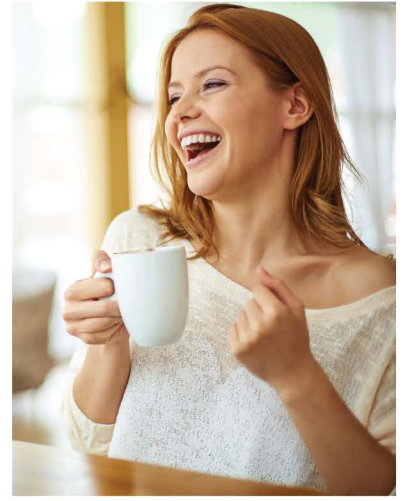
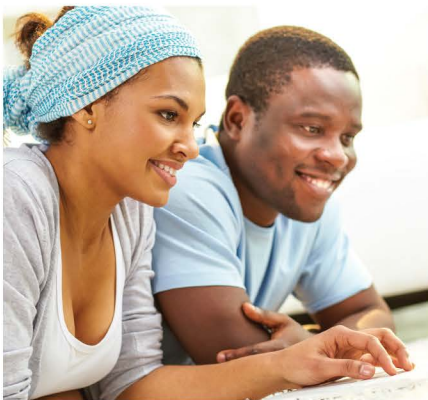




# 2016 Annual Report

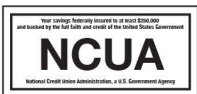


## Serving Our Members Since 1954

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.

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

7020 Brookville Road, Indianapolis, IN 46239  
1220 Miller Avenue, Shelbyville, IN 46176



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## Agenda for the 63rd 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 62nd  
ANNUAL MEETING  
April 16, 2016**

The 62nd 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 Carol Cannon. **The motion carried.**

Chairman Walters requested a motion to approve the 2015 minutes as printed in the Annual Report. It was moved by Bobby Lewis and seconded by Bud Collier. **The motion carried.**

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

Rod Cannon      (3-year term)  
Owen Rexroat    (3-year term)

Unopposed re-election for Supervisory Committee:

Charlie Campbell (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 Bobby Lewis and seconded by Bud Collier. **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 62<sup>nd</sup> 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.

Chairman Walters informed the attendees the tentative date for next year's Annual Meeting will be in April 2017.

Chairman Walters informed attendees that there were 52 attendees for this year's meeting.

Chairman Walters asked that Barb Kilgore be recognized for her work in organizing today's meeting.

Old Business: None

New Business: Chairman Walters announced to attendees that we are now live with our Remote Deposit Capture. You can now make deposits from your smartphone.

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

President Fluke mentioned that we now have a new logo and updated website.

President Fluke informed attendees about the new EMV chip credit cards. Members should be receiving them in the mail and debit cards to follow by the end of April.

President Fluke updated attendees on the new enhanced bill pay. Mobile bill pay has been added to our mobile app and members now can schedule bills to be paid from their smartphones.

President Fluke explained the Save to Win program to attendees. He stated it's a prize incentive based program to help members save.

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:

- \$50 Cheesecake Factory gift card
- \$20 Panera Bread gift card
- \$10 (3) Chick-fil A gift cards


PSCU – Debit card and Visa credit card processor


- \$25 (2) Restaurant Gift Card
- \$25 Cheesecake Factory Gift Card

Door Prize Winners:

- |                                   |                |
|-----------------------------------|----------------|
| \$50 Cheesecake Factory Gift Card | Jim Price      |
| \$25 Cheesecake Factory Gift Card | Teresa Ervin   |
| \$25 Restaurant Gift Card         | Tim Cooper     |
| \$25 Restaurant Gift Card         | Jeanette Price |
| \$20 Panera Bread Gift Card       | Lewie Branscum |
| \$10 Starbucks Gift Card          | Penny Brinegar |
| \$10 Starbucks Gift Card          | Joy Cooper     |
| \$10 Starbucks Gift Card          | Leroy Sexton   |

There being no further business, a motion to adjourn the meeting at 11:55 a.m. was made by Bobby Lewis and seconded by Carol Cannon. **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  
Jason Ford, Vice President of Operations  
Joy Cooper, Main Branch Manager  
Barbara Kilgore, Human Resources 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 63<sup>rd</sup> Annual Meeting. Harvester Financial Credit Union has experienced another year of progress and change in 2016. As Chairman of your Board, I am pleased to report that we experienced another financially successful year. Our President has now completed two years of service. The Board is very pleased with the continual progress the Credit Union has made under his leadership and the direction in which he is leading the Credit Union. Lone Callahan, our Vice President of Operations departed for a great opportunity in St. Louis this past year. Fortunately, we were able to hire Jason Ford from a neighboring credit union who has a very strong lending background.

We continue to make large capital investments. I mentioned that in 2014 we replaced our core processor – the engine that drives our financial transactions in the branches and online. This past year we replaced our branch ATMs with EMV Chip compliant machines. Additionally, we rolled out both EMV Chip Debit and Credit cards to our membership. With these new cards, we hope to reduce our fraud expenses. I'm sure you have noticed our new logo which won first place at the MAC Conference last year. We have updated all of our electronic versions of our logo and plan to update our signage later this year.

This year I've challenged our Management Team to look at all possible opportunities; especially increasing our presence in Shelbyville and making sure the community knows we are all about personal service. I am confident of our long-term survival. I've mentioned this before. 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 2016. In 2016 we saw a slight improvement in our loan volume and were able to triple our net income from 2015. We will continue 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 \$55,126 for 2016, considerably higher than reported in 2015. The Credit Union also finished the year with over \$51 million in Assets and an equity position of over close to \$5 million in Reserves.

Last year, the Federal Reserve started raising interest rates and plans to continue into 2017. Despite continued low interest rates, Harvester Financial Credit Union has not changed 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. This is an important strategy to protect the stability of the Credit Union. At the end of 2016, the average life of our investment portfolio was less than 12 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 in 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, 2016.

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, 2016.

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, 2016

**Assets:**

Cash and Cash Equivalents:	
Non-Interest Bearing	\$832,225
Interest Bearing	
Investments, Net	\$21,214,582
Loans to Members, Net of Allowance for Loan Losses	\$25,927,992
Foreclosed and Repossessed Assets	\$0
Property and Equipment	\$1,188,864
NCUSIF Deposit	\$471,063
Other Assets	<u>\$2,126,527</u>
<b>Total Assets</b>	<b><u>\$51,761,252</u></b>

**Liabilities and Members Equity:**

Members' Share and Savings Accounts	\$46,747,957
Dividend and Interest Payable	\$2,185
Accounts Payable and Other Liabilities	<u>\$134,958</u>
<b>Total Liabilities</b>	<b><u>\$46,885,101</u></b>
Members' Equity, Substantially Restricted	
Appropriated Regular Reserve	\$2,444,254
Undivided Earnings	\$2,314,032
Equity Acquired Merger	\$62,740
Net Income	<u>\$55,126</u>
<b>Total Members' Equity</b>	<b><u>\$4,876,152</u></b>
<b>Total Liabilities and Equity</b>	<b><u>\$51,761,252</u></b>

**Harvester Financial Credit Union**  
Statement of Income and Expense  
For the Year Ended December 31, 2016

<b>Interest Income:</b>		
Loans Receivable		\$1,348,659
Investment Securities		<u>\$240,071</u>
	<b>Total Interest Income</b>	<b><u>\$1,588,730</u></b>
<b>Interest Expense:</b>		
Members' Shares and Savings Accounts		\$128,739
Borrowed Funds		<u>\$0</u>
	<b>Total Interest Expense</b>	<b><u>\$128,739</u></b>
	<b>Net Interest Income</b>	<b>\$1,459,991</b>
Provision for Loan Losses		<u>(\$13,862)</u>
	<b>Net Interest Income after Provision for Loan Losses</b>	<b><u>\$1,446,129</u></b>
<b>Non-Interest Income:</b>		
Net Gain (Loss) on Sale of Fixed Assets		\$0
Fees for Member Services		\$332,421
Other Income		<u>\$475,081</u>
	<b>Total Non-Interest Income</b>	<b><u>\$807,502</u></b>
<b>Non-Interest Expense:</b>		
Compensation and Benefits		\$1,025,511
Travel and Conference		\$55,147
Occupancy		\$114,024
Office Operations		\$292,218
Loan Servicing Expenses		\$308,863
Professional and Outside Services		\$266,858
Education and Promotions		\$86,906
Dues		\$14,896
Operating Fees		\$8,219
Miscellaneous Operating Expenses		<u>\$25,864</u>
	<b>Total Non-Interest Expense</b>	<b><u>\$2,198,506</u></b>
<b>Net Income (Loss):</b>		<b><u>\$55,126</u></b>

# President's Report

It has now been two years that I have served as President of your Credit Union. I would like to say it is an honor to be part of the Harvester Financial family.

In 2016, we continued to invest in our infrastructure, installing EMV card compliant ATMs at both of our branches. We rolled out to everyone both credit and debit EMV chip cards, showcased our new logo and made some minor improvements at our Indianapolis branch.

We have continued to embrace new technology. Last year we improved our Bill Pay interface making it easier to pay your bills on line. Recently we added the ability for you to receive your bills within our home banking website. Shortly you will be able to access your credit card account within home banking allowing you to see your transactions, print statements, and set up text or email alerts.

As reported, we tripled our net income for 2016. While it's important to make a profit, it's more important that we offer you the lowest possible lending rates and highest deposit rates. We will continue to invest in our future to ensure 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 one of the things 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 for the last two years. 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](mailto: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  
Jason Ford, Vice President/Operations  
Barbara Kilgore, Human Resources Manager

## Indianapolis Office

Joy Cooper, Branch Manager

## Loan Department

Michelle Mason, Loan Officer  
Carla Prince, Loan Processor Advisor  
Teresa Ervin, Collections Officer

## Accounting Department

Ladonna Jackson, Accounting Supervisor  
Nikki Hubbell, Accounting  
Paula Quinn, Card Services

## Member Services Department

CJ Hiatt, Member Services Team Lead  
Athena Chaillaux, Member Services Representative  
Laura Mooneyhan, Member Services Representative

## Marketing Department

Elizabeth Olson, Marketing Coordinator

## Shelbyville Office

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

## Member Services Department

Tywanna Smith, Member Services Team Lead-IRA Coordinator  
Joyce Bradshaw, Member Services Representative  
Carol Fowler, Member Services Representative  
Sarah Raison, Member Services Representative



**Special thanks to the following committees:**

Retiree Committee

William Klepper, Chairman  
Virgil Whorton  
Julia Clardy  
Bill Childers  
Steve Krug

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: <https://www.harvesterfcu.org>



Connect with us on Facebook



at: <https://www.facebook.com/harvesterfcu>

And follow us on Twitter  
offers and promotions.



at: <https://twitter.com/harvesterfcu> for special



## 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. For additional information and locations, please visit us online at [www.harvesterfcu.org](http://www.harvesterfcu.org). Click on Contact Us, 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 29, 2017
Independence Day	Tuesday, July 4, 2017
Labor Day	Monday, September 4, 2017
Columbus Day	Monday, October 9, 2017
Veterans Day	Friday, November 10, 2017
Thanksgiving Day	Thursday, November 23, 2017
Christmas	Monday, December 25, 2017
New Year's Day	Monday, January 1, 2018
Martin Luther King Day	Monday, January 15, 2018
President's Day	Monday, February 19, 2018

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



**63 years of service  
1954 to 2017**