

# Our Catalog of Services

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## • SHARE SAVINGS, PLUS... •

Certificates  
Money Market Account  
Investment Shares Account  
Christmas Club Account  
IRA Accounts  
Scottie Savers Youth Club  
Gateway Account  
Special Use Savings Accounts  
Market Index Certificates

## • SELF-DIRECTED IRA's •

## • FAVORABLE LOANS •

Loans by Mail  
Pre-approved Loans  
First Mortgage Loans  
Second Mortgage Loans  
Home Equity Line of Credit  
Car Loans  
Personal Loans  
EXPRESS Personal Line of Credit  
Student Loans

## • CHECKING •

Dividend Paying Accounts  
Overdraft Protection  
Visa Check & ATM Card  
Gateway Account  
Plus Account

## • BUSINESS SERVICES •

Loans  
Checking  
IRA  
WEB Branch  
Merchant VISA Services

## • VISA •

## • HUTCH•LINE TELEPHONE TELLER •

## • WEB BRANCH •

## • US SAVINGS BONDS •

Issue & Redeem

## • CONVENIENCE SERVICES •

Direct Deposit  
Payroll Deduction  
Automatic Transfers  
Travelers Checks  
Money Orders  
Western Union Transfers  
Wire Transfers  
Free Notary Service  
Signature Guarantee

## • MemberSource, Inc. •

A Financial Planning Service

## • MEMBER INFORMATION CENTER •

## • AT HUTCHINSON ONLY •

Safe Deposit Boxes  
Drive-up Facilities

Your savings federally insured to \$100,000

# NCUA

National Credit Union Administration  
a U.S. Government Agency

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### HUTCHINSON OFFICES:

900 E. 23rd • P.O. Box 1645 • Hutchinson, KS 67504-1645  
129 W. Avenue A • Hutchinson, KS 67501-5407  
Phone (620) 669-0177 (800) 428-8472  
Fax (620) 669-8123

### HAVEN OFFICE:

209 S. Kansas Ave.  
Haven, KS 67543  
Phone (620) 465-3842  
Fax (620) 465-2611

### WICHITA DOWNTOWN OFFICE:

245 North Waco, Suite T-600  
Wichita, KS 67202  
Phone (316) 266-5141  
Fax (316) 266-5142

WEB BRANCH: [www.hutchinsoncreditunion.com](http://www.hutchinsoncreditunion.com)

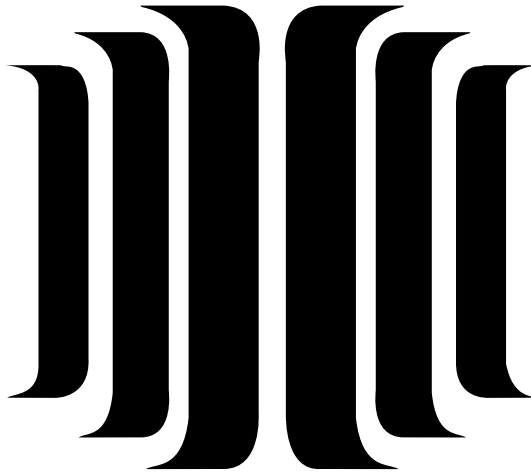
TWO THOUSAND ONE

# Annual Report

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HUTCHINSON CREDIT UNION



*Where people are worth more than money.™*

# Report of the Credit Committee

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	<u>2000</u>	<u>2001</u>
Total Number of Loans Made .....	10,456	10,545
Total Dollar Volume of Loans Made .....	\$31,305,704	\$38,277,610
Number of Loans Made Since April 1, 1948 .....	165,852	176,397
Total Dollar Volume of Loans Since April 1, 1948 .....	\$340,496,534	\$378,774,144
Loans Charged-off Since April 1, 1948 .....	\$1,453,538	\$1,568,190
Recoveries From Charged-off Loans .....	\$74,079	\$83,639

**PURPOSE:** To represent the membership by maintaining a safe, sound, fair and responsive credit system.

The credit committee is responsible for insuring lending policies of the credit union, as established by the Board of Directors, are carried out by the loan officers. The committee meets to review the reports of new loans, delinquencies, charge-offs and randomly review loan files to insure compliance. Types of loans, portfolio changes, the overall loan pricing structure as well as new products and services are also reviewed.

Notable changes during the year include:

- The differential loan pricing model was adjusted, incorporating use of a credit score in the evaluation of a member's risk weighting.
- Updated the loan denial form to include instructions on how to appeal a loan decision.
- The consumer loan rate sheet was amended, moving to rates based on the amount of the loan instead of collateral based pricing. This was modeled after the pricing of the very successful spring loan promotion when \$5.2 million in new loans were booked.
- Mortgage servicing was implemented with the first loan being sold to FNMA in August. By year end, the servicing portfolio had grown to \$5.5 million with another \$2.2 million waiting to be purchased.
- Completion of the conversion from paper-based loan files to electronic image storage.

Some other signs of a healthy, responsive loan program are:

- Outstanding loans grew 12.7% during 2001.
- At year end, 94% of member deposits were invested in loans back to credit union members.
- Delinquency and charged-off loans remained at very low levels throughout the year.

- Richard Carlisle  
*Chairman*

**CREDIT COMMITTEE  
PURPOSE: To represent  
the membership by  
maintaining a safe,  
sound, fair and  
responsive credit  
system.**



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## Board of Directors



**Loretta Fletchall**  
Chair  
*Hutchinson Hospital*



**LeRoy Broxterman**  
Vice Chairman  
*Hutchinson Comm. College*



**Ed Switzer**  
*Secretary-Treas.*  
*Retired-USD 308*



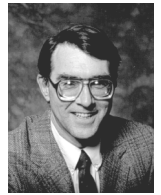
**James E. Woods**  
*Retired-USD 308*



**Kendal Pulliam**  
*Farm Credit Services*



**Mark Woleslagel**  
*Woleslagel Ins.*



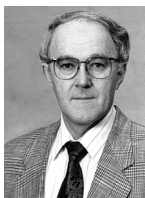
**John McCannon**  
*Kansas Corp. Commission*

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## Credit Committee



**Mike Souba**  
*Freelance Photography*



**Kendall Griggs**  
*Hutchinson Comm. College - Retired*



**Richard Carlisle**  
*Farm Credit Services*



**Patsy Stoecker**  
*Hutchinson Hospital*



**Pat Falter**  
*Novus Windshield Repair*

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## Supervisory Committee



**Ann Wagner**  
*Farm Credit Services*



**Lee Spence**  
*Underground Vaults*



**Ed Howard**  
*USD 308*



**Bruce Trapp**  
*Mid-Kansas Coop Haven*



**Marvin Schmucker**  
*Schmucker Training & Consulting*

# Minutes of the Annual Meeting

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The 53rd Annual Meeting of the Hutchinson Credit Union was held March 27, 2001, at the Hutchinson Credit Union office.

Chair Loretta Fletchall called the meeting to order. Twenty-one members attended.

Jim Woods moved to accept the minutes of the 2000 Annual Meeting as presented. Seconded by Kendal Pulliam. Motion carried.

Chair Fletchall referred to the printed report of the chair. Hutchinson Credit Union continues to receive good ratings from the auditors, which reflects on how the staff carries out their responsibilities.

Marvin Schmucker, Supervisory Committee, stated audits were completed by the Kansas Department of Credit Unions and the certified public accounting firm of Pierce, Faris & Company, Chartered. The committee continues to review policies, procedures, attend Board Meetings, conduct a staff survey and look at reports. Schmucker reported the Credit Union received a Camel One rating from the State Department of Credit Unions. He reported the Credit Union is safe and sound. Lee Spence made the motion to accept. Seconded by Richard Carlisle. Motion carried.

Garth Strand, President, presented the treasurer's report stating the Credit Union had received the highest possible regulatory rating, Camel One. The asset growth for 2000 was .06%, loan growth was 13.7%, capital growth of 10.97% and a -.79% in savings growth. It was a successful year for loan and capital growth. The Credit Union has a good solid balance sheet. Mark Woleslagel made the motion to approve. Seconded by Kendal Pulliam. Motion carried.

Richard Carlisle, Credit Committee, stated their primary duties are to review new loan reports, delinquencies, charge-off loans and verify policies are being followed. The conversion was made from paper files to electronic. The loan growth has been good, as management continues to utilize the loan policies. Jim Woods made the motion to approve. Seconded by Marvin Schmucker. Motion carried.

Garth Strand, President, referred to last year's reports stating the more things change, the more they stay the same. Successful organizations must run on two tracks simultaneously. One track consisting of core values and principals and the other the ever-changing market places. The balance of quality service and price is important. Quality not only applies to products and services but also to people and relationships. Hutchinson Credit Union has been fortunate to have good quality people, in volunteers and staff.

Strand reported on the elections stating that there was no election conducted by ballot because there was only one nominee for each position to be filled. The following were elected by acclamation: Roy Broxterman, John McCannon - Board of Directors; Ann Wagner, Bruce Trapp - Supervisory Committee; Pat Falter, Patsy Stoecker will be appointed to the Credit Committee by the Board of Directors.

There was no unfinished business.

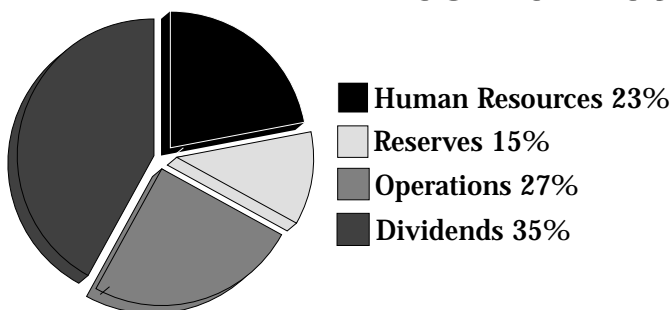
Chair Fletchall recognized Garth Strand for receiving the Henry Peterson Award for the Credit Union Professional of the Year.

Mark Woleslagel made the motion to adjourn. Seconded by Jim Woods. Motion carried.

# Financial Report

<b>Income</b>	<b><u>2000</u></b>	<b><u>2001</u></b>
Income on Loans .....	\$3,958,021 .....	\$4,482,028
Income on Investments .....	720,109 .....	442,126
Other Income .....	725,178 .....	915,616
<b>Total Operating Income</b>	<b><u>\$5,403,308</u></b>	<b><u>\$5,839,770</u></b>
<b>Operating Expenses</b>		
Compensation .....	960,864 .....	1,122,240
Employee Benefits .....	177,519 .....	228,994
Travel and Conference Expense .....	17,004 .....	20,143
Association Dues .....	22,931 .....	22,713
Office Occupancy and Operations .....	696,046 .....	758,407
Education and Promotion .....	154,224 .....	168,436
Loan Servicing .....	69,881 .....	55,786
Professional Expense .....	242,697 .....	356,002
Provision for Loan Losses .....	121,987 .....	92,000
Member Insurance .....	35,334 .....	18,316
Regulatory Expense .....	20,229 .....	21,203
Interest on Borrowed Money .....	3 .....	— 0 —
Member Relations .....	2,436 .....	6,796
Miscellaneous Expense .....	15,484 .....	13,547
<b>Total Expenses</b>	<b><u>\$2,536,639</u></b>	<b><u>\$2,884,583</u></b>
Operating Income .....	\$5,403,308 .....	\$5,839,770
Less Operating Expenses .....	(2,536,639) .....	(2,884,583)
Non-Operating Income/Expense .....	(892) .....	(17,988)
<b>Net Income Before Dividends</b>	<b><u>\$2,865,777</u></b>	<b><u>\$2,937,199</u></b>
Less Dividends .....	2,263,004 .....	(2,036,665)
<b>Balance to Reserves</b>	<b><u>\$602,773</u></b>	<b><u>\$900,534</u></b>

## Income Distribution



# Statement of Conditions

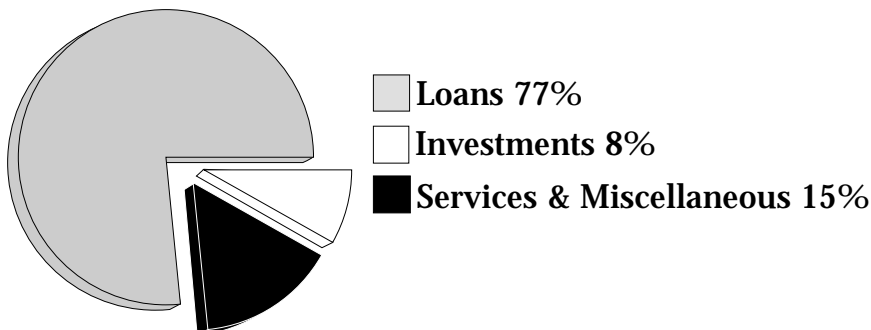
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## Year End Closings

<b>Assets</b>	<b><u>12-31-00</u></b>	<b><u>12-31-01</u></b>
Cash Accounts .....	\$1,572,353 .....	\$1,458,726 .....
Real Estate Loans .....	24,669,384 .....	27,183,154 .....
Business/ Agricultural Loans .....	3,380,044 .....	5,070,225 .....
Consumer Loans .....	20,437,659 .....	22,222,596 .....
Loan Loss Allowance .....	(619,226) .....	(606,135) .....
Investments .....	8,111,394 .....	6,688,818 .....
Building and Land (Net) .....	1,271,638 .....	2,048,328 .....
Furniture and Fixtures (Net) .....	238,092 .....	314,562 .....
Prepaid Expenses .....	177,910 .....	88,365 .....
Accrued Income .....	300,854 .....	253,741 .....
NCUSIF Deposit .....	516,642 .....	542,967 .....
Other Assets .....	27,758 .....	702,300 .....
	<hr/>	
Total Assets .....	<b>\$60,084,502</b> .....	<b>\$65,967,647</b>
<b>Liabilities</b>		
Miscellaneous .....	\$188,065 .....	\$357,373 .....
Share Deposits .....	53,790,124 .....	58,595,792 .....
Reserves and Undivided Earnings .....	6,106,313 .....	7,014,482 .....
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Total Liabilities, and Equity .....	<b>\$60,084,502</b> .....	<b>\$65,967,647</b>

## Income Sources

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# Report of the Chair

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I am pleased to report that your credit union has successfully completed its 54th year of operation and continues to be an active participant in the ever-changing financial services arena. Following are highlights and changes embraced during 2001:

- Entered into a strategic partnership with Hutchinson Postal Credit Union to creatively share space in the new Avenue A branch.
- Completed the new branch at Avenue A and opened for business on January 31st, 2002.
- HCU again received a "CAMEL 1" rating from the Kansas Department of Credit Unions. This designation is certainly a positive benchmark for a well run, financially sound credit union.
- Significantly enhanced the value of HCU membership with the addition of the mortgage servicing product.
- Completed the search for a new data processing system, continuing our commitment to the use of technology for improved service and operational efficiency.
- Filled the Business Development Director position that has been being developed over the past 2 years. The primary responsibility for this new position is to coach and train our staff in the best methods of identifying and meeting member needs.
- Basic service fees remained unchanged for the 9th consecutive year.

**"...your credit union has successfully completed it's 54th year of operation and continues to be an active participant in the ever-changing financial services arena."**



For 54 years our credit union has been responding to the changing needs of our members. During that time the credit union itself has remained healthy and viable. This balance of a healthy credit union responding to it's members needs has been made possible by remaining true to the cooperative principles, kindling a progressive spirit, and nurturing the desire to be successful. It is not an easy task. It has taken support from the members, steady and unselfish guidance from volunteers and best efforts from the staff. The challenges will change but the solutions will always be found in this powerful partnership of people working together.

- Loretta Fletchall  
*Chair*

# Report of the Supervisory Committee

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The Supervisory Committee's responsibilities can be summarized into the following categories:

- Review Policies and Procedures
- Safeguard the Members' Assets
- Evaluate and Review the Credit Union's Financial Condition
- Interact with Credit Union Management
- Cooperate with Regulatory Agencies
- Review the activities of the Board of Directors and other committees
- Determine Compliance with Consumer Credit Regulations

To fulfill the above responsibilities and provide an objective view of the financial strengths and weaknesses of your Credit Union, the Supervisory Committee relies on and uses a variety of resources.

First, the Certified Public Accounting Firm of Pierce, Faris & Co., Chartered, was employed to conduct the Annual Audit as of 8-31-01. Their report concluded that our financial statements represent fairly and accurately the financial position of your Credit Union and conform with generally accepted accounting principles.

Secondly, the committee cooperates fully with regulatory examinations by the Kansas Department of Credit Unions and the National Credit Union Administration. Any records of actions made by these agencies are followed up by the Supervisory Committee to see that the necessary changes to policies and procedures are made. The most recent exam covered transactions up to the close of business on November 30, 2001. This examination assigned your credit union the best possible rating. Congratulations and thank you to the staff for achieving this exemplary report.

This year the Supervisory committee contracted with an independent third party for additional audit work. This work is similar in nature to that done by an internal auditor and is done to supplement the C.P.A. audit and exam work.

Lastly, the Supervisory Committee relies on it's own activities and findings. The Committee met 6 times during 2001 to conduct reviews of various policies, procedures, accounts and reports. The Committee also participated in the annual planning session. A committee member attended most Board of Directors meetings. A confidential staff survey was conducted to provide a direct, open line of communication with the staff.

In summary, the Supervisory Committee is glad to report to members that your funds and records are being maintained in a safe, sound and confidential manner.

- Marvin Schmucker  
*Chair*

# Report of the Treasurer

<b>Asset Growth</b>	<b>9.79%</b>	<b>Loan Growth</b>	<b>12.70%</b>
<b>Savings Growth</b>	<b>8.84%</b>	<b>Capital Growth</b>	<b>13.31%</b>

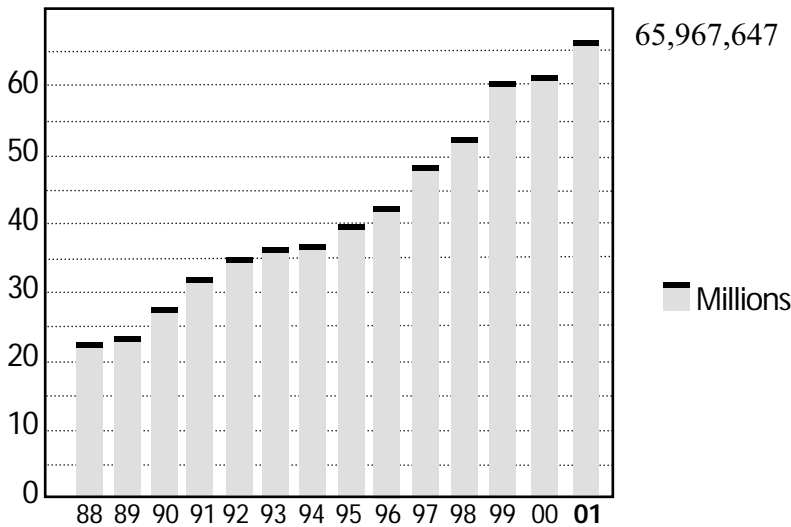
A direct return to the members of \$2,036,665 was made in the form of share and certificate dividends. Our net income of \$900,534 was placed in reserves and undivided earnings. This is necessary to meet state and federal regulations and to meet long term capital goals established by the Board of Directors. Reserves and undivided earnings are the “savings account” of the credit union and help to insure its future viability.

The Board of Directors believes your credit union is financially sound, well-managed and capable of continuing to fulfill its mission of offering financial services in a safe and sound manner.

As member-owners, your continued support is vital to the sustained success of your credit union.

- Ed Switzer  
*Secretary-Treasurer*

## Assets





**23rd & Severance in Hutchinson, Kansas 67502**

# Agenda

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## Annual Meeting / March 26th, 2002

- Call to Order

Determination of a Quorum .....	Loretta Fletchall
Approval of Minutes and Agenda .....	Loretta Fletchall
Report of Chair .....	Loretta Fletchall
Report of Supervisory Committee .....	Marvin Schmucker
Report of Treasurer .....	Ed Switzer
Report of Credit Committee .....	Richard Carlisle
Report of the President .....	Garth Strand
Report of Election .....	Loretta Fletchall
Unfinished Business	

- New Business

- Adjournment

**HUTCHINSON  
CREDIT  
UNION  
MISSION  
STATEMENT**



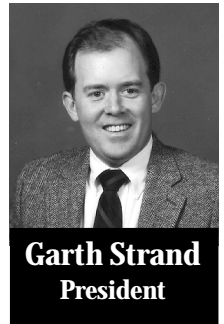
- To insure the future viability of Hutchinson Credit Union.
- To offer optimum financial service equitably while maintaining safe and sound operational practices and financial conditions.
- To nurture an environment of democratic control and member orientation as a cooperative financial institution.
- To encourage sound money management through education and counseling.

# From the President

---

"Our credit union isn't what it used to be-----and I'm glad!" A long-time member recently made this comment to me. Actually, they made the statement quite dramatically, disguising the first part, setting me up for a negative confrontation. Fortunately, I held the emotional response that wanted to gush forth. After a long, deliberate pause, they broke the building tenseness with the good news. They were glad change had taken place! As we talked about "the good old days", we enjoyed the memories but we also realized how unsavory it would be if our credit union was, in fact, the way it used to be.

The conversation was rambling, woven with threads of yesterday, today and tomorrow. We concluded that our credit union has continued to be successful because we have continued to find the balance between those three times--- yesterday, today and tomorrow. Two years ago I said that successful organizations must run simultaneously on two tracks--one track being core values and principles and the other being the ever-changing market place. Running on both tracks weaves a strong fabric. A fabric of character, credibility and trust. Oh yes, there are those that appear in the market place with a big splash, some razzle-dazzle and then generally they're gone, leaving both dissatisfied customers and investors in their wake. But as always, and especially in today's times, the values of character, credibility and trust are highly desired and valued.



John F. Kennedy said: "Change is the law of life, and those who look only to the past or the present are certain to miss the future." Looking forward to the future while protecting and nurturing our character, credibility and trust seems to be a good recipe for success. As a credit union we're all responsible for doing both. Members, volunteers and staff must keep looking ahead and take action to move in new directions while at the same time being ever-mindful of our core values and principles, renewing, testing and tempering them to stand the test of time.

So here's to you, Hutchinson Credit Union. We celebrate, because you're NOT what you used to be!

– Garth Strand  
*President*

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## Management Team

**Wanda Hatcher**  
Senior V.P.

**Garth Strand**  
President

**Casey A. Swarts**  
V.P. Marketing/Technology

**Todd Brunner**  
V.P. Lending

**Michelle Waln**  
Human Resources Director

**Dave Hawthorne**  
Business Development Director