECREATIONAL	\$ 450,854.00	48	\$ 446,879.00	
14	OVERDRAFT	\$ 6,430.00	13	\$ 6,815.00	
124	HOLIDAY/CHRISTMAS	\$ 180,344.00	112	\$ 176,689.00	
12	FIRST MORTGAGES	\$ 1,342,745.00	10	\$ 702,168.00	
8	SECOND MORTGAGES	\$ 157,125.00	9	\$ 242,711.00	
1	REAL ESTATE - COMMERCIAL	\$ 40,000.00	2	\$ 63,300.00	
7	BUSINESS - NON-REAL ESTATE	\$ 181,401.00	9	\$ 253,260.00	
2	MOBILE HOME	\$ 31,179.00	4	\$ 53,646.00	
18	CREDIT CARDS	\$ 18,300.00	17	\$ 20,100.00	
=====					
616	Subtotal	\$ 5,705,109.18	629	\$ 4,800,376.72	
	Student Loans				
616	Grand Total	\$ 5,705,109.18	629	\$ 4,800,376.72	

164	TURNDOWNS	
38	EXTENTIONS	
34	LOAN MODIFICATIONS	
4	PARTICIPATION MORTGAGES	\$394,812.00
5	PARTICIPATION MTGS REPAID	\$545,040.00
21	INDIRECT LOANS	
15	LOANS WRITTEN OFF	\$17,389.88
9	LOANS RECOVERED	\$3,871.17

616	Written in 2017	\$5,705,109.18
629	Written in 2016	\$4,800,376.72
569	Written in 2015	\$5,393,896.88
529	Written in 2014	\$4,237,358.56
519	Written in 2013	\$2,820,327.21
478	Written in 2012	\$3,572,833.98
529	Written in 2011	\$4,024,302.58
	(Does not include student loans)	

Loans written since origination	\$86,624,825.72
Loans charged off since origination	\$322,176.84
Recoveries since origination	\$91,936.13
Net charge offs since origination	\$230,240.71

Delinquent on 12/31/17	\$20,945.35
Current on 12/31/17	\$9,072,877.43



President's Report

As the Credit Union celebrates its 58th annual meeting, the Board of Directors, supervisory committee and staff continue to work together to assure your credit union's continued growth, meeting member needs while assuring financial stability. Thank you to each of them. Everyone helps to make the credit union successful.

One of the primary jobs of the board of directors is to set the rates and fees while balancing member needs with the financial stability of the credit union. Rates are reviewed monthly and can be adjusted as needed.

We began offering a few new services in 2017. The first was Indirect Lending. This is a program where we enter into a relationship with a car dealer, allowing the opportunity for their customer to get financing on their vehicle. When they get a customer who wants to buy a car, they enter the data into a software program and the loan comes to us for approval. It works very well. In 2018 we plan to start relationships with more dealers. The second new service is remote deposit capture (RDC). With this, members simply need to sign up, take a photo of the check they want to deposit and send it to us. No need to drop it in the mail or make a trip to the credit union. It's super convenient and free to use.

Membership to the National Association of Federal Credit Union (NAFCU) and to the Credit Union Association of the Dakotas (CUAD & CUAD) and the Upper Midwest Clearing Automated House Association (UMACHA) were renewed in 2017. In addition to belonging to Alloya Corporate FCU, we also belong to Corporate Central which gives us additional opportunities for services to provide to our members as well as compliance help. These associations allow training and educational opportunities on both a state and national level. In June, Janet went to Hawaii for NAFCU's annual meeting. It is a great opportunity to see the industry as a whole from inside and on the outside of South Dakota. Janet and Andy attended CUAD's annual Summit in Deadwood last April. It is a perfect opportunity to meet with other credit unions throughout South Dakota and North Dakota. So many issues (such as compliance) are common to each of us within the States of North and South Dakota that getting together is essential to be able to meet others so that later you can reach out to problem solve. Our membership with the Chamber of Commerce and the WH Over Museum continue. In 2017 the credit union purchased a table at the Chamber annual meeting, which allowed a total of 8 people the opportunity to attend that event and represent the credit union.

We continued our commitment to the City of Vermillion by donating to the Vermillion Now II campaign. Additionally, we support Junior Achievement (JA) with not only monetary donations, but Jamie is on their Board of Directors and Janet and Jamie volunteer to teach second graders JA's curriculum. One of the main areas of focus for JA is financial literacy which fits nicely into what we do as a credit union. Among the many donations they include Heartland Humane Society, Vermillion Fire Department, United Way, and the Vermillion Food Pantry.

Shared branching with Services Center FCU in Yankton is still available and has benefited many members. Shared branching means that if you are in Yankton, Springfield, or Parkston and want to deposit or withdraw cash, you can go to their Credit Union. It also provides free transactions with all of their ATM's. In addition, we have agreements with Sioux Empire FCU to use their five ATM's in Sioux Falls and with Palace City FCU in Mitchell to use their ATM surcharge free. That's a total of 28

surcharge free ATM's our members have access to. In 2018 we are optimistic that we will be able to reach an agreement with many other credit unions that have the same software provider that we have. The opportunity for our members to be able to walk into a credit union in Sioux Falls, Aberdeen or Rapid City for example and perform any transaction on their account is very exciting. Imagine being on vacation in Rapid City and you lose your debit card. What are you going to do for cash? When we get that agreement in place, you can walk into the credit union in Rapid City and get cash out of your account as if you were standing in VFCU's lobby. We feel this is step one; looking down the road we are optimistic we can do this with credit unions all over the country.

Our continued relationship with CU Mortgage Direct from Sioux Falls, SD is providing an avenue for our members to obtain a feasible mortgage. The applications are faxed or completed online with CU Mortgage Direct, with our credit union providing the support needed to help the process work smoothly. These mortgages are able to be sold on the secondary market allowing our members the opportunity to get the best rates available from the market. Our construction loan policy provides the ability to help our members build a new home and then work with CU Mortgage Direct to get long term financing. We are so happy with our relationship with CU Mortgage Direct that we have made a \$50,000 investment with them.

The Christmas in July and the Holiday loan programs were offered again in 2017. Offering a lower rate or the ability to defer a payment in order to make more of your hard-earned dollars available to you will remain a goal of the Board of Directors. We made the holidays a bit brighter this year by giving extra cash at the ATM machines in Vermillion. Instead of a \$20 bill or a \$5 bill when asking for cash, a \$50 or \$10 bill may have been disbursed. SURPRISE and HAPPY HOLIDAYS to those who were lucky enough to get them!!!

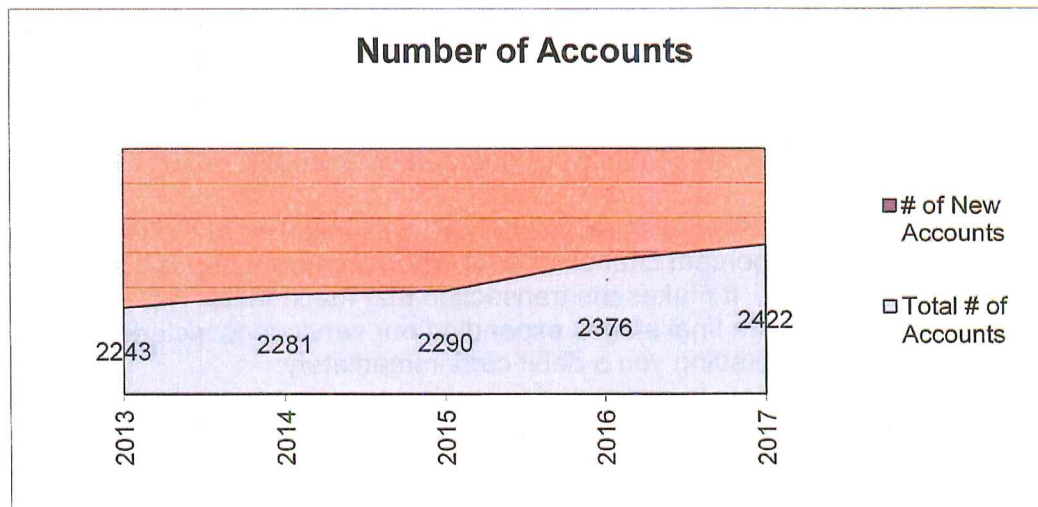
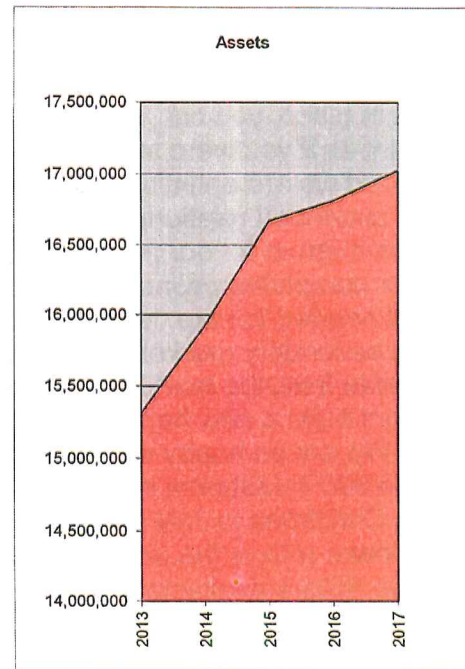
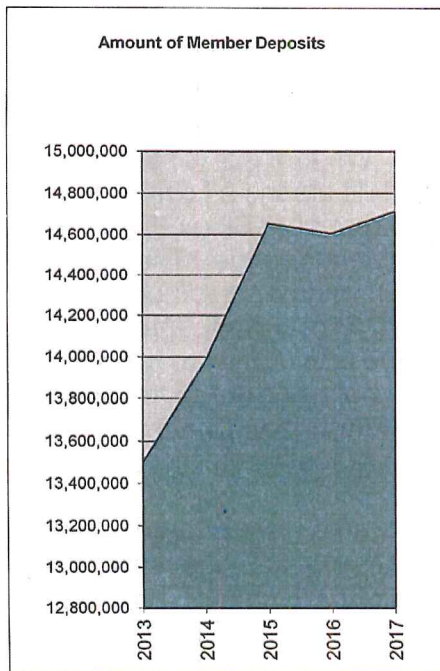
Since 2010 VFCU has been able to give back to the members in the form of an extra dividend and an interest rebate. A bonus dividend was paid on saving and an interest rebate dividend was paid to qualifying members in the form of a deposit to their saving account. It is a very small way we can say thanks for being a member and that we are here to help you succeed. While not guaranteed annually, in 2017 it was possible.

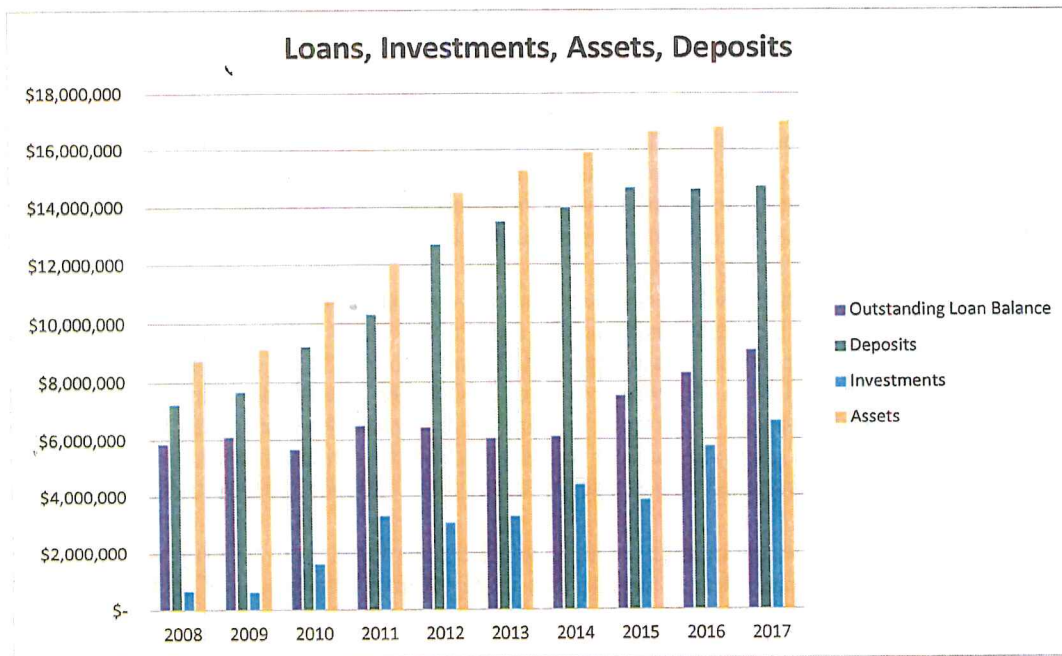
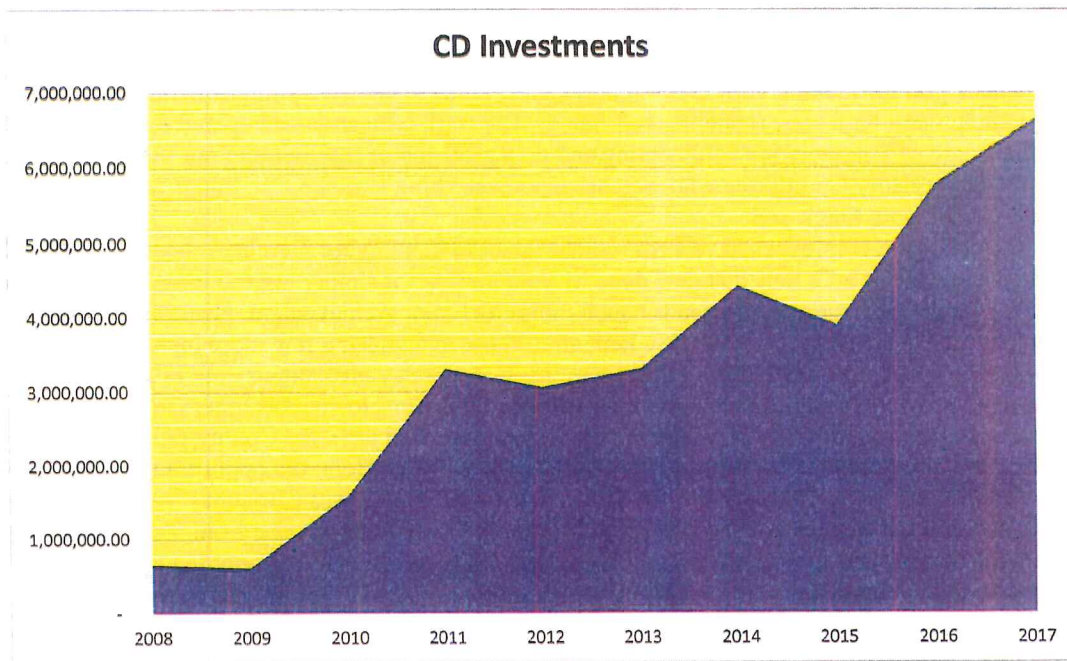
In February, a new teller cash recycler (TCR) was installed at the credit union. There is a fraction of one percent chance of error when members deposit or receive cash to/from their account. It makes the transaction that much faster too. Planning ahead, in 2018 we are in the final stages expanding our services to include being able to offer business loans, and issuing you a debit card immediately.

Your board of directors is committed to making sure that this is just the beginning, and is confident that Vermillion Federal Credit Union will be able to meet the needs of our members far into the future.

Respectfully submitted,

Cathi Powell
President, Board of Directors





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CEO Report

Thank you for making your credit union a great place to be. Everyone from our members who trust us to help them with their financial well-being. The staff, who are amazing and everyday are here to help. The Board of Directors for volunteering and do a great job of representing our members. Last but not least is Supervisory Committee who watches over everything to make sure things are being done correctly. Thank you, thank you.

Credit Union employees have a real commitment to helping our members succeed. I started to list all of the volunteer activities that gets done by your staff but it simply got too long. For years among many other things we have volunteered for such things as Junior Achievement, Heartland Humane Society and the Food Pantry. This year we kept all of those and added a few more including helping at the Shakespeare Festival, financial literacy presentations, move in day on Campus, and ringing the bell for the Salvation Army. We each spent some time attending functions to support others in the community such as ribbon cuttings, the annual VCDC banquet, and a booth at the Clay County fair. The theatre in Vermillion is closed on Monday night but is available for rent. We took the opportunity to rent it two times. The first we showed Beauty and the Beast, the second time it was Christmas Vacation. Many of the staff attended the movies too and took the opportunity to welcome anyone from Vermillion who attended and thanked them when they left. What would the year be without ongoing training? Everyone at the credit union attended training for one thing or another in 2017. Thank you so much to each of them, their commitment to success shows every day.

Andy stepped up the advertising in 2017. If you have not seen our new commercials yet, go to our website and watch them. They have a great message and are done so in such a way that it makes you smile. Facebook is updated often, and by the number of followers we have it's a great way to get our message out. Andy left the credit union in early March 2018. After getting his masters' degree, he wanted to find out about living and working outside of Vermillion and is following that pursuit. Good luck to Andy.

Jamie jumped into Indirect Lending in 2017. First, she had to learn the rules to the program, then set the perimeters and then solidify the relationships with dealers. The reward for that is it creates more work to do. It's worth it to help our members with their finances. In 2018 she plans to expand the program to include more dealers. That of course means her co-workers are stepping up their game to give her the time she needs to get things rolling.

Remote Deposit Capture (RDC) is a huge success--as it should be. What a great service! Not that we don't like to see you but who wants to make a trip to the credit union or get an envelope ready when you can simply take a picture of your deposit and send it to us. Super convenient!

International Credit Union Day was celebrated in October. Thanks to Tom Hagenbuch for again catering hamburgers and hotdogs. Other than the wind we had good weather for the approximately 100 people who showed up. I'm guessing some of the napkins ended up in another county, but the food was really good. It's always so much fun to use that day to say thanks to members for trusting us with your finances.

We were able to give a patronage dividend and interest rebate again in 2017. It's nice at the end of a successful year to say thanks to our members by giving them a little bonus. This time we paid out over \$17,000. One of my favorite things to do each year is put extra money in the ATM's at Christmas time. Instead of getting a \$20 bill, you could get a \$50 bill. Merry Christmas! On top of that if you bring it in and let us take your photo to put on Facebook, we will give you another \$20. Who doesn't want free money?

We had to start our first foreclosure process on a member in 2017. It was such a terrible thing to have to do. Many things can lead to this unfortunate situation. A member loses their job due to downsizing, or maybe an illness. We don't want them to lose their home too and will work with them to lower payments or whatever else might help. But sometimes there is not a solution. I felt bad having to take these steps when another solution could not be found. However, the bottom line is that the member

owes his fellow members their money back and we have an obligation to collect it. In this case, they were able to sell their house, payoff the loan and had a little extra for a small nest egg to start again. I do not believe that any of our members borrow money with the intent of getting away with something. I believe they truly plan to pay it back but life happens and one little bump takes away their ability to do so. We will work with you, but there are consequences if the loan becomes delinquent.

I take a minute to think about how successful 2017 was, but then quickly move on to the excitement of 2018 and what is coming. We are about to offer business/commercial loans. There is a great demand for this type of loan and we are in a position to provide it, so let's do it! We have also started looking into a rewards program for all of our members. You will earn points for just doing everyday things such as using your debit card, or referring a friend. There are details to be worked out but it is coming. By the time of the annual meeting we will have started what is called an "immediate issue" program with our debit cards. In the past when you wanted a debit card, or your card needed to be replaced it would take about a week for you to get your new card. With this program you can have a card in hand when you leave the lobby.

Thank you for making your credit union such a great place to be a part of. Together we will continue to live up to our commitment of serving our members. As it says on the first page of this booklet - The mission of Vermillion Federal Credit Union through member ownership and involvement is to provide financial services in a professional and responsive manner, reflecting the credit union philosophy "People Helping People". This quest will remain our priority in the things we do for the many, many years ahead.

Respectfully Submitted,

Janet Mount, CEO

BOARD OF DIRECTORS CANDIDATES

Cathi Powell has been employed at the Clay County Treasurer's office since 1979, serving as the Treasurer since 1993. She has been serving on the VFCU Board for 18 years and would like to continue helping the credit union grow and succeed by continuing her role as director.

Lisa Terwilliger currently works for the City of Vermillion as a utility billing clerk. Prior to this she worked for 8 years at the Sanford Vermillion Medical Center in Physical Therapy as the rehab coordinator. Lisa and her husband Phil live in Vermillion with their 2 children Maggie (8) and Fred (5). In her spare time (about 20 minutes of it) she enjoys being a girl scout leader and driving kids to dance!

Lisa has been a resident of Vermillion since 2005 and joined the credit union a few days after her arrival. She and her family have even been in a credit union commercial! She has been on the board since June 2013 and hopes that she can continue to be part of the credit union's growth and improvement she expects to see in the coming years.