CREDIT UNIONS AT THE CROSSROADS

ANNUAL REPORT

AGENDA: ANNUAL MEETING NOVEMBER 2, 1978

Call to order

Invocation

Roll Call

Introduction of guests

Approval of minutes and agenda . . . . Vern Hoglund

Report of Treasurer. . . . . .Dave Hildebrand

Report of Credit Committee . . . . Dave Babcock

Report of Supervisory Committee. . . . . .Warren Peterson

Report of Board of Directors . . . . Vern Hoglund

Information Session

Unfinished or Old Business

New Business

Election of Officers

Report of Nominating Committee

Scholarship Drawing

Report of Election

Adjournment

Minutes Of The Annual Meeting--October 27, 1977

The Annual Meeting of The Hutchinson Credit Union was held at the Hutchinson High School Cafeteria at 6:45 p.m., October 27, 1977.

Following the invocation by Ed Switzer, roll call was taken by members signing their tickets and leaving them by their plates.

Chairman Dan Robison introduced board members, staff members and presided over the business meeting.

The minutes of the November 4, 1976 meeting were accepted by a motion made by George Foster and seconded by Jim Martinez.

Committee reports were given by Dave Hildebrand, Credit Committee Chairman; Warren Peterson, Supervisory Committee Chairman; and Donna Showalter, Treasurer. The reports were accepted on a motion made by Will Billingsly.

Dennis Hofts from the Kansas Credit Union League presented an informative program on "Credit Union Language".

Chairman of the Nominating Committee, Lloyd Coon presented the committee's report. The following members were elected to their respective positions: For board of directors -- Jim Woods and Dave Hildebrand; For credit committee -- Myron Hermes, Kendell Griggs, Chris Opdycke and Dave Babcock; For supervisory committee -- Warren Peterson.

Margaret Banker presented George Foster with an appreciation pin for his many years of service to the credit union.

Galen Switzer drew Lori Halpain's name as the recipient of a $100 scholarship.

A vote of the membership approved the deletion of Section 2 Article XX from the credit union bylaws. This will allow the credit union to engage in any activity in which this credit union could engage were it a Federally chartered credit union.

The meeting was adjourned by Dan Robison, Chairman.

Respectfully submitted,
Donna Showalter, Secretary

Report Of The Chairman Of The Board Of Directors

Your credit union has passed four million dollars in assets this year indicating another year of solid growth. The increasing growth in membership, services and assets brings new challenges for us. Other financial institutions recognize the growth of credit unions and have reacted sometimes in ways that are of concern. Intense competition and inflationary costs of operation are two of our biggest challenges today.

This past year your Board of Directors, Calvin Burns, David Hildebrand, Dan Robison, Donna Showalter, Jim Woods and Vern Hoglund along with Margaret Banker and Rod Sutton participated in a two-day planning seminar. Our purpose was to look ahead and plan to meet challenges of continued growth, competition and meeting member needs. For example, we are considering the possibility of expanding our present building to allow much needed additional space.

The Hutchinson Credit Union continues to serve the members needs capably and efficiently thanks to Margaret Banker, President; Rod Sutton, Vice-President; Wanda Hatcher, Office Manager; Denise Witham, Rose Bockhaus and Deanna Lemen.

A word of appreciation goes to the devoted and capable members of the Board for their long hours of volunteer service. We would like to especially recognize outgoing member Donna Showalter for her term of service on the Board.

The Board wishes to recognize and thank the members of the Credit and Supervisory Committees for their dedicated service.

The Hutchinson Credit Union is part of the total credit union movement. This movement means that The Hutchinson Credit Union belongs to you and exists to meet your financial needs. Volunteers represent you in organizational governance. Your continued support is vital for the continued success of your credit union. Tell us of your needs, concerns and suggestions.

Respectfully submitted,
Vern Hoglund, Chairman

THE HUTCHINSON CREDIT UNION FINANCIAL STATEMENT

(Year end closing, September 30, 1978)

	1977	1978
ASSETS		
Cash Accounts	$ 7,291.30	$ 74,993.35
Loans To Members	3,117,198.22	3,556.548.27
Investments	239,809.85	489,682.20
Building and Land	53,889.59	51,955.11
Furniture and Fixtures	11,065.07	9,815.51
Prepaid Insurance	813.47	2,783.98
Accounts Receivable	100.00	538.80
Total Assets	$3,430,167.50	$4,186,317.22
LIABILITIES		
Shares	$2,253,579.20	$2,495,885.00
Share Certificates	781,426.68	1,271,823.85
Member Disability Insurance	1,910.63	4,091.81
Notes Payable	111,674.18	102,098.14
Reserves	230,381.27	260,827.84
Undivided Earnings	51,195.54	51,590.58
Total Liabilities	$3,430,167.50	$4,186,317.22

Each member account insured to $40,000

NCUA

by Administrator. National Credit Union Administration

DISTRIBUTION OF INCOME 1978

	1977	1978
INCOME		
Interest on Personal Loans	$295,975.67	$365,178.75
Income From Investments	24,561.99	23,209.21
Total Income	$320,537.66	$388,387.96
OPERATING EXPENSES		
Salaries and Related Expense	$ 53,904.93	$ 68,016.96
General Office Expense	20,141.04	31,397.65
Building, Furniture & Insurance Depreciation Expense	5,018.30	6,309.53
Education and Promotion Expense	5,758.49	8,081.45
Terminal Leasing Expense	0.00	4,004.40
Data Processing Expense	7,468.77	8,956.54
Examination and Supervisory	3,725.60	4,082.45
Taxes	1,392.13	1,373.20
Life Insurance (Shares & Loans)	12,961.30	12,802.53
League Dues	2,944.87	3,485.98
Total Expenses	$113,315.43	$148,510.69
GROSS EARNINGS	$320,537.66	$388,387.96
Less Expenses	-113,315.43	-148,510.69
NET EARNINGS	$207,222.23	$239,877.27
Less Required Reserves	- 32,053.77	- 38,838.80
Less Dividends on Shares	-116,714.43	-133,920.11
Less Certificate Dividends	- 50,775.30	- 66,184.30
BALANCE TO UNDIVIDED EARNINGS	$ 7,864.08	$ 934.66

Report Of The Supervisory Committee

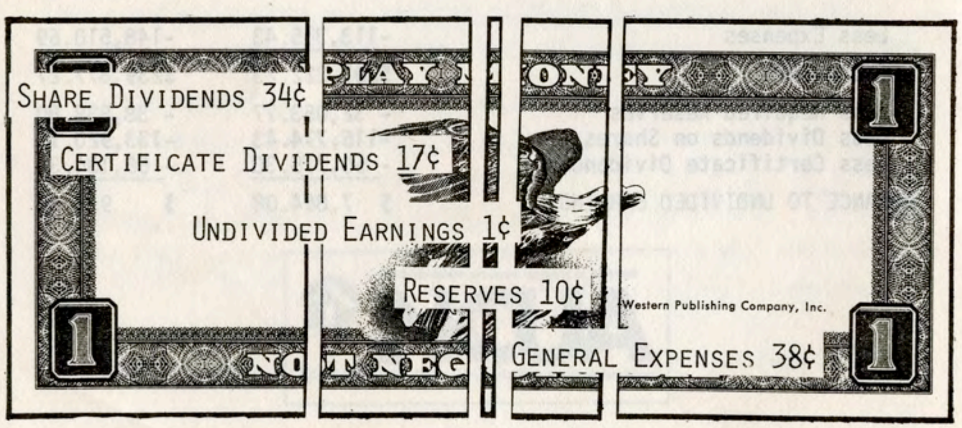
This year the Supervisory Committee employed the professional services of a firm of certified public accountants to audit the accounts of the credit union. All assets, liabilities, income, expense and share accounts were examined. The accounts were found to be accurate and acceptable.

The committee met with representatives of the accounting firm for consultation on the report. This meeting gave the committee the opportunity to discuss specific questions and procedures with the accounting firm.

A second audit of the credit union was performed by the Kansas Credit Union Administrators Department. This audit concentrated on the condition of the loan accounts. The comments from their report show the credit union to be in excellent condition.

Respectfully submitted,
Warren Peterson, Chairman

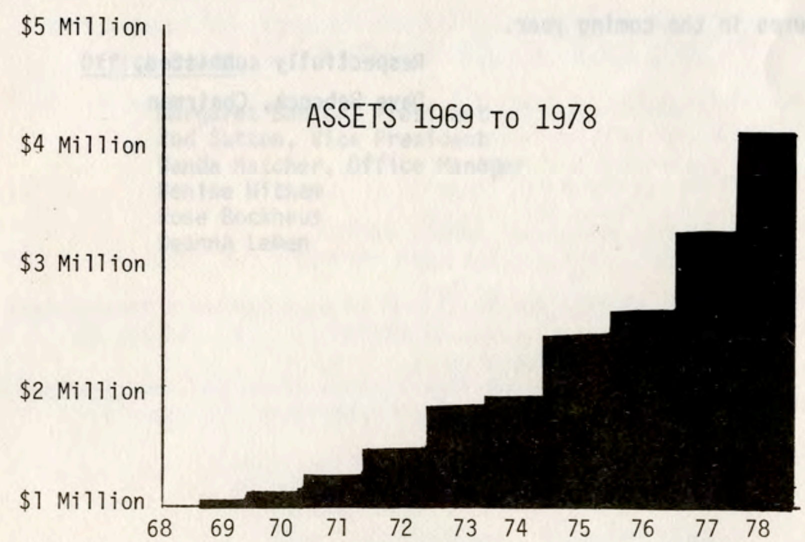
DISTRIBUTION PER DOLLAR OF INCOME



Report Of The Treasurer

Your credit union continues to grow at a healthy rate. A milestone was reached this year when we passed the 4 million dollars mark in assets. Assets increased 22.04% over 1977. A total of $200,104.41 was returned to you, the member, in the form of dividends on shares and interest on certificates. Your continued use of the Credit Union makes this excellent growth possible.

Respectfully submitted,
David Hildebrand, Treasurer



Report Of The Credit Committee

Due to the number of loans in the latter part of our 1978 year the Credit Committee has been reviewing loans once per week. During our 1978 year 1,922 loans were approved (19% greater than last year) and represented a dollar volume of $2,498,103.00, (about 6% greater than last year).

Loans made since organization are 16,046 representing a dollar volume of $16,501,663.00.

A substantial amount of time is spent each week by the Credit Committee reviewing loan requests that are not approved. We have not recorded this time or dollar amount this year but we are sure it would be of interest to the members and plan to record these figures in the coming year.

Respectfully submitted,
Dave Babcock, Chairman

Officers and Committee Members

Board of Directors

Vern Hoglund, Chairman
Donna Showalter, Vice Chairman
Dave Hildebrand, Secretary / Treasurer
Dan Robison
Calvin Burns
Jim Woods

Supervisory Committee

Warren Peterson, Chairman
Edwin Switzer
Jan Strecker

Credit Committee

Dave Babcock, Chairman
Kendell Griggs
Chris Opdycke
Vinita Hoffman
Myron Hermes

Office Staff

Margaret Banker, President
Rod Sutton, Vice President
Wanda Hatcher, Office Manager
Denise Witham
Rose Bockhaus
Deanna Lemen

Quiz Time!

(Here are some basic questions concerning your credit union. How much do you know about its operation?)

True or False

1. If you change jobs you can no longer belong or borrow from the credit union.

2. You must be 18 to join the credit union.

3. Member accounts are personally checked by the supervisory committee and the board of directors.

4. Share dividends are paid on the average monthly balance.

5. The credit committee approves every loan before it is made.

6. The largest loan the credit union can make is $10,000.00.

7. Board and Committee members serve in their positions without any type of salary.

8. Members may have more than one loan at a time.

9. The credit union does accept social security and other types of retirement checks via direct deposit.

10. The credit union is open five days per week and closed on Saturday.

Multiple Guess

11. Which insurance costs the member extra?
A. Credit Disability B. Life savings C. NCUA

12. What was the average amount loaned to each borrower in September?
A. $1,330.78 B. $1,028.33 C. $2,231.29

13. What type of loan does the credit union offer for home improvement?
A. FHA Title 1 B. Second Mortgage C. Signature

14. What is the current passbook share dividend rate?
A. 5% B. 5¼% C. 5 3/4%