

Family First Credit Union

1939

80th

2019

Anniversary

SMECU

FFCU

Saginaw Municipal Employees C.U.

80th Annual Meeting
March 2, 2019

Welcome to our Family...

Program

Social Time

4:30 P.M. – 5:00 P.M.

Introductions

Maurice Patterson - Chairman, Board of Directors

Elections

5:00 P.M.

Business Meeting

Minutes of the 79th Annual Meeting

Report of the Board of Directors

Report of the Treasurer

(Presented by Joseph Turner - Treasurer, Board of Directors)

Report of the Supervisory Committee

Report of the Credit Committee

New Business

Report of the Credentials Committee

City of Saginaw Proclamation - Family First Credit Union 80 years

Adjournment

Numbers of Interest

6,407 members strong

\$15,670,594.27 is the amount of loans made during the year

4,083 is the number of loans made during the year

145,790 is the total number of loans since organization

\$474,997,704.04 is the amount of total loans since organization

Mission Statement

Family First Credit Union provides a full range of financial products and services in a prompt and friendly manner.

Vision Statement

Family First Credit Union will be a safe and sound financial institution offering our members and potential members competitive products and services during their lifetime.

Core Values

PHILOSOPHY - We are a non-profit organization that believes in the credit union philosophy of “Members Helping Members”.

ETHICAL AND LEGAL BEHAVIOR - We conduct business with integrity, trust, privacy, confidentiality, accountability, and mutual respect.

MEMBER SERVICE - We provide our members with a high level of professional service and respect.

TEAMWORK - We work together to achieve common goals and evaluate our progress.

STAFF DEVELOPMENT - We provide guidance and motivation to our staff through communication, policy development, and education.

ADAPTIVE TO CHANGE - We are an organization that adapts to change to meet future challenges.

ORGANIZATIONAL GROWTH - We will provide future growth opportunities through innovation, performance and planning initiatives.

COMMUNITY SERVICE - We dedicate our time and resources to causes that make a difference in our communities.



Message from the CEO:



From the first member we served, in the basement of City Hall in 1939, to each new member we add to our family today, your Credit Union is committed to improving your financial success. To do so, we strive to stay innovative with technology, providing you secure access to your accounts 24 hours a day, 7 days a week.

Saginaw Municipal Employees Credit Union members will recall that in 2003 we expanded our field of membership and changed our name to Family First Credit Union. The community charter opened membership to all who live, work, or worship in Saginaw and Bay Counties.

In 2004 we opened our second location on Midland Road in Freeland.

In 2011 we expanded our membership again to include any one who lives, works or worships in Midland and Genesee Counties.

In 2013 we opened our third location on Tittabawassee Road in Kochville Township as a convenient location for our members as they were traveling throughout the counties for work and leisure.

Our goal has always been to help all our members, both current and future, feel like part of the "Family". Just as our original charter served the City of Saginaw Municipality employees, our new field of membership connects us to people throughout Saginaw and the Great Lakes Bay Region.

Our primary purpose is to deliver high value and high quality financial services and expertise for your benefit. We want to provide convenient products and services at competitive rates and a service experience you will recommend to family, friends, and co-workers. Your Credit Union wants to connect with all of our members to provide you with the tools and knowledge to achieve your financial dreams.

Going forward, we want to continue to connect with you and be your first choice for all of your financial needs. We are committed to building a strong relationship with you based on trust and provide you with a high level of member service. We understand that everyone has unique situations and we want to be there for you.

With every new endeavour, you have supported us and welcomed our new members as part of our Credit Union family. Our commitment to you and your commitment to us is reflected in our continued growth.

We ended first year of operation with 121 members and \$3,855.45 in assets.

We ended our 79th year with 6,407 members and \$75,616,923.81 in assets.

There have been five paid Managers/CEO's since 1939, and I am proud to be part of the team that has been committed to carry forward the Credit Union cooperative vision of helping one member at a time.

Sincerely,

A handwritten signature in dark ink that reads "Frances M. Gibelyou". The signature is fluid and cursive.

Frances M. Gibelyou
CEO

Message from the Chairman:



On behalf of the Board of directors, it is my pleasure to welcome all of you to your 80th Year Anniversary meeting and celebration.

I would first like to give a huge Thank You to our management staff and employees for the tireless work they do meeting the needs of our membership on a daily basis. I also would like to thank my fellow board members for their dedicated service and commitment to this board and other committees they serve on.

From humble beginnings in the basement of City Hall, the year was 1939, when a few city employees got together to start their own financial institution. Saginaw Municipal Employees Credit Union, SMECU, servicing the employees of the City of Saginaw was started. We have come a long way from those days. The days of Britain and France declaring war, which was the start of WWII and Saginaw playing a part housing one of the production complexes that produced over one half million C1 carbine rifles for the United States military. Also in 1939, the first little league baseball game was played in Williamsport, PA and the first televised major league baseball game was shown on an experimental TV station. The cost of a gallon of gas was .10 cents and a loaf of bread was a mere .08 cents. The average cost of a house was about \$3,800 dollars and the price of a car was roughly \$700 dollars. The stock market crashed 10 years prior sending Wall Street into a panic and wiped out millions of investors dollars. Even though the Great depression was ending, it had taken a toll and caused some challenging times.

80 years later, we are still facing some of the same challenges. These are also uncertain times as the financial industry goes through a period of major transformation. Several billion dollar financial institutions needing bail-outs to survive, and doing almost anything to attract new members. Some are giving higher than normal interest rates on savings accounts and returns on CD's as high as 7%. The stock markets are fluctuating daily and the Federal Reserve is not sure when to raise, lower or keep the interest rates the same. They now practice patience.

The questions that I ask, where does Family First Credit Union fit in all this chaos and how do we remain competitive as a small local credit union?

I believe we were ahead of the curve. We experienced our own transformation 4 years ago. In a short period of time we lost several top management positions, for various reasons, and other credit unions were calling asking us to merge with them. Not knowing if we would survive, we had to act quickly to remain in business. Times were tough.

It is my belief the changes made and the tireless work by our management team and staff, helped keep Family First a viable and again, a profitable financial institution. In the past four years we have gone from writing with red ink to ending this past fiscal year proudly writing in black. It's exciting to see what the upcoming years will bring. As we continue to exercise sound business and service strategies to weather these uncertain economic periods, your Board of Directors will continue to make policy that will facilitate and guide our path forward into the next 80 years.

In closing, history somehow has a way of repeating itself. Ten years ago, today's stock market dropped significantly and again sending wall street into a panic wiping out several billions of dollars, including billions of 401k and 457 pension plan dollars, causing seniors to go back to work from retirement. The housing market crashed, causing some home owners to lose their largest investment, their homes. I know bread will never again be .08 cents and the cost of gas .10 cents, but I am certain, as it was then, the former Saginaw Municipal Employees Credit Union and now Family First Credit Union, will be here providing first class service to our members, by providing products and services that make your banking and hopefully your day a little easier. Our goal is to be your financial partner for life. Congratulations on 80 years of banking excellence.

Thank You,

A handwritten signature in black ink, appearing to read 'M. Patterson', with a long horizontal flourish extending to the right.

Maurice Patterson
Chairman
Board of Directors

Annual Report

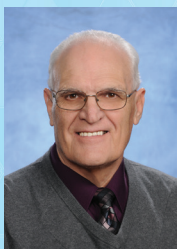
Financial Statement

ASSETS	2017	2018
Loans	50,436,704	48,673,655
Allowance for Loan Losses	-558,973	-509,832
Origination Fees	-	138,729
Cash on Hand & in Banks	1,805,753	1,737,358
Corporate Credit Union Shares	3,793,648	3,921,490
Other Investments	20,326,045	16,335,824
NCUA Share Insurance	639,451	659,828
Land & Building	3,745,111	3,673,724
Furniture & Fixtures	185,380	129,899
Other Assets	730,013	856,249
	81,103,132	75,616,924
TOTAL ASSETS	\$81,103,132	\$75,616,923
LIABILITIES		
Member Shares	25,135,271	25,292,319
Non Member CD	1,984,000	992,000
Christmas Clubs	98,306	82,491
Checking Accounts	6,239,838	6,282,986
IRA Accounts	4,862,466	1,897,743
Money Market Accounts	9,004,566	7,647,580
Certificates of Deposit	24,492,369	25,493,452
Dividends Payable	45,843	110,123
Sight Drafts Payable	103,406	112,505
All Other Liabilities	2,118,581	722,759
Members Equity	7,018,486	6,982,967
TOTAL LIABILITIES & EQUITY	\$81,103,132	\$75,616,923

Income & Expenses

INCOME	2017	2018
Interest on Loans	2,189,357	2,199,238
Income from Investments	486,593	449,316
Other Income	770,179	952,366
TOTAL INCOME	\$3,446,130	\$3,600,920
EXPENSES		
Employee Compensation	1,025,291	982,464
Employee Benefits	186,181	175,667
Post-Retirement Health Insurance	18,219	
Travel & Conferences	6,669	22,410
Association Dues	271,637	8,434
Office Occupancy	497,780	285,642
Office Operations	43,137	382,012
Educational & Promotional	262,142	63,497
Loan Servicing	472,784	214,631
Professional & Outside Services	370,703	472,140
Provision for Loan Losses	3,169	467,512
Interest on Borrowed Money	14,109	3,879
Supervision Fee	20,603	21,998
Cash (Over)/Short	1,030	755
Annual Meeting	1,575	5,920
Miscellaneous	45,640	19,332
TOTAL EXPENSES	\$3,240,668	\$3,126,291
NET EARNINGS BEFORE DIVIDENDS	\$205,461	\$474,628
Dividends Expense	360,638	442,711
Non-Operating Gains/(Losses)	18,147	8,524
Gain on Sale of Investments	-12,697	11,977
GAIN/ (LOSS) ON ASSET DISPOSITION	-20,498	20,501
NET INCOME BEFORE IMPAIRMENT	-\$170,225	\$11,416
NCUSIF/TCCUSF Expense		
TRANSFER TO UNDIVIDED EARNINGS	-\$170,225	\$11,416

Supervisory Committee Report



As the members' representative, the Supervisory Committee's primary function is to make internal audits. Other duties include: assuring corporate records are prepared accurately, confirming internal controls are met, that policies and procedures are maintained, and that each employee and elected official is carrying out the duties for which they are responsible.

Notice of change in Credit Union Bylaws

With an increase of duties and oversight of the Supervisory Committee, Family First Credit Union petitioned the Department of Insurance and Financial Services for a change in the credit union bylaws in Article IX Section 1, Supervisory Committee Members, to increase the number of committee members from three to five. In April 2018, the Board of Directors voted and approved to amend Article IX Section 1 of the credit unions bylaws to increase the number of Supervisory Committee members from three to five.

Your savings federally insured to at least \$250,000 and backed by the full faith and credit of the United States Government. National Credit Union Administration, a U.S. Government Agency.

The Department of Insurance and Financial Services has performed its examination of Family First Credit Union in the major areas of Capital Adequacy, Asset Quality, Management, Earnings, and Liquidity and Funds Management.

The Financial Standards Group, Inc. has performed the 2018 audit and have cited no critical issues.

Dennis Browning, Chairman
Linda Burks-Jackson
Floyd Kloc

Credit Committee Report



On behalf of the Credit Committee, I am pleased to report that during 2018 the credit union approved 4,083 loans to our members totaling \$15,670,594.27.

The Credit Committee and Loan Officers have the responsibility of granting all types of loans subject to the policies set forth by the Board of Directors, Bylaws and the Department of Insurance and Financial Services, which governs the operation of the Credit Union.

The Credit Committee and Loan Officers continue to ensure that your deposits are being invested in quality loans.

Connie Garstecki, Chairman
Kennie Kempter, Secretary
Stephanie Harden
Belinda Barlow-Poole
Lori McGarrity



79th Annual Meeting

Saturday, March 17, 2018

Family First Credit Union - Kochville Township Branch

The meeting was called to order at 2:06 P.M. by Chairman Maurice Patterson

DISTRIBUTION OF BALLOTS:

Chairman Patterson welcomed the members that were present. The official family and staff were then introduced.

BOARD OF DIRECTORS PRESENT:

Chairman – Maurice Patterson
Vice Chairman- Ric Longoria
Treasurer – Daniel Dennis
Secretary – Patricia Jacob
Board Member – Rayunza Hood
Board Member – Joseph Turner

SUPERVISORY COMMITTEE PRESENT:

Chairperson – Dennis Browning
Secretary – Linda Burks-Jackson

CREDIT COMMITTEE PRESENT:

Chairperson- Connie Garstecki
Member – Belinda Barlow-Poole

STAFF PRESENT:

Fran Gibelyou, Julee Turner, Kim Webber, Carey Daubert, Amanda Latarte, Tim Pedicini, Paula Hudson, Cathy Honeman, Julie Pangborn, Tommi Lough, Candace Lachcik, Gwynn Whitmore, Michelle Stanton, Tracey White, Naomi Martin, Julia Pfund, and Janie Smith.

ELECTIONS FOR 2018:

Chairman Patterson began by announcing three nominees for the Board of Directors. The nominees were Timothy Genovese, and Joseph Turner. He then called for nominations from the floor for the Board of Directors. Hearing none, nominations were closed. Dennis Browning moved to close the nominations, seconded by Rayunza Hood-Chism.

Adopted Unanimously

Chairman Patterson announced the one nominee for the Supervisory Committee. The nominee was Nicholas Hall. He then called for nominations from the floor for the Supervisory Committee. Hearing none, nominations were closed. Ric Longoria moved to close the nominations, seconded by Joseph Turner.

Adopted Unanimously

Chairman Patterson announced there was no nominee for the open position on the Credit Committee. He then called for nominations from the floor for the Credit Committee. Hearing none, nominations were closed. Rayunza Hood-Chism moved to close the nominations, seconded by Ric Longoria.

Adopted Unanimously

There was a short recess while the ballots were collected and counted.

MINUTES OF THE 78th ANNUAL MEETING:

Chairman Patterson requested that the members and staff spend a few moments reviewing the minutes of the March 18, 2017, Annual Meeting that were contained inside the Annual Report of the credit union that was provided to each member. He then asked if there were any changes recommended. Hearing none, Joseph Turner moved to approve the minutes as printed, seconded by Dennis Browning.

Adopted Unanimously

BUSINESS MEETING:

REPORT OF THE BOARD OF DIRECTORS:

Chairman Patterson began by welcoming everyone to the 79th Annual Meeting. Recently, your Board of Directors made several policy changes in an effort to better serve you, our members. We have also formed several new committees to take an in-depth look at the practices and financials of Family First. Our newly formed committees are: Financials committee, Security Committee, Buildings and Grounds and Website Design committee.

The Finance Committee will meet monthly with the CFO to provide financial oversight for Family First, including the creation and monitoring of internal controls and accountability policies.

The purpose of the Security Committee is to evaluate the safety and well-being of the Credit Union and will advise the CEO of issues concerning security and safety. This committee will recommend risk reduction and security policies through evaluating new threats and building compliance violations. It will further oversee fire code compliance and recommend policy changes as needed.

The role of the Building & Grounds Committee is to provide strategic management for our buildings and grounds. This includes creating, updating and maintaining a 3-5 year plan for maintenance, repairs and upgrades. The Committee may also assist in managing major projects together with the CEO and CFO or their designee, and report to the Board of Directors with recommendations.

The newly formed Website Committee's role is to develop a new and exciting website necessary to move Family First into the online future. Our goal is to give you a stylish, professional and interactive website that meets the needs of all users.

Chairman Patterson concluded his comments by stating the Board of Directors will continue to plan, do, check and adjust. We will continue to plan ahead, execute the plan, check our progress monthly and adjust as needed. If we successfully execute these 4 steps, we believe we will continue to provide Family First with the necessary oversight to sustain the Credit Union's success, now and into the future.

REPORT OF THE CEO:

CEO Gibelyou thanked everyone for coming and introduced all staff members that were present and gave their titles and office locations. She noted that we ended 2017 with a net loss of \$170,225 for the year which was an improvement from 2016.

She thanked the membership for the opportunity to serve as their President/CEO and pledged her commitment to continue to provide our members with a safe place to save and borrow at fair and reasonable rates.

She emphasizes that with our visionary board of directors, dedicated volunteers serving on Supervisory and Credit Committee and exceptional leadership team, we are committed to carry forward the Family First vision to be the leading credit union cooperative helping our members achieve financial success.

CEO Gibelyou stated that we are in the middle of significant changes to the way we do our business. Evolution is going on all around us. Your Credit Union is changing too. Our goal is to balance old-fashioned superior member service and implementation of technology that is safe and secure. We offer stability, responsible financial management, accountability, value and a sense of family that we all deserve

Our primary purpose is to deliver high-value and high quality financial services with knowledge and expertise for you our member's benefit. We want to open loan and deposit relationships, not just accounts. We want to provide convenient products and services at competitive rates and a service experience you will recommend to family, friends, and co-workers.

In order to help us achieve these goals we have welcomed Janie Smith to our staff as Chief Financial Officer and recently promoted Kimberly Webber to Chief Lending Officer.

In closing, CEO Gibelyou stated that she appreciated the member's loyalty and will continue to do everything in her power to overcome the financial challenges and will make the needed adjustments to ensure the stability of the credit union and invited the members to our 80th Annual Meeting next March.

REPORT OF THE TREASURER:

CFO Smith was introduced by CEO Gibelyou to give the report on the Financials from 2017. Janie stated that she joined Family First Credit Union in August 2017 as our Chief Financial Officer.

CFO Smith reported that we had tremendous growth in our loan portfolio with a 47.0% increase in the indirect loan sector. She stated that we currently have 6625 members and our total assets increased \$4,000,000 or 5.10% over 2016. She emphasized that we are always looking for ways to increase our income and decrease our expenses, but still maintain the products and services that our members require to enhance their financial wellbeing. Some of those services include our Premium checking account, which gives our members an exceptional identity theft protection program along with cell phone insurance at a price of \$2.95 a month. A comparable program would cost a minimum of \$9.99 per month. She noted that in January we started working with a national program for credit union members that is a fun, easy and risk free way to save. The 12 month Save to Win CD may be opened with a minimal deposit of \$25. Every \$25 deposited per month into the CD enters our members into a nationwide drawing for cash and prizes as well as our own Family First monthly drawing for prizes. The Credit union also offers scorecard points on both our credit and debit cards. These rewards can be combined for gifts or travel.

CFO Smith stated we offer all members a \$1,000 accidental death or dismemberment insurance program at no cost and huge discounts on other insurance products offered by TruStage. Our members have the option of adding credit life and credit disability and GAP insurance to loans if they so desire.

She also noted that we have increased our partnerships to include Commercial Alliance to help us grow our commercial lending program, Neighborhood Mortgage Solutions, a local mortgage company that serves credit union members with specialized products including longer terms and lower down payments.

We have added more Car, RV, and Motorcycle dealerships to our indirect program to make shopping for your new vehicle even easier.

In closing she stated that at Family First Credit Union we have a fantastic team of staff on board who are working to do everything in their power to continue to deliver the service our members deserve and is confident that 2018 will be a profitable year.

REPORT OF THE CREDIT COMMITTEE:

Credit Committee Chairperson, Connie Garstecki gave the report of the Credit Committee. She stated that in 2017, the Credit Committee approved approximately 4,215 loans for a total of over \$26,125,508.38.

REPORT OF THE SUPERVISORY COMMITTEE:

Supervisory Committee Chairperson, Dennis Browning gave the report of the Supervisory Committee, which is contained in the Annual Report. He stated that Financial Standards Group, Inc performed the 2017 audit and have cited no problems. The number of loans since organization is 141,707 for a total amount of \$459,307,506.23

REPORT OF THE CREDENTIALS COMMITTEE:

Board Vice Chairperson, Ric Longoria thanked all the credit union members for attending our 79th Annual Meeting and thanked everyone for voting. He reported that there were ballots 153 returned, and 6 voided, with the following results:

Board of Directors - (2 elected for a 3 year term)

Joseph Turner
Timothy Genovese

Supervisory Committee - (1 elected for 3 year terms)

Nicholas Hall, CPA

Credit Committee - (1 elected for 3 year terms)

No candidates were nominated

Dennis Browning motioned to accept the results of the election, seconded by Rayunza Hood-Chism.

Adopted Unanimously

ADJOURNMENT:

Chairman Patterson inquired if there was any further business to come before this meeting. There being none, moved to approve adjournment at 2:40 P.M., by Ric Longoria and seconded by Pat Jacobs.

Adopted Unanimously

Chairman-Maurice Patterson

Secretary-Patricia Jacob

Recording Secretary-Tommi Lough

Volunteers Who Serve You

Board of Directors

Maurice Patterson, Chairman
Ricardo Longoria, Vice-Chairman
Joseph Turner, Treasurer
Patricia Jacob, Secretary
Rayunza Chism-Hood, Director
Timothy Genovese, Director

David Rupp, Director Emeritus

Credit Committee

Connie Garstecki, Chairman
Kennie Kempter, Secretary
Stephanie Harden
Belinda Barlow-Poole
Lori McGarrity

Supervisory Committee

Dennis Browning, Chairman
Linda Burks-Jackson
Floyd Kloc

Family First Credit Union Staff

Saginaw Office

Frances, CEO
Lisa, Member Service Representative Supervisor
Tracey, Assistant Member Service Representative Supervisor
Carol, Part-time Member Service Representative
Michelle, Part-time Member Service Representative
Naomi, Part-time Member Service Representative
Mikayla, Part-time Member Service Representative
Jennifer, Part-time Member Service Representative
Amanda, Manager – Collections
Tim, Collections Specialist
Karin, Part-Time Collections Specialist
Pamela, Loan Officer
Michele, Loan Officer

Freeland Office

Julee, Manager – Freeland Office
Carey, Member Service Representative Supervisor
Julia, Member Service Representative
Candace, Loan Officer

Kochville Office

Jane, CFO
Kimberly, CLO
Jessica, Member Service Representative Supervisor
Gwynn, Assistant Member Service Representative Supervisor
Tommi, Administrative Assistant & Marketing Specialist
Cathy, Account Services Specialist
Julie, Card Services Specialist
Paula, Loan Officer