

2017

ANNUAL REPORT



**UPPER CUMBERLAND
FEDERAL CREDIT UNION**
member owned

UCFCU CHAIRMAN'S REPORT

Zdenka Austin –

My board of director term expires at the March 14, 2018 annual meeting. I have been honored to have served in various volunteer positions at Upper Cumberland Federal Credit Union for over 40 years. A credit union only exists with governance from dedicated "unpaid" volunteers. The volunteers strive to make sure members are not paying unfair fees and that the products offered by the credit union enhance the members' financial well-being. The products are designed to assist members in reducing debt and managing finances efficiently which can save them money and/or add value to their life. The volunteers also provide governance as well as a strategic direction for the future well-being of the credit union.



UCFCU is determined to mix various forms of financial service channels so that members have easy access from anywhere in the country without losing touch of the relationships we have built with our members throughout the years. Members are able to deposit a check from their smart phone or tablet, transfer funds or pay bills using home banking or a mobile app, or actually apply for a loan and sign most loan documents on their smart phone or tablet. Members have a choice of using very convenient high-tech financial services or coming into one of three locations to be greeted by a friendly, knowledgeable, credit union representative to get help with their financial transactions. The member-owners are in control of which delivery method they prefer. Rest assured there are staff that are very willing to help you learn how to use any of the various options that are available. At the same time, we do love to see our members stop by one of our three locations.

Your credit union will work hard to provide the various delivery channels so you have plenty of choices in how you conduct your financial business. We thank you for choosing Upper Cumberland Federal Credit Union to be your trusted financial partner and look forward to another prosperous year in 2018.

The nominating committee has nominated Rebecca Foster, Sally Oglesby, and Jerry Wood, for expiring board member positions. The credit union annual meeting and election will be held at 5:00 P.M., on Wednesday, March 14, 2018 at the Cumberland County Community Complex (Fairgrounds) located at 1374 Livingston Rd., Crossville, TN 38555.

TREASURER'S REPORT

Sue Tollett Comparing Year – End 2016 to Year - End 2017

We are pleased to report that 2017 was another year of stable growth as deposits increased by \$4.74 million (8.96% increase) for Upper Cumberland Federal Credit Union. Total assets also increased by \$5.38 million (9.22% increase).

Outstanding loan balances increased by \$286,124. Your credit union ended Year 2017 with 4,159 outstanding loans while the loan staff approved 3,648 loans and loaned just over \$16.87 million in 2017.

Your credit union continues to experience minimal loan losses and delinquencies. Due to conservative underwriting standards and efficient loss control practices, loan delinquencies and charge-offs are

considerably less than peer averages. Loan delinquency at year end was 0.44% and net charge-offs was 0.23%.

The credit union continued a long history of positive earnings during 2017 due to the membership being loyal to their credit union for financial services and repaying their outstanding loan balances in a timely manner. UCFCU ended 2017 with a Net Worth to Assets ratio of 9.36% and a Return on Assets ratio of 1.16%. Your credit union can only succeed when members unite their finances for the betterment of their credit union community. Please encourage your family, friends, and neighbors to consider UCFCU for all of their financial services.

UCFCU STATEMENT OF FINANCIAL CONDITION

	12/31/2016	12/31/2017
Total Loans	\$ 42,765,704.89	\$ 43,051,829.08
Allowance for Loan and Lease Loss	\$ (81,627.12)	\$ (134,709.23)
Net Loans Outstanding	\$ 42,684,077.77	\$ 42,917,119.85
Accounts Receivable	\$ 1,123.55	\$ (39,863.98)
Non-Interest Earning Cash	\$ 1,542,613.56	\$ 1,840,275.74
Total Investments	\$ 9,514,966.73	\$ 14,503,808.55
Prepaid & Deferred Expenses	\$ 83,047.94	\$ 107,916.38
Fixed Assets (Net of Depreciation)	\$ 3,779,027.87	\$ 3,705,323.28
NCUSIF	\$ 507,880.98	\$ 540,287.12
All Other Assets	\$ 224,700.47	\$ 142,748.56
TOTAL ASSETS	\$ 58,337,438.87	\$ 63,717,615.50
Accounts Payable	\$ (3,008.66)	\$ 55,449.15
Dividends Payable	\$ 838.14	\$ 715.86
All Other Liabilities	\$ 217,990.15	\$ 93,848.64
TOTAL LIABILITIES	\$ 215,819.63	\$ 150,013.65
TOTAL SHARES	\$ 52,870,235.63	\$ 57,605,702.75
Regular Reserve	\$ 1,206,926.89	\$ 1,917,442.38
Undivided Earnings	\$ 4,044,456.72	\$ 4,044,456.72
TOTAL EQUITY	\$ 58,121,619.24	\$ 63,567,601.85
TOTAL LIABILITIES AND EQUITY	\$ 58,337,438.87	\$ 63,717,615.50

UCFCU STATEMENT OF INCOME

YEAR-TO-DATE FIGURES	12/31/2016	12/31/2017
Total Loan Income	\$ 2,489,706.94	\$ 2,649,261.17
Net Loan Income	\$ 2,489,706.94	\$ 2,649,261.17
Total Investment Income	\$ 64,315.76	\$ 122,455.08
Total Interest Income	\$ 2,554,022.70	\$ 2,771,716.25
Interest on Deposits	\$ 143,859.11	\$ 226,987.38
Interest on Borrowed Money	\$ 105.52	\$ 62.97
Total Interest Expense	\$ 143,964.63	\$ 227,050.35
Net Interest Income	\$ 2,410,058.07	\$ 2,544,665.90
Provision for Loan Loss Expense	\$ 3,738.63	\$ 154,861.17
Net Interest Income after Provisions	\$ 2,406,319.44	\$ 2,389,804.73
Salaries	\$ 988,878.10	\$ 1,056,447.87
Employee Benefits	\$ 225,401.36	\$ 273,769.08
Travel & Conference	\$ 42,004.26	\$ 32,104.95
Association Dues	\$ 14,851.20	\$ 14,469.88
Office Occupancy	\$ 126,074.93	\$ 124,133.61
Office Operations	\$ 280,833.50	\$ 263,418.80
Education & Marketing	\$ 134,198.97	\$ 121,691.34
Loan Servicing	\$ 148,722.02	\$ 149,542.32
Outside Services	\$ 640,079.36	\$ 623,057.12
Examination Fees	\$ 9,752.61	\$ 13,319.02
Cash Over/Short	\$ (846.33)	\$ 3,412.03
Annual Meeting	\$ 7,282.43	\$ 2,916.54
Misc. Operating Exp.	\$ 57,691.51	\$ 34,966.62
Depreciation Expense-Building & Leased	\$ 62,608.78	\$ 62,650.06
Depreciation Expense-Furniture, Fixtures	\$ 130,809.59	\$ 81,325.83
Total Operating Expenses	\$ 2,868,342.29	\$ 2,857,225.07
Fees & Charges	\$ 1,043,103.26	\$ 1,062,320.61
Other Income	\$ 131,938.66	\$ 115,615.22
Total Other Operating Income	\$ 1,175,041.92	\$ 1,177,935.83
(Gain) / Loss on Sale of Assets	\$ 102,472.71	
Net Income	\$ 610,546.36	\$ 710,515.49

MINUTES OF THE 2017 ANNUAL MEETING OF UCFCU

Kathy Tollett, Secretary

The 82nd annual meeting of the members of Upper Cumberland Federal Credit Union was held at the Cumberland County Community Complex in Crossville, Tennessee on Tuesday, March 21, 2017 at 5:00 PM. The meeting was called to order by Director, Jerry Wood who read to the assembled members the call for meeting which outlined the business to be presented. A quorum was certified present by Secretary, Kathy Tollett. Since a quorum was present, Director Jerry Wood declared the meeting officially open for business.

Jerry Wood asked for a motion to dispense with the reading of the minutes and financial reports since everyone attending the meeting had a copy of these reports. The motion was made, seconded, and approved by the membership.

Mark Wilsie, CPA for the CPA firm (CU Audit and Compliance Group) addressed the credit union membership concerning the supervisory audit that was performed as of June 30, 2016.

Jerry Wood explained to the membership that the nominating committee (Leslie Goss, Jerry Swafford, and Sue Taylor) had nominated four people for the board of directors and the following people were elected by acclamation:

Tony Brock, Nancy Hyder, Linkous Keen, and Sue Tollett

The VP of Marketing and HR, Brooke Shaffer, explained the credit union's core values and how those values are used by employees to select their choice for the UCFCU Employee of the Year Award. Loan Officer, Miranda Sherrill, was selected by her peers for this award and she received one day off with pay during 2017 as the reward.

Next, Chief Executive Officer, Denise Cooper, announced that the VP of Lending, Shirley Bradford, had received the Distinguished Service Award in recognition of outstanding leadership. Shirley was also awarded one day off with pay during 2017.

Denise Cooper also reminded the members about the computer system upgrade during May 1st and May 2nd and asked the members to prepare for the April 29th – May 2nd time period with cash, checkbook, and other plastic such as the credit union credit card or other forms of plastic. The membership was reminded that the UCFCU credit card applications were available at the annual meeting if anyone wanted to apply for an UCFCU credit card.

Jerry Wood announced it was time for door prizes. The door prizes were 2 Yeti coolers, a Yeti 64 oz growler, a weather station, a Beats Pill Speaker, 2 fitbit Charge, and several \$25 and \$50 cash drawings. Loan Processor, Misty Bell, and Loan Officer, Angela Conatser, presented the door prizes. After the door prize drawings, Director Wood officially asked for a motion to dismiss the meeting. Motion was made, seconded, and passed. There being no further business, the annual meeting adjourned.

UCFCU 2017 Board of Directors



Zdenka Austin



Tony Brock



Nancy Hyder



Linkous Keen



Kathy Tollett



Sue Tollett



Jerry Wood

SUPERVISORY COMMITTEE REPORT

Donald Threet – Chair

In accordance with current regulations, your Upper Cumberland Federal Credit Union management, policies, procedures, and financial operations are subject to a periodic federal examination by National Credit Union Administration (NCUA). A supervisory audit is conducted on an annual basis by a CPA firm hired by the supervisory committee. There are also quarterly inspections by the CPA firm.

An annual supervisory audit was conducted on the credit union's financial statements as of June 30, 2017 by the firm of CU Audit and Compliance Group, Certified Public Accountants. A regulatory examination was also performed as of the quarter ending December 31, 2017 by NCUA to review credit union operations, policies, and management. I am pleased to report that the supervisory audit and the NCUA federal examination showed the credit union to be in sound and stable financial condition. These examinations and audits revealed the credit union to be operating very well, both financially and administratively.



Your Credit Union in ACTION!

Your credit union was honored to be able to attend the Brown Elementary Reading Night in November.



Your Credit Union was set up at the Stone Memorial High School and Cumberland County High School football game in October of 2017 handing out goodies, doing face painting and had several prizes!



Your credit union is always happy to present the Mad City Money Budgeting Program to Mr. Shirley's class at the Phoenix School. Thank you Mr. Shirley for your support of what we feel is a great learning tool!



Mr. Shirley's class from November 2017

UCFCU Sponsored the South Fentress Elementary Perfect Attendance Program for the 2017 and 2018 School Year.



October 2017 Presentation

UCFCU employees donated over \$1500 in 2017 to Relay for Life, FOCCAS, United Fund and House of Hope



**UPPER CUMBERLAND
FEDERAL CREDIT UNION**
member owned

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