



**Montana**  
CREDIT UNION

## *Guiding You Ahead*

Around here, we're known as THE local bank, despite our credit union name. Member trust us as their expert neighbor who understands what it means to live and let live. They know we believe character and strong values matter, and how one's word is priceless currency.

While Montana Credit Union reflects what it means to eat, drink and breathe Big Sky Country, it is our warmth, empathy and dedicated service practices that prove we are invested in people.

After nearly 80 years as a not-for-profit institution, we've seen it all - from fires to blizzards - and members can unequivocally trust in our steadfast and positive servitude to them. With the hometown confidence and local cultural understanding we instill in every interaction, our members believe that we can lead them to true financial success.

We are, most notably, a guide...for now and well into the future, we are servant leaders for good. Guiding members forward in their financial lives and guiding our community forward, we are guiding Montana ahead for the betterment of all.

## 79th ANNUAL MEETING of the membership

Thursday, May 30, 2019  
Mansfield Convention Center  
Great Falls, Montana

1. Call to Order
2. Establish Quorum
3. Introduction of Officials
4. Minutes of the 78th Annual Meeting
5. Chairman's Report
6. Treasurer's Report
7. Supervisory Committee Report
8. President's Report
9. Old Business
10. New Business
11. Election Results
12. Adjourn



## 2018 President's Report

### Steve King, President/CEO

2018 was a year of proactive positioning for Montana Federal Credit Union, as we diligently worked to strengthen our financial condition and create positive strategies to ensure that we are here to serve you the long term. Locally, we have seen the unfortunate demise of some of our long-standing businesses because they have not kept up with the changing pace of the world we live in. Sears, Shopko, Herbergers, Kmart and many more have left gaping holes in our local economy and changed the way many of us conduct our retail business. Your Montana Federal Credit Union board of directors and management team recognize that we must continue to find ways to ensure we are here for many years to come to serve your financial needs, and that requires continually looking to the future. I want to share just some of the items that we have been working on here at your credit union. You will see that 2019 is a year filled with lots of positive and exciting change to come.

### 14th Street Project

We have been in the planning phase for nearly three years on the addition and remodel of the 14th Street office. As I said last year, we have literally outgrown our space in all three of our locations. This building addition will allow us to open space for future growth at all three offices, as well as better align job functions and departments under one roof. Additionally, we will have a larger facility in which to coordinate our staff training and development programs. As we all know, the cost of construction continues to climb, so we made the decision to build to a level that will be most cost effective today and in the future.

### A New Look

In 2018, we conducted extensive research amongst our membership and the community at large to evaluate our credit union's position in the market place, and look to the future. Through this research, we learned that our membership is pleased with the service that our great staff provides, and we wanted to build on that key strength. As a result, we have refreshed and modernized our logo and name to Montana Credit Union, aligned our credit union culture around the tagline of Guiding You Ahead, and envisioned an environment more conducive to development and training. The financial world continues to evolve, and we need to manage that evolution as best as possible with ongoing

training. We are very excited about how our updated brand will carry us forward and thrilled to be sharing it with you at this year's annual meeting.

### Personal Teller Machines

Our third major project consists of adding Personal Teller Machines (PTMs) to our drive-up locations at the 14th Street and Smelter Avenue offices. There are many benefits to this new technology, and our specially trained Personal Video Tellers will be there to help guide you through your drive-through transactions. Additionally, because we understand how valuable your time is, we expect our transaction times to improve, without sacrificing the personal interaction that you have come to know from us.

continued...

By June 15, we anticipate having Saturday drive-through service at both the 14th Street and Smelter Avenue locations, creating convenience for those members that live on the North side of town, as well as speedier transaction times for you on Saturdays. And last but certainly not least, these new machines will give you the flexibility to conduct transactions after business hours. Our long-term goal is to deploy Personal Teller Machines in additional locations within our field of membership, providing greater convenience and access to our members. It is our hope that the PTMs position Montana Credit Union for a very bright future.

### Looking Ahead

2019 will see many extremely positive changes for the members of Montana Credit Union, as well as the staff that serve you. The board of directors, management and staff thank you in advance for your patience as we work through these major projects. We have an extremely knowledgeable, dedicated, service-oriented staff and we are pleased that you have allowed us to continue to serve you. Cooperatively,

Steven E. King  
President/CEO

Comparative Income and Expenses		
For the Year Ended December 31	2018	2017
<b>Income</b>		
Interest on Loans	\$ 5,644,396	\$ 4,817,101
Investment Income	\$ 1,277,739	\$ 1,222,406
Other Income	\$ 4,158,869	\$ 3,546,792
Gross Income	\$ 11,081,004	\$ 9,586,299
<b>Expenses</b>		
Compensation and Benefits	\$ 3,767,806	\$ 3,800,035
Travel and Conference	\$ 110,832	\$ 134,091
Office Occupancy	\$ 350,630	\$ 316,428
Office Operations	\$ 1,462,718	\$ 1,389,893
Education and Promotion	\$ 423,200	\$ 265,703
Loan Servicing Expenses	\$ 800,513	\$ 654,148
Professional and Outside Service	\$ 839,501	\$ 847,830
Member Insurance	-	-
Examination/Supervisory Fees	\$ 62,712	\$ 52,816
Misc. Operating Expenses	\$ 134,004	\$ 153,664
Total Expenses	\$ 7,951,916	\$ 7,614,608
Allowance for Loan Loss	\$ 220,000	\$ 455,000
Gain from Operations	\$ 2,909,088	\$ 1,516,691
<b>Earnings Distribution</b>		
Dividends	\$ 593,293	\$ 594,779
Net Income	\$ 2,315,795	\$ 921,912
Total Earnings	\$ 2,909,088	\$ 1,516,691

Comparative Statement of Condition		
For the Year Ended December 31	2018	2017
<b>Assets</b>		
Loans to Members (Net)	\$ 146,904,792	\$ 127,844,159
Cash on Hand	\$ 1,662,478	\$ 2,001,295
Cash Deposits	\$ 25,667,808	\$ 14,799,317
Investments	\$ 48,728,013	\$ 78,492,297
Land & building	\$ 4,051,918	\$ 3,724,246
Furniture, Fixtures, & Equipment	\$ 178,648	\$ 115,394
Accrued Income	\$ 499,566	\$ 473,121
Share Insurance Reserve	\$ 2,032,511	\$ 2,083,595
Other Assets	\$ 10,721,321	\$ 7,846,737
Total Assets	\$ 240,447,055	\$ 237,380,160
<b>Liabilities</b>		
Borrowings	\$ 0	\$ 0
Other Liabilities	\$ 1,560,721	\$ 2,305,807
Total Liabilities	\$ 1,560,721	\$ 2,305,807
<b>Equity</b>		
Share Drafts	\$ 41,025,392	\$ 37,341,474
Regular Shares	\$ 93,063,426	\$ 91,505,809
Money Market Shares	\$ 49,915,720	\$ 53,571,776
Certificates	\$ 18,129,567	\$ 16,489,553
IRA's	\$ 10,803,871	\$ 12,546,252
All Other Shares	\$ 337,108	\$ 324,035
Total Shares	\$ 213,275,084	\$ 211,778,899
Reserves	\$ 2,450,338	\$ 2,450,338
Undivided Earnings	\$ 23,160,912	\$ 20,845,116
Total Liabilities/Equity	\$ 240,447,055	\$ 237,380,160



# Montana

## CREDIT UNION

Guiding You Ahead

# Board Chairman's Update

## Cheryl Patton, Chairman of the Board

Both the changes you see here tonight with our new Montana Credit Union brand and our in-progress building addition at the 14th Street location are the result of a careful and thoughtful strategic planning initiative that your board of directors and credit union management undertook in the fall of 2016. The majority of the strategic initiatives that came from that plan focused around expanding service offerings for members, better positioning us in our market as a leading financial institution, and developing our employees to provide thoughtful and courteous service to our members. It is our ultimate hope that all of these areas combine to form what we hope is a "WOW" experience for all members!

I would like to formally recognize the efforts and dedication of my fellow board members, for their continual focus on keeping our cooperative strong for us all. They continue to seek out new technologies and ways of doing things that keep us head and shoulders above the rest. In addition, I would be remiss if I didn't recognize the efforts of our leadership team and staff at the credit union. They are do-ers and problem solvers, and above all, a team committed to the cooperative principle of "people helping people."

It is my pleasure to serve as chairman of the board of directors of Montana Credit Union, and I look forward to what the future brings for us, as we Guide Montana Ahead!

## Treasurer's Report

### Mark Nash, Board Treasurer

As Treasurer, I am pleased to report to the membership that Montana Federal Credit Union continues to operate as a financially sound credit union. The Board of Directors and staff regularly review the credit union's policies and procedures to ensure safe and sound financial practices. In addition, the Board also reviews the financial status of the credit union on a monthly basis, and works closely with management to develop and approve long-range funding strategies, an annual budget and overall growth strategy. In 2018, we saw deposit growth of \$1.5 million and unprecedented loan growth of \$19 million. This growth pattern is in line with the credit union's current strategic initiatives, and is key to our continued success.

The auditing firm of Anderson ZurMuehlen & Co completed our annual audit for fiscal year end 2018 and affirmed that the financial statements of your credit union were presented fairly in all aspects. In addition to the annual independent audit, the credit union conducts ongoing monthly internal reviews of financial statements to ensure consistency and compliance with credit union policies and procedures.

I would like to thank management and staff for their accurate and thorough preparation of the monthly financial statements. Their diligence and attention to detail helps the Board's oversight process immensely.



## Supervisory Committee Update

### Paul Dockter, Chairman

The Supervisory Committee is appointed by the Board of Directors and is responsible for the oversight of management's use of sound accounting and financial reporting processes in accordance with generally accepted accounting principles. The Supervisory Committee meets quarterly to review and discuss auditing and accounting matters relating to Montana Federal Credit Union. In addition to myself, the Supervisory Committee includes Judy Schroeder and John Huber.

The Supervisory Committee retained the audit services of Anderson ZurMuehlen & Co. P.C. to perform an independent audit on the Credit Union's 2018 financial statements. Montana Fed once again received an unmodified opinion on its' 2018 financial statements. Steven Halsted, a longtime Montana FCU employee, took over the role of Internal Auditor/Compliance Specialist, in early 2019. Steven performs daily audit procedures and related inspections, and provides the Supervisory Committee a monthly report that outlines his procedures and findings.

Additionally, the Supervisory Committee investigates member questions and inquiries not resolved to satisfaction. As always, please contact any of the Supervisory Committee members if you have questions regarding your account or other matters concerning Montana Federal Credit Union.



3 convenient locations to serve our members

501 14th Ave South | 310 5th Ave NE | 315 11th St South  
Great Falls, MT 59405 | Great Falls, MT 59404 | Great Falls, MT 59407

[montanacu.com](http://montanacu.com) | 406.727.2210 | 800.721.2242