

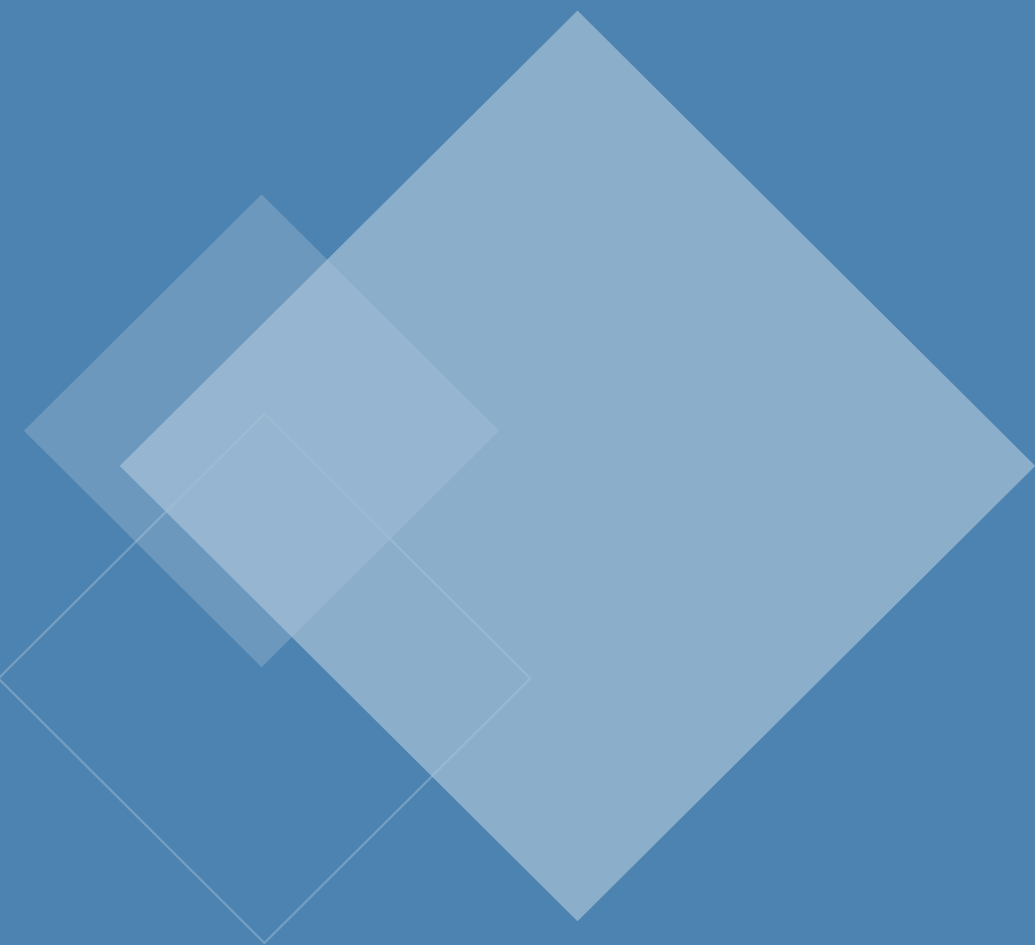
# 2013

## Annual Report

MICHIGAN  
SCHOOLS & GOVERNMENT  
CREDIT UNION



Federally insured  
by NCUA



# A Message From the President/CEO & Chairman



Milo Perreault  
Chairman



Peter Gates  
President/CEO

2013 was a very successful year for the Credit Union. While the financial numbers tell a great story, we are particularly pleased about the 20% growth in our membership. We are humbled by the confidence in our services this growth rate demonstrates.

As detailed on pages 7-8, our balance sheet and income statement continue to demonstrate the strength of our financial performance.

In 2013, we awarded nearly \$70,000 in scholarships to high school and college students and an additional \$10,000 to the police and fire programs at Macomb Community College and Oakland Community College for future first responders. In addition, we were pleased to award more than \$40,000 in classroom grants to fund innovative learning experiences in our schools.

Giving back to the communities we serve is a top priority of ours and we are pleased to have been recognized by the Michigan Credit Union League for our First Responders Initiative and youth financial education programs. You can learn more about these awards and other highlights on pages 4-5

Our team continues to grow and we are proud that our newest professionals join one of the Top 100 Workplaces in Michigan, as named by The Detroit Free Press. This accolade was awarded to MSGCU based solely on feedback from employee surveys conducted by WorkplaceDynamics.

You also will see improvements to our physical facilities in 2014 with the renovation of both the Main office in Clinton Township and the branch office in Troy. More than cosmetic, the improvements will help us better serve you and accommodate our expanding team.

While the news and numbers tell a great story about MSGCU in 2013, it's the people behind the story that truly matter. For us, our members' success is what builds strong communities.

Please tell us how we can continue to help you by visiting [msgcu.org](http://msgcu.org), stopping in at one of our offices, or calling us at 586.263.8800. In what promises to be an exciting year ahead, we look forward to serving you.

Sincerely,

Peter Gates  
President/CEO

Milo Perreault  
Board Chairman

# A Message From the Audit Committee



Charles Thomas  
Director

The primary responsibility of the Audit Committee is to ensure that the Credit Union is being managed soundly and that members' assets are being adequately safeguarded. The Audit Committee makes sure the Board of Directors and Michigan Schools and Government Credit Union management meet required financial reporting objectives and sufficient policies, practices, and procedures are established to protect members' assets.

The Audit Committee engaged the certified public accounting firm of Plante & Moran, PLLC, to perform an independent audit of the Credit Union's member accounts, operations, and financial statements for the year ending December 31, 2013. Any reported suggestions have been forwarded to the Board of Directors and management for their review and handling.

During 2013, the certified public accounting firms of Doeren Mayhew and Crowe Horwath LLP conducted audits of various Credit Union operations and reported results to the Audit Committee and management. There were no major exceptions in any of their findings.

Sincerely,

A handwritten signature in black ink that reads "Charles Thomas".

Charles Thomas  
Audit Committee Chairperson

## 2013 Audit Committee

Charles Thomas, Chairperson • Teresa DiMaria, Secretary  
William Cayen • Richard Shoemaker • Elizabeth Argiri

# 2013 Board of Directors



Milo Perrerault  
Chairman



William Cayen  
Vice Chairman



Richard Maierle  
Secretary



James McCann  
Treasurer



Edward Callaghan  
Director



Richard Shoemaker  
Director

Douglas Smith  
Director



Charles Thomas  
Director



Stephen Thomas  
Director



Teresa DiMaria  
Member-At-Large



Elizabeth Argiri  
Member-At-Large



# 2013 Highlights

At Michigan Schools and Government Credit Union, we are dedicated to helping our members reach their financial goals. We thank you for a successful 2013, which included the following accomplishments...

**97%** *MSGCU satisfaction rating for 2013 from our members.*

*First-place honors awarded to MSGCU by the Michigan Credit Union League.*

**2**

- **Louise Herring Philosophy-in-Action Member Service Award:** This award recognizes efforts to materially improve members' lives through special programs. MSGCU received a first place award for its First Responders Initiative, which assists those working in the first responder fields of fire, police, medical and military. This initiative included the creation of the 0% First Responders Loan and the First Responders Scholarship.
- **Desjardins Youth Financial Education Award:** This award recognizes efforts that support educating youth about personal finance. MSGCU hosted free educational workshops, presented at local schools, held a high school marketing class contest, and offered award-winning youth savings programs for children and teenagers.

**16,279** *New members who made Michigan Schools and Government Credit Union their financial home in 2013.*



*MSGCU is proud to have been named one of the Top 100 Workplaces by The Detroit Free Press. Based on the overall results of an independent survey, we were selected as one of 100 workplaces in Michigan to be honored. We placed 20th among mid-size companies.*

MSGCU thrives because of its members and the communities we serve. Knowing this, we are dedicated to giving back through a variety of initiatives, including...

*Local educators who were awarded with more than \$40,000 in grants. The Classroom Cash Grant Program helps fund out-of-the-box learning experiences in the classroom by utilizing online voting at [classroomcash.org](http://classroomcash.org).*

**57**

**\$70,000**

*Amount awarded in scholarships to students. MSGCU is a credit union founded by educators and is proud to uphold the value of education.*

**83**

*Financial education presentations conducted by MSGCU at various locations in the communities we serve.*

*Volunteer hours completed for nearly 90 organizations by management- and supervisory-level employees in 2013.*

**3,115**

**11**

*Events and programs put on by MSGCU's LEAD Team to increase team building and community outreach. These included company outings, blood drives and charity collections.*

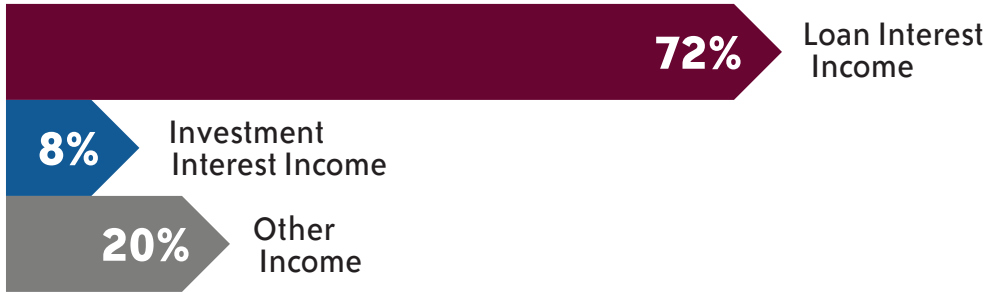
## **We want to hear from you!**

You are not just a member; you are an owner of Michigan Schools and Government Credit Union. Your feedback is very valuable to us and we want to know how we can improve our services or help you set it right with your finances. Contact us today with your questions and comments.

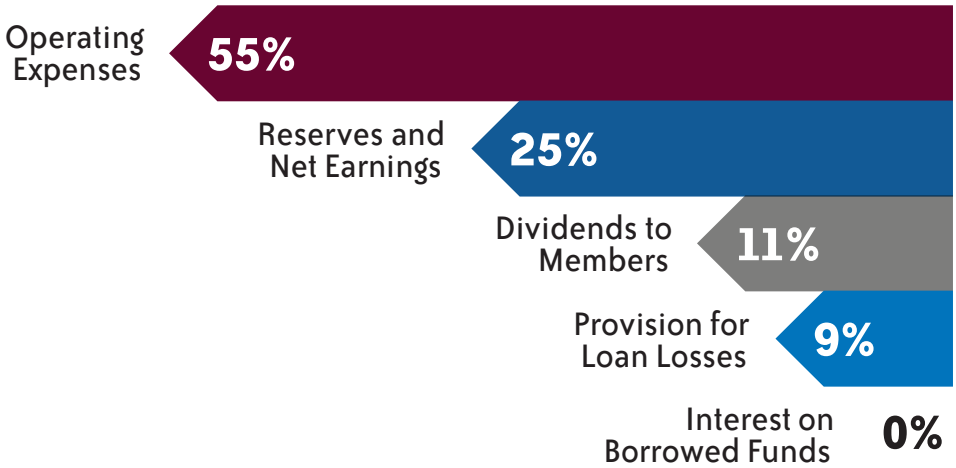
- In person when you visit any of our 11 office locations
- By phone when you call 586.263.8800 or 1.866.MSGCU4U
- Online at [msgcu.org](http://msgcu.org)
- On Facebook, Twitter, LinkedIn and Foursquare

# 2013 Year at a Glance

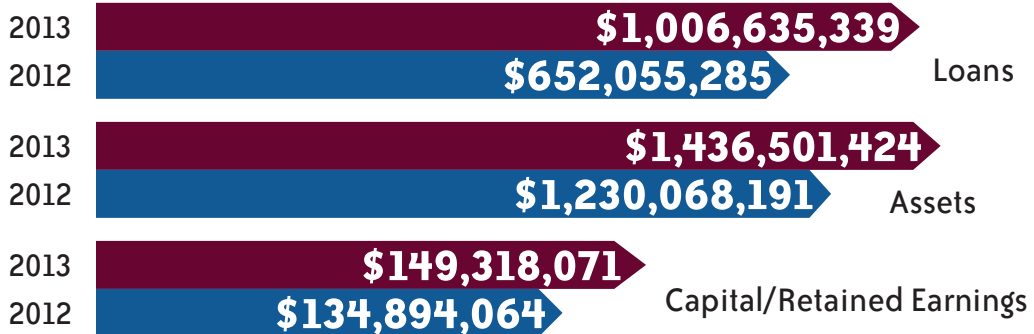
## Sources of Revenue



## Uses of Revenue

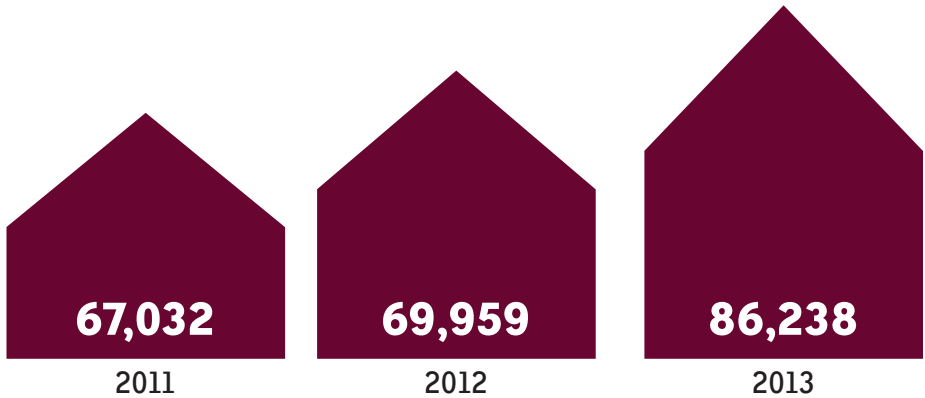


## Statistics





## Number of Members



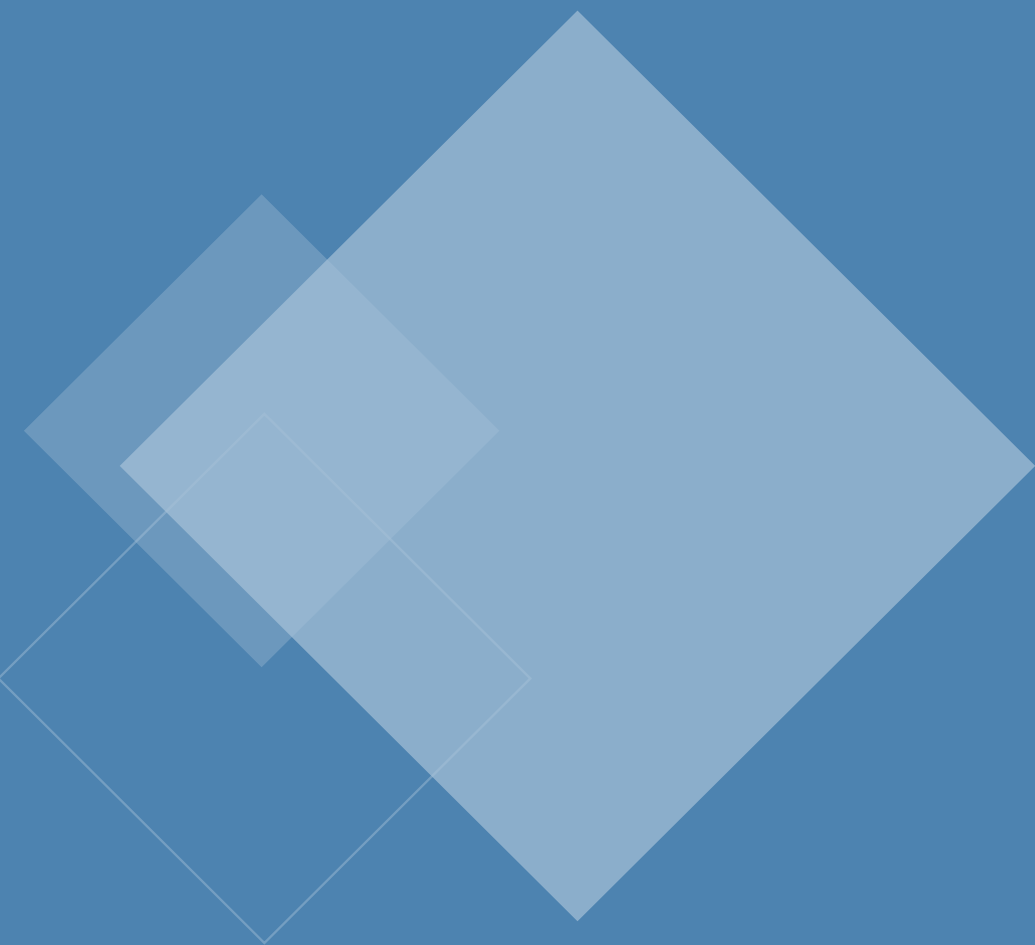
## Balance Sheet (as of December 31)

<b>Assets</b>	<b>2012</b>	<b>2013</b>
Cash and Investments	\$529,326,261	\$368,804,700
Loans to Members	\$652,055,285	\$1,006,635,339
Land, Buildings, and Equipment	\$23,541,229	\$23,469,753
Other Assets	\$25,145,416	\$37,591,632
<b>Total Assets</b>	<b>\$1,230,068,191</b>	<b>\$1,436,501,424</b>
<b>Liabilities and Net Worth</b>		
Member Savings	\$1,089,238,900	\$1,214,586,897
Other Liabilities	\$5,935,227	\$72,596,456
Retained Earnings	\$134,894,064	\$149,318,071
<b>Total Liabilities and Net Worth</b>	<b>\$1,230,068,191</b>	<b>\$1,436,501,424</b>

# 2013 Income Statement

(as of December 31)

	2012	2013
<b>Interest Income</b>		
Interest on Loans	\$36,729,212	\$41,580,216
Interest on Investments	\$4,603,998	\$4,688,283
<b>Total Interest Income</b>	<b>\$41,333,210</b>	<b>\$46,268,499</b>
<b>Cost of Funds</b>		
Interest and Dividends Expense	\$6,737,806	\$6,456,931
Interest on Borrowed Funds	—	\$115,033
<b>Total Cost of Funds</b>	<b>\$6,737,806</b>	<b>\$6,571,964</b>
Net Interest Income	\$34,595,404	\$39,696,535
Other Income & Gain/Loss on Sale of Assets	\$8,970,649	\$11,233,597
<b>Total Income</b>	<b>\$43,566,053</b>	<b>\$50,930,132</b>
<b>Operating Expenses</b>		
Salary and Benefits	\$12,993,616	\$16,334,575
Board and Staff Expenses	\$523,593	\$550,679
Office Occupancy	\$2,056,756	\$2,378,602
Office Operations	\$3,815,498	\$4,295,620
Promotions and Advertising	\$1,215,504	\$1,668,297
Loan Servicing	\$2,249,292	\$3,369,621
Professional & Outside Services	\$1,589,889	\$2,008,108
Miscellaneous Expenses	\$1,115,533	\$1,150,623
<b>Total Operating Expenses</b>	<b>\$25,559,681</b>	<b>\$31,756,125</b>
Net Income Before Provision for Loan Losses	\$18,006,372	\$19,174,007
Provision for Loan Losses	\$3,533,333	\$4,750,000
<b>Net Income</b>	<b>\$14,473,039</b>	<b>\$14,424,007</b>



# Michigan Schools and Government Credit Union Office Locations

## Main Office

40400 Garfield Road ♦ Clinton Township, MI 48038

## Chesterfield Office

34700 23 Mile Road ♦ Chesterfield, MI 48047

## Hall Road Office

45120 Market Place Boulevard ♦ Chesterfield, MI 48051

## Hayes Road Office

48945 Hayes Road ♦ Shelby Township, MI 48315

## Madison Heights Office

480 West 12 Mile Road ♦ Madison Heights, MI 48071

## Royal Oak Office

31805 Woodward Avenue ♦ Royal Oak, MI 48073

## St. Clair Shores Office

24515 Little Mack Avenue ♦ St. Clair Shores, MI 48080

## Shelby Township Office

8770 23 Mile Road ♦ Shelby Township, MI 48316

## Sterling Heights Office

2356 Metropolitan Parkway ♦ Sterling Heights, MI 48310

## Troy Office

4555 Investment Drive ♦ Troy, MI 48098

## Warren Office

13602 East 14 Mile Road ♦ Warren, MI 48088