



**Mountain Gem
Credit Union**

2009

Annual Report



**BUILDING
PRICELESS
RELATIONSHIPS**

Main Office • 421 11th Ave So • Nampa ID 83651 • (208) 466-9455
Weiser Branch • 250 E 7th • Weiser ID 83672 • (208) 549-3042

Mountain Gem Credit Union Officials and Staff

Board of Directors

Leroy Gillatt, President
Linda Vincent, Vice-President
Jamie Sexton, Secretary/Treas.
Judy Mecham
Michael Peck
Roger Morris, Sr.
Jim Hopkins

Supervisory Committee

Carrie Roberts, Chair
Ellie Crowther
Harold Denney

Administrative Staff

Cheri L. Schaafs, Manager/CEO
Tali Garrett, Operations Supervisor
Theresa Peterson, Weiser Br. Supervisor

Nampa Office:

Operations & Tellers:

Chantell Diaz
Tanya Roberts
Jolene Weber
Tim Johnson

Nampa Loan Specialists:

Julie Cardenalli
Hillary Hunnewell

Weiser Office:

Diana Sudderth, Loan Specialist
Ellen Schults, MSR
Emily Egner, MSR

In Memory of:

We would like to express our sympathy to the families of members who have passed away since our last meeting:

**Dessie George
Becky Crook
Ruben Brewster
Ramos Armenta, Jr.
Deborah Colley
Rick Miralles
Lloyd Puntteney
Clarence Trouten**

**Dorothy Smith
Monroe Tapp
John Malmberg
Donald Johnson
Pamela Devine
Phylis Malmberg
Irene Mahany
Tony Korn**

Please accept our apologies if we missed a loved one



Mission Statement

Our purpose is to meet the needs of our members by offering competitive financial services designed to improve the economic and social well-being of *all* members from *all* socio-economic backgrounds. We will promote growth while maintaining financial stability to assure the future success of our credit union.

Vision

To provide professional, personal and efficient service which will enable us to be the primary financial institution for our members.

State of Commitment *To Our Members*

As a member owned, not-for-profit financial cooperative, Mountain Gem Credit Union is committed to our members. We will uphold our fundamental responsibility to actively serve people within our field of membership, and as appropriate, the communities they live in. We will treat all members with respect and dignity and we will offer honest, fair deals to members at all times. We will deliver a range of low cost products and services to the diverse economic and social make-up of our members and potential members. We will look for better ways to reach out to the underserved in our field of membership. And we will continually, in all facets of operations, demonstrate the value of membership in Mountain Gem Credit Union.



Management Report

This past year presented many challenges for our country and our community. Our proactive approach during this time meant finding any opportunities in the midst of all the adversity. As a result, we remain strong, and we've positioned Mountain Gem Credit Union for the future.

Economic factors such as increased unemployment, decreased home values, growing foreclosures and bankruptcies have impacted Mountain Gem Credit Union along with virtually all other lenders. These economic conditions resulted in increased delinquencies, loan losses and a decreased demand for new loans.

We enhanced our outreach to members in financial trouble, contacting members with past due loans within days rather than weeks to determine how we can help. We have held tightly to our core belief that credit unions are about "People Helping People" and will continue to do what we can to help our members keep their homes and vehicles.

2009 was a year where we saw the credit union difference spring into action. While banks looked to the government to bail out their system, credit unions helped to save their own. The three tier system in credit unions experienced great challenges. Losses from US Central, through Corporate Credit Unions trickled down to natural person credit unions. However, because of our nature and history, credit unions did not ask tax payers for a bail out. Instead credit unions, including Mountain Gem Credit Union, pitched in to save our system.

We also were challenged by a wave of regulation changes that is an ongoing concern for Mountain Gem. We have met this challenge head on and continue to navigate the uncertain regulatory waters of this new world.

During 2009 we identified many opportunities to trim expenses. This is an ongoing process that will continue through 2010 and beyond. Assertive expense management and necessary operational changes enabled Mountain Gem to respond quickly to the changing needs of our members and the ever-changing marketplace. Difficult decisions were made with our member-owners' best interest in mind.



In 2009 we made great strides in enhancing our member-service culture. Our staff are better trained to understand and cross-sell the credit union's products and services. Throughout the year member's mystery shopped the staff each month. We've seen significant improvement in our member service surveys throughout the year.

We also continued to support the communities we serve by assisting a number of organizations. Our partnerships with Auto Direct, Home Mortgage Resources, and Eliot Management Group also continue to enhance our relationships with members and provide additional value to the credit union.

We met adversities head on and found ways to turn these challenges into opportunities for the future. We worked on operational efficiencies and improved member service. We continued to focus on training our staff to better serve you, our valued members. Despite the challenges of 2009, we are confident in your credit union's continued strength and stability. Your board and management team are committed to maintaining Mountain Gem's safety, soundness and financial vitality.

What's ahead for 2010? These are unprecedented economic times, and we realize that as your credit union you have trusted us with your savings, your loans, and your confidence. The cooperative spirit of our credit union makes us a safe harbor from the rest of the uncertain financial world. We exist to serve our members, not profit from them.

Thank you for your continued loyalty and commitment to our ongoing success.

Leroy Gillatt
President – Board of Directors

Cheri L. Schaafs
Manager/CEO



Statement of Financial Condition	2009	2008
Assets		
Cash and Equivalents	1,266,161	1,542,420
Investments	66,000	481,330
Loans to Members	12,017,245	11,890,788
Allowance for Loan Losses	(200,439)	(200,000)
Accrued Interest Receivable	47,868	61,374
Land & Building	402,847	403,844
Other Assets	268,701	312,331
Total Assets	\$ 13,868,383	\$ 14,492,087
Liabilities		
Share Dividends Payable	11,376	17,430
Other Liabilities	51,406	49,648
Shares and Members' Equity		
Total Member Shares	12,730,528	13,190,554
Regular Reserves	353,622	353,622
Undivided Earnings	721,451	880,833
Total Liabilities & Equity	\$ 13,868,383	\$ 14,492,087

Statement of Earnings	2009	2008
Income		
Interest on Loans	867,683	979,566
Interest on Investments	7,841	67,082
Other Income	253,207	244,980
Total Income	\$ 1,128,731	\$ 1,291,628
Dividend Expense		
Total Dividends on Shares	149,742	\$ 343,679
Provision for Loan Losses		
\$ 209,447	\$	338,129
Operating Expenses		
Compensation and Benefits	\$ 422,546	\$ 466,034.00
All Other Operating Expenses	\$ 390,575	\$ 420,363.00
Other Non-Operating Income/Loss	\$ 115,803	
Total Operating Expenses	\$ 928,924	\$ 886,397
Net Earnings	\$ (159,382)	\$ (276,577)



Annual Summary	12/31/2009	12/31/2008	Difference	%
Total Consumer Loans	12,017,245	11,890,788	126,457	1%
Member Shares & Deposits	12,730,528	13,190,554	-460,026	-3%
			0	
Cash & Investments	1,332,161	2,023,751	-691,590	-34%
			0	
Total Assets	13,868,383	14,492,087	-623,704	-4%
			0	
Undiv. Earnings & Reserves	1,075,073	1,234,455	-159,382	-13%
			0	
Gross Income	1,128,731	1,291,629	-162,898	-13%
			0	
Net Income	(159,382)	(276,577)	117,195	-42%
			0	
Dividends Paid	149,742	343,679	-193,937	-56%
			0	
Number of Members	4,800	5,621	-821	-15%

Comparative Annual Credit Union Growth

	2005	2006	2007	2008	2009
Loans	9,765,356	12,165,546	12,638,168	11,890,788	12,017,245
Shares	11,518,818	12,692,762	13,890,681	13,190,554	12,730,528
Invest.	2,616,544	1,661,158	1,834,222	2,023,751	1,332,161
Assets	12,902,963	14,847,814	15,500,264	14,492,087	13,868,383
Reserves	1,326,326	1,451,804	1,511,032	1,234,455	1,075,073
Gross Inc.	788,102	1,165,609	1,428,075	1,291,629	1,128,731
Net Inc.	97,990	125,478	59,228	(276,577)	(159,382)
Dividends	137,557	247,124	363,335	343,679	149,742
Members	3,869	4,620	5,247	5,621	4,800



Supervisory Committee Report

Throughout the year, the Supervisory Committee, a group of member volunteers appointed by the Board of Directors, continued to exercise their responsibility in monitoring the Credit Union's ongoing operations. By accomplishing this, the committee provides assurance that Management and the Board of Directors fulfill their custodial duty in a manner designed to promote and protect the financial prosperity of the membership.

In 2009, the Supervisory Committee, with board approval, engaged the accounting firm Eide Bailey, L.L.P. to conduct an audit of the credit union. The report results indicate the Credit Union continues to be financially strong and well-managed, with sound policies and procedures.

Examiners from the State of Idaho Department of Finance visited the Credit Union in August, 2009 to conduct their periodic regulatory review. The results indicate that Mountain Gem is in good financial condition and is being operated safely and soundly.

Based on the Supervisory Committee's interaction with the Board of Directors, Management, and auditors, it is the opinion of the Supervisory Committee that Mountain Gem Credit Union is conducting its affairs in a fiscally safe manner and is financially prepared for 2010.

The Committee wishes to thank the membership for their continued patronage and support; without you, there would be no successes.

Carrie Roberts, Chair

Members may write to:
Supervisory Committee
P.O. Box 309
Nampa, ID 83653



53rd Annual Meeting Minutes

Mountain Gem Credit Union 2009 Annual Meeting Minutes May 4, 2009 Nampa Civic Center

President Leroy Gillatt welcomed all in attendance and requested a moment of silence in remembrance of members who have passed away since our last meeting. Jim Schmolinger gave the invocation and President Gillatt announced that the meeting would resume after the dinner.

Entertainment was provided in a performance by the Jr. Jammers who played several songs.

President Gillatt called the business meeting to order at 8:00PM. Secretary Marie Bain declared that there were 120 members and guests and that a quorum was present. President Gillatt introduced business partners and special guests. All current volunteers were recognized and the current Board of Directors was introduced.

President Gillatt directed members' attention to the printed annual report and asked for a motion to approve the minutes as printed. Mike Peck motioned to approve the minutes as printed and Jim Hopkins seconded and the motion passed. President Gillatt then turned the time over to the Credit Union Manager Cheri Schaafs.

Manager Cheri Schaafs introduced the rest of the staff and Sandy Hawker received an award for five years continued service. Schaafs thanked all the staff and volunteers for a job well done and continued dedication to the Credit Union. She went over the printed manager's report which included the economic circumstances and the many identity theft scams that are currently going around. She indicated that even though these are extraordinary times, we will come through it and regain our losses.

Jim Schmolinger, Nominating Committee Chairman gave his report. There were four positions up for election this year. Three incumbents, Leroy



53rd Annual Meeting Minutes cont'd



Gillatt, Marie Bain and Roger Morris, Sr. were up for election. Others running this year were Michael Peck. All the nominees had served as board members prior to this election and were qualified to fulfill the duties required for the board of directors. All four nominations were elected by ballot votes, 128 votes were cast. President Gillatt announced the successful candidates: Leroy Gillatt, Marie Bain, Roger Morris Sr. and Michael Peck. President Gillatt then asked for a motion to destroy the ballots. Harold Denny motioned for the ballots to be destroyed and Jack Raymond seconded and the motion passed.

Door prizes were awarded, including a prize for every young member in attendance.

The meeting adjourned at 9:00 p.m.

Marie Bain
Secretary/Treasurer





Credit Union Services

Free Checking with Overdraft
 Business Accounts
 Free Online Banking
 Visa Credit Cards
 Visa Gift Cards
 Visa Debit-reloadable cards
 Visa Debt/ATM
 Merchant Services
 Discount Personal Auto Broker
 Share Certificates
 Personal Mortgage Broker
 Member Bonus Account
 IRA Accounts - all types
 Free Notary Service
 Cashiers Checks-Money Orders
 Members Financial Network
 (Insurance & Investments)

Drive-up Window & Depository
 Loans – All types, incl. mortgage
 Special Club Accounts:
 -Scottie Savers – 0-13 yrs
 - Smart Start Club – 14-24 yrs
 - Gold Eagle- over 55
 - Charter Club - government empl.
 Free Car Fax on all auto loans
 Extended Warranty & Gap Prot.
 Disability & Credit Life Ins.
 Audio (telephone) Teller
 ACH Services - direct deposit
 Payroll deduction
 Credit & Budget Counseling
 Identity Theft/Fraud Education
 Online bill pay and E-statements
 Credit Score Counseling

Memberships / Associations

Nampa Chamber of Commerce
 SW Chapter Credit Unions
 CU National Association (CUNA)

Weiser Chamber of Commerce
 Idaho Credit Union League
 Better Business Bureau (BBB)

Community Involvement/Sponsorships

Children's Miracle Network
 Century Club - Spelling Bee
 Albertsons Boise Open
 Idaho Arts Charter School
 Nampa Boys & Girls Club
 Newspaper in Education (NIE)
 Nampa Schools Foundation
 NARFE
 Nampa Community Fun Night

Rose Advocates - Weiser
 Weiser Bus. Assoc. Easter Egg Hunt
 Washington County 4-H
 Weiser Fiddle Festival
 Weiser Rails to Trails
 Weiser Chamber Annual Fundraiser
 Onion Skin Players
 Pedal for Patients Cancer Fundraiser
 Cambridge Rodeo Association



BBBSM
 Start With Trust

Your savings federally insured to \$250,000

NCUA

National Credit Union Administration, a U. S. Government Agency