

# 2017 annual report

## chairman's report

On behalf of the Board of Directors of Kellogg Community Credit Union, I am pleased to report that 2017 was a successful year! As we have for 77 years, we remain committed to providing financial opportunity, choice, and lifelong value to our members and our community. Our financial management and performance in 2017 was very strong! With 15% capital, KCCU is considered to be well capitalized by the regulators. Our membership growth remains strong, serving over 36,000 members at our 11 branch locations.

In 2017, we launched several new products and services which allows our members to earn more for their money and provides them with easy and convenient access to their accounts. We added the Kasasa® line of products, which includes our three Kasasa® checking accounts; Cash®, Cash Back®, and Tunes®, as well as Kasasa Saver® and Kasasa Protect™. In the fall we launched a new mobile app, providing added convenience for our members and easier access to Mobile Deposit, so members can deposit checks using their mobile device. We also launched Mobile Wallet, which is a secure way to pay with your KCCU debit and credit cards using Apple Pay, Google Pay, and Samsung Pay from a mobile device.

In 2017 we made some internal and external branch improvements to enhance the overall branch experience. The most significant improvements occurred at our Dickman and Three Rivers branches. We reversed the traffic flow of the drive thru lanes and relocated the ATM at our Dickman branch for improved accessibility. The Three Rivers Branch received an updated look, both internally and externally, offering a more welcoming and comfortable space for our members and staff.



*KCCU Supports the United Way.*

KCCU is honored to serve and support the communities where we live and work. In 2017, KCCU team members proudly volunteered nearly 700 hours in our community. We partnered with the United Way to be a community drop off location for their diaper drive in the summer and their book drive in the fall. We supported a variety of other organizations, including The Food Bank of South Central Michigan, Charitable Union, The Salvation Army, American Cancer Society, Bronson Children's Hospital, and many more worthy organizations.

I would like to thank all of our outstanding KCCU team members for their continued loyalty and dedication to the credit union and its membership. I would also like to thank our Management Team, the Volunteer Board, and Supervisory Committee, and most of all, you, the members for allowing us to serve your financial needs.

As always, we remain proud of our past and prepared for the future.

Pat Rolfe  
*Chairman, Board of Directors*

## community events



*KCCU sponsored the Kalamazoo Parks Egg Hunt*



*Giving Back to the Community on Team Enrichment Day*



*KCCU volunteers at the Food Bank of South Central Michigan*



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kelloggccu.org

## OUR VISION...

"Providing financial opportunity, choice, and lifelong value to our members and our community."

# financial statement

december 31, 2017

	12/31/17	12/31/16
<i>Assets</i>		
Loans	\$ 318,131,444	\$ 283,438,823
Less: Allowance for Loan Loss	(2,059,916)	(2,487,153)
Investments	157,907,422	175,042,075
Cash	11,861,238	8,555,455
Building and Land	9,851,346	10,246,848
Furniture and Equipment	2,016,324	1,626,493
N.C.U.S.I.F.	3,987,609	3,783,357
Other Assets	6,465,331	7,798,476
<b>TOTAL ASSETS</b>	<b>\$ 508,160,798</b>	<b>\$ 488,004,374</b>
<i>Liabilities and Capital</i>		
Other Liabilities	\$ 8,995,488	\$ 7,246,572
Shares and Certificates	422,531,481	411,180,522
<b>TOTAL LIABILITIES, SHARES, AND CERTIFICATES</b>	<b>\$ 431,526,969</b>	<b>\$ 418,427,094</b>
Regular Reserves	\$ 3,967,060	\$ 3,967,060
Undivided Earnings	73,268,394	65,936,566
Unrealized Gain/Loss, Post Retirement	(269,849)	(298,971)
AFS Securities	(331,776)	(27,375)
<b>TOTAL CAPITAL</b>	<b>\$ 76,633,829</b>	<b>\$ 69,577,280</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>\$ 508,160,798</b>	<b>\$ 488,004,374</b>
<i>Earnings</i>		
Interest on Loans	\$ 14,566,570	\$ 13,088,843
Income from Investments	3,091,471	2,962,500
Other Income	7,517,298	6,715,670
<b>TOTAL INCOME</b>	<b>\$ 25,175,339</b>	<b>\$ 22,767,013</b>
<b>TOTAL EXPENSES</b>	<b>(15,459,280)</b>	<b>(14,123,535)</b>
Non-Operating Gain	40,277	115,877
Net Earnings before Dividends	\$ 9,756,336	\$ 8,759,355
<i>Distribution of Net Earnings</i>		
To Reserves (Net)	—	—
Dividends	2,424,508	2,202,238
To Undivided Earnings (Net)	7,331,828	6,557,117
<b>TOTAL DISTRIBUTION</b>	<b>\$ 9,756,336</b>	<b>\$ 8,759,355</b>

# supervisory committee report

The Supervisory Committee is responsible for ensuring the credit union's financial statements, taken as a whole, fairly represent the financial position and conform to generally accepted accounting principles.

The Supervisory Committee contracted with the accounting firm of Doeren Mayhew to conduct the annual financial audit of the credit union. The most recent audit, which received an unqualified opinion, was for the period ending September 30, 2017, and included a verification of members' accounts, as mandated in the Credit Union Act.

Due to the size and complexity of the credit union, the Supervisory Committee also contracted with Doeren Mayhew to conduct internal audit activities during 2017. The internal audit involves more closely reviewing internal functions, policies, and procedures on a daily basis.

Carol Casey  
*Chairperson, Supervisory Committee*



## board of directors

Henry (Pat) Rolfe, *Chairman*  
 Richard A. Smith, *Vice Chairman*  
 Roger M. Pitzer, *Treasurer*  
 Larry V. Hawblitz, *Secretary*  
 E. Paul Chambers, *Director*  
 James E. Demarest, *Director*  
 Danville (Dan) Prather, *Director*  
 Steve J. Shepard, *Director*  
 Melissa Miller, *Director*

## supervisory committee

Carol Casey, *Chairperson*  
 Mike Bouma, *Committee Person*  
 Melissa Miller, *Committee Person*

locations

**Battle Creek** 41 Second Street  
 6427 B Drive North  
 1425 Capital Avenue NE  
 2925 W. Dickman Road  
 51 W. Michigan Avenue



**Grand Rapids** 5300 Patterson Ave SE  
**Kalamazoo** 1650 S. Drake Road  
 5067 Gull Road  
**Marshall** 15877 W. Michigan Avenue  
**Portage** 499 Romence Road

**Three Rivers** 915 W. Michigan Avenue  
 Federally insured by NCUA | Equal Housing Lender