



FCCU 2019 ANNUAL REPORT

Life is better with community.

81st Annual Meeting

We welcome you to the 81st Annual Meeting to meet your fellow Credit Union members and meet the people, both Board and staff, who serve you.

Agenda

March 16, 2020 | 5:30 pm

Farmers Union Conference Center, Jamestown

- Call to Order
- Invocation
- Report of Registration
- Minutes of Previous Meetings
- Overview of Annual Report
- Financial Report
- Report of the President
- Old Business
- New Business
- Adjourned
- Drawing of Prizes
- Meal Served



The Annual Meeting is governed by Robert's Rules of Order.

Annual Meeting Minutes

March 18, 2019

The 80th Annual Meeting of First Community Credit Union was held on Monday, March 18, 2019 at the Farmers Union Conference Center. Vice Chairman Dayne Headland called the meeting to order at 5:30 p.m. Cindy Schmidt gave the invocation.

Vice Chairman Headland introduced the head table. Director Sandy Franke introduced the Audit Committee, Vice Chairman Headland reported who serves on the First Community Services, Inc. Board and Steve Schmitz, CEO, reported who serves on the First Community Scholarships LLC Board.

The report of registration showed 114 members and 6 guests, constituting a quorum. A motion was carried to approve the minutes of the March 19, 2018 Annual Meeting minutes as printed in the bulletin. Vice Chairman provided the report of the Board of Directors.

Sean Rinkenberger, CFO, reviewed the Statement of Financial Condition as of December 31, 2018. A motion was carried to approve the report as presented.

Steve Schmitz provided the report of the President, addressing the new addition at the Administrative branch, which is set to be done this summer and the remodel at the Grand Forks 32nd branch, to be completed soon. In looking back at these past 80 years, FCCU has grown to 44,000 members and 28 branch locations in 23 communities throughout North Dakota and Minnesota.

Vice Chairman Headland called for Old Business. There was none. Vice Chairman Headland called for New Business. There was none. A motion was carried to approve the actions of Management and the Board of Directors for the past year.

Sharman Zachrison, Chairperson of the Nominating Committee, introduced other committee members (Sue Corwin and Jason McKenney) and the three candidates running for the Board: incumbents Mark Watne, Dayne Headland and Owen Olson. Vice Chairman Headland declared the vacancies be filled by acclamation.

A motion was carried to adjourn.

Letter from the President

Member-Owners,

As we look back on 2019, we are once again filled with excitement for our growing Credit Union. 2019 marked our 80th Anniversary as a credit union. Many things have changed over our 80 years, growing from just 40 members in 1939, to over 43,000 members today; however, the one thing that has remained constant is the commitment to our membership.

The past year had both milestones and challenges, as we saw the agriculture economy be impacted by low prices, droughts, snowstorms and other challenging elements. Our Credit Union was started as a Farmers Union Federal Credit Union, a place to serve community members, including farmers and ranchers. While farmers and ranchers continue to persevere through these challenging times, it's without a doubt, they are a huge part of not only our Credit Union, but our North Dakota and Minnesota economies. We are hopeful for the agriculture economy to improve in 2020.

In May, we proudly celebrated the ground breaking of our new Crookston facility, set to open later in 2020. This facility will be nearly 4,000 square feet and located on Highway 2, near Walmart. We held a Grand Re-Opening for the remodel of our Grand Forks 32nd location in May, as well. The remodel features a more modern space to better serve both current and future members. We look forward to our future in both Crookston and Grand Forks. Due to merger growth, in order to better serve our members, we also completed a building expansion on our Administrative Branch located in Jamestown in September.

New this past year, was our "Open Your Eyes to a Credit Union" campaign. This national campaign, that we brought here locally, is aimed to get more consumers to consider credit unions as their best



financial services provider through advertising and awareness. As our staff works to break the credit union myths and encourage others to “open their eyes” to a credit union, we hope you do too. I encourage you to share the credit union benefits with your friends and family.

Finally, a large part of our focus this past year was on training and engaging our employees so they are able to provide our members the best possible customer service each and every day. This still remains a large focus for 2020. We have a talented staff who will continue to provide the latest technology and products to make your financial future brighter.

Reflecting on 2019, our success has been a direct result of the hard work of our employees, the commitment of our Board of Directors and the support and patronage of our 43,000 members. We look forward to working and growing with you in the future. I thank each of you for your part and look forward to another successful and prosperous year in 2020.

Respectfully Submitted,
Steve Schmitz, President & CEO

Message from the Board of Directors

Welcome to the 81st Annual Meeting of First Community Credit Union. The volunteers and employees of FCCU continue to work hard to make our Credit Union a place where members feel welcome, with a confidence that all of their financial needs will be met.

2019 was another financially successful year for our Credit Union. FCCU ended 2019 with total assets of over \$850 million and a net of income of \$8.26 million. Membership numbers ended with 42,501 members.

The Administrative Offices had reached capacity and additional office space was added in 2019. A beautiful addition was added on the south side of the Admin Building and a Ribbon Cutting was held in September.

A new branch office in Crookston, MN was begun and will be completed in 2020. The Grand Forks 32nd branch was remodeled and a Grand Opening was held in May of 2019.

Our commitment to the communities in which we do business remains strong. The FCCU Board of Directors (BOD) was approached by The Anne Carlsen Center to be a part of their Capital Campaign for a new campus in Jamestown, ND. The BOD committed to a \$250,000 donation to be given over the next five years. The ACC is a non-profit organization providing individuals with development disabilities or delays with services and support across the region.

Duties of the Board of Directors include: monthly meetings, special meetings, member focus meetings and visits to branches. Mark Watne, Dayne Headland, and Owen Olson were re-elected to the Board of Directors at the 2019 Annual Meeting. Many employees and Directors are active in credit union trade associations and attend their meetings and conferences.

We continue to be very proud of the scholarship program developed and funded by FCCU. Each year, many four-year, two-year and single-year scholarships are awarded. Last year we awarded \$41,000 in scholarships. These included 12 new multi-year scholarships and 21 renewed multi-year scholarships to students in 13 different schools. Eight single year scholarships were also awarded. As members of the Credit Union, we would like you to encourage young people that you know to open accounts at FCCU and apply for our generous scholarships.

The Board of Directors would like to take this opportunity to thank all of our dedicated employees for their conscientious work and for putting our members' needs first and foremost. And a special thank you, to you, our members, for your continued support and trust. It is our hope that you will continue to allow us to serve all of your financial needs and that you will recommend us to your family and friends.

Respectfully submitted,

FCCU Board of Directors

Owen Olson, Chairman
Sandy Franke
Dayne Headland
Bonnie Nelson
Mark Watne
Colin Wegenast
Sharman Zachrison



2019 Year in Review

Ground Breaking for New Crookston Branch

A new branch has been highly anticipated in Crookston, since we merged with Agassiz Federal Credit Union in 2017. In September we gathered with the local chamber to celebrate the groundbreaking for a new branch located on Highway 2 near Walmart. This facility will be more professional, visible and allow us to grow and serve our members for years to come.



Ribbon Cuttings Held in Grand Forks & Jamestown

A Grand Opening was held in celebration of the remodel of our Grand Forks 32nd location. A portion of the building was remodeled including lobby, conference room, additional offices and a complete transformation of the teller line.



The administrative building in Jamestown was once again at capacity, following recent mergers. More jobs were formed to meet the needs of our growing membership. FCCU acquired land next to the current building and an expansion was completed in the summer of 2019.

Land Purchase in Mandan

We are excited to share that land was purchased in Mandan for a new facility serving Bismarck-Mandan. It's located on Memorial Highway and Expressway with great visibility and convenience. A ground breaking will occur in 2020 and the new branch is slated to open in 2021.

Open Your Eyes to a Credit Union Campaign

We joined a national awareness effort to help support the credit union movement across the country. The campaign is called 'Open Your Eyes to a Credit Union,' featuring a consistent visual. The campaign seeks to combat standard myths of credit unions and grow membership.



Celebrated Our 80th Anniversary

80 years have passed since our founding in 1939 as Farmer's Union Federal Credit Union. We celebrated in various ways, including open houses with account specials and completing 80 random acts of kindness.



New Mobile App - FCCU Cards App

FCCU added another mobile app to give our members more fraud protection and credit and debit card control. This app doesn't replace our existing app, but gives members greater control over their convenience cards - turn off & on cards, log disputes, lost/stolen card controls, travel notices and more. We pride ourselves in being on the leading edge of technology for our members and this new app helps support that effort.

Community Impact

FCCU is proud to not just do business in our communities, but also support them by giving back. We donate money, sponsor various events and organizations, volunteer our time, attend events and the list goes on and on.

Our quarterly charity is a unique way we support important causes in the region. Since 2014, FCCU employees have chosen an organization each quarter to support by raising money and awareness. The funds are raised through Friday jeans money and other specific activities that relate to the cause. Here's a look back on the positive impact in 2019.

Project Ignite Light

This organization gives thousands of foster and abused children a piece of security and hope. They provide 200 'Bags of Hope' each month to reported abused children in Minnesota, North and South



Dakota. In 2019 FCCU raised \$5,000 and collected 405 pajamas and 154 blankets for the cause. This is the fourth year in a row we've supported and over those years we have donated a total of 576 blankets, 1,457 pairs of pajamas and raised an impressive \$21,000.

Veterans

When it comes to our quarterly charities, we were proud to have raised a record-breaking amount of money for area veterans in 2019. In just one quarter, \$10,000 was raised and will go to assist veterans needing temporary help for short-term, urgent needs ranging from housing and transportation to medical and mental health issues that are not covered by other organizations. The funds went to North Dakota's Impact Foundations 'Support Our Veterans Fund.' In addition to the funds, nearly 1,000 letters were written by staff, members and students in our communities in a campaign called Operation Gratitude. They were sent to active and retired military as a token of appreciation.

Jessy's Toy Box

This was a new organization FCCU chose to support and we were thrilled to raise \$4,500 and donate 700 toys to Jessy's Toy Box. This organization was named in memory of Jessy, who's idea it was to give a toy to kids around North Dakota, Minnesota and South Dakota going through surgeries and treatments. Although Jessy has since passed, his legacy lives on. His mother came to accept the donations from our Credit Union and was truly humbled to accept the support from our employees, members and our communities.

Children's Miracle Network Hospitals

CMN is a cause that we've supported for many years and this year we were proud to donated \$8,250 with the help from a match by CO-OP Financial Services. 100% of every dollar goes to support our local CMN Hospital, Sanford Children's in Fargo. Money raised for CMN helps to fund lifesaving medical equipment, special programs unique to sick and injured children, research and education. Several FCCU employees toured Sanford Children's when delivering the funds to the hospital. They got to see first-hand the children and families who are being helped by our donations and the lives that are being impacted.



Awards & Recognition

FCCU was recognized by the Credit Union Association of the Dakotas (CUAD) with a first place Dora Maxwell award for community involvement. The award came as a result of our fundraising work supporting the Hope Lodge. It's a facility located in Rochester, MN, that provides private suites for the comfort of its guests and their caregivers while receiving treatment at Mayo Clinic.



Employee, Stephanie Finck, received the Credit Union Professional of the Year award by CUAD. Stephanie began her career at FCCU as a teller in our Napoleon branch 24 years ago and is now our Chief Operating Officer working at our headquarters in Jamestown. This award recognizes a credit union employee from North or South Dakota that deserves commendation for their contributions to advance the credit union movement in their state and the nation.



Other recognition in 2019 includes being selected as one of the Best Places to Work by the Young Professionals of Bismarck. In addition, we were voted the industry best by newspaper readers in several of our markets, including Jamestown, Valley City and Bismarck. We're honored to receive that special recognition.



The Volunteer of the Year for 2019 was Georgia Miller, Credit Analyst at FCCU's Headquarters. She dedicated more than 100 hours in 2019 to volunteering. Georgia is currently on the Jamestown United Way Board of Directors, helping to plan and organize various fundraisers throughout the year. In addition, she is a valuable volunteer with Special Olympics and has a strong passion to help wherever she can, coaching bocce ball, among other sports.

2019 BY THE NUMBERS



MEMBERS
43,979

Total members of FCCU

ONLINE USERS



23,382

Online Banking users

4,596

Facebook followers

FOLLOWERS



VOLUNTEERING



1,277

Hours logged by employees
volunteering in the community

\$41,000

Distributed in college
scholarships by FCCU education
foundation

SCHOLARSHIPS



DONATION



\$150,000 +

Donated to local community causes

Financial Overview

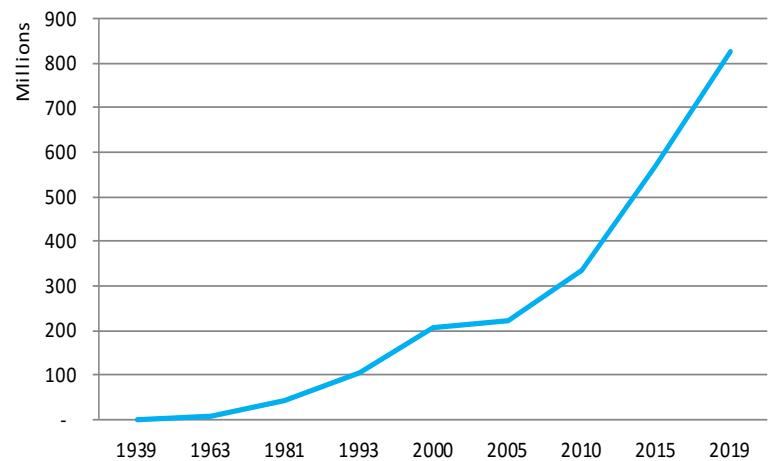
Statement of Financial Condition

ASSETS	Dec. 31, 2019	Dec. 31, 2018
Loans (Net of allowance)	\$ 661,521,470	\$ 673,258,226
Cash & Investments	133,582,835	100,391,549
Property and Equipment	30,182,930	24,887,465
Other Assets	24,736,273	27,162,292
Total Assets	\$850,023,508	\$825,699,506
LIABILITIES AND EQUITY		
Accounts Payable	\$6,812,499	\$6,096,578
Notes Payable	0	8,100,000
Total Liabilities	6,812,499	14,196,578
Member Shares and Deposits	726,614,532	705,173,470
Total Liabilities & Member Deposits	733,427,031	719,370,048
EQUITY		
Total Member Equity	116,596,477	106,329,484
Total Liabilities & Equity	\$850,023,508	\$825,699,532

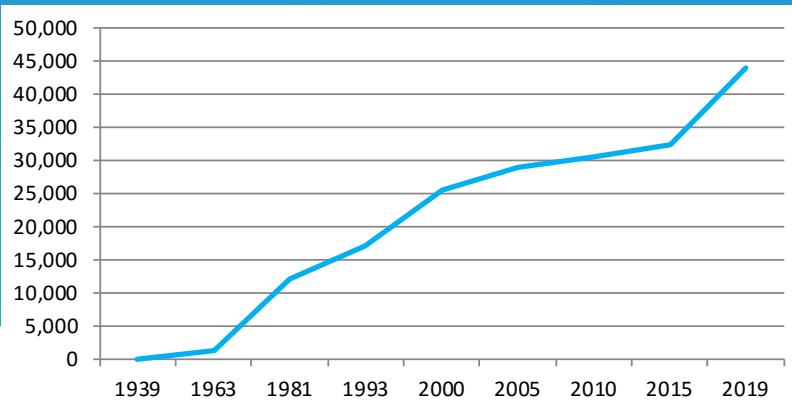
Statement of Income

INTEREST INCOME	2019	2018
Loans	\$35,615,337	\$33,736,297
Investments	2,410,867	1,882,816
Total Interest Income	38,026,204	35,619,113
Interest Expense	(5,843,677)	(4,451,076)
Provision for Loan Losses	(1,540,000)	(1,563,904)
Net Interest Income	30,642,527	29,604,133
Non-Interest Income	9,468,428	9,614,409
Total Income	\$40,110,955	\$ 39,218,542
EXPENSES		
Compensation and Benefits	\$18,820,863	\$17,657,242
Operations and Administrative	10,524,699	10,510,958
Occupancy	2,505,029	3,669,857
Total Expenses	31,850,591	31,838,057
Net Income	\$8,260,364	\$7,380,485

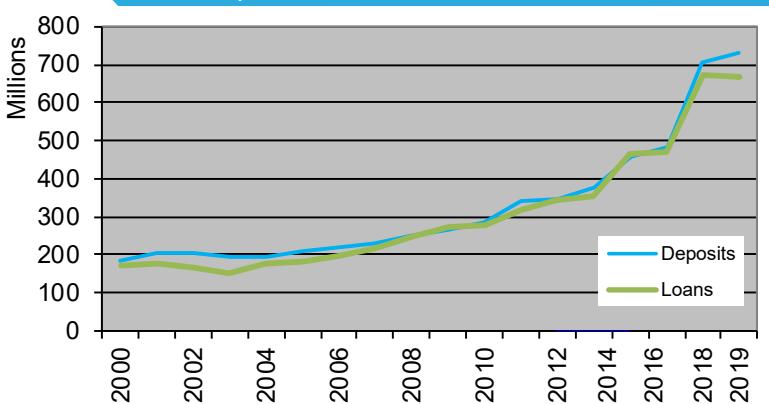
Assets



Membership



Deposits & Loans Since 2000



Board & Supervisory



Life is Better with Community.



Board of Directors

Owen Olson, Chairman
Dayne Headland, Vice Chairman
Bonnie Nelson, Secretary
Colin Wegenast
Mark Watne
Sharman Zachrison
Sandy Franke

Service Corporation Board of Directors

Dayne Headland, Chairman
Colin Wegenast
Arvid Brockman

Audit Committee

Sandy Franke, Chairman
Scot Nething
Rodney Buck



Management Team



Steve Schmitz
President & CEO



Sean Rinkenberger
Chief Financial
Officer



James Vollrath
Chief Technology
Officer



Stephanie Finck
Chief Operations
Officer



Craig Grundstrom
Chief Development
Officer



Darin Finck
Chief Lending
Officer



Carol Gleave
VP of Human
Resources



Janna Bergstedt
VP of Marketing



Kelly Heyer
VP of Consumer
Lending



Mary Radenz
VP of Mortgage
Lending



Clayton Lilleby
VP of Retail Sales



Fred Wolff
VP of Risk &
Compliance



Steve Davis
Regional Senior Credit
Officer, SVP



Jerry Janz
Regional Senior Credit
Officer, VP



Mike Heidt
Regional Senior Credit
Officer, VP



Zachary Dosch
Bismarck Market
Manager, VP



Nate Medhus
Fargo Market
Manager, VP



Jeff Caillier
Grand Forks Market
Manager, VP



Nick Schauer
Jamestown Market
Manager, VP



Kevin Davidson
Lake Region Market
Manager, VP



Alysa Barth
Southeast Market
Manager, VP



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