



2016 Annual Report

Serving our Members
Since 1954

Our mission is to provide courteous, friendly and quality financial services to our membership at fair and favorable rates and terms, while maintaining the long-term financial stability of the credit union.

7020 Brookville Road
Indianapolis, IN 46239

1220 Miller Avenue
Shelbyville, IN 46176

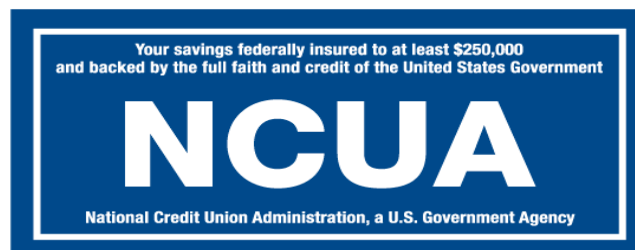


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Agenda for the 62nd Annual Meeting of the Members of Harvester Financial Credit Union

Welcome
Ascertain Quorum
Nominating Committee Report
Presentation of Last Meeting Minutes
Board of Directors’ Report
Treasurer’s Report
Supervisory Committee Report
President’s Report
Old Business
New Business
Election Results
Door Prize Drawings
Adjourn for Lunch

**MINUTES OF THE 61st
ANNUAL MEETING
April 11, 2015**

The 61st HFCU Annual Meeting was called to order at 11:30 a.m. by Chairman Jerry R. Walters at the LaQuinta Hotel on Victory Drive, Indianapolis, Indiana.

It was determined that a quorum was present.

Chairman Walters appointed Debbie Everman as Recording Secretary.

Chairman Walters appointed Bryan Fluke as a Parliamentarian.

Chairman Walters asked for a motion to adopt the agenda as printed, with the right of the Chair to make changes deemed appropriate in order to expedite the meeting. It was moved by Bobby Lewis and seconded by Judy Williamson. **The motion carried.**

Chairman Walters requested a motion to approve the 2014 minutes as printed in the Annual Report. It was moved by Bobby Lewis and seconded by Judy Williamson. **The motion carried.**

Chairman Walters requested a moment of silence in honor of our members who passed way last year, Paul Zahn and Margie Whorton wife of Vice Chairman, Bud Whorton.

Chairman Walters announced the unopposed re-election of the Board of Directors:

Steve Bennett (3-year term)
Mike Metcalf (3-year term)

Unopposed re-election for Supervisory Committee:

Carl Delph (3-year term)

Chairman Walters requested a motion for the Secretary to cast a unanimous ballot for the nominees and to approve the terms of elected officials. It was moved by Carol Cannon and seconded by Bill Childers. **The motion carried.**

Chairman Walters introduced the members of the Retiree's Committee as follows:

Bud Whorton (Chairman)
Julia Clardy
Bobby Lewis
Bill Childers

The following reports were presented:

Board of Directors' Report – Jerry R. Walters
Supervisory Committee Report – Mike Williamson
Treasurer's Report – Rod Cannon
President's Report – Bryan Fluke

Chairman Walters welcomed everyone to the 61st anniversary of the Harvester Financial Credit Union. He reminded everyone that the credit union was formed in March of 1954 by employees of International Harvester.

With no further business, Chairman Walters introduced President Bryan Fluke.

Old Business: None

Chairman Walters announced that next year's Annual Meeting would be held on Saturday, April 16, 2016.

Chairman Walters mentioned that there were 57 attendees for this year's meeting.

New Business: None

Door Prizes: Chairman Walters explained to the attendees that door prizes will be handled differently. The name will be drawn and announced, then the winner will come and pick something from the prize table. It will be first come, first served.

Chairman Walters thanked the sponsors for their donations as follows:

Allied Solutions - Gap insurance, Property insurer, Bond, and AD & D coverage provider donated:

\$25 Restaurant gift card	\$25 Cheesecake Factory gift card
\$15 Panera Bread gift card	\$15 Starbucks gift card
\$10 (2) Chick-fil A gift cards	

Transamerica – Credit Insurance provider has donated a \$25 gas card

Additional prizes donated by the Credit Union \$100 cash and 2 HFCU umbrellas.

Door Prize Winners:

\$100 Cash	Mary Stephenson
\$25 Cheesecake Factory Gift Card	Tom Everman
\$25 Restaurant Gift Card	Ellen Hairston
\$25 Gas Card	Paul Stohr
\$15 Panera Bread Gift Card	Joy Cooper
\$15 Starbucks Gift Card	Debbie Everman
\$10 Chick-Fil-A Gift Card	Carol Staley
\$10 Chick-Fil-A Gift Card	Bonnie Breeze
HFCU Umbrella	Bobbie Lewis
HFCU Umbrella	Jalyn Wallace

There being no further business, a motion to adjourn the meeting at 11:59 a.m. was made by Bobby Lewis and seconded by Bud Collier. **The motion carried.**



Debbie Everman
Recording Secretary



Jerry R. Walters
Chairman



Board of Directors

Jerry R. Walters, Chairman
Bud Whorton, Vice Chairman
Rod Cannon, Treasurer
Owen “Rex” Rexroat, Secretary
Steve Bennett, Director
Al Hairston, Director
Mike Metcalf, Director

Supervisory Committee

Michael O. Williamson, Chairman
Charlie Campbell, Member
Carl Delph, Member

Management Team

Bryan C. Fluke, President/CEO
Lone Callahan, Vice President/Branch Operations
Joy Cooper, Main Branch Manager
Barb Kilgore, Human Resource Manager
Sherry Wood, Shelbyville Branch Manager
Mary Stephens, Assistant Branch Manager

Board of Directors' Report

It is with great pride that I welcome you to our 62nd Annual Meeting. Harvester Financial Credit Union has experienced another year of progress and change in 2015.

In 2014, we welcomed a new President, Bryan Fluke, who has now completed his first full year of service. I am pleased to say that Bryan hit the ground running. The Board is very pleased with the changes made under his leadership and the direction in which he is leading the Credit Union.

Last year, we also made a large capital investment by changing our core processor – the engine that drives our financial transactions in the branches and online. With this change came two new convenience services, mobile bill pay and mobile deposits. These services enable us to serve our members more holistically. Members can use their smartphones to take a photo of their check and deposit it remotely or schedule bills for online payment, reducing branch traffic and improving our operating efficiency.

As Chairman of your Board, I am pleased to report that we experienced another financially successful year. As a small financial institution, we are challenged in today's current economic environment. Fortunately, your Credit Union continues to move ahead, and I am confident of our long-term survival. A true advantage of our size is our ability to get to know our members personally and address their financial needs face to face.

In closing, I would like to say thank you to all our members, volunteers, and staff for their commitment and trust over the years. As your Board, we are focused on protecting the Credit Union, while providing the honest and friendly service you expect. Please remember that we want to continue serving the financial needs of you and your families for many years to come.

Jerry R. Walters
Chairman, Board of Directors

Treasurer's Report

Harvester Financial Credit Union continued to make steady financial gains in 2015. The low interest rate environment has caused the Credit Union to face slow loan growth and narrow margins. The Federal Reserve has indicated the possibility of several interest rate increases in 2016, and Harvester is well positioned financially if this happens. The Credit Union also continues to look for ways to reduce expenses and create new revenue sources to ensure we are able to offer you the best possible lending and deposit rates.

The Credit Union reported a Net Income of \$16,616 for 2015 despite the fact that it was forced to make a significant increase in its Provision for Loan Loss. Though income was lower than 2014, it was considerably higher than 2015 budget. The Credit Union also finished the year with over \$52 million in Assets and an equity position of over \$4.8 million in Reserves.

Despite continued low interest rates, Harvester Financial Credit Union did not change its investment strategy to take on any excess risk to achieve a higher rate of return. It continues to invest in government agency securities and other federally insured investments. Since over 40% of its Assets are classified as investments on the balance sheet, this is an important strategy to protect the stability of the Credit Union. At the end of 2015, the average life of our investment portfolio is less than 15 months. This strategy well positions the Credit Union when interest rates begin to rise.

The Board continues to make the conscious decision that the risks it is willing to take are in the form of loans to its members, not sacrificing Reserves by taking unnecessary investment risk. The Credit Union's goal is to maintain long-term financial health, not taking significant risks for short-term income. Although this strategy may have an impact on earnings today, it keeps the focus on the long-term success of the institution as well as its members.

It has been my pleasure to serve as your Treasurer at the Credit Union. As such, I will continue to work with our Management Team to ensure the Credit Union is operating in the most efficient manner and to protect the long-term interest of our members and the organization.

Rod Cannon
Treasurer, Board of Directors

Supervisory Committee Report

The Supervisory Committee is elected by the members of the credit union to monitor the accounting, auditing and financial reporting practices of the credit union in accordance with National Credit Union Administration (NCUA) guidelines and generally accepted accounting principles (GAAP).

Management of Harvester Financial Credit Union is responsible for the preparation, integrity and objectivity of the financial statements and other financial information in this report. They are also responsible for establishing and maintaining a system of internal controls that provide reasonable assurance as to the reliability of the financial records. The system is tested and evaluated regularly by the independent auditors in connection with their annual audit of the financial statements.

We employed the certified public accounting firm of Whiting & Company, to perform an audit of certain standard agreed upon procedures for the year ended December 31, 2015.

After our review of the financial statements and the findings of Whiting & Company, our general conclusion is that the financial statements referred to in this report present accurately the financial position of Harvester Financial Credit Union as of December 31, 2015.

I would also like to take this opportunity to thank the management, staff and the Board of Directors for all they do for the members of Harvester Financial Credit Union. And thank you, the members, for your continued support, trust, and business.

Michael O. Williamson
Chairman, Supervisory Committee

Harvester Financial Credit Union
Statement of Financial Condition
For the Year Ended December 31, 2015

Assets:

Cash and Cash Equivalents:	
Non-Interest Bearing	\$555,287
Interest Bearing	
Investments, Net	\$22,181,169
Loans to Members, Net of Allowance for Loan Losses	\$25,765,816
Foreclosed and Repossessed Assets	
Property and Equipment	\$1,217,258
NCUSIF Deposit	\$471,668
Other Assets	<u>\$1,955,235</u>
Total Assets	<u>\$52,146,433</u>

Liabilities and Members' Equity:

Members' Share and Savings Accounts	\$47,180,278
Dividend and Interest Payable	\$3,371
Accounts Payable and Other Liabilities	<u>\$141,757</u>
Total Liabilities	<u>\$47,325,406</u>
Members' Equity, Substantially Restricted	
Appropriated Regular Reserve	\$2,423,560
Undivided Earnings	\$2,318,111
Equity Acquired Merger	\$62,740
Net Income	<u>\$16,616</u>
Total Members' Equity	<u>\$4,821,027</u>
Total Liabilities and Equity	<u>\$52,146,433</u>

Harvester Financial Credit Union
Statement of Income and Expense
For the Year Ended December 31, 2015

	<u>2015</u>
Interest Income:	
Loans Receivable	\$1,363,103
Investment Securities	<u>\$239,454</u>
Total Interest Income	<u>\$1,602,557</u>
 Interest Expense:	
Members' Shares and Savings Accounts	\$183,671
Borrowed Funds	<u>\$0</u>
Total Interest Expense	<u>\$183,671</u>
Net Interest Income	\$1,418,886
Provision for Loan Losses	<u>(\$110,594)</u>
Net Interest Income after Provision for Loan Losses	<u>\$1,308,292</u>
 Non-Interest Income:	
Net Gain (Loss) on Sale of Fixed Assets	\$9,698
Fees for Member Services	\$270,434
Other Income	<u>\$470,282</u>
Total Non-Interest Income	<u>\$750,414</u>
 Non-Interest Expense:	
Compensation and Benefits	\$969,364
Travel and Conference	\$28,688
Occupancy	\$119,470
Office Operations	\$240,609
Loan Servicing Expenses	\$273,049
Professional and Outside Services	\$299,259
Education and Promotions	\$51,739
Dues	\$16,436
Operating Fees	\$9,438
Miscellaneous Operating Expenses	<u>\$34,039</u>
Total Non-Interest Expense	<u>\$2,042,091</u>
Net Income (Loss):	<u>\$16,616</u>

President's Report

As I complete my first full year as President of your Credit Union, I would like to say how proud I am to be a member of the Harvester Financial Credit Union family. My predecessor, John Bergeson, positioned Harvester Financial for the future by upgrading our core processor, which runs our branch and online financial transactions, and enhancing our mobile offerings which increases member retention.

In 2015, we saw a large number of members begin using these new convenience services. More recently, we launched a new, optimized website, which automatically sizes itself to the device on which it's being viewed. So, whether you're on a tablet, smartphone, or desktop computer, you can easily navigate the site and view our current promotions.

I may not have had the pleasure of meeting each of you yet, so I think it's important that I share my background. I grew up on the south side of Milwaukee. Much like the area surrounding our Indianapolis branch, there were residential homes mixed in with manufacturers. And just like Indianapolis, most began leaving the area. I understand the pressure that residents and businesses alike face when the main source of employment leaves.

Next, I pursued a career in the military and spent 22 years in the U.S. Army. For the past 14 years, I have worked in the credit union industry in marketing, risk management, and executive management. In each of those roles, I gained a tremendous amount of experience in leadership, creating an exceptional member experience, and financial management.

In short, I think my past life experiences have prepared me to understand the challenges you are facing and to position your Credit Union as the resource to help you overcome those challenges. Our goal is to not only help you manage your day-to-day finances but to provide you with the means to fulfill your dreams. Please think of us first for your financial needs.

As reported, we were able to make a small profit in 2015. Ideally, we would like to return all our profits to the membership. At the same time, we need to plan for the future, ensuring we remain competitive in today's aggressive financial marketplace. While the current environment requires us to operate at razor thin margins, we strive to offer you competitive rates, low fees, and exceptional personal service. As your neighborhood Credit Union, we hope what you like best about us is the ability to bank with a person you've known for years.

I would like to thank the Board of Directors for their trust in me to lead this organization. I would also like to thank the employees of Harvester Financial Credit Union for welcoming and supporting me in the last year. Most of all, I would like to thank you – our members – for your business and trust. Please let me know what we can do to better serve you and your family.

Bryan Fluke
President, Harvester Financial Credit Union
bryan@harvesterfcu.org

MEMBERSHIP SERVICES

SAVINGS SERVICES

Regular Share Savings Accounts
Funds Manager Accounts (Money Market)
Special Savings Accounts
Vacation Club Accounts
Christmas Club Accounts
Kids Club Savings Accounts

CHECKING SERVICES

Share Draft Accounts
Overdraft Protection (Line of Credit)
Overdraft Transfer
Courtesy Pay Overdraft Service

INVESTMENT SERVICES

Term Share Accounts (Certificates)
Individual Retirement Accounts (Traditional, Roth, and Educational)
Savings Bonds
Health Savings Accounts (HSA)

CREDIT SERVICES

New and Used Auto, Motorcycle, RV, Boat and other Secured Loans
Signature Loans
Mortgage and Home Equity Loans
Classic, Gold and Platinum VISA™ Credit Cards

ELECTRONIC SERVICES

Direct Deposit
Payroll Deduction
Pre-authorized Automatic Payments
MASTERCARD Debit Card/ATM Card
SYBIL – 24-Hour Voice Response (Automated Teller)
Online Banking 24-Hour Online Access with FREE Electronic Bill Pay
Mobile Banking 24-Hour Online Access with FREE Electronic Bill Pay
Mobile Deposit
Visa™ Online
E-Statements

OTHER SERVICES

Notary Service	Money Orders
NADA Car Book Prices	CO-OP Shared Branches
Telephone Transfers	MasterCard™ Gift Cards
Wire Transfers	Visa™ Payroll Checking Account card
Auto Extended Warranty	Identity Theft Recovery Services
Guaranteed Asset Protection (GAP)	

Harvester Financial Credit Union Staff

Bryan C. Fluke, President/CEO
Lone Callahan, Vice President/Branch Operations
Barbara Kilgore, Human Resource Manager

Indianapolis Office

Joy Cooper, Branch Manager

Loan Department

Michelle Mason, Loan Officer
Teresa Ervin, Collections Officer

Accounting

Nikki Hubbell
LaDonna Jackson

Card Services

Paula Quinn

Member Service Department

CJ Hiatt, Member Service Advisor
Carla Prince, Member Service Advisor
Nola Canner, Member Service Representative
Tamara Elamin, Member Service Representative
Elizabeth Mosier, MSR-Marketing Coordinator

Shelbyville Office

Sherry Wood, Branch Manager
Mary Stephens, Assistant Branch Manager/Loan Officer

Member Service Department

Tywanna Smith, Member Service Team Lead-IRA Coordinator
Joyce Settle, Member Service Representative
Carol Fowler, Member Service Representative
Kimberly Margison, Member Service Representative



Special thanks to the following committees:

Retiree Committee

Virgil Whorton, Chairman

Julia Clardy

Bobby Lewis

Bill Childers

Nominating Committee

James Estep, Chairman

Lewie Branscum

John Hagberg

OFFICE INFORMATION

INDIANAPOLIS OFFICE

Located at: 7020 Brookville Road, Indianapolis, IN 46239

Main Office Hours:

Monday and Tuesday	8:00 a.m. – 5:00 p.m.
Wednesday	9:00 a.m. – 5:00 p.m.
Thursday	8:00 a.m. – 5:00 p.m.
Friday	8:00 a.m. – 5:30 p.m.

Phone: 317.352.0455 Fax 317.351.2351
800.326.2279

SHELBYVILLE OFFICE

Located at: 1220 Miller Avenue, Shelbyville, IN 46176

Branch Office Hours:

Monday and Tuesday	8:30 a.m. – 5:00 p.m.
Wednesday	9:00 a.m. – 5:00 p.m.
Thursday	8:30 a.m. – 5:00 p.m.
Friday	8:30 a.m. – 6:30 p.m.

Phone: 317.392.0811 Fax 317.392.0870
800.366.5725

SYBIL 24 – HOUR AUTOMATED TELLER

317.351.2352 or 800.471.6663

Visit our website often at: www.harvesterfcu.org

Connect with us on Facebook  at: www.facebook.com/harvesterfcu

And follow us on Twitter  for special offers and promotions at:
www.twitter.com/harvesterfcu

Additional Branches

You can access your account at any of our offices (see the prior page) or at any Credit Union CO-OP Shared Branches.

Shared branching offers convenient stand-alone locations to meet your needs. There are several hundred locations in our primary market throughout Indiana and Illinois, and almost 5,000 nationwide, available for your convenience. You can find additional information and locations close to you online at www.harvesterfcu.org, then just click on the Contact Us, across the top, then select Locations/Hours and then click the CO-OP Shared Branch link.



Holiday Schedule

In observance of Federal holidays, the credit union is scheduled to be closed on the following dates for the year after the Annual Meeting:

Memorial Day	Monday, May 30, 2016
Independence Day	Monday, July 4, 2016
Labor Day	Monday, September 5, 2016
Columbus Day	Monday, October 10, 2016
Veterans Day	Friday, November 11, 2016
Thanksgiving Day	Thursday, November 24, 2016
Christmas	Monday, December 26, 2016
New Year's Day	Monday, January 2, 2017
Martin Luther King Day	Monday, January 16, 2017
President's Day	Monday, February 20, 2017

*Thank you again for your continued support of
Harvester Financial Credit Union.*



**62 years of service
1954 to 2016**