



Mountain Gem
Credit Union

2010

Annual Report

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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 Manager

Nampa Office:

Operations & Tellers:
Chantell Diaz, Lead MSR
Tanya Roberts, MSR
Jolene Weber, EFT/ACH Spec
Tim Johnson, Accounting

Nampa Sr. Loan Specialist:

Julie Cardenalli

Weiser Office:

Diana Sudderth, Br Specialist
Stephanie Livesay, MSR
Ashley Johnson, MSR

In Memory of:

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

Bruce Caywood

Courtney Smith

Samuel Munden, Jr.

John T. Sanders

Betty Moynahan

Russell Hoffman

Lloyd Brechbiel

John Waggoner

Dorothy Bonds

Ila Long

Larry Bridge

Joann McWilliams

Thomas Wightman

Jackalin Hinton

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



Without question, 2010 presented us with some unique challenges. The economic climate has been difficult for financial institutions over the past several years. Prolonged unemployment, decreasing home values, corporate credit union losses, and deposit insurance premiums continued to negatively impact all credit unions, including our own.

We are pleased to inform you that after posting losses for the previous two years, the credit union returned to profitability in 2010 due to a downward trend in loan defaults. We were able to add approximately \$49,000 to capital and increase our net worth ratio from 7.76% to 8.19% which is considered well capitalized by the NCUA, our federal insurer. In 2010 we continued our outreach to members in financial trouble, providing loan modifications and payment reductions. In keeping with our commitment to our members, we continued to search for better ways to reach out to all members to demonstrate the value of credit union membership.

With lower earnings, controlling costs is essential. Our staff has worked hard during this recession to maintain operating expenses and continue to provide excellent member service.

As a result of the financial meltdown, regulatory reform has taken the forefront as being one of the top threats, especially to small credit unions. As part of Dodd-Frank Act, Congress enacted provisions that regulate the debit interchange rates without fully studying the impact on consumers, merchants, and financial institutions. The financial services industry is currently supporting a bill in Congress to delay the Federal Reserve's rule in order to study the impact of the interchange fee regulation.

In 2010 the new Consumer Finance Protection Bureau was created to ensure that financial companies make the true price clear to consumers so they can compare prices and features of consumer financial products and services. This is good for consumers because the CFPB will make sure there is no fine print to hide fees and rate increases, or make it impossible

to compare products. However most credit unions have not participated in these types of practices and as with any new legislation there will be costs associated with complying with the new regulations.

As we prepare to face continuing challenges in the financial industry, we are committed to building and maintaining strong capital levels, and following responsible, conservative business practices.

Credit unions are like no other financial institution. We are more than just a place for people to conduct their financial business. We are truly “people helping people,” reaching out to you, our members with a true desire in meeting all of your financial service needs.

We welcome your suggestions about how we may improve service to you. The Board of Directors, Supervisory Committee, Management Team, and Staff are proud to have your business and thank you for trusting us as your financial partner.

Leroy Gillatt
President – Board of Directors

Cheri L. Schaafs
Manager/CEO

Statement of Financial Condition**2010****2009**

Assets		
Cash and Equivalents	1,375,875	1,266,161
Investments	916,050	66,000
Loans to Members	10,874,878	12,017,245
Allowance for Loan Losses	(160,000)	(200,439)
Accrued Interest Receivable	42,687	47,868
Land & Building	434,934	402,847
Other Assets	242,364	268,701
Total Assets	\$ 13,726,788	\$ 13,868,383
Liabilities		
Share Dividends Payable	8,321	11,376
Other Liabilities	43,823	51,406
Shares and Members' Equity		
Total Member Shares	12,550,299	12,730,528
Regular Reserves	353,622	353,622
Undivided Earnings	770,723	721,451
Total Liabilities & Equity	\$ 13,726,788	\$ 13,868,383

Statement of Earnings**2010**

Income	
Interest on Loans	784,917
Interest on Investments	12,577
Other Income	245,606
Total Income	\$ 1,043,100
Dividend Expense	
Total Dividends on Shares	105,556
Provision for Loan Losses	\$ 85,739
Operating Expenses	
Compensation and Benefits	\$ 401,304
All Other Operating Expenses	\$ 401,229
Other Non-Operating Income/Loss	\$ -
Total Operating Expenses	\$ 802,533
Net Earnings	\$ 49,272

Annual Summary	12/31/2010	12/31/2009	Difference	%
Total Consumer Loans	10,874,878	12,017,245	-1,142,367	-10%
Member Shares & Deposits	12,550,299	12,730,528	-180,229	-1%
Cash & Investments	2,291,925	1,332,161	959,764	72%
Total Assets	13,726,788	13,868,383	-141,595	-1%
Undiv. Earnings & Reserves	1,124,345	1,075,073	49,272	5%
Gross Income	1,043,100	1,128,731	-85,631	-8%
Net Income	49,272	(159,382)	208,654	423%
Dividends Paid	105,556	149,742	-44,186	-30%
Number of Members	5,109	4,800	309	6%

Comparative Annual Credit Union Growth

	2006	2007	2008	2009	2010
Loans	12,165,546	12,638,168	11,890,788	12,017,245	10,874,878
Shares	12,692,762	13,890,681	13,190,554	12,730,528	12,550,299
Invest.	1,661,158	1,834,222	2,023,751	1,332,161	2,291,925
Assets	14,847,814	15,500,264	14,492,087	13,868,383	13,726,788
Reserves	1,451,804	1,511,032	1,234,455	1,075,073	1,124,345
Gross Inc.	1,165,609	1,428,075	1,291,629	1,128,731	1,043,100
Net Inc.	125,478	59,228	(276,577)	(159,382)	49,272
Dividends	247,124	363,335	343,679	149,742	105,555
Members	4,620	5,247	5,621	4,800	5,109

Supervisory Committee Report

The Supervisory Committee is comprised of three member volunteers appointed by Mountain Gem Credit Union's Board of Directors. As a committee, we are responsible for ensuring that practices and procedures are in place to safeguard and protect member assets and the financial soundness of Mountain Gem Credit Union.

The Supervisory Committee provides an independent evaluation of the safety and soundness of Mountain Gem Credit Union's operations and activities. We work continuously with the external auditors and the regulatory examiners to ensure compliance with the Credit Union Act, the rules and regulations of the National Credit Union Administration (NCUA), and our bylaws.

An important committee responsibility is to ensure that an independent audit of Mountain Gem Credit Union's financial condition is conducted on an annual basis. To accomplish this oversight and fiduciary responsibility, the committee retained the certified public accounting firm of Eide Bailey, L.L. P. to perform the 2010 audit.

Based on the results of the Department of Finance examination, work performed by your Supervisory Committee, and our outside audit by Eide Bailey, it is our opinion that Mountain Gem Credit Union continues to be financially strong and well-managed, with sound policies and procedures.

The Supervisory Committee thanks the Board of Directors, the management, and the staff of the credit union for their continued support to maintain a financially sound credit union. And more importantly, we wish to thank the membership for their continued patronage and support.

Carrie Roberts, Chair

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

53rd Annual Meeting Minutes

Mountain Gem Credit Union 2010 Annual Meeting Minutes May 3, 2010 Nampa Civic Center

President Leroy Gillatt welcomed everyone to the 54th Annual Meeting and requested a moment of silence in remembrance of members who have passed away since our last meeting. Jim Schmollinger gave the invocation and President Gillatt announced that the meeting would resume after the dinner.

President Gillatt called the business meeting to order at 8:00PM. Secretary Jamie Sexton declared that there were 132 members and guests and that a quorum was present. President Gillatt introduced credit union business partners and special guests. The current Board of Directors and Supervisory Committee were introduced. All past volunteers were recognized, and Stanley Simpson was recognized for having the oldest membership at 54 years (charter member).

President Gillatt directed members' attention to the printed Annual Reports and asked for a motion to approve the 2009 Annual Meeting Minutes and Reports as printed. Mike Peck motioned; Ellie Crowther seconded and the motion passed. President Gillat and Operations Manager Tali Garrett awarded Credit Union Manager Cheri Schaafs with flowers, a plaque, and gift card for 10 years of service to the credit union.

Manager Cheri Schaafs introduced the rest of the staff and recognized Tim Johnson 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 and explained the credit union's current financial position and economic statistics of Idaho and Canyon County and how it is affecting the credit union. The credit union has gone through two difficult years and anticipates a slow recovery from the recession. Mountain Gem along with most other credit unions pitched in to save our system which had deteriorated from losses at US Central Credit Union. The majority of our losses from 2009 stemmed from this event. Challenges ahead include increased regulations, fewer loans, and increased delinquencies and loan losses.

54th Annual Meeting Minutes cont'd

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President Gillat called for any unfinished business. There being none Jim Schmollinger, Nominating Committee Chairman gave his report. Mr. Schmollinger commented there were four positions up for election this year. The Nominating Committee received four nominations (all incumbents): Linda Vincent, Judy Mecham, Jamie Sexton and Jim Hopkins. This years' election was held in the branch offices April 12th through the 16th. Mr. Schmollinger also stated that everyone involved including the staff, volunteers and especially the members are what make the credit union strong. He encouraged everyone to invite a family member or friend to join the credit union and take advantage of the numerous services.

President Gillatt announced that 57 ballots were cast for the four positions and all four incumbents are voted in for a two year term. President Gillatt then asked for a motion to destroy the ballots. Tim Johnson motioned for the ballots to be destroyed; Jim Schmollinger seconded and the motion passed.

Entertainment by the Idaho Arts Charter School Jazz Choir – “Incendia” was enjoyed by all. President Gillat called for any other new business. There being none the meeting adjourned at 8:52 p.m.

Cash Door Prizes were awarded as well as a prize for every young member in attendance.

Jamie Sexton
Secretary/Treasurer

Credit Union Services

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
Love, Inc.
Nampa Boys & Girls Club
Newspaper in Education (NIE)
Nampa Schools Foundation
NARFE

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
Cambridge Rodeo Association



BBBSM

Start With Trust

Your savings federally insured to at least \$250,000

NCUA

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