



# Northern Indiana Federal Credit Union

*Better banking. Brighter futures.*

## **2015 Annual Report**

**Northern Indiana Federal Credit Union**  
**81<sup>st</sup> Annual Membership Meeting**  
**April 16, 2016**

**Agenda**

1. Call the Meeting to Order
2. Determination of a Quorum
3. Introduction of the Board of Directors & Supervisory Committee
4. Reading/Approval of the 80<sup>th</sup> Annual Meeting Minutes (2015)
5. Chairman/President's Report
6. Supervisory Committee
7. Consolidated Financials
8. Report of the Nominating Committee
9. Introduction of the Candidates
10. Election by Acclimation
11. Announcements
12. Door Prizes/Drawings
13. Adjournment

**Norther Indiana Federal Credit Union**  
**Minutes of the 80<sup>th</sup> Annual Membership Meeting**  
**April 25, 2015**

Chairman Ron Hamilton called the meeting to order at 12:36 pm at the Ironworkers Local 395 Union Hall.

Chairman Ron Hamilton introduced Sandra Heller President of Northern Indiana Federal Credit Union. Sandra Heller introduced her staff and welcomed everyone.

The minutes were presented. A motion by Jeffrey Chidester and seconded by Tom Annunson that the April 26, 2014 minutes be accepted as presented. Motion passed.

Chairman Ron Hamilton introduced the Members of the Board of Directors and stated this year's candidates were unopposed and asked for a motion to elect the Board of Directors by acclimation. Motion by Jeffrey Chidester and seconded by Vern Beck. Motion passed.

The Supervisory Committee report was provided in the program and the annual financial statement was also provided. A motion by Beverly Jackson and seconded by Judy Peterson to accept the Supervisory Committee Report and the financial statements. Motion passed. Bob Shemberger asked for any additional volunteers to serve.

Chairman Ron Hamilton gave a brief report. President Heller gave a detailed report to include numerous new plans and proposals that the Credit Union is working on and adopting. Sandra Heller informed the members that she is planning her retirement and stated that by the end of the year she will transition a new executive for the Credit Union. Numerous accolades were given to Sandra.

Door prizes were presented.

With no further business, a motion was made by Vern Beck and seconded by Tom Anunson to adjourn the meeting at 12:57 pm. The motion passed.

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Chairman

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Secretary

## **Chairman/President's Report**

On behalf of our dedicated staff and volunteer board, it is both an honor and privilege to present the 2015 Annual Report for Northern Indiana Federal Credit Union (NIFEDCU).

The board is elected from the membership of the credit union and has a fiduciary responsibility to ensure the safety and soundness of the organization. The President & CEO manages the day to day operations and works with the Board on strategic direction.

### **Transition to New Leadership**

We wish to acknowledge Sandy Heller for her 27 years of leadership and service to Northern Indiana Federal Credit Union. With Sandy's retirement, new leadership was introduced in November 2015. As with any change, there is uncertainty. However, the board of directors, management team, and staff all worked hard to ensure that our new CEO, Christine Biasi had a smooth and successful transition.

### **2015 Performance**

We are pleased to report that Northern Indiana Credit Union remains financially strong reflecting \$33.1M in assets, \$30.7M in deposits and \$14.5M in loans. More importantly, the Credit Union has strong net worth and is considered "well-capitalized" by the National Credit Union Administration. There were many bright spots in 2016 including outperforming our peers in asset, share and investment growth.

However, like most financial institutions, Northern Indiana Federal Credit Union has not been immune to the negative impact of a stagnant economy. While we have not made subprime loans or invested in risky mortgages. The Credit Union has experienced a significant increase in overall delinquency and loan loss. As a result, the Credit Union was required to fund the Allowance for Loan Loss reserves (ALL) to historically high levels, which had a significant impact on our net earnings. However, it is important to note that net earnings prior to loan loss provisions were stronger than the last several years and reflect the fundamentally sound earnings capacity of the organization.

While the real estate portfolio grew by 5.6% and we provided 631 new loans totaling \$3.2M, borrowers remained cautious resulting in negative loan growth overall.

Although it was a challenging year financially, Northern Indiana Federal Credit Union remained committed to providing members with competitive loan rates, lower fees and improved technology, including the new chip-enabled VISA debit and credit cards. The encrypted security chips embedded into the cards help to reduce the chance of credit card fraud, thereby providing stronger security for our members.

### **Focus on the Future**

In 2016, your Board and Management will focus on a back-to-basics approach that will solidify the foundation for our continued success. Key areas of emphasis will include operational efficiency, marketing, product innovation and overall member service. Specifically, Northern Indiana Federal

Credit Union will review options to launch an automated overdraft courtesy program, a platform that allows us to make more loans to more members, and an Empowerment Program that provides a structured pathway to build or rebuild credit.

As reflected on our cover, Northern Indiana Federal Credit Union is committed to better banking and brighter futures. We are fiscally strong and well-positioned for continued growth. Thank you for supporting your Credit Union, and your trust in the Board of Directors and Management. We feel empowered by the past and inspired by the future!

Respectfully submitted,

Ron Hamilton  
Chairman of the Board

Christine Biasi  
President & CEO

## **Supervisory Committee Report**

The Supervisory Committee is appointed by the Board of Directors of Northern Indiana Federal Credit Union (NIFEDCU) and operates under the rules and regulations of the Federal Credit Union Act.

The Supervisory Committee, composed of a chairperson and three committee members, is a standing Committee of the Board established to assist the Board in fulfilling its statutory and fiduciary responsibilities.

The role of the Supervisory Committee is to assist the Board of Directors in fulfilling its oversight responsibilities for (1) the integrity of the Credit Union's financial statements; (2) the Credit Union's compliance with legal and regulatory requirements; (3) the independent auditor's qualifications and independence; and (4) the performance of the Credit Union's internal audit function and independent auditors.

To that end, the Supervisory Committee contracted with Shull & Company to conduct the Credit Union's 2015 annual audit. Results of the audit indicate that the financial statements present fairly the results of the operations and financial position for the period. The Supervisory Committee is proud to report that there were no material weaknesses to report.

Respectfully submitted,

The Supervisory Committee

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## ***Independent Accountant's Report***

*I have reviewed the accompanying balance sheet of Northern Indiana Federal Credit Union, Merrillville, Indiana as of June 30, 2015 and the related statements of income, retained earnings and cash flows for the fiscal years then ended, in accordance with standards established by the American institute of Certified Public Accountants. All information included in these statements is the representation of the management of Northern Indiana Federal Credit Union.*

*A review consists principally of inquiries of credit union personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I do not express such an opinion.*

*Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.*

*Jim Shull & Company  
Certified Public Accountants*

**Northern Indiana Federal Credit Union**  
**Balance Sheet and Income Statement**  
**December 31, 2015 and December 31, 2014**

*Consolidated Balance Sheet*

<b>Assets</b>	<b>12/31/15</b>	<b>% of Assets</b>	<b>12/31/14</b>	<b>% of Assets</b>
Cash/Investments	\$ 17,729,185	53.6%	\$ 15,566,438	49.3%
Loans	\$ 14,474,807	43.8%	\$ 15,064,037	47.7%
Land and Building	\$ 624,506	1.9%	\$ 581,845	1.8%
Other Assets	\$ 391,800	1.2%	\$ 497,965	1.6%
Loan Loss Reserves	\$ (154,952)	-0.5%	\$ (141,755)	-0.4%
<i>Total Assets</i>	<u>\$ 33,065,346</u>	<u>100%</u>	<u>\$ 31,568,530</u>	<u>100%</u>

<b>Liabilities</b>	<b>12/31/15</b>	<b>% of Liabilities</b>	<b>12/31/14</b>	<b>% of Liabilities</b>
Shares	\$ 30,633,427	92.6%	\$ 29,178,757	92.4%
Dividends Payable	\$ -	0.0%	\$ 79	0.0%
Accounts/Notes Payable	\$ 56,504	0.2%	\$ 35,872	0.1%
Reserves & Equity	\$ 2,353,822	7.1%	\$ 2,259,024	7.2%
Net Income	\$ 21,593	0.1%	\$ 94,798	0.3%
<i>Total Liabilities</i>	<u>\$ 33,065,346</u>	<u>100%</u>	<u>\$ 31,568,530</u>	<u>100%</u>

*Consolidated Income & Expense Statement*

<b>Income</b>	<b>12/31/15</b>	<b>12/31/14</b>	<b>Variance \$</b>	<b>Variance %</b>
Investment Income	\$ 122,218	\$ 108,154	\$ 14,064	13%
Interest Income (Loans)	\$ 804,355	\$ 827,557	\$ (23,202)	-3%
Fee Income	\$ 361,582	\$ 377,784	\$ (16,202)	-4%
<i>Total Income</i>	<u>\$ 1,288,155</u>	<u>\$ 1,313,495</u>	<u>\$ (25,340)</u>	<u>-2%</u>
<b>Expenses</b>	<b>12/31/15</b>	<b>12/31/14</b>	<b>Variance \$</b>	<b>Variance %</b>
Operating Expense	\$ 1,053,142	\$ 1,148,198	\$ 95,056	8%
Reserve for Loan Loss	\$ 195,529	\$ 49,338	\$ (146,191)	-296%
Dividend Expense	\$ 17,891	\$ 21,161	\$ 3,270	15%
<i>Total Expense</i>	<u>\$ 1,266,562</u>	<u>\$ 1,218,697</u>	<u>\$ (47,865)</u>	<u>-4%</u>
<i>Net</i>	<u>\$ 21,593</u>	<u>\$ 94,798</u>	<u>\$ (73,205)</u>	<u>-77.22%</u>

## **Nominating Committee Report**

The Board of Directors of Northern Indiana has two (2) open seats this year; each open seat serves a three year term. The Committee has received and approved candidate applications from the two incumbent Board Members seeking re-election. Therefore, the nominating committee has placed the following individuals in nomination for the 2016 election:

**Mike Deppe & Beverly Jackson**

## **Candidate Information**

***Michael L. Deppe*** is currently employed at the Law Office of Michael Deppe and has been the owner of his firm since January of 2000. Mr. Deppe is a long time Member of Northern Indiana F.C.U. and has had an account with the Credit Union since 1987.

Michael has served as the National Director for the Professionals Against Confidence Crime. He has experience as a Restaurant Owner, Landlord, Police Officer, Licensed Auctioneer, Adjunct College Professor and Attorney. Mr. Deppe has not previously served on the Credit Union Board of Directors but would feel honored to hold this position.

If elected to the Board of Directors, Michael will do his best to execute the duties of the position. He will help educate the staff in change raising and other cons and scams since he is considered one the nations experts in Confidence crime.

***Beverly A. Jackson*** is currently retired after working for the Northern Indiana Public Service Company. She held the position of Supervisor of the Time Keeping Department and Construction Operations. Beverly has served on Northern Indiana F.C.U.'s Board of Directors since 2002 and is currently the Vice Chairman and has previously held the positions of Chairman, Treasurer and Secretary.

Mrs. Jackson is currently the President of the Barrington Ridge Homeowners Association and is the Vice Chairman of the Northwest Indiana Empowerment committee. She received her Bachelor of Science Degree in Organization Leadership and Management from St. Joseph Calumet College and has Associate Degrees in Supervision and Labor Relations; Human Resources from Purdue University. She was also the recipient of the Leadership Award in her graduating class from St. Joseph College.

If elected to the Board of Directors Beverly will work together with the other elected Board Members to establish policies in keeping with the philosophy of the Credit Union. She will continue to govern the Credit Union and perform in an advisory capacity for its Members and the President.