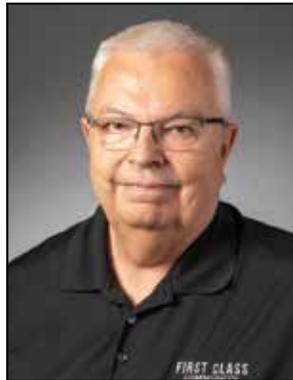




95th Annual Meeting

CHAIRMAN'S REPORT

by Gary Olson, Board Chairperson



I would like to thank my fellow board members for giving me the opportunity to serve as the Chairman of First Class Community Credit Union once again this past year. 2019 was a very successful year for your credit union in hitting several key strategic objectives. The past year included several noteworthy accomplishments including:

- Actively driving or participating in community events such as Vets of Valor, Walk to End Alzheimer's, Rendezvous on Riverview, a holiday food drive, a book drive, and more;
- Switching debit card processors to allow for 24/7 telephone support for debit card questions or issues, enhanced fraud

monitoring and detection, and mobile wallet capabilities;

- Building and implementing a new website with more functionality;
- Increasing total loans outstanding to members by over 6.7%;
- Updating the exterior look for our Westtown Parkway location;
- And much more!

Work for 2020 doesn't stop as we continue to explore technology, products, and services that will allow us to better serve our valued members!

We continue to look at ways to increase our technology and to improve your access to the credit union and your accounts. We offer a 24x7 call center, online and mobile banking, the ability to apply for and sign loan documents remotely, and several other services to allow your experience with us to be as convenient as possible.

We are very much looking forward to serving you throughout the next year and will continue to explore opportunities for the credit union to better serve you. Thank you for your continued membership and loyalty to your credit union!

95th ANNUAL MEETING

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BRANCH HOURS

EUCLID BRANCH

Lobby

Monday – Friday: 9:00 am – 5:00 pm

Saturday: 9:00 am – 12:00 pm

Drive-Up

Monday – Friday: 8:30 am – 5:30 pm

Saturday: 8:30 am – 12:00 pm

WESTTOWN BRANCH

Lobby

Monday – Friday: 9:00 am – 5:00 pm

Saturday: Closed

Drive-Up

Monday – Friday: 9:00 am – 5:00 pm

Saturday: Closed

AGENDA

95th Annual Meeting

Sunday, April 5th, 2020 at 1:00 pm

1. Call to Order – Gary Olson
2. Appointment of Secretary
3. Approve Minutes of the 94th Annual Meeting
4. Receive printed reports
5. Approve financial statements
6. New Business
 - a. Elections
7. Introduction – New Board of Directors
8. Old Business
9. Adjourn

AUDIT COMMITTEE REPORT

by Carol Cowling, Committee Chair



The Audit Committee is a very active committee. We meet on a quarterly basis to audit important areas of the credit union's operations. During our regular meetings we review general ledger accounts, balance reconciliations, review bills and invoices, review and verify new loan terms, new accounts, closed accounts, review documentation of regulatory filings, and several other tasks as needed.

The Audit Committee hires outside auditors, Peterson and Associates, to perform both a full opinion audit and agreed-upon-procedures audit annually. All of our activities and recommendations are reported to the full Board of Directors in written quarterly reports. We are pleased to report again this year the credit union received a clean audit report noting safe and sound financial reporting and internal controls. We also once again received a positive report from the Iowa Credit Union Division that had no Document of Resolution items, which are significant findings that require corrective action to be taken by the credit union.

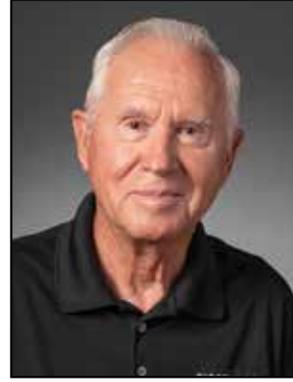
Other Board members serving on the Audit Committee this year were Marc Swanson and Brad Jacobsen. Key members of the credit union management staff include Zac Pollock, CEO, and Kat Sukup, EVP, who assist the Audit Committee with technical issues and report back to the committee on any items questioned during reviews.

I have enjoyed serving as the Audit Committee Chair during 2019 and thank the members of the Audit Committee, as well as management, for their diligent work to cover the many aspects reviewed by this committee.



CREDIT COMMITTEE REPORT

by Larry Moore, Committee Chair



2019 has been a very positive year for your Credit Committee. Board members Patty Tonsi, Jim Gearhart, and Randy Pelham, along with myself, are dedicated committee members. Staff members Zac Pollock, Kat Sukup, Lisa Heath, Becky Peterson, and Travis DeRidder are also vital to the success of the committee.

The Credit Committee continues to review and adjust loan policies and procedures to build the type of loan portfolio the Board of Directors believes is necessary for the success of the credit union and to assure we will meet the members' financial needs for years to come.

Our delinquency ratio for 2019 was 2.66% and charge-offs were .71% of our average loan balance for 2019. Total loans outstanding grew over \$2.3 million in 2019, or approximately 6.7%. This is a positive trend as loans are your credit union's highest earning asset.

ELECTION RULES

533.204 Election of board

1. At the organizational meeting, and at each annual meeting after initial organization, a board of directors shall be elected to hold office. The board shall consist of at least seven members, but in every instance shall be composed of an odd number of directors. The directors shall serve staggered terms of three years, as the bylaws provide, so that an approximately equal number of terms expires at each annual meeting. A director shall serve until a successor is elected and qualified.
2. At each annual meeting, one member shall be elected to fill each position vacated by reason of an expiring term or other cause.
3. The board of directors shall allow members to vote on the election of directors according to the provisions of section 533.203.
4. A record of the names and addresses of the directors, officers, and committee persons shall be filed with the superintendent within ten days following each election or any other change in the directors, officers, or committee persons. 2007 Acts, ch 174, S21; 2011 Acts, ch 34, S123; 2012 Acts, ch 1020, S7

STATEMENT OF INCOME AND EXPENSE

(AS OF DECEMBER 31, 2019)

	2019	2018	Difference
INCOME			
Interest On Loans	\$2,297,872.55	\$2,010,348.90	\$287,523.65
Investment Income	844,749.84	722,742.25	122,007.59
Fee Income	560,476.79	588,976.48	(28,499.69)
Other Income	759,739.44	760,098.57	(359.13)
TOTAL INCOME	\$4,462,838.62	\$4,082,166.20	\$380,672.42
EXPENSE			
Employment Expense	1,223,443.07	1,195,479.71	27,963.36
Travel & Conf Expense	20,122.99	29,115.40	(8,992.41)
Association Dues	10,597.17	13,173.73	(2,576.56)
Occupancy Expense	238,028.52	229,675.70	8,352.82
Office Operating Expense	420,691.89	436,198.99	(15,507.10)
Education/Promotional Expense	132,200.00	81,600.00	50,600.00
Loan Service Expense	655,597.88	482,644.12	172,953.76
Professional & Outside Expense	1,101,646.25	854,888.71	246,757.54
Provision for Loan Loss	255,999.17	311,099.01	(55,099.84)
Member Insurance	-	-	-
State Supervision	16,200.00	16,200.00	-
Fraud: Bad Check Loss/ Cash Over and Short	21,304.01	16,058.81	5,245.20
Interest on Borrowed Money	-	-	-
Annual Meeting	-	-	-
Miscellaneous Expense	46,296.34	16,483.34	29,813.00
Dividend Expense	69,042.69	65,752.55	3,290.14
Cert Dividends	16,874.02	24,830.04	(7,956.02)
(Gain)/ Loss Disposition of Assets	-	-	-
Non Operating Expense	-	-	-
TOTAL EXPENSES	\$4,228,044.00	\$3,773,200.11	\$454,843.89
NET INCOME	\$234,794.62	\$308,966.09	\$(74,171.47)

MINUTES

MINUTES OF THE 94th ANNUAL MEETING HELD APRIL 7, 2019

The 94th Annual Meeting of the First Class Community Credit Union was held at the Westtown credit union office in West Des Moines. Chairman, Gary Olson, welcomed the members and guests.

At 1:00 pm Chairman Olson declared that a quorum was present and called the meeting to order.

Chairman Olson appointed Patricia Tonsi as Secretary with the assistance of Zac Pollock, CEO.

Motion made, seconded and carried to accept the printed Agenda (which is on the first page of the 2019 Annual Meeting Brochure) with the right of the Chair to rearrange as may be required for the orderly conduct of business.

Carol Cowling introduced the nominees for the Board of Directors: Randy Pelham, Patricia Tonsi, and Brad Jacobsen.

Motion made, seconded and carried to accept the Rules of Election as printed.

Motion made, seconded and carried to declare the three candidates elected for the Board.

Motion made, seconded and carried to accept the Minutes of the 93rd Annual Meeting as printed.

Motion made, seconded and carried to accept the President's Report as printed in the Annual Meeting Brochure.

Motion made, seconded and carried to accept the printed Committee Reports as printed in the Annual Meeting Brochure.

Motion made, seconded and carried to accept and file the financials as printed in the Annual Meeting Brochure.

Chairman Gary Olson thanked everyone for coming and introduced his fellow board of directors.

Board President Craig Doster noted that the credit union remains financially sound.

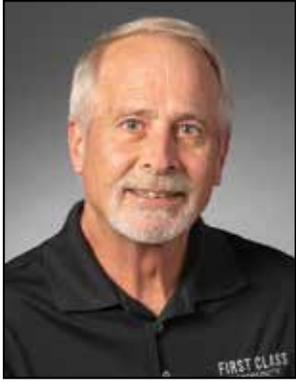
Zac Pollock, CEO, thanked the directors and staff for their service to the credit union and highlighted key accomplishments achieved by the credit union in 2018.

Motion made, seconded and carried to accept the verbal reports.

Adjournment at 1:20 pm.

PRESIDENT'S REPORT

by Craig Doster, Board President



I would like to begin this report by thanking my fellow board members and credit union staff for their work and dedication in 2019. We continue to operate with the philosophy and principle that our members come first. This past year was a very successful year for the credit union. We saw several operational goals accomplished while successfully meeting several financial objects that will further

support a safe and sound credit union for our members now and in the future.

This past year we saw net income that equaled \$234,795. Loan income and investment income, which are the two primary sources of income for your credit union, continue to trend upwards and we saw moderate increases in both categories when compared to 2018. Over the course of 2019, we have experienced a declining rate environment, which the credit union was prepared for. When there is a declining rate environment, the interest income spread shrinks between interest income coming in from loans and investments and what the credit union pays out in dividends. Despite the declining rate environment, the credit union was able to account for a very successful year financially and is prepared to do so again in 2020.

We ended the year with \$79,812,307 in assets, which is an increase of \$3,023,698 from 2018. Growth in assets can be a positive trend for the credit union, if growth is properly managed,

and net income is enough to maintain the credit union's net worth ratio. We are still well reserved according to regulatory and industry standards with an 8.93% net worth ratio for 2019.

Our balance sheet is still very deposit heavy, which means we have more in deposits sitting on our books compared to what is loaned out. Our loan-to-share ratio at the end of 2019 was 52.32%. In other words, 52.32% of our members' deposits are loaned back out to other members. Total consumer loans saw an increase of \$2.36 million which means the credit union is trending in the right direction, as loans are the credit union's highest earning asset.

In 2019 and continuing in 2020, the credit union continues to invest funds in various projects that will allow us to better serve our membership now and in the future. We do not expect a significantly different year in 2020 than 2019 when budgeting for profitability as the Board of Directors and management maintains the philosophy of focusing on its members. We will continue to look for ways to invest earnings back into new and better products and services.

We continue in 2020 with Zac and his management team leading the credit union into the future with a solid foundation in education and experience. We have a membership that continues to trust us to meet their needs as they have for the past 94 years. We have a board that works very hard to bring their vision to fruition. We continue to have a solid foundation that will last well into the future, but can do nothing without the support of you, our members. Thank you for a great 2019 and for your continued support of the credit union. We look forward to continuing to grow our relationship with you.

