



[2018]

# ANNUAL REPORT



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128 W. MARKEY ROAD, BELTON, MO  
603 N. HIGHWAY 23, KNOB NOSTER, MO



Since 1957

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## CHAIRPERSON'S REPORT

It has been a wonderful first-year experience for me as the Board of Directors Chairperson. I have found that the credit union has a strong reputation within the communities we serve, and is dedicated to both its members and employees. A couple of years ago the Board of Directors approved a 0% "Paycheck" loan program to assist government employees during furloughs. This year the program was put to the test during the longest government shutdown in US history. I am so proud of R-G FCU for offering this program and being able to aid our members with short-term loans and keep them on track financially.

Last year at the annual meeting you, the members, raised the question of the credit union sponsoring college scholarships. Well - we listened!! This year we will give two, \$1,000 scholarships to members who are graduating high school seniors, and our plan is to make this an annual program. Be sure to watch the newsletter for information on the winners.

A recent change that I'm most excited about is the hiring of a marketing firm, TwoScore Marketing. Instead of providing a generic marketing plan, TwoScore took the time to interview employees, directors, and members to ascertain the climate of the credit union. I was fortunate enough to get a call. The interviewer told me that she had never interviewed so many positive and proud employees. She didn't hear one negative comment. We were asked to describe the credit union in one word. The most used word was CARING. I really do think that sums up R-G. From the board, to management and our employees, the CARING attitude this credit union exhibits is apparent, and we hope our members feel the same. TwoScore has now developed a brand that will identify our credit union, and our goal is that aside from our logo, when you see our colors, styles, and images, you'll immediately know the information is about R-G.

2018 was another solid year for R-G. Total loans grew by over \$7 million dollars, and for the first time in several years, we were able to raise our dividend rates. We are now able to

offer very competitive certificate rates, and we are eager to see money come back to R-G. This year our loan officers averaged 125 loans per month, with June being our best month of the year. In June, our loan officers booked over \$2.5 million in loans, and over \$1 million of that was in real estate alone (a first for R-G).

I believe many good things have happened this last year and many more are planned for the future. We are now opening business accounts featuring many useful products for the small businessperson. We joined the CO-OP Shared Branch network giving you surcharge free access to your money at over 5,000 banking institutions across the nation. Soon, our online suite of products will give members access to credit score information right in online banking, the ability to turn credit and debit cards on/off from their mobile devices with "Card Valet," an improved online account opening and loan application process, a new personal financial management program called SumItUp, and Quicken/QuickBooks integration. We also hope to have a rewards debit and credit card program by the end of 2019. Whew, this is going to keep the staff busy learning and sharing info in 2019!

Be sure to watch the branches, Facebook/Twitter, and our website for our most recent promotions that we know will benefit you. I already mentioned our fantastic certificate rates, but did you know we now offer Home Equity Lines of Credit? Of course we're always looking for ways to save you money with our Auto Loan Recapture program too. We urge you to take another look at all of the resources available to you such as Online Bill Pay (enhancements are coming soon), PopMoney (you can send money to people with just their email or phone number), and be sure to compare our credit and debit cards to any you are using now.

Even with all these exceptional products and services, attracting new members is still our most difficult task. Please encourage your family, friends and neighbors to check us out. To all our current members – have you considered volunteering? Our Board of Directors and Supervisory Committee each meet once a month, and they are all volunteers! It's what makes your credit union different than a bank. I can say with certainty that it's a very rewarding experience, and we need new volunteers to help shape the future of the credit union. Finally, I'd like to personally say Thank You to all our members for giving us the responsibility and opportunity to serve you.

Janet E. Bedwell  
Chairperson



## PRESIDENT'S REPORT

2018 - Where to begin? Let me start with thanking you for your membership and trust in our credit union. Your membership is important to us and we value not only your membership but the friendships we have made throughout the years.

We continue to save you money with our Loan Rescue and Auto Loan Recapture programs. We know your time is valuable, so we appreciate it when members take our advice to get pre-approved, so you can go "no hassle" shopping for your new ride or dream home. We know this is happening because our loan volume has increased and our loan specialists are excited to see and work with you! Excitement is contagious and makes what we do for you so fulfilling.

Last year we talked about new products, and I'm happy to announce that we can now offer business savings and checking accounts. We have also rolled out a new Home Equity Line of Credit (HELOC) program. In 2019 we will also make enhancements to our Bill Pay program and I am really glad to say that even though our cost is going up slightly, we are NOT passing that cost on to you.

We have also been hard at work with a new marketing company, so you should soon notice a new look for our website, branches and mailings. Going forward, it will all be about brand consistency for R-G FCU, and we hope you will begin to recognize our brand, just like a famous soda, restaurant, or chain store.

When members borrow from R-G, we do everything we can to get you an affordable payment, and set you up for success. For the past two years we have offered payment protection products for our consumer loans, to protect you from unforeseen disabilities, job losses, or unexpected deaths. We are pleased to say this product is now available for our Visa credit cards and our new HELOC loans too. If there's ever a time you are unable to make your payments, we want you to have peace of mind knowing your payments will be made, until you are back on your feet.

In 2018 we also rolled out new prepaid Visa® cards (re-loadable debit, travel, and gift cards). These are great for kids just starting out with a debit card, and also for folks who like to travel. Why risk having your debit or credit card compromised, when you can pre-load a certain amount on a separate card just for online purchases or travel? The re-loadable is something that parents have asked for in the past to use for allowance purposes and college students, and as a parent myself, I truly see the benefit of this product to teach kids about financial responsibility. I only wish it had been around when my kids were learning about finances.

At the Annual Meeting last year - you asked and we listened! In 2019, R-G FCU will be awarding two \$1000.00 scholarships to graduating seniors who have an account with us. Applications have been sent to the high school counseling offices and we are excited to be able to present these scholarships on awards night. If you haven't opened an account for your children (or grandchildren), now is the time to start saving for the future. This scholarship opportunity is going to be an annual event and we are proud of our students and the fact that we can help them further their education.

Once again, thanks for choosing R-G Federal Credit Union for all your financial needs.

Joye Conklin, President & CEO





## SUPERVISORY COMMITTEE REPORT

The Supervisory Committee, appointed by the Board of Directors, is responsible for ensuring the financial records of R-G Federal Credit Union are correct and that safeguards are in place to protect the assets and information of the credit union and its members. The committee does this through its annual opinion audit, member account verification process, and annual reviews all conducted under our external auditor, Doeren Mayhew. The goals of these audits are to determine the reliability and integrity of the financial and operating information and to determine compliance with generally accepted accounting principles. Our auditor's opinion states:

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of R-G Federal Credit Union as of September 30, 2018 and 2017, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

The National Credit Union Administration also examined the credit union in 2018. Based upon acceptable financial performance and compliance with federal regulations, R-G Federal Credit Union was found to be well capitalized. It has been our pleasure to serve you this past year.

Troy Shaw  
Supervisory Committee Chair

## NOMINATING COMMITTEE REPORT

The nominating committee for the 2018-2019 election year reviewed the qualifications and interests of the qualified candidates for 4 positions on the Board of Directors. We are pleased to nominate the following members for the positions stated, each to serve three year terms.

Position #1 Charles French (Incumbent)  
Position #2 Paul O'Brien (Incumbent)  
Position #3 Al Sulgrove (Incumbent)  
Position #4 Open

There were no nominations by petition. Accordingly, the committee nominates the above named members to be elected to the credit union's Board of Directors at the Annual Meeting of the membership, Thursday, March 21, 2019.



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2018 sure was a whirlwind! Once again we saw tremendous loan growth for the year. Our total loan portfolio grew 15.7% for the year. In 2018, we also launched a new Prepaid Visa® Debit, Travel, and Gift Card Program<sup>1</sup>. For the first time ever, R-G FCU also joined the CO-OP Shared Branch Network through a partnership with the Heartland Credit Union Association. Members now have access to their accounts for deposits, withdrawals, and loan payments at more than 5,700 locations across the US, 5 countries, and 2 US territories. In 2018 we also began accepting additional business members, and launched 3 new business checking products. We also took the opportunity to renew our core processor contract early, to take advantage of some flexible credits being offered. This will allow us to add several new electronic services to our members throughout 2019, as well as make enhancements to our debit and credit card programs. We also continue to update the "how to" videos on our website. These videos can be found on the FAQ page and include everything from R-G product demos to videos for financial literacy and identity theft education. We hope our members find these videos helpful to learn more about the products and services offered by R-G FCU.

Last year we announced plans to make our website more accessible for all members. The process to add enhancements to make our site accessible based on Web Content Accessibility Guidelines (WCAG) has taken longer than expected due to issues outside our control, but this is still a priority for 2019. WCAG is a series of guidelines for improving web accessibility produced by the World Wide Web Consortium (W3C). WCAG is how the Americans with Disabilities Act (ADA) and the Section 508 Group recommend websites be created and built. All items from the WCAG Level A and AA guidelines set forth by the W3C will be implemented, and we hope for completion in 2019.

The Credit Union again ended 2018 with a very solid gain. In 2018, we ended the year with net income of \$893,976. This is down slightly from the \$943,600 net income in 2017; however, over \$300,000 from 2017 was from the sale of assets from the former Independence branch in 2016.

The Credit Union continues to monitor the activities on Wall Street, Congress, and the never-ending rules and regulations handed down as a result of the Dodd Frank Act and the CFPB. With the Trump administration, there is still a lot of uncertainty surrounding government regulation, new tax rates, and healthcare. The Federal Reserve made four adjustments to interest rates in 2018, despite tweets from President Trump to leave rates alone. For 2019, the Fed has lowered its projection to just 2 increases for the year. The S&P 500 ended 2018 down 6.2%, the Dow was down 5.6%, and the NASDAQ composite was down 3.9%, mostly in the 4th quarter. There are fears of an economic slowdown, and concerns the Fed may be making monetary policy mistakes. These market losses are the first in 3 years for the S&P 500 and the Dow, and break a 6 year streak for the NASDAQ. 2018 saw the biggest market losses since 2008. That being said, we are still seeing near historic lows on mortgages, and auto loan rates have only increased slightly. The R-G Board of Directors did approve two increases to dividend rates in April and December of 2018. The board also approved a 1-year certificate special in December that will carry forward into part of 2019, depending on results. This special has allowed the credit union to pick up some deposits which will help with loan funding.

R-G FCU continues to be a strong and safe place for our members' savings. Total assets are fairly flat compared to 2017, only growing by about \$13,000 to \$80.936 million. Income on loans saw a solid gain of 19.7% from 2017, income on investments was up 9.2% and miscellaneous income was up 13.1%. Loans made for the year were up 8.8% (1501 in 2018 vs. 1379 in 2017) and the dollar of loans made for the year saw an increase of 8.6% over 2017. Total loans at the end of the year were up 15.7% from 2017, ending at \$53,425,403. Members' shares saw a slight dip (about 1.1%) from \$73.19M in 2017 to \$72.41M in 2018. Our capital ratio is 9.15%, up from 8.45% in 2017, and The National Credit Union Administration (NCUA) still feels we are well capitalized.

Your credit union is a non-profit member-owned financial cooperative. We exist to serve our members and the communities in which we live. You are a member-owner and we want to hear from you. Our focus for 2019 and beyond continues to be building stronger member relationships. We plan to start a member satisfaction survey program in 2019, to get feedback from members regarding what products and services are needed. Of course, you don't have to wait for a survey to tell us how you feel. We welcome feedback at any time, and will use that feedback to help drive our decisions. We are also expanding our call center in 2019 to lessen the phone burden on the branches. We encourage you to spread the word about R-G to your friends, family members, and co-workers and invite them to join us and share in the benefits of credit union membership. We have tremendous growth potential but no amount of advertising can come close to word of mouth referrals from current members. From all of the staff at R-G Federal Credit Union, we sincerely thank you for your continued membership and support.

Steve Deere  
Chief Financial Officer

Since 1957...building relationships one member at a time!

<sup>1</sup> R-G FCU Visa® Gift Cards, R-G Visa® Reloadable Cards, and R-G Visa® Debit Cards are issued by MetaBank, Member FDIC, pursuant to a license from Visa U.S.A. Inc.



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ASSETS:	
	December 2018
Loans to Members:	53,424,718.69
Allowance for Loan Loss:	-565,654.20
Cash on Hand (in Banks):	3,919,892.23
Investments:	21,050,137.94
Investment in NCUA Share Insurance Fund:	731,327.94
Land and Buildings:	1,506,792.87
Other Fixed Assets:	184,788.15
All Other Assets:	683,445.26
Other Accounts Receivable:	1,041.15
TOTAL ASSETS:	80,936,490.03
LIABILITIES & EQUITY	
	December 2018
Accounts Payable:	686,266.07
All Other Liabilities:	108,928.17
Regular Shares:	35,358,693.31
Smart Saver:	15,028,597.98
Escrow Account:	98,009.89
Club Accounts:	353,038.05
Share Drafts:	12,243,966.54
Business Share Drafts:	17,455.26
IRA Accounts:	6,611,282.66
Share Certificates:	2,695,242.88
Regular Reserves:	1,171,305.46
Undivided Earnings:	6,563,703.76
TOTAL LIABILITIES & EQUITY:	80,936,490.03
OPERATING INCOME:	
	December 2018
Interest On Loans:	2,827,566.64
Income on Investments:	516,190.25
All Other Income:	1,060,868.15
TOTAL OPERATING INCOME:	4,404,625.04
Non-Operating Income:	0.00
TOTAL INCOME:	4,404,625.04
EXPENSES:	
	December 2018
Employee Compensation:	1,023,904.01
Employee Benefits:	192,759.26
Travel and Conference:	26,276.61
Association Dues:	11,585.55
Office Occupancy:	193,595.45
Office Operations:	766,452.50
Education and Promotion:	34,276.26
Loan Servicing:	269,154.30
Professional & Outside Services:	175,131.79
Provision for Loan Losses:	548,449.07
Member Insurance:	0.00
Operating Fee (exam & supervisory)	21,379.32
Interest on Borrowed Money	15.14
Annual Meeting Expenses:	5,326.52
Miscellaneous Operating Expenses:	29,158.67
Gain/Loss Disposition of Assets:	0.00
TOTAL EXPENSES:	3,297,464.45
DIVIDENDS:	
	December 2018
Total Dividends Paid:	213,184.53
Net Income: 893,976.06	



## STATISTICAL DATA

STATISTICAL INFORMATION - 2018			
	Number:	Amount:	Amount:
Members:	7,379	72,406,286.57	Net Income Before Dividends: 1,107,160.59
Potential Membership:	908,000		Non Operating Gain or Loss: 0.00
Loans:	3,939	53,425,403.09	Dividends: -213,184.53
Loans Made in 2018:	1501	23,509,280.38	Net Income After Dividends: 893,976.06
Loans Made Since Origination:	168832	419,773,382.93	
Loans Charged off Since Origination:		6,732,403.57	Loans Recovered Since Origination: 600,892.81

COMPARITIVE CHART FOR THE PAST FIVE YEARS					
	2014	2015	2016	2017	2018
Number of Members:	8,975	8,118	7,660	7,497	7,379
Loans Outstanding:	3,712	3,561	2,457	3,925	3,939
Members Shares:	66,498,506.50	69,658,103.30	72,066,897.50	73,188,802.43	72,406,286.57
Dollar Value of Dividends Paid:	262,584.72	266,456.84	247,330.97	193,582.73	213,184.53
\$ Value of Loans Outstanding:	32,014,345.40	33,463,703.44	39,601,217.55	46,167,116.65	53,425,403.09
Gross Income:	3,130,680.58	3,146,582.23	3,314,207.14	3,772,476.05	4,404,625.04

We certify to the best of our knowledge and belief, this statement and the related statements are true and correct and present fairly the financial position of R-G Federal Credit Union for the period January 1, 2018 to December 31, 2018.

## Our MISSION

"It shall be the mission of the Officials and Staff of the R-G Federal Credit Union to operate the Credit Union in accordance with the Federal Credit Union Act, The National Credit Union Administration rules & regulations and other applicable laws and regulations. Accordingly, our primary objective shall be to ensure the safety and soundness of the Credit Union. Our goal continues to be to efficiently and effectively manage the Credit Union's resources in a manner that will facilitate the delivery of the widest possible array of world class financial services to the membership and to insure the continued sound growth and development of the Credit Union".



## BOARD OF DIRECTORS

Janet Bedwell-Chairman  
Charles French-Vice Chairman  
Tim McDonough-Secretary  
Don Wright-Treasurer  
Paul O'Brien-Director  
Don Slone-Director  
A.D. Sulgrove-Director  
Krista Watkins-Director

## EXECUTIVE MANAGEMENT

Joye Conklin President/CEO  
Steve Deere-Chief Financial Officer/IT Manager  
Shawn Beltz-Chief Lending Officer  
Cindy Jones-Certified Compliance Officer/HR

## BRANCH MANAGEMENT

Cheryl Ashbaugh - Belton Branch Manager  
Annette Angeles - Knob Noster Branch Manager

## BRANCH LOCATIONS

Belton Branch  
128 W Markey Road, Belton, MO 64012  
(816) 331-6600

Knob Noster Branch  
603 N 23 Highway, Knob Noster, MO 65336  
(660) 563-2500

Raymore Operations Center  
421 Remington Plaza Court, Raymore, MO 64083  
(816) 783-5900

## HOURS

Belton & Knob Noster Branch Hours:  
Drive Up - Monday through Friday 8:00am to 5:00pm; Saturday 9:00am to 12:00pm  
Lobby - 9:00am to 5:00pm  
24-hour drive up ATM available at both branches

## FINANCIAL AND LOAN SERVICES

- \*Insured Share Savings Accounts
  - \*Family Account Membership
- \*Interest Bearing & Basic Share Draft (Checking) Accounts
  - \*IRAs: Traditional, Coverdale ESA Savings and ROTH
    - \*Online IRA account management
    - \*Share Certificates of Deposit
  - \*Christmas/Holiday Club Accounts
    - \*ATM and Visa Debit cards
- \*Direct Deposit & Payroll Deduction Services
  - \*Wire Transfer Service
  - \*Money Orders
- \*Drive-up Facilities and Night Depository
- \*Safety Deposit Boxes and Free Notary Services
  - \*24/7 Online/Toll-free Loan Applications
- \*Online Banking/Free Bill Pay - Enhancements Coming Soon!
  - \*Online Account Opening
  - \*Online Loan Payments via ACH or Credit/Debit Card
- \*Member Services Support via Online Banking Chat feature
  - \*Drive up ATM
  - \*Real Estate (1st & 2nd mortgage loans)
- \*Open End loan plans including Home Equity Line of Credit
- \*Competitive loan rates on all types of Vehicles, RVs & Boats
  - \*Optional GAP and Extended Warranties
  - \*Personal Signature loans
  - \*Platinum & Classic Visa Credit Cards
  - \*Low cost share loans
- \*Low Cost Loan Protection (Life, Disability, Involuntary Unemployment)
  - \*Financial Counseling
- \*TruStage Auto/Home/Life Insurance Options
- \*E-Statements – Enhancements Coming Soon!
- \*PopMoney(Person to Person Payments)
- \*Apple/Android Mobile Apps with Remote Check Deposit
  - \*Shared Branching
  - \*Business Checking Accounts
  - \*Card Valet – Coming Soon!
  - \*Credit Sense – Coming Soon!
- \*SUMitup! Personal Financial Manager – Coming Soon!
- \*Quicken/QuickBooks Direct Connect – Coming Soon!

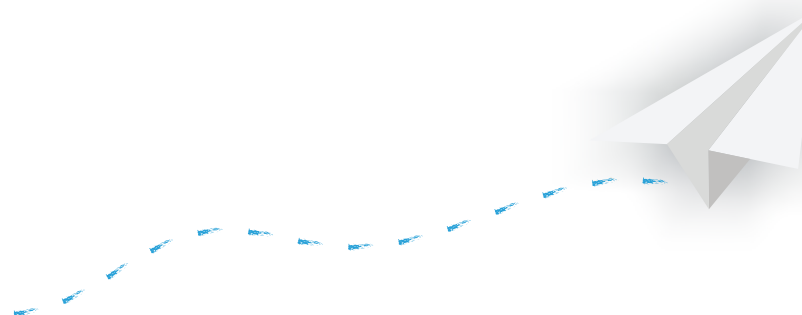
## SUPERVISORY COMMITTEE

Troy Shaw - Chairman

Don Meador - Member

Melissa McConnell - Member

Charles French - Board Liaison



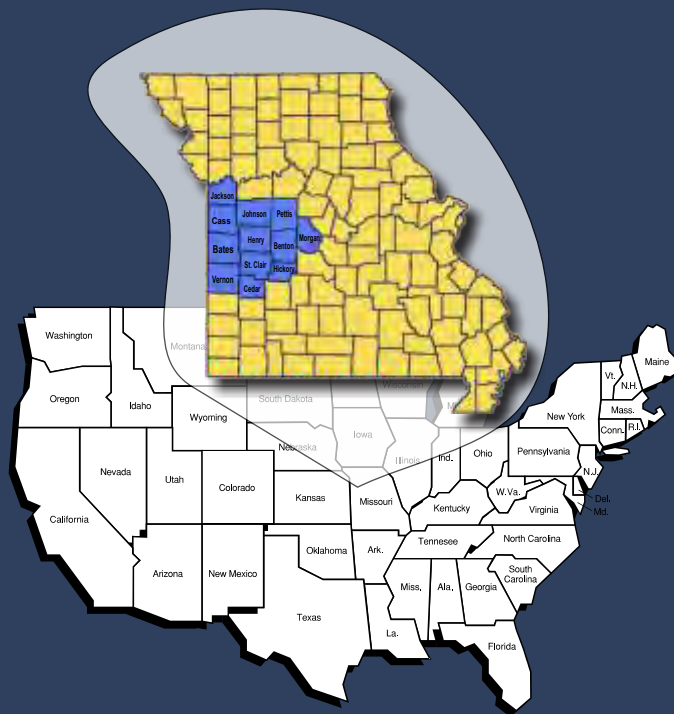
## BECOME A MEMBER:

If you live, work, worship or attend school in the Missouri counties of Bates, Benton, Cass, Cedar, Henry, Hickory, Jackson, Johnson, Morgan, Pettis, St. Clair, and Vernon you are eligible for membership.

Businesses and other legal entities (clubs/organizations) located in these counties are also eligible for membership.

If you meet any of the above requirements, members of your immediate family are also eligible for membership, as are persons retired as pensioners or annuitants from above employment.

If you're not sure if you qualify, contact a member services representative at either of our branch locations.



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Once a member, always a member!

