

Board Chair & President's Joint Report

Since our 35th year began Wednesday, April 23rd, everyone is getting a 35th anniversary gift. According to anniversary gift guides, the 35th traditional gift is coral and the modern gift is jade, while the travel idea is the Cayman Islands. In honor of our anniversary, we are giving all of these away at our annual meeting celebration!! But since I am writing this on April 1st, I'm just seeing if this April Fool's joke is funny. And if we were a for-profit financial institution we might be able to get away with giving those extravagant gifts. But we are a member-owned, member-operated financial cooperative and are proud of what we do! We also would like to be your primary financial institution.

We do hope that over the years that one way or another you have saved enough to buy coral or jade or take a trip because of the savings you generally receive by using YOUR credit union! We cannot be the best of everything every time, so there are times when someone has a special that is better than what we can offer. However, I do promise you that our rate is ALWAYS better than the average rate being offered in town. And our fees are also ALWAYS lower than the average rate being charged in town.

For those of you who are currently savers, we understand your frustration of this prolonged period of low, low dividend rates. And we do remember when we were able to match the certificate rates in town. Let me give you one example of the reason we no longer do the matching on both the certificate and loan rates. We had a member who pointed out a local bank that was running a certificate at 1.77% (and yes, that is a great rate). The same week we had a member call and they were offered 1.89% for an auto loan!! If we were to operate with a gross spread of just .12% we wouldn't be here very long. And we want to be open and here for you for a very long time!

We exceeded \$40 million in assets in 2013 after exceeding 4000 members in 2012. Both of these milestones are because of the hard work by all of the people in this room – members who tell the credit union story, volunteers who give of their time and the staff who treat members like family. A big thank you goes out to all for attending the Annual Meeting and/or reading this booklet. Please ask any of the staff or volunteers about any questions that you may have.

Be sure to check out our website at www.hcpfcu.coop for all of the services we offer. We encourage you to use as many as are feasibly possible for your individual situation. The more members who use our services, the more cost effective the services can become. Our goal is to provide you with great products, great service, great rates and a great deal when you use your credit union!

Our building has seen four years now and our data processing system is in its third year. We continue to encourage members to use our online internet banking product which includes Bill Pay and receiving monthly statements electronically. Look for some new branding of our slogans and taglines to start appearing later this year.

Both of us would like to extend our heartfelt thanks to the volunteers and staff for their dedication prior to and including 2013. All staff and volunteers continue to educate themselves in this ever changing financial world. This allows them to serve our member-owners in the manner that they deserve to be served! Each and every year has different opportunities and challenges for both the credit union and the credit union member owners. We will be here to tackle those challenges and help our members tackle their challenges as well. We hope that you will come and See What We Can Do...

Guy Trenhaile, President

Truman Henry, Board Chairman

Supervisory Committee Report

The primary goals for the Supervisory Committee are to ensure that the Management's financial reporting objectives have been met, and that the Management's practices and procedures safeguard the member's assets. The Supervisory Committee meets eight times per year or more often if needed. We have a work plan from which we review policies, do loan reviews, and monitor account changes. Performing these activities helps provide confidence that management is following the policies and procedures that have been put in place by the Board of Directors to safeguard your assets. The Supervisory Committee also reviews examinations and audit findings and follows up on the findings to ensure corrective action takes place. Finally, we research any formal member complaints. Our ultimate goal is to ensure the Credit Union's financial statements and filings are accurate.

Harrington & Associates, LLP, Certified Public Accountants of Huron, SD audited the Healthcare Plus Federal Credit Union's financial statements as of September 30, 2013 and 2012. They reported no significant problems. As in previous years, the auditors are pleased with the staff for their efforts and success, as well as the dedication of the volunteers. The audited financial statements and compliance reports are available upon request from the Credit Union for anyone who is interested.

Please accept our thanks for the opportunity to serve the Credit Union and its members.

Respectfully submitted,

Amy Buechler, Chair

Justin Feickert, Member

Carolyn Schaunaman, Member

Kayla Hoag, Secretary

Natalie Malsam, Member

Staff

Guy Trenhaile, President

Carrie VanOrman, VP of Operations

Nicole Crawford, VP of Lending

CJ Huber, Senior Mortgage Officer

Michelle Clemens, Loan Officer

Denise Auske, Operations Assistant

Pam Helling, Member Services Supervisor

Heidi Zeller-Crawford, Marketing Specialist

Stacey Anliker, Loan Servicing Analyst

Member Services Representatives

Lisa Friedt

LyBeca Schaunaman

Shirley Steiner

Kim McComsey

Melissa Skinner

Nicole Volk

Board of Directors

Truman Henry, Chair

Joseph Dudley, Vice-Chair

Nancy Clark North, Treasurer

Joy Mammenga, Secretary

James Johnson

Rachel Neu McCleary

Marketing Committee Report

Persistence, determination, longevity – three traits that often go together and normally produce good results. We see these things when watching a sports team, an individual pursuing a dream, or a business with a good idea. The credit union industry can surely relate to the latter: the long history of people helping people is a testament to a good idea becoming great. And here at Healthcare Plus Federal Credit Union, as we reach our 35th anniversary this year, we understand and continue to pursue these qualities each day.

2014 marks Healthcare Plus Federal Credit Union's 35th anniversary, and it's certainly not a milestone that will go unnoticed. Tonight's meeting kicks off our celebration and reminds us of our founding. It truly is remarkable to think of the determination of those who started it all back then. They provided a place for hospital employees to save money and borrow for the necessities of life – just another example of a good idea that became great. We'll recognize that idea and all that goes with it in the coming months, including our family picnic on Saturday, June 7. We invite all of our members to join us at Storybook Land's Visitor Center from 11:30-1:30 for lunch and fun. Please check out next month's statement for details.

All of us at Healthcare Plus Federal Credit Union thank you for your part in this great idea called a credit union. You provided the inspiration, and you continue to provide the reason for our existence. Yes, persistence and determination often lead to longevity and to success, and we're happy to supply that formula of people helping people to you. Here's to the next 35 years!

Respectfully submitted,

Heidi Zeller-Crawford

Harold Miller

Pam Helling

Nancy Clark North

Nominating Committee Report

We, the Nominating Committee, place the following names in nomination for the Healthcare Plus Federal Credit Union Board of Directors:

Julie Alfaro

Joe Dudley

Joy Mammenga

Nancy Clark-North

Brenda Lanphere

Harold Miller

Three positions will be elected, each for three year terms.

Nominations from the floor may be made with prior approval from the nominee.

Respectfully submitted by the Nominating Committee,

Nancy Clark-North

Rachel Neu McCleary

Truman Henry

Carrie VanOrman

For a full list of services offered by Healthcare Plus Federal Credit Union, please visit our website at www.hcpfcu.coop and click on *Products & Services* at the top of the page.

Annual Meeting
April 26, 2013

Time & Place: The annual meeting of the Healthcare Plus Federal Credit Union was held at 6:30 p.m. on Friday, April 26, 2013 at the Ramada Inn, Aberdeen, South Dakota.

Entertainment: The Aberdeen Area Men's Chorus

Presiding: Truman Henry, Board Chair and Guy Trenhaile, President

Attendance: A quorum was declared.

Scholarships: The credit union awarded \$500.00 scholarships to Brittany Holzer and Kelsey Woodford. A third scholarship will be awarded to our Educator Appreciation Scholarship winner in May.

Minutes: The minutes of the 2012 Annual Meeting were presented. There were no questions or additions. A motion was made by Rodney Schoen and seconded by Joe Gelling to accept the minutes. Motion carried.

Nominating Committee Report: Carrie VanOrman from the Nominating Committee presented the three candidates for nomination. Each candidate gave a brief speech about themselves. Three were nominated: Truman Henry, James Johnson and Harold Miller. Two were voted to serve three-year Board of Director terms:
Truman Henry James Johnson

Reports: The Treasurer's Report was presented. A copy is included in the Annual Report Booklet. A motion was made by Joe Gelling and seconded by Rachel Neu McCleary to accept the Treasurer's Report. Motion carried.

The Supervisory Committee Report was presented as written in the Annual Report Booklet. There were no questions or comments.

President's Report: Guy recognized the staff and volunteers and thanked them for their dedication to the credit union. He also thanked the members for their continued support. He then talked about the credit union's future as technology changes and our member's needs. He shared that we just exceeded 4,000 members and discussed our membership categories by age. He also recognized a special guest, "Carla the Car".

The Chair and President's Joint Report is submitted in the 2012 Annual Report Booklet.

Truman recognized Carrie VanOrman for 20 years of service.

Old Business: None

New Business: None

Special Guest: Guy introduced Robbie Thompson, President/CEO from the CUAD. Robbie thanked all in attendance for the opportunity to be a part of the HCPFCU Annual Meeting. He shared that there are 82 credit unions in SD and ND and 450,000 members. He encouraged members to spread the word about credit unions and shared about the CU on the Road campaign with Carla the Car.

Adjournment: The meeting was adjourned.

Joy Mammenga, Secretary

Truman Henry, President

Balance Sheet: December 31

<u>Liabilities and Assets:</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Loans	\$ 35,644,826	\$ 31,811,372	\$ 28,683,136
Allowance for Loan Losses	(220,023)	(189,308)	(202,829)
Cash	828,358	974,442	925,244
Corporate Accounts	1,591,188	951,633	1,699,308
Investments	800,000	1,400,000	779,000
Accrued Income	135,366	128,599	160,784
Prepays	320,107	215,715	22,861
Land	441,809	441,809	441,809
Building	2,288,988	2,288,988	2,288,988
Less Depreciation	(514,478)	(437,397)	(360,048)
Other Fixed Assets	831,419	807,357	782,857
Less Depreciation	(594,436)	(538,639)	(485,602)
All Other Assets	339,856	318,090	311,432
Total Assets	\$41,892,980	\$38,172,661	\$35,066,939

Share Deposits	\$ 7,442,482	\$ 6,339,873	\$ 6,032,079
Super Shares (Money Market)	5,806,430	5,565,972	4,464,837
IRAs	3,053,855	2,558,634	2,496,809
Share Drafts	4,057,244	3,414,947	2,923,222
Share Certificates	14,860,741	15,572,297	14,146,989
Non-Member Deposits	2,444,000	1,591,000	2,089,000
Accounts Payable	271,858	140,208	142,409
Dividends Payable	147,555	179,910	182,623
Loans Payable	750,000	-	-

<u>Equity</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Regular Reserves	745,950	745,950	745,950
Undivided Earnings	2,312,864	2,063,870	1,843,021
Total Equity	\$ 3,058,814	\$ 2,809,820	\$ 2,588,971
Total Liabilities & Equity	\$41,892,980	\$38,172,661	\$35,066,939

Members	4,331	3,980	3,655
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Statement of Financial Condition:

<u>Income:</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Interest on Loans	\$ 1,919,374	\$ 1,805,913	\$ 1,851,951
Income from Investments	14,506	14,327	14,948
Other Income	430,648	405,587	320,394
Total Income	\$ 2,364,528	\$ 2,225,827	\$ 2,187,293

<u>Expenses:</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Compensation	571,351	533,911	480,714
Employee Benefits	185,790	161,755	140,395
Travel & Conference	10,193	20,227	8,587
Association Dues	15,440	15,108	15,288
Office Occupancy Expense	166,991	148,919	153,617
Office Operations Expense	337,590	332,073	289,409
Education and Promotion	69,591	63,158	64,602
Loan Servicing Expense	116,073	112,152	60,158
Professional & Outside Service	50,035	51,106	72,762
Provision for Loan Losses	132,686	77,073	91,402
Federal Supervision/Exam Fees	8,631	7,910	7,709
Interest on Borrowed Money	6,073	54	99
Annual Meeting Expense	4,566	4,200	4,185
Misc. Operating Expenses	31,454	34,027	79,515

Operating Expenses	\$ 1,706,463	\$ 1,561,674	\$1,468,442
Dividend/Interest Expense	\$ 409,072	\$ 443,304	\$ 486,322
Total Expenses	\$ 2,115,534	\$ 2,004,978	\$ 1,954,763

Net Earnings	\$ 248,994	\$220,849	\$ 232,529
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2013 Annual Report

Strong Members. Solid Community.
Secure Future.



Annual Meeting

April 25, 2014

Our Mission Statement:

To promote quality financial products and services to best meet the needs of our current and future members.

