

# »»» Annual REPORT



CHAIRMAN’S REPORT

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As I begin my second year as Chairman of the Board of Directors, I feel a bit more confident and comfortable in the position. The board has seen an unusual number of transitions during the past year. Unfortunately, we’ve had to say goodbye to Krista Watkins who brought her business experience to our board, and to our good friend Tim McDonough who always asked the tough questions and was never shy to point out obstacles. Finally, we had to say goodbye to our friend, Don Sloan, who was past Chairman for many years and a very integral part of the Board. Don brought to the board a wealth of knowledge around business and statistics and helped lead the credit union through many changes. Even with these losses, we look forward to forging ahead with new members who have joined our Board. We welcome Bill Keeney, Patti Ledford and Jerry Youngblood, each bringing unique business expertise and board experience. They will be valuable members.

I’d like to reiterate that you, our members, are the backbone of R-G Federal Credit Union. For over 62 years you have trusted us as the stewards of your money. I’m excited to tell you that the credit union has been steadily growing. We are continuing to look for every opportunity to develop better relationships and offer more financial support and tools to our members. We are improving our automated systems for faster approvals and funding of loan requests. We are also continuously implementing new methods to control expenses and losses. A recent comparison of R-G to other credit unions over the last 12 months reflect that we performed better than our peers in growth of loans and average share balances.

Remember the significance of the Shared Branching program that our credit union offers. With Shared Branching you can walk into over 5000 branches throughout the United States and conduct deposits, withdrawals, and loan payments surcharge free just like you were at one of our branches. For more information, visit [sharedbranching.org](http://sharedbranching.org), call 888-748-3266, or text your zip code to 91989 (go head, pick up your phone and try it!)



I also want to invite you to take a few minutes to log onto the new R-G website ([rgfcu.com](http://rgfcu.com)) and explore all the information available. Here you can manage your accounts with online banking, live chat with employees, complete surveys, pay bills online, get your free credit score, send money to (or accept money from) friends and family, utilize thirty different financial calculators, apply for a credit card or any other loan product we offer, and even set up a budget and learn ways to better manage your money. Our new user experience is even easier to navigate, so I urge you to explore the site often.

I had the privilege of attending part of a training class this year that was taught by our managers and attended by all staff members. I am so gratified by the talent within the credit union and everyone's desire to support our members. I see energy and happiness when they talk about serving you and the teamwork exhibited within each branch is remarkable. The Board couldn't be prouder.

Even with all these exceptional products and services, our membership growth is sluggish. Please encourage all your family, friends and neighbors to check us out. Share the posts on R-G's Facebook page (be sure to "Like" the page so you'll see all the latest posts). When you hear someone discussing a financial problem or looking for a new car or home, please suggest your credit union to them.

I also must take a moment to mention a tragedy experienced this year. Troy Shaw, Chairman of our Supervisory Committee, passed away at a very young age. Troy took his volunteer role with the credit union very seriously and diligently led the Supervisory Committee. He was a great asset to the credit union as well as the community. He has certainly been missed.

Finally, the Board of Directors would again like to thank Joye Conklin and Steve Deere for continuing to be the energetic and thoughtful leadership of R-G. The decisions they are making focus on your best interests and they are guided by long-term visions, not short-term gain. They are characterized by innovative ideas and strategic thinking. I would like to personally thank them for the extraordinary time they devote to their jobs, the leadership skills they provide and tireless commitment to our Board of Directors and the credit union.

And once more, thank you, the members, for giving us the responsibility and opportunity to serve you.

Janet E. Bedwell, Chairman



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## PRESIDENT'S REPORT

For 62 years R-G Federal Credit Union has worked hard to build relationships with you, our members—always looking toward helping you achieve your financial dreams. From the first to our newest members we want you to know that we are committed to helping you achieve financial success. To do so, we strive to not only offer you personal service in-branch and by telephone, but also bring you innovative technology that provides you with secure access to your accounts 24 hours a day, seven days a week.

### Improving Our Technology

In 2019 we made plans for a new website that came online in January of 2020, making it easier to navigate and find information about your credit union's products and services. We hope you have found it beneficial. Along with the website, we have added several other online products. We are most excited about SUMitup and Credit Sense—both provide easy and effective ways to budget your money and improve your credit score; and the best part, at NO cost to you. Your credit union is dedicated to helping you improve your credit scores so that whenever you need to borrow money, you'll get the best rate. We are working on a VISA rewards program that we hope to roll out by 2020 year-end. Also coming—new ATMs. Our current models have reached their end of life and we are excited to have new ones on order. Stay tuned!

### Supporting Our Community

We love giving back to our communities and are very proud to have given out two \$1,000 scholarships to graduating high school seniors last year. If you have a high schooler and they don't have an account with us, I encourage you to help them join the credit union. The scholarships are available to any high school senior that has an account at RGFCU. The application can be found on our website and is also available in the counselors' offices at Belton, Ray-Pec and Knob Noster high schools.

We are very pleased to announce that we will be opening a new branch on Whiteman AFB, hopefully before year end. We are excited to have two branches in the Knob Noster area, making us even more accessible to our military friends and family while still taking a very active roll in the Knob Noster Community.

### Honoring our Fallen

I would be remiss if I didn't mention the loss of a dear friend of the credit union. Troy Shaw passed away in August of 2019. Troy was a long-time member of the credit union and for the past several years had taken on the role of Supervisory Committee Chairman for our Supervisory Committee. Troy took his volunteering time at the credit union very seriously as he did his job at Belton School District. Troy was also a reserve officer with Belton Police Department. He will be dearly missed.

As always, I want to thank you for your membership and the confidence that you have given us to take care of your banking needs. We realize you have many choices but are grateful that you have chosen us to help with all your financial needs. Together we are building a stronger credit union, one member at a time.

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, 2019 and 2018, 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 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 at that time. No NCUA exam was performed in 2019.

It has been our pleasure to serve you this past year.

Kevin Livingston

Supervisory Committee Chair

## NOMINATING COMMITTEE REPORT

The nominating committee for the 2019-2020 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 Don Wright (Incumbent)

Position #2 Janet Bedwell (Incumbent)

Position #3 Bill Keeney (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 19, 2020.



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2019 was a busy year for R-G. Once again we saw solid loan growth for the year. Our total loan portfolio grew 5.4% for the year, down 10% from the previous year, but still a solid increase. In 2019, we also launched several new online services for our members, including Card Command, Credit Sense, a new Online Banking & Bill Pay Service, Quicken/Quickbooks integration, and a program we call SUMitup. In 2020 we will continue to make improvements to our products and services offered including a new rewards program for our Visa credit and debit cards, as well as a new online application process for both membership and loans. 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.

In 2019 we also made 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) took longer than expected, but the new site did go live at the beginning of 2020. We will work this year to have the site audited and certified for accessibility. 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 anticipate certification in the 1st or 2nd quarter of 2020.

The Credit Union again ended 2019 with a very solid gain. We ended the year with net income of \$838,350. This is down slightly from the \$893,976 net income in 2018; however, we did see an overall increase in expenses before dividends of 11.2%, so we were able to absorb much of this with the increased income. On the income side, interest income was up 14.4% and investment income was up 14.3%. Income from fees and charges was actually down 11.3% which means our members continue to find ways to save money (and we couldn't be happier to see this decline). Areas that saw the greatest increase in expense were compensation (9.5%) and benefits (8%), including a 12% increase just in health insurance expenses. Office operations also saw a 15.2% increase, mainly because of things like increased postage and phone expenses along with new computer equipment. Our call center became operational in 2019 which led to some of this additional expense – but we know this will be a real benefit to our members.. Our dividend expenses were up 56.7% over 2018 – the largest dividend we've paid in at least the last 5 years. We have also started doing a lot more marketing which led to a 159% increase in marketing expenses from 2018-2019.

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 have been solid market gains, but we still see how volatile the market can be with the COVID-19 pandemic that is currently sweeping the world. The Federal Reserve made three cuts to interest rates in 2019, from 2.5% at the end of 2018 to 1.75% at the end of 2019. This will have a negative impact on investment earnings at the credit union in the short term, and will be motivation for us to continue with our aggressive lending goals to help balance the income statement. We know we can help our members save



money with the loan products we offer – we just need help from everyone to get that word out. Word of mouth referrals are still our best form of advertising. There are fears of an economic slowdown, especially with the COVID-19 virus and what this means to global production. The fed has already cut rates another .5% in 2020 down to 1.25% at the time of our Annual Meeting - the lowest we've seen since June 2017. That being said, we are still seeing historic lows on mortgages, and auto loan rates will likely fall. Auto loans at the credit union were stagnant in 2019, likely because more members are uncertain about the economy and saving rather than borrowing. The Board of Directors will continue to monitor rates closely, and may have to make changes to both loan and dividend rates depending on the market. Our 1-year certificate special in 2019 saw a 107% increase in our share certificates, so we hate to lose that momentum but we also must remain competitive and profitable. R-G FCU continues to be a strong and safe place for our members' savings. Total assets were up 7.7% for 2019, ending at \$87,147,387. Our capital ratio is 9.84%, up from 9.15% in 2018, 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 2020 and beyond continues to be building stronger member relationships. We started some member satisfaction surveys in 2019, and will continue to request feedback from members regarding the service we're providing. 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 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. 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!



## STATEMENT OF FINANCIAL CONDITION

<b>ASSETS</b>		<b>December 2019</b>
Loans to Members:		56,317,197.11
Allowance for Loan Loss:		-655,131.41
Cash on Hand (in Banks):		4,823,933.86
Investments:		23,830,001.28
Investment in NCUA Share Insurance Fund:		714,111.44
Land and Buildings:		1,494,279.33
Other Fixed Assets:		185,816.69
All Other Assets:		436,588.55
Other Accounts Receivable:		589.69
<b>TOTAL ASSETS:</b>		<b>87,147,386.54</b>
<b>LIABILITIES &amp; EQUITY</b>		<b>December 2019</b>
Accounts Payable:		796,582.89
All Other Liabilities:		204,534.76
Regular Shares:		36,642,401.01
Smart Saver:		16,218,303.69
Escrow Account:		133,528.05
Club Accounts:		318,263.53
Share Drafts:		12,777,526.51
Business Share Drafts:		318,237.16
IRA Accounts:		5,583,696.87
Share Certificates:		5,580,952.86
Regular Reserves:		1,171,305.46
Undivided Earnings:		7,402,053.75
<b>TOTAL LIABILITIES &amp; EQUITY:</b>		<b>87,147,386.54</b>

<b>OPERATING INCOME</b>		<b>December 2019</b>
Interest On Loans:		3,234,878.93
Income on Investments:		590,103.10
All Other Income:		1,008,325.87
<b>TOTAL OPERATING INCOME:</b>		<b>4,833,307.90</b>
Non-Operating Income:		0.00
<b>TOTAL INCOME:</b>		<b>4,833,307.90</b>
<b>EXPENSES:</b>		<b>December 2019</b>
Employee Compensation:		1,120,976.11
Employee Benefits:		208,337.78
Travel and Conference:		14,633.81
Association Dues:		19,660.94
Office Occupancy:		203,036.02
Office Operations:		882,745.13
Education and Promotion:		88,899.86
Loan Servicing:		307,298.18
Professional & Outside Services:		190,754.84
Provision for Loan Losses:		583,342.37
Member Insurance:		0.00
Operating Fee (exam & supervisory)		16,359.66
Interest on Borrowed Money		0.00
Annual Meeting Expenses:		6,556.73
Miscellaneous Operating Expenses:		24,685.17
Gain/Loss Disposition of Assets:		-6,469.00
<b>TOTAL EXPENSES:</b>		<b>3,660,817.60</b>
<b>DIVIDENDS:</b>		<b>December 2019</b>
Total Dividends Paid:		334,140.31
<b>Net Income:</b>		<b>838,349.99</b>



## STATISTICAL DATA

STATISTICAL INFORMATION - 2019			
	Number:	Amount:	Amount:
Members:	7,271	77,572,909.68	1,172,490.30
Potential Membership:	908,000		0.00
Loans:	4,194	56,317,197.11	-334,140.31
Loans Made in 2019:	1317	20,016,902.11	838,349.99
Loans Made Since Origination:	170243	441,829,029.39	
Loans Charged off Since Origination:		7,365,401.52	690,579.91

COMPARATIVE CHART FOR THE PAST FIVE YEARS					
	2015	2016	2017	2018	2019
Number of Members:	8,118	7,660	7,497	7,379	7,271
Loans Outstanding:	3,561	2,457	3,925	3,939	4,194
Members Shares:	69,658,103.30	72,066,897.50	73,188,802.43	72,406,286.57	77,572,909.68
Dollar Value of Dividends Paid:	266,456.84	247,330.97	193,582.73	213,184.53	334,140.31
\$ Value of Loans Outstanding:	33,463,703.44	39,601,217.55	46,167,116.65	53,425,403.09	56,317,197.11
Gross Income:	3,146,582.23	3,314,207.14	3,772,476.05	4,404,625.04	4,833,307.90

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, 2019 to December 31, 2019.

## 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".



www.rgfcu.com

## **BOARD OF DIRECTORS**

Janet Bedwell-Chairman

Charles French-Treasurer/Acting Vice Chairman

Paul O'Brien – Secretary

Don Wright – Director

A.D. Sulgrove – Director

Bill Keeney – Director

Patti Ledford – Director

Jerry Youngblood – 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**

Debbie Cornelius - Belton Branch Manager

Annette Angeles - Knob Noster Branch Manager

Stephanie Wright - Solution Center 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
  - \*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
- \*PopMoney(Person to Person Payments)
- \*Apple/Android Mobile Apps with Remote Check Deposit
  - \*Shared Branching
  - \*Business Checking Accounts
  - \*Card Command
  - \*Credit Sense
- \*SUMitup! Personal Financial Manager
- \*Quicken/QuickBooks Direct Connect

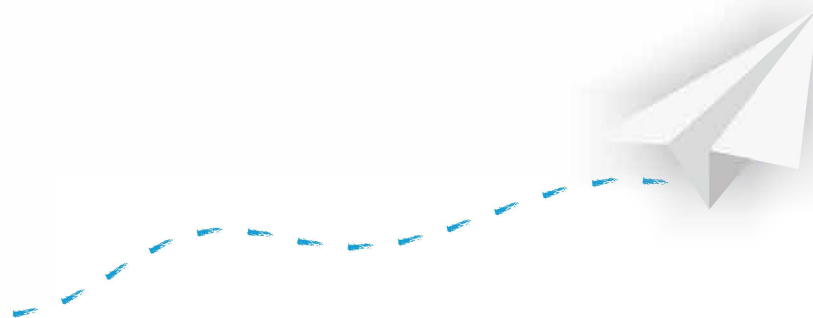
## SUPERVISORY COMMITTEE

Kevin Livingston – Committee Chair

Melissa McConnell – Member

Randy Scott – Member

Kathy Morton – Member





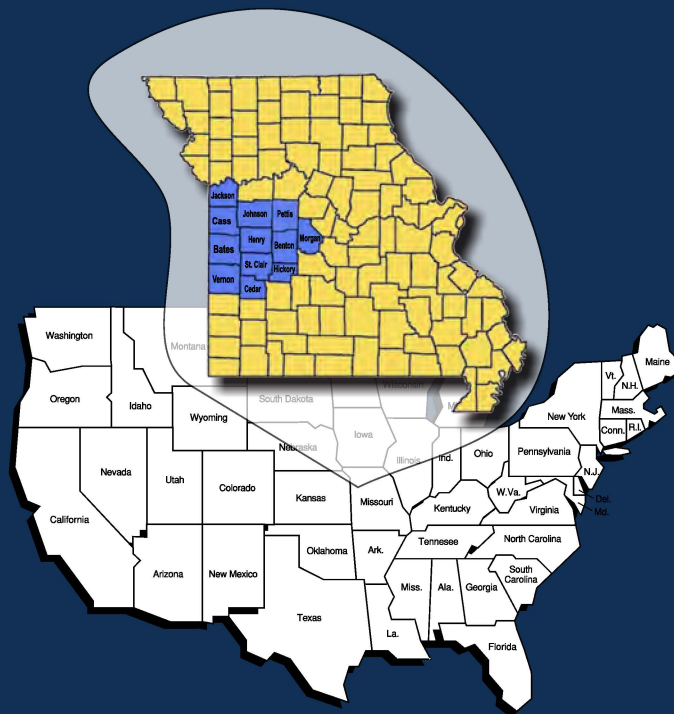
## BECOME A MEMBER:

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.



[www.rgfcu.com/866-852-6478](http://www.rgfcu.com/866-852-6478)

Once a member, always a member!

