

Annual Report



2016

**EXCEEDING
EXPECTATIONS**



79th Annual Meeting

Tuesday, April 18, 2017

5:00 p.m. Pledge of Allegiance.

MEETING AGENDA

1. Call to Order.
2. Determine Quorum and Majority Requirements.
3. Introduction of Directors and Senior Management.
4. Approve Minutes of the 78th Annual Meeting.
5. Report of the Chair of the Board.
6. Report of the Supervisory Committee.
7. Report of the Credit Committee.
8. Report of the Membership Committee.
9. Report of the President/CEO.
10. Report of Bylaw Amendments.
11. Report of the Nominating Committee.
12. Report of the Proxy Votes.
13. Elect Directors.
14. New Business.
15. Member Inquiries/Suggestions.
16. Adjournment.*



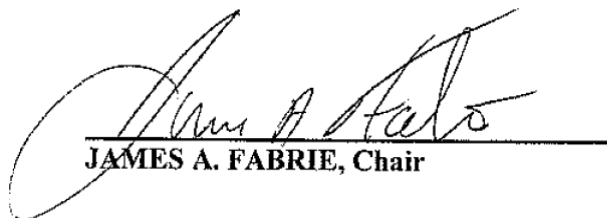
GLCU Board of Directors

Front Row: Bertine Nixon, Pat Price, James Fabrie, Shirley Solberg
Back Row: R. Lee Piekarz, Rich Durante, Kevin Leman, Steve Park, Jim March

*Door prizes will be drawn immediately following the meeting. Employees, Directors and Directors' spouses will not be eligible.

GREAT LAKES CREDIT UNION
78th ANNUAL MEETING
April 19, 2016

1. The 78th Annual Meeting of the Members was held at Great Lakes Credit Union, North Chicago on Tuesday, April 19, 2016. Fifty nine (59) members were in attendance.
2. The meeting was called to order by James Fabrie, Chair, at 5:00 p.m.
3. Bertine Nixon, Secretary, declared that a quorum was present and that 55,076 of 73,058 or 75.4% of the outstanding members were represented either in person or by proxy. The Chair declared that it was a legal meeting.
4. Motion was made and seconded to dispense with the reading of the minutes of the previous Annual Meeting. Carried.
5. Jim Fabrie presented his Report as the Chair.
6. The following reports were presented:
 - A. Supervisory Committee Report – James March
 - B. Credit Committee Report – Pat Price
 - C. Membership Committee Report – Bertine Nixon
 - D. President/CEO Report – Vikki KaiserMotion was made and seconded to accept all reports as printed and discussed. Carried.
7. The Chair reported amendments made to the Bylaws during 2015. A motion was made and seconded to dispense with the reading of the Bylaw amendments and to approve the Bylaw amendments made in 2015. Carried.
8. R. Lee Piekarz, Nominating Committee Chair, presented a slate of nominees for Directors for three-year terms. The nominees were Rich Durante, Bertine Nixon and Patrice Price.
9. Bertine Nixon, Secretary, reported that 55,076 proxies would be voted for each nominee that was presented by the Nominating Committee.
10. Motion was made and seconded to instruct the Secretary to cast a unanimous ballot for the slate of nominees. Carried.
11. James Fabrie asked if there was any new business or comments from the floor.
12. Prior to adjourning the meeting, Jim Fabrie recognized Bertine Nixon for 25 years of dedicated service to GLCU's Board of Directors and presented her with a bouquet of flowers.
13. A motion was seconded and carried to adjourn the meeting at 5:35 p.m.
14. A drawing was held for meeting attendees. There was \$600 in cash prizes awarded to members – two \$100, four \$50 and ten \$20.


JAMES A. FABRIE, Chair


BERTINE A. NIXON, Secretary

Chair's Report to the Membership:

2016 was a merger-free zone at GLCU, allowing us to focus on streamlining processes for enhanced efficiencies. At the same time, we experienced strong organic growth, welcoming over 17,000 new members, including over 6,000 members from a partnership with one of our SEGs, IBEW Local 134. We continued to review and enhance all of our products and services to bring you the best possible financial options for your future success and prosperity.

We introduced a Member Promise to help us focus our efforts in a precise way to enhance the service we give our members and differentiate us from the competition.

Throughout the year, GLCU focused heavily on outreach to support our local communities. We sponsored numerous community events including participation in the Feed My Starving Children food drive, Secret Santa for Shelters, and raised \$5,000 for A Safe Place shelter in Zion, and an additional \$5,000 for the TLC Animal Shelter in Homer Glen.

Through its Board of Directors, GLCU donated \$39,000 in support of 13 organizations located within the communities of our branches throughout Lake, McHenry, Cook, DuPage and Will Counties, including the Willow Springs Veterans & Family Relief Fund, Open Arms Mission, and the Ronald McDonald House.

Plus we continued our youth financial education outreach conducting our Mad City Money Program, College Planning Nights and other financial workshops at schools, interacting with 3,175 students. We also awarded 6 academic scholarships to members at all stages of higher education.

In addition, we instituted a Random Acts of Kindness initiative in 2016. Throughout the entire year, employees at GLCU branches found ways to spread kindness as a way to give back and connect to our communities. Our staff paid it forward to more than 900 people within our branch communities. The Random Acts of Kindness consisted of handing out gift cards for free lunches, flowers, car washes, donuts, diapers, ice cream, goodie bags, and so much more! We are continuing the initiative in 2017, hoping to have an even greater impact on the communities we serve.

GLCU takes great pride in its many philanthropic initiatives to help build up the communities in which its members live.

As a result of its many efforts, GLCU received The Desjardins Youth Financial Literacy Award, and we placed second in the state Dora Maxwell Social Responsibility Award.

As GLCU moves forward into 2017, we continue to be committed to providing the most innovative, convenient products and services to our members, in keeping our products and services as affordable as possible, as well as giving back to the community.

Thank you.



James Fabrie
Chairman

Great Lakes Credit Union 2016 Bylaw Amendments

ARTICLE III – MEMBERSHIP

Section 1.

The following Select Employee Groups were added to GLCU's Bylaws:

IBEW Local #134

Iron Workers Local #1

Teen Mothers Choices International (TMCI)

The following Select Employee Groups were removed from GLCU's Bylaws:

~~City of Lake Forest, IL~~

~~Foss Park District, North Chicago, IL~~

~~Leica Inc. Deerfield, IL~~

~~Lake County Department of Human Resources~~

~~American Academy of Pediatrics~~

~~Chelsea & Scott, Ltd., Lake Bluff, IL~~

~~Olson Transportation, Inc., Gurnee, IL~~

~~Bankers Life & Casualty Company, Chicago, IL~~

~~Bell, Boyd & Lloyd, Chicago, IL~~

~~Navigant Consulting, Chicago, IL~~

~~Jason Components Group and Assembled Products Inc., Milwaukee, WI~~

~~Idealease, Barrington, IL~~

~~Wm. W. Meyer & Sons, Inc., Libertyville, IL~~

~~The Town of Cicero, Cicero, IL~~

~~American Bar Association, Chicago, IL~~

~~Westell, Inc., Oswego, IL~~

~~MTI Corporation, Aurora, IL~~

~~Suncast Corp., Batavia, IL~~

~~Bedford Park District~~

~~Bedford Park Library District~~

~~L.J. Sheridan & Company~~

~~National Office of Program Development, Inc., Chicago, IL~~

~~Plastiform, Inc., Chicago, IL~~

~~Nonprofit Financial Center, Chicago, IL~~

~~Digby's Detective & Security Agency, Inc.~~

~~American Association of Law Libraries, Chicago, IL~~

~~The Heartland Institute, Palatine, IL~~

~~Real Estate Education Company, Chicago, IL~~

~~Sherwood Conservatory of Music, Chicago, IL~~

~~Transparent Container Co., Inc., Berkeley, IL~~

~~Maple Tree Child Learning Center, Maywood, IL~~

~~The Pate Company, Broadview, IL~~

~~Smile Success Dental Centre, Bellwood, IL~~

~~DeVry University, Tinley Park, IL~~

~~Chuck Driver Two, Inc., Chicago, IL~~

~~Gerald's Service, Chicago, IL~~

~~Wakenight & Associates, P.C.~~

In addition, the following field of membership expansion was approved:

persons who live or work in the communities within the following boundaries: north of I-55 in Cook County, east of I-294 to Lake Michigan, and south of Route 64 (North Avenue); including all municipal corporations that the geographical boundary lines traverse excluding portions of the city of Chicago outside this geographical area;

2017 DIRECTOR NOMINEES

- Kevin Leman – Director, Foundation Operational Readiness, Abbvie, Inc. Director since 2015. Currently serving the unexpired portion of a three-year term expiring April 2017.
- Stephen M. Park – Principal, S.M. Park & Associates Consulting. Masters degree in City Planning & Masters of Business Administration. Director since 2005. Currently serving a three-year term expiring April 2017.
- Richard Lee Piekarz, CPA – System Vice President of Strategic Financial Planning, Presence Health. Director since 2001. Vice Chair and Chair of the Executive Committee. Currently serving a three-year term expiring April 2017.

GREAT LAKES CREDIT UNION
CONSOLIDATED BALANCE SHEETS
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and due from financial institutions	\$ 25,370,369	\$ 61,874,193
Interest bearing deposits in other financial institutions	4,095,830	2,489,400
Total cash and cash equivalents	<u>29,466,199</u>	<u>64,363,593</u>
Interest bearing time deposits in other financial institutions	13,962,555	14,547,808
Securities available for sale	74,276,752	94,039,606
FHLB Stock	3,510,000	2,754,300
Loans held for sale	839,000	1,432,949
Loans to members, net	588,876,871	485,600,864
Accrued interest receivable	2,089,159	1,903,399
Premises and equipment, net	27,999,496	28,705,209
Land held for sale	554,823	554,823
Shared insurance deposits	6,113,109	5,967,205
Service rights, net	540,907	428,600
Real estate owned	573,354	892,976
Corporate owned life Insurance	8,186,311	7,974,029
Intangible Assets	1,510,095	1,895,188
Other assets	8,817,907	8,566,606
	<u><u>\$ 767,316,538</u></u>	<u><u>\$ 719,627,156</u></u>
LIABILITIES AND MEMBERS' EQUITY		
Interest bearing deposits	\$ 643,429,858	\$ 626,481,196
Borrowings	43,927,910	9,500,000
Investments Traded but not settled	-	6,000,000
Accrued interest payable and other liabilities	9,025,108	8,263,852
Total liabilities	<u>696,382,876</u>	<u>650,245,048</u>
Members' equity		
Undivided Earnings	71,052,768	69,375,184
Accumulated other comprehensive income (loss)	(119,107)	6,923
Total members' equity	<u>70,933,661</u>	<u>69,382,107</u>
	<u><u>\$ 767,316,538</u></u>	<u><u>\$ 719,627,156</u></u>

See notes to financial statements.

GREAT LAKES CREDIT UNION
CONSOLIDATED STATEMENTS OF INCOME (LOSS)
Years December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Interest and dividend income		
Loans	\$ 24,453,144	\$ 21,012,768
Securities	1,091,804	1,394,996
Balances with other financial institutions	487,569	234,261
Total interest and dividend income	<u>26,032,517</u>	<u>22,642,025</u>
Interest expense		
Members' shares	2,675,894	2,095,990
Borrowed funds	488,551	288,789
Total interest expense	<u>3,164,445</u>	<u>2,384,779</u>
Net interest income	22,868,072	20,257,246
Provision for loan loss	3,418,306	1,779,130
Net interest income after provision for loan loss	<u>19,449,766</u>	<u>18,478,116</u>
Non-interest income		
Service fees	4,871,093	3,990,237
Credit card and ATM card income	3,719,167	3,411,731
Gain on the sale of loans	2,235,787	1,251,631
Gain on the sale of securities	419,798	225,694
Gain from Bargain Purchase (Merger)	-	113,470
Other Income	1,264,125	1,504,957
Total non-interest income	<u>12,509,970</u>	<u>10,497,720</u>
Non-interest expense		
Salaries and employee benefits	16,478,062	15,068,601
Occupancy and operations	8,110,391	7,712,929
Loan Collection and REO Expense	426,598	492,669
Credit card and ATM card	1,463,084	1,024,600
Depreciation	2,235,372	2,228,240
Advertising	420,748	411,972
Professional and outside services	335,477	271,423
Other	812,420	481,683
Total non-interest expense	<u>30,282,152</u>	<u>27,692,117</u>
Net income (loss)	<u>\$ 1,677,584</u>	<u>\$ 1,283,719</u>

See notes to financial statements

Community Involvement 2016

Employees participated in more than 70 community events and reached more than 3,000 young adults during College Planning Nights, Mad City Money, and other financial workshops!



*On behalf of our Board of Directors and the GLCU team,
we thank you for a fantastic year!*