

EATON FAMILY CREDIT UNION

# 2019 ANNUAL REPORT

YOUR  
*Success*  
OUR  
*Goal*



## OUR MISSION

To be our Owner/Members' preferred source for financial products and services by meeting the growing and changing needs of the membership while maintaining a position of financial strength.

## AGENDA

ANNUAL MEETING

Barbara Jackson  
Call Meeting to Order  
Introductions  
Reading & Approval of Last Annual Meeting Minutes  
Treasurer's Report  
Loan Department Report  
Supervisory Committee Report  
Nominating Committee Report

Mike Losneck  
Staff Recognition  
Barbara Jackson  
Old Business  
New Business  
Open Discussion  
Adjourn  
Door Prizes

## MESSAGE FROM THE BOARD OF DIRECTORS

Dear Credit Union Member:

I would like to welcome you to the Eaton Family Credit Union annual meeting.

It gives me great pleasure to advise you that 2019 was another year of solid performance and profitability. As a direct result of the outstanding efforts of our Credit Union staff, we have been able to achieve significant results. In addition, we continue to roll out technology to enhance your access to mobile services.

As you can readily see, we continue to engage strategies that foster a financially sound Credit Union to assure we are able to offer quality products and services so that we can continue to be your primary financial services provider. You, our loyal Members, are the most important part of the Eaton Family Credit Union.

On behalf of the Board of Directors, Supervisory Committee and staff, thank you for your continued support and participation as we strive for an even stronger financial services organization.

Sincerely,

Barbara J. Jackson  
Chairperson, Board of Directors

## TREASURER'S REPORT

Eaton Family Credit Union had another strong year in 2019. To increase liquidity we intentionally decreased the loan portfolio. During 2019 the loan portfolio decreased by \$2,502,448, as expected and improved overall liquidity. At the end of 2019 the total outstanding loan balance was \$37,859,973. Of all the individual loan types the HELOCs, Share Secured and Line of Credit loans had the largest increases. Total share balances increased during 2019 by \$1,411,113. This was an increase of 2.56% above the 2018 balances. At the end of 2019 the total share balance was \$56,468,284. Regular Certificate accounts, Regular Share accounts and IRA Certificate accounts had the largest increases during 2019.

Delinquency moved lower during 2019. At year end the delinquent ratio was 1.49%. During 2019 the allowance for loan loss account was funded with an addition of \$585,537. Net charge offs were greater at \$793,437 for 2019.

Total income continued to be strong and stable during 2019. We continue to work on keeping expenses as low as possible and maintaining income levels to support our operating expenses. At year end \$108,231 in net income was added to the capital base of the credit union, which helped to maintain our net capital at 10.66% as the assets of the credit union were growing.

At year end our total membership was at 12,952. During the year we added 915 new members and closed 1,522 resulting in a net membership loss of 607 for 2019.

Total assets at year-end were \$63,889,108.

Respectfully submitted,  
Mike Losneck  
Treasurer

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## LOAN DEPARTMENT REPORT

During 2019, the Loan Department received 1,918 new requests for credit in the amount of \$20,030,282. Of these requests, 934 were approved for a total dollar amount of \$9,838,201. There were 984 declined for a total dollar amount of \$10,192,081. This is an approval rate of 48.7%. Of the total dollar amount approved, \$8,344,327 or 84.8% were secured by collateral. Of these collateralized loans, \$2,872,581 or 34.4% were secured by a first or second mortgage. Of the total dollar amount of loans declined, \$9,747,015 or 95.6% were secured by collateral and \$445,066 was unsecured.

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## INCOME AND EXPENSES

	2018	2019
<b>Interest Income</b>		
Interest Income on Loans	2,360,689	2,392,657
Interest Income on Investments	471,194	477,579
Other Income	956,329	975,405
<b>Total Income</b>	<b>3,788,212</b>	<b>3,845,641</b>
Dividend Expense	265,817	402,402
Net Interest Income	3,522,395	3,443,239
Less provision for loan losses	432,591	585,537
Net interest income after provision for loan losses	<b>3,089,804</b>	<b>2,857,702</b>
<b>Operating Expenses</b>		
Compensation	1,201,059	1,114,027
Employee Benefits	234,945	242,752
Travel & Conference	10,119	8,647
Association Dues	18,581	21,509
Office Occupancy Costs	102,730	82,408
Office Operation Costs	327,004	307,734
Depreciation	19,059	16,564
ATM Program Costs	33,379	31,506
Checking Program Costs	4,764	2,977
Debit Card Program Costs	154,807	172,383
IRA Program Costs	4,634	3,152
Training Expense	2,790	2,085
Marketing Expense	39,487	21,263
Loan Servicing Expense	221,205	208,773
VISA Program Costs	76,752	88,467
Lending Center Costs	19,257	15,059
Mortgage Services Program	49,038	55,394
Outside Service Expense	332,621	287,729
Exam/Audit Expense	13,276	17,964
Cash Over/Short	926	4,791
Annual Meeting Expense	5,296	6,000
Miscellaneous Expense	38,080	33,025
<b>Total Operating Expense</b>	<b>2,909,809</b>	<b>2,744,209.49</b>
<b>Non Operating Income (Expense)</b>	<b>(8,925)</b>	<b>(5,261)</b>
<b>Net Profit</b>	<b>171,070</b>	<b>108,231</b>

## BALANCE SHEET

	2018	2019
<b>ASSETS</b>		
TOTAL LOANS	\$40,362,421	\$37,859,973
Allowance for loan loss	(756,902)	(510,636)
<b>Net Loans</b>	<b>39,605,519</b>	<b>37,349,337</b>
RECEIVABLES	69	(547)
CASH	728,239	1,302,134
INVESTMENTS		
Overnight Investments	2,309,905	4,133,755
Certificates of Deposit	14,661,536	15,576,824
Investments available for sale	3,572,404	3,585,933
Corporate One Capitalization	395,227	395,227
NCUA Share Insurance Fund	588,473	590,863
<b>Net Investments</b>	<b>21,527,545</b>	<b>24,282,602</b>
<b>OTHER ASSETS</b>		
Fixed Assets	441,182	438,223
Prepaid Expenses	339,489	282,351
Accrued Loan Income	81,931	76,862
Accrued Investment Income	69,604	57,446
Other Assets	84,700	100,700
<b>TOTAL OTHER ASSETS</b>	<b>1,016,906</b>	<b>955,582</b>
<b>TOTAL ASSETS</b>	<b>62,878,278</b>	<b>63,889,108</b>
<b>LIABILITIES</b>		
Accounts Payable	1,830,493	542,790
Accrued Expenses	70,868	65,558
<b>TOTAL LIABILITIES</b>	<b>1,901,361</b>	<b>608,348</b>
<b>EQUITY</b>		
MEMBER SHARES		
Regular Shares	22,375,790	22,809,186
Checking Accounts	7,713,252	7,622,182
Money Market Savings	8,073,252	8,000,564
Share Certificates	11,192,266	12,293,193
IRA Accounts	4,703,753	4,868,300
All Other Accounts	998,858	874,858
<b>TOTAL MEMBER SHARES</b>	<b>55,057,171</b>	<b>56,468,283</b>
<b>NET WORTH</b>		
Regular Reserves	1,474,204	1,474,204
Undivided Earnings	5,160,610	5,268,841
Unrealized Value/Loss On Investments	(715,068)	69,432
<b>TOTAL NET WORTH</b>	<b>5,919,746</b>	<b>6,812,477</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$62,878,278</b>	<b>63,889,108</b>



## Independent Auditor's Report

To the Board of Directors of  
Eaton Family Credit Union, Inc.

### **Report on the Financial Statements**

We have audited the accompanying statements of financial condition of Eaton Family Credit Union, Inc. as of June 30, 2019 and 2018 and the related statements of income and comprehensive income (loss), members' equity and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the credit union's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the credit union's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Eaton Family Credit Union, Inc. as of June 30, 2019 and 2018, 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.

*Lillie & Company LLC*

Sunbury, Ohio  
October 9, 2019

**Adding insight... Not just numbers.**

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## SUPERVISORY REPORT

The Supervisory Committee is comprised of volunteer members who independently evaluate the strength and soundness of the Credit Union's operations and activities. The Committee completes periodic reviews of the credit union including cash counts and loan file review. They also collaborate with the Board of Directors and employees of the credit union to ensure that Member assets are safeguarded by reviewing policies, procedures and regulatory requirements.

The Supervisory Committee retained the services of Lillie & Company LLC to perform the annual audit of the financial statements as of June 2019 and verify the balances of the member's accounts, and that adequate policies and procedures exist to protect EFCU resources. The audit also reviews governing regulations and policies to insure they are properly followed. The financial statements accurately reflect EFCU results of operation. Further, the Supervisory Committee has examined the financial statements as of December 31, 2019 and the printed statements fairly represent the financial position of the credit union in conformity with generally accepted accounting principals as defined by the American Institute of Certified Public Accountants.

The Supervisory Committee has again concluded that Eaton Family Credit Union remains a financially strong institution. We wish to express our appreciation to the Board of Directors, management and staff for their continued cooperation, compliance and dedication to making our Credit Union great for all Members.

Respectfully submitted,  
Denise Gruden  
Supervisory Committee

## NOMINATING COMMITTEE REPORT

Nominations for Board of Director positions were opened October 1, 2019. The deadline to receive applications was December 1, 2019.

There were three open positions. The open positions were the result of terms ending for three incumbent board members, Chris Jochum, Doris Yee and Marc Manburg. The Nominating Committee received and reviewed three re-election statements from Chris Jochum, Doris Yee and Marc Manburg. The Nominating Committee has approved all of these applications. No other applications were submitted.

A mail ballot to the membership to vote for Director Positions is not required when the number of nominees is equal to or less than the number of open positions.

Because all applications were reviewed and approved by the Nominating Committee, I am asking for a motion to accept the Nominating Committee Report and approve the three director applications from Chris Jochum, Doris Yee and Marc Manburg each serving a three year term.

Respectfully submitted,  
Barbara Jackson, Mike Losneck, Suresh Babu  
Nominating Committee

## **EATON FAMILY CREDIT UNION WOULD LIKE TO THANK ALL OF OUR ANNUAL MEETING DOOR PRIZE DONORS**

Action CARSTAR Auto Body and Frame Repair

Atlas Cinemas

ATM Solutions, Inc.

Bob Williams

Brick Capital Management, Inc.

Corporate One FCU

David DePaul

Doris Yee

Euclid Police Department

Evie Probert

Freedom Capital Group, LLC

Judith M. Kowalski, Attorney at Law

Lake County Captains

Lawrence Simon & Co.

Liberty Mutual

Lillie & Company

Mike Losneck

Our Town and All Around

Pat Briar

Pioneer Waterland & Dry Fun Park

Sam's Club #4846

Starfish Computer Corporation

Vivian Yeager

Warwick Communications

Woodside Mortgage

X Press Printing Services, Inc.

Zito Insurance Agency

**WE LOOK FORWARD TO GATHERING WITH OUR MEMBERS  
LATER THIS YEAR AND GIVING OUT ALL OUR DOOR PRIZES.  
PLEASE WATCH FOR UPDATES ON THE DATE AND LOCATION.**

## SERVICES OF YOUR CREDIT UNION

### Savings/Investment Accounts

- Savings Accounts
- Individual Retirement Accounts (IRAs)
- Money Market Accounts
- Holiday Clubs
- Term Share Certificates
- Young Savers (for members under 18)

### Convenient Products and Services

- Advantage Checking Accounts
- Overdraft Privilege
- Direct Deposit
- Payroll Deduction
- ATM/Debit Card
- Member Anytime Touch-tone Teller (MATT)
- Free Web Bill Pay/Home Banking/Mobile
- Shared Branching
- Prepaid Visa Gift Cards
- Identity Theft Protection
- Financial Planning
- Remote Capture
- My Mobile Money Access
- Mobile Wallets

### Loan Solutions

- Car, Boat & RV Loans (New & Used)
- Home Equity Loans
- Line-Of-Credit Loans
- Mortgage Loans
- GAP Protection/Extended Warranty Protection
- Depreciation Protection
- Signature Loans
- VISA Credit Cards
- 24/7 Loan Line
- 24/7 Internet Loan Approval
- Stretch Pay Loans
- Business Loans
- Summer & Holiday Loans
- Payment Protection

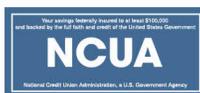


*Eaton Family*  
CREDIT UNION, INC.

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## OFFICIAL FAMILY BOARD OF DIRECTORS

**Barbara Jackson**, Chair  
**Marc Manberg**, Vice Chair  
**Evie Probert**, Secretary  
**Mike Losneck**, Treasurer  
**Suresh Babu**, Director  
**Chris Jochum**, Director  
**Dwayne Petish**, Director  
**Robert Santoro**, Director  
**Doris Yee**, Director  
**Robert Williams**, Associate Director

## SUPERVISORY COMMITTEE

**Denise Gruden**, Chair  
**Ralph Dinges**  
**James Gehlbach**  
**Eric Jackson**  
**Fred Orenics**  
**Tony Sanders**

## EUCLID OFFICE

Brent Binkley	Deborah Richards
Bianca Daniels	Chris Rivera
Terri Daso	Terry Shingledecker
Kenyita Hunt	Jasmine Simmons
Robyn Kudley	Kelly Slocum
Michael Losneck	Diane Toth
Clarissa Lumpkin	Mirjana Zovkic
Lori Penny	

## WILLOUGHBY HILLS OFFICE

Eric Ayers  
Andie Giunta  
Richard Toth  
Diane Verot

## SEARCY, ARKANSAS OFFICE

Lindsey Raney

## LINCOLN, ILLINOIS OFFICE

Ashley O'Neill  
Stephanie Morrow

## CORY UNITED METHODIST CHURCH

Kenyita Hunt  
Clarissa Lumpkin