



Mountain Gem
Credit Union

2011

Annual Report

.....

YOUR
TRUSTED
FINANCIAL
PARTNER

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

Mountain Gem Credit Union Officials and Staff

Board of Directors

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

Supervisory Committee

Ellie Crowther, Chair
Pam Thomas
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:

David Hiatt, Loan Specialist
Julie Cardenalli, Loans/MSR

Weiser Office:

Kasey Brock, Branch Manager
Sandi Hawker, Loan Specialist
Terrell Daffron, MSR
Josefa Chavez, MSR
Jessica Hicks, MSR

In Memory of:

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

Harriett M. Dennis

Frances L. Walker

Bill D. Mapes

Ted Miller

David Garrison

Eva Smith

Jamie Sexton

George McGuire

Robert Graham

Twila Gusman

Donald Peck

Margarat Easo

Please accept our apologies if we missed a loved one

Credit Union Services

Checking w/Overdraft
Business Accounts
Free Online Banking
Visa Credit Cards
Visa Gift Cards
Visa Debit-reloadable cards
Visa Debit/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
Newspapers in Education (NIE)
Nampa Schools Foundation
NARFE
Nampa Gateways Program

Rose Advocates - Weiser
Weiser Bus. Assoc. Easter Egg Hunt
Washington County Fair
Weiser Fiddle Festival
Weiser Rails to Trails
Weiser Chamber Annual Fundraiser
Onion Skin Players
Cambridge Rodeo Association
Stampede for the Cure

54th Annual Meeting Minutes cont'd

.....

President Gillatt 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 five (5) nominations: Leroy Gillatt, Mike Peck, and Roger Morris, Sr., all incumbents; Joe Ihli and Linda Fosnaugh. This years' election was held in the branch offices April 11th through the 15th. 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.

The successful nominees were: Leroy Gillatt, Mike Peck, Roger Morris, Sr., and Linda Fosnaugh. President Gillatt then asked for a motion to destroy the ballots. Phillip Pelch motioned for the ballots to be destroyed; Linda Vincent seconded and the motion passed.

President Gillatt called for any other new business. There being none the meeting adjourned at 8:48 p.m.

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

Jamie Sexton
Secretary/Treasurer



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

The economy and its continued uncertainty remained the top challenge for our credit union in 2011. But we were diligent in overcoming economic and assessment obstacles and ended the year with a positive bottom line while maintaining an 8.46% capital ratio.

Mountain Gem Credit Union saw positive trends despite the generally weak economy. Increasing loan demand, lower delinquency, reduced loan loss expense and continued profitability are good indicators for the financial health of your Credit Union.

Behind the scenes, we continued to work to improve efficiencies and reduce operating expenses throughout our organization. Due to the hard work and dedication of our employees and volunteer Board of Directors, we ended 2011 with a net income of \$42,827.

Increased regulatory reporting and reforms the past several years have burdened many financial institutions including the staff at Mountain Gem Credit Union. We worked hard to make sure the information was clear and compliant to protect your rights as a consumer and as a member.

As a member-owned, not-for-profit financial cooperative, Mountain Gem Credit Union is committed to our members and the communities they live in. We are members of the Better Business Bureau and Chambers of Commerce in Weiser and Nampa. In addition we donate to and/or sponsor numerous organizations within the communities we serve.

Our partnerships with Auto Direct, Pacific Residential Mortgage, Sprint, and Eliot Management Group continue to enhance our relationships with members and provide additional value to the credit union.

As we move into 2012, our local economy is not out of the woods. A stagnant housing market and high unemployment will continue to pose challenges to all financial institutions, including our own. With that being said, we believe we are well-positioned to ensure a long and prosperous

54th Annual Meeting Minutes

Mountain Gem Credit Union 2011 Annual Meeting Minutes May 2, 2011 Nampa Civic Center

President Leroy Gillatt welcomed everyone to the 55th 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.

Credit union member Jim McDonell provided entertainment by singing popular songs by Frank Sinatra and Dean Martin from the 30's, 40's, and 50's which was enjoyed by all.

President Gillatt called the business meeting to order at 8:06 PM. Secretary Jamie Sexton declared that there were 104 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 members attending for the first time.

President Gillatt directed members' attention to the printed Annual Reports and asked for a motion to approve the 2010 Annual Meeting Minutes and Reports as printed. Jim Hopkins motioned; Phillip Pelch seconded and the motion passed.

Manager Cheri Schaafs introduced the rest of the staff. 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 standing. Loan losses are trending down from 2008-2009 levels. Challenges ahead include increased regulations, fewer loans, and increased delinquencies and loan losses if the economy continues on this course. The credit union is helping members who are having financial difficulty by providing loan modifications and payment extensions. The credit union also introduced a no credit check holiday cash loan this past year, which helped many of our members provide a good Christmas for their families. Protecting our members' identity through fraud prevention with our debit and credit card processors also remains a very high priority.

Supervisory Committee Report

Mountain Gem Credit Union's Supervisory Committee is 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 the Credit Union is sound and functioning well with the mandated guidelines and policies set forth by the governing bodies.

An external audit was conducted in 2011 by Eide Bailly. The Idaho Department of Finance Examiners also audited the Credit Union. These examinations of Mountain Gem Credit Union's financial statements and practices, along with audits conducted by the Supervisory Committee, have revealed Mountain Gem Credit Union to be in excellent condition, both financially and administratively.

Due in part to the efforts of the Supervisory Committee and auditors throughout the credit union movement, credit unions as a whole are very sound financial institutions. Credit Unions provide an alternative to consumers and more individuals are choosing credit unions not only because of their services, but also because they know that their money is safe. The Supervisory Committee is dedicated to ensuring that these beliefs are well founded.

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 support. We welcome all comments and suggestions from our members. You are invited to use the following address: Mountain Gem CU Supervisory Committee, P.O. Box 3745, Nampa ID, 83653.

Ellie Crowther
Chair

future for your Credit Union. Members should expect 2012 to bring further enhancements to the ways you can access accounts, as well as a steadfast commitment to providing an unmatched level of personal service.

Mountain Gem Credit Union will continue to operate in a fashion which places the utmost importance on safety, security and soundness. Thank you for your continued loyalty and support. We look forward to providing you and your families with outstanding service and exceptional value in 2012, and well into the future.

Leroy Gillatt
President – Board of Directors

Cheri L. Schaafs
Manager/CEO

Statement of Financial Condition **2011** **2010**

Assets		
Cash and Equivalents	1,856,204	1,375,875
Investments	316,050	916,050
Loans to Members	11,147,319	10,874,878
Allowance for Loan Losses	(192,191)	(160,000)
Accrued Interest Receivable	38,060	42,687
Land & Building	430,649	434,934
Other Assets	211,142	242,364
Total Assets	\$ 13,807,233	\$ 13,726,788
Liabilities		
Share Dividends Payable	6,756	8,321
Other Liabilities	38,895	43,823
Shares and Members' Equity		
Total Member Shares	12,594,411	12,550,299
Regular Reserves	353,622	353,622
Undivided Earnings	813,549	770,723
Total Liabilities & Equity	\$ 13,807,233	\$ 13,726,788

Statement of Earnings **2011** **2010**

Income		
Interest on Loans	746,488	784,917
Interest on Investments	9,508	12,577
Other Income	233,306	245,606
Total Income	\$ 989,302	\$ 1,043,100
Dividend Expense		
Total Dividends on Shares	\$ 72,466	105,556
Provision for Loan Losses	120,296	\$ 85,739
Operating Expenses		
Compensation and Benefits	\$ 369,516	\$ 401,304
All Other Operating Expenses	\$ 389,185	\$ 401,229
Other Non-Operating Income/Loss		
Total Operating Expenses	\$ 758,701	\$ 802,533
Net Earnings	\$ 42,827	\$ 49,272

Annual Summary	12/31/2011	12/31/2010	Difference	%
Total Consumer Loans	11,147,319	10,874,878	272,441	3%
Member Shares & Deposits	12,594,411	12,550,299	44,112	0.35%
Cash & Investments	2,172,253	2,291,925	-119,672	-5%
Total Assets	13,807,233	13,726,788	80,445	1%
Undiv. Earnings & Reserves	1,167,172	1,124,345	42,827	4%
Gross Income	989,302	1,043,100	-53,798	-5%
Net Income	42,827	49,272	-6,445	-13%
Dividends Paid	72,466	105,556	-33,090	-31%
Number of Members *	2,934	5,109	-2,175	-43%
	* (computer program correction)			

Comparative Annual Credit Union Growth

	2007	2008	2009	2010	2011
Loans	12,638,168	11,890,788	12,017,245	10,874,878	11,147,319
Shares	13,890,681	13,190,554	12,730,528	12,550,299	12,594,411
Invest.	1,834,222	2,023,751	1,332,161	2,291,925	2,172,253
Assets	15,500,264	14,492,087	13,868,383	13,726,788	13,807,233
Reserves	1,511,032	1,234,455	1,075,073	1,124,345	1,167,172
Gross Inc.	1,428,075	1,291,629	1,128,731	1,043,100	989,302
Net Inc.	59,228	(276,577)	(159,382)	49,272	42,826
Dividends	363,335	343,679	149,742	105,555	72,466
Members	5,247	5,621	4,800	5,109	2935*

*computer program correction