

# Commitment

to the People & Community



## Locations

### Corporate Office

3102 Spring Street  
Fort Wayne, IN 46808  
260-432-1561

### Fort Wayne Meijer-NE

10301 SR 37/Maysville Road  
Fort Wayne, IN 46835  
260-969-0805

### Fort Wayne Meijer-NW

6309 Lima Road  
Fort Wayne, IN 46818  
260-497-8682

### Fort Wayne Meijer-SW

5909 Illinois Road  
Fort Wayne, IN 46804  
260-459-1898

### Angola, IN Office

603 Harcourt Road  
Angola, IN 46703  
260-665-7466

### Auburn, IN Office

1302 S. Grandstaff  
Auburn, IN 46706  
260-925-3756

### Churubusco, IN Office

702 State Road 205  
Churubusco, IN 46723  
260-693-6394

### Syracuse, IN Office

1401 S. Huntington  
Syracuse, IN 46567  
574-457-5140

### Marion, IN Office

2302 W. 7<sup>th</sup> Street  
Marion, IN 46953  
765-662-7566

### South Beloit, IL Office

542 Clark Street  
South Beloit, IL 61080  
815-389-2821

### Corinth, MS Office

1808 S. Fulton Drive  
Corinth, MS 38834  
662-287-8814

### Morganton, NC Office

121 Wamsutta Mill Road  
Morganton, NC 28655  
828-433-9386

### Gastonia, NC Office

1475 New Hope Road  
Gastonia, NC 28054  
704-864-4892

### ATM-only Columbia City, IN (Town & Country Plaza)

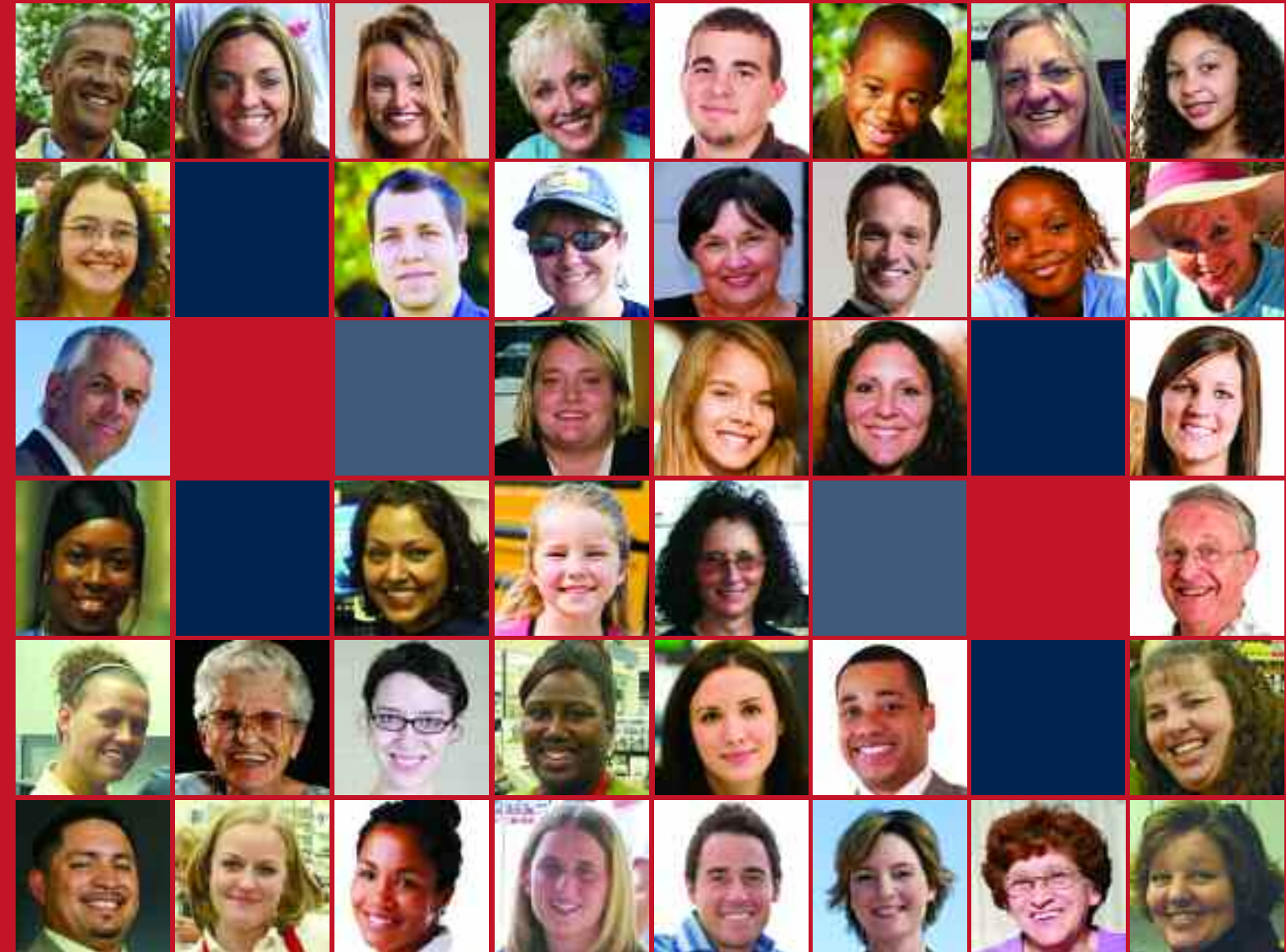
455 West Plaza Drive  
Columbia City, IN 46725

### ATM-only Savannah, TN (In front of Kroger)

520 Pickwick Road  
Savannah, TN 38372

### ATM-only luka, MS (Across from Walmart)

1175 Battleground Drive  
luka, MS 38852



[www.fortfinancialcu.org](http://www.fortfinancialcu.org)



Fort Financial Credit Union is part of the shared branch/service center network of over 1,700 credit unions worldwide. Enjoy all the benefits of your credit union membership while away from home simply by looking for the "swirl". When you see this symbol, you'll know you can conduct most of your credit union business at that location. It's sort of like taking your credit union with you.

# 2007

Fort Financial Credit Union  
**Annual Report**

# Commitment

Community involvement is an important value to Fort Financial Credit Union. Every year, FFCU branches contribute time, money and services to their members and surrounding communities. With sponsorships and participation in various events like the United Way Day of Caring, March of Dimes Walkathon, Gaston Hospice Annual

Poker Run, blood drives, scholarships, fundraisers and countless other projects, Fort Financial Credit Union continues to make the people and community service top priority.

FFCU's commitment to the community is unparalleled by other establishments and corporations.

FFCU branches participate in community programs year round. Beginning the first of the year, different charitable committees are assigned. Most notably, FFCU's Christmas Committee raises money and gift items for less fortunate families during the year through different fundraising events.

FFCU also assists students in their college education each year by awarding \$5,000 to deserving applicants.

Fort Financial Credit Union is fully committed to the members and bringing the surrounding communities together.



Fort Financial CU supports its communities in several ways. Some of the organizations that benefit FFCU either through charitable donation or sponsorship are:

United Way  
March of Dimes  
American Cancer Society  
Project Help  
Cystic Fibrosis Foundation

Big Brothers/Big Sisters  
Toys for Tots  
Care & Share of Grant County  
Make-A-Wish Foundation  
Project Challenge

Fort Financial CU continues their community involvement in various ways. The following are different events that Fort Financial has participated in:

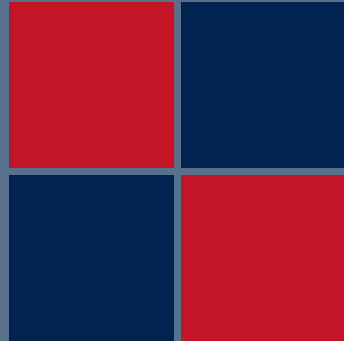
Blood Drives  
Scholarship Awards  
Community Picnics  
Anthis Career Center  
Local Food Banks

Hula For Moolah  
Angola Fall Fest  
DeKalb County Free Fall Fair Parade  
Main Street Marion First Fridays  
Back to School Night

# to the People & Community

# Board of Directors

2007



Left to Right, Top to Bottom:

**Rick Welling**, Chairman

**Bob Martin**, Vice Chairman

**Eric McKinley**, Treasurer

**Thomas Bobay**, Secretary

**Scott Beam**, Assistant Treasurer

**Karen Johnston**, Assistant Secretary

**Richard Nahrwold**, Director

**George Eldridge**, Director

**Marge Hoppas**, Director

**Dean Helberg**, Supervisory Committee

**Diane Hess**, Supervisory Committee

**Shawn Smith**, Supervisory Committee

**Mary Ehringer**, Associate Director

**Nick Bond**, Associate Director

**Greg Copeland**, Associate Director

# Executive

Report



Left to Right:

**Steve Collins**, EVP & Chief Operating Officer

**Connie Monroe**, Vice President of Financial Services

**Jennifer Depoy**, Corporate Funds Manager

**Tammy Hartman**, Branch Administrator & Sales Manager

**William Hannah**, President & Chief Executive Officer

For those who follow the National news, the headlines scream every day about the mortgage loan crisis in the United States. Perhaps those lenders should have followed the example of Fort Financial CU, who does not have ONE high risk variable rate mortgage loan in our \$25,000,000 mortgage portfolio. We understood that loans that would re-price to higher loan payments, if the individual(s) was purchasing property that was upper limits of their affordability, would eventually create a problem for both the borrower and the credit union. We therefore choose to decline those types of loans and urge the individual(s) to consider other alternatives.

In the year 2007, we focused our efforts on improving the overall quality of our portfolio (all types of loans) which has the effect of reducing the delinquent loans in the total portfolio. While these loans have less risk, they also provide less income because they are offered at lower rates. Because of the increase in high credit quality loans, we were also able to reduce the reserve requirements for loan losses. In 2007, we reduced loan delinquencies by over \$1,000,000.00 for the year and reduced our expenses to fund the allowance for loan loss reserve, by nearly the same amount.

While completing this significant area of responsibility we also were able to grow our mortgage loan portfolio over \$1.3 million, and vehicle lending by over \$2.4 million.

Not to be ignored was the improving quality of service to our 49,148 members, offered through our 13 branch

offices and the over 3,000 branch office outlets through the shared branch network. We continue to explore ways and methods in improving convenience and service quality to members throughout our service areas. We added 47 new member companies during 2007, gaining almost 1,300 new members.

The opening article focused on Fort Financial CU being awarded the State Trade Association's top Award for social responsibility, the Dora Maxwell Award. We are proud to have been the recipient of this award for our efforts in giving back to the communities we serve. We also continued to award college scholarship awards totaling \$5,000.00, to eligible recipients.

And finally, we want to focus on the savings and checking side of the business plan. As we continue to understand that our mission is not only to serve the members of the credit union, but to serve their business needs as well. We currently have over 600 business checking accounts and are working to establish working lines of credit and other business needs as well.

While accomplishing all of this, we continued to grow the deposit side of the business by increasing the total share deposits by just under \$2.0 million. We are pleased with the solid, conservative growth experienced in 2007 and look forward to more of the same in 2008 as we continue to serve and meet the ever changing financial needs of our members.

# Treasurer's Report

Fort Financial continued the pace of steady and conservative growth. We predicted and prepared for 2007 to be a very tight year financially. Loan interest rates remained very low, and 70% of all our income is obtained from interest rates. The challenge was compounded in 2007 with financial institutions beginning to compete harder for savings dollars. This caused dividend payments to be the highest in more than five years. Overall, the credit union stood up to the challenge and the year ended more favorably in many areas than we had prepared for.

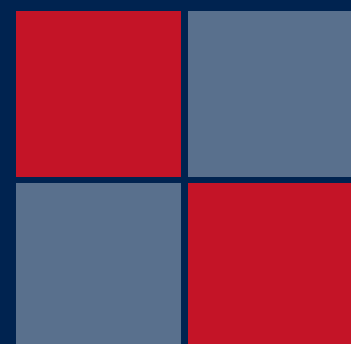
We ended with total assets at \$167 million. This is a \$2.3 million gain over the course of the year. This is an asset growth of 1.38%. The loan portfolio grew 3.13%, equating to a dollar increase of over \$4 million. Nearly all the loan growth was in high credit quality automobile loans. Our 1.3% in deposit growth of just under \$2 million was all in certificate of deposits. Fort Financial continued to offer special certificate rates throughout the year to keep our deposit base and fund loans.

Undivided earnings are our earnings that are retained after all expenses, dividends and reserves. Our undivided earnings increased to \$11.1 million. Fort Financial made an adjustment

of (\$669,617) as an "Other Reserve" to account for the value of our employee pension liability, in accordance with a new *Statement of Financial Accounting Standards*. This is reflective in the total yearend capital of \$14,779,936. This equates to a Net Worth Ratio of 9.15%, which is categorized as very strong.

Fort Financial paid out over \$3.4 million in dividends to our members in 2007. This is an increase of \$451,265 from last year. Operating expenses for the credit union were reduced in 2007 by over \$300,000. Management did an outstanding job at managing the budget for the credit union. Provisions for loan losses are the expenses to reserve for future losses on loans. Decreased delinquency in our loan portfolio and growth in high credit quality loans greatly reduced our provision expenses in 2007.

Overall, the year was a challenge, but the credit union performed well, and remains in a very healthy position for its future.



# Supervisory Committee Report

In 2007, the accounting firm McGladrey & Pullen was retained by the Supervisory Committee to conduct the annual audit. McGladrey & Pullen is ranked number one among the firms who serve credit unions with assets over \$100 million.

The audit was conducted in accordance with generally accepted accounting principles. It is McGladrey's opinion that the consolidated financial statements for September 30, 2007, fairly state the financial position of the credit union. There were no material weaknesses noted during the course of the audit.

Fort Financial Credit Union employs a full time Internal Auditor, Ms. Joan Hiemstra. The Supervisory Committee meets with Ms. Hiemstra on a regular basis to discuss audit results and to plan future audits.

In addition to working closely with the accounting firm, the Internal Auditor conducts audits of all branches and other areas of the Credit Union.



The Supervisory Committee would like to thank you for your continued support and commitment to Fort Financial Credit Union.



The Supervisory Committee:

As pictured, Left to Right, Top to Bottom:

**Marge Hoppas**, Committee Chairperson

**Dean Helberg**

**Diane Hess**

**Shawn Smith**

**Joan Hiemstra**, Internal Auditor



# Operating Statement



Income	2007	2006	2005
Interest on Credit Card	148,133	524,036	1,208,691
Interest on Other Loans	9,530,848	10,449,400	10,047,179
Income on Investments	730,393	436,978	234,739
Miscellaneous Income	4,225,088	4,024,279	3,892,432
Other Gains or Losses	(36,442)	2,123,448	50
Total Income	14,598,020	17,738,147	15,383,091
<b>Expenses</b>			
Salaries (wages)	3,603,390	3,267,909	3,309,218
Benefits	1,440,105	1,114,274	999,266
Travel & Conference	67,383	219,973	200,397
Association Dues	35,584	33,750	31,135
Office Occupancy	667,585	690,897	670,181
Office Operations	2,635,374	2,971,466	3,026,427
Loan Servicing	772,422	1,317,528	1,019,365
Outside Services	935,158	876,683	788,033
Members Insurance	0	0	0
Operating Fee (NCUA)	34,846	37,326	34,939
Miscellaneous	22,591	20,732	25,691
Total Operating Expenses	10,214,438	10,550,568	10,104,652
<b>Distribution of Income</b>			
Dividends (All Accounts)	3,465,711	2,977,158	2,467,946
Provisions for Loan Losses	795,840	3,670,835	2,254,771
Interest on Borrowed Money	308	37,596	237,518
<b>Net Income to Undistributed Earnings</b>	121,723	501,984	318,204

# Financial Statement



Assets	2007	2006	2005
Credit Card Loans	2,066,064	1,670,201	15,821,736
Real Estate Loans	34,761,278	33,389,506	33,154,191
All Other Loans	109,927,638	107,244,663	116,420,109
Allowance Loan Loss	(1,179,942)	(2,141,696)	(1,901,383)
Cash on Hand	6,472,122	5,842,276	6,224,960
Investments	10,783,314	13,364,795	7,130,679
Land & Building	4,145,501	4,445,609	4,358,115
Other Assets	1,786,707	2,645,087	3,222,479
Total Assets	168,762,682	166,460,441	184,430,886
<b>Liabilities</b>			
Certificates	51,415,171	46,092,959	55,811,648
Share Drafts	20,865,328	21,879,466	20,539,081
IRAs	14,555,627	14,042,648	13,974,827
CIAs	7,893,887	10,797,256	15,546,954
All Other Deposits	58,435,331	58,394,530	60,768,609
Total Deposits	153,165,344	151,206,859	166,641,119
Other Liabilities	817,402	(74,694)	2,962,463
Equity Capital	14,779,936	15,328,276	14,827,304
Total Equity and Liabilities	168,762,682	166,460,441	184,430,886

# Supervisors & Branch Managers



## Corporate Supervisors

**Joanne Abbott**, Accounting Supervisor  
**Mary Brainerd**, Member Service Manager  
**Steve Holloway**, Human Resource Manager  
**Brian Conroy**, Business Development Officer  
**Don Detter**, Collections Supervisor  
**Paula Dosen**, Loans Manager  
**Dawn Glover**, Card Services Supervisor  
**Paul Gregory**, Members Financial Services  
**Penny Haggard**, IS Manager  
**Diane Hall**, Administrative Assistant  
**Marsha Hamric**, Teller Supervisor  
**Diane Kallmyer**, Indirect Loans Supervisor  
**Dennis Shaffer**, Training & Development Officer  
**Deb Bolton**, MMI Mortgage  
**Stacy Hanna**, Marketing Coordinator

## Branch Managers

**Cathy Boehme**, Auburn, IN Branch  
**Karen Simpson**, Churubusco, IN Branch  
**Susie Ray**, Angola, IN Branch  
**Peggy Guyas**, Syracuse, IN Branch  
**Kelly Plummer**, Marion, IN Branch  
**Cindy Jobe**, Corinth, MS Branch  
**Gail Carswell**, Morganton, NC Branch  
**Tracy Patrick**, South Beloit, IL Branch  
**Doug Kush**, Gastonia, NC Branch  
**Amber Jordan**, Fort Wayne, IN Meijer NW Branch  
**Katia G. Jentgen**, Fort Wayne, IN Meijer SW Branch  
**Kelly Hovis**, Fort Wayne, IN Meijer NE Branch

# Annual Meeting Minutes

## FORT FINANCIAL CREDIT UNION 60<sup>TH</sup> ANNUAL MEETING MINUTES FEBRUARY 24, 2007

Chairman Richard Nahrwold opened the 60th Annual Meeting of Fort Financial Credit Union held at Ceruti's Summit Park in Fort Wayne, Indiana beginning at 6 p.m., February 24, 2007.

Chairman Nahrwold requested Director Scott Beam to present the invocation.

The Rick Brown Duo provide easy listening music which was enjoyed by all.

Chairman Nahrwold opened the 60<sup>th</sup> Annual Business Meeting following dinner by welcoming all in attendance. Chairman Nahrwold requested the Board's Secretary to determine if a quorum was present. Secretary Thomas Bobay verified a quorum was present according to the Federal Credit Union By-Laws, Section 5.

Secretary Bobay presented the 59<sup>th</sup> Annual Meeting Minutes as printed in the Annual Report. A motion was made and seconded to accept the minutes as presented. Motion carried.

President and Chief Executive Officer William Hannah presented the Executive Report as printed in the Annual Report. Introduction of staff in attendance followed including a special introduction of the Corinth Mississippi Branch staff members.

President and Chief Executive Officer Hannah turned the meeting over to the Executive Vice President and Chief Operations Officer Steve Collins. Vice President and Chief Operations Officer Collins presented a slide program including the credit union's history since its incorporation in 1946, through the present. This included personal pictures and letters from the credit union membership.

The Chairman of the Supervisory Committee, Director Marge Hoppas presented the Supervisory Committee Report after first introducing the committee members and Joan Hiemstra the Internal Auditor.

Treasurer Eric McKinley reviewed the Treasurer's Report as printed.

There was no old business to review.

The Nominating Committee Chairman, Vice Chairman Robert Martin presented the election results. Elected to three-year terms were Directors George Eldridge, Karen Johnston, and Scott Beam. Elected to a one-year term was Director Rick Welling.

A motion was made to destroy the election ballots. Motion was seconded and carried.

Chairman Nahrwold adjourned the meeting at 7:39 p.m.

Door prizes and centerpieces were awarded to members as attendance prizes.

Respectfully Submitted,

Thomas E. Bobay  
Secretary

Richard Nahrwold  
Chairman

