



MICHIGAN  
SCHOOLS & GOVERNMENT  
CREDIT UNION

# 2015

## Annual Report



# A Message From the Chairman & President/CEO



William Cayen  
Chairman



Peter Gates  
President/CEO

It was a noteworthy year for Michigan Schools and Government Credit Union. We celebrated a number of milestones, including welcoming our 100,000th member early in the year.

MSGCU also launched its Giving Back program in 2015, with all branches donating time and resources to charitable organizations in their local communities. The program, which was created to celebrate our 60th anniversary, resulted in funds, supplies and volunteer hours supporting local police and fire departments, homeless shelters, nature centers, the Humane Society, Children's Miracle Network, and various veteran and youth associations. The partnerships with these organizations and our communities are an important part of our mission, and the effort was rewarding for all involved.

Receiving the "Credit Union of the Year" distinction from the Michigan Credit Union League was also a special honor in 2015. This recognition is a testament to the strength of our institution and the loyalty of our members.

MSGCU completed renovation projects at the Main and Troy Offices, and special grand re-opening celebrations brought together members, local businesses, and municipal representatives. As 2015 drew to a close, our new branch at Eight Mile and Farmington Roads in Livonia was in the final stages of completion.

Through the milestones achieved in 2015, we are most proud of demonstrating our commitment to the Credit Union philosophy of "People Helping People." We are a strong financial institution that has been dedicated to the financial success of our members for more than 60 years and look forward to continuing this tradition. We thank you for your membership.

Sincerely,

A handwritten signature in black ink that reads "William H. Cayen".

William Cayen  
Board Chairman

A handwritten signature in black ink that reads "Peter Gates".

Peter Gates  
President/CEO

# A Message From the Audit Committee

The primary responsibility of the Audit Committee is to ensure that MSGCU is managed soundly and that members' assets are being appropriately safeguarded.

The Audit Committee engaged the certified public accounting firm of Plante & Moran, PLLC, to perform an independent audit of the Credit Union's financial statements for the year ending December 31, 2015. Any reported suggestions have been forwarded to the Board of Directors and management for their review and handling.

During 2015, 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,



Charles Thomas  
Director  
Audit Committee Chairperson



Charles Thomas  
Director

## 2015 Audit Committee

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

# 2015 Board of Directors



William Cayen  
Chairman

Teresa DiMaria  
Director



Milo Perreraut  
Vice Chairman

Richard Shoemaker  
Director



Richard Maierle  
Secretary

Douglas Smith  
Director



James McCann  
Treasurer

Charles Thomas  
Director



Elizabeth Argiri  
Director

Stephen Thomas  
Director



Edward Callaghan  
Director

# 2015 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 2015, which included the following accomplishments:

## Membership

MSGCU wouldn't be where it is today without your membership. We were pleased to welcome 3,678 new members in 2015 who chose to make MSGCU their financial home. Our MSGCU family grew to more than 102,000 members in 2015.

## 2015 Awards

We were honored to be selected by the Michigan Credit Union League (MCUL) as the first place recipient of four prestigious awards, recognizing our efforts in community outreach.

- Desjardins Adult Financial Education Award for our participation in Money Smart Week, including reaching more than 650 workshop participants.
- Desjardins Youth Financial Education Award for delivering financial education workshops through the MSGCU High School Marketing Contest, Financial Reality Fair, Money Smart Week, and numerous other venues.
- Dora Maxwell Social Responsibility Community Service Award for our Giving Back program.
- Louise Herring Award for the Flood Loan MSGCU established last year to help Michigan homeowners recover from historic flooding.

MSGCU was also named Outstanding Credit Union by the MCUL. The Credit Union was cited for its strong financial growth, member and employee satisfaction, and community financial literacy programs, among other criteria, for credit unions with assets of \$400 million and above.

The Michigan Credit Union Foundation awarded MSGCU The Award for Excellence in Consumer Education for our outstanding contributions and innovations in consumer financial education for members and within the community.

MSGCU is proud to have been named one of the Top 100 Workplaces by the [Detroit Free Press](#) for the third consecutive year.



# In the Community

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

## Classroom Cash Grants: Rewarding Innovation

MSGCU was pleased to award more than \$44,000 in grants to 61 local educators. The Classroom Cash Grant Program awards teachers who are working to enhance their students' learning experiences. Winners are chosen using an online voting system at [classroomcash.org](http://classroomcash.org).

## Scholarships: Upholding the Value of Education

As a credit union founded by educators, we strongly believe in the power of education. We were proud to award more than \$100,000 to students in 2015 to help offset the costs of higher education. Scholarships were awarded to high school seniors, students studying to be educators, future first responders and current educators.

## Financial Education and Community Partnership

Acting on the credit union philosophy of "People Helping People," MSGCU participated in many events in the communities we serve. In addition, we promoted financial well-being in a number of ways to both our members and the community at large. This included partnering with 67 schools, participating in 30 community events, hosting 262 financial education workshops and helping 5,600 community members with their financial education.

## Giving Back to Our Communities

MSGCU's dedication to excellence extends beyond our offices. Employees honor the values and core competencies held by the Credit Union through their volunteer efforts. More than 150 local organizations benefitted from 4,502 volunteer hours provided by all levels of employees in 2015.

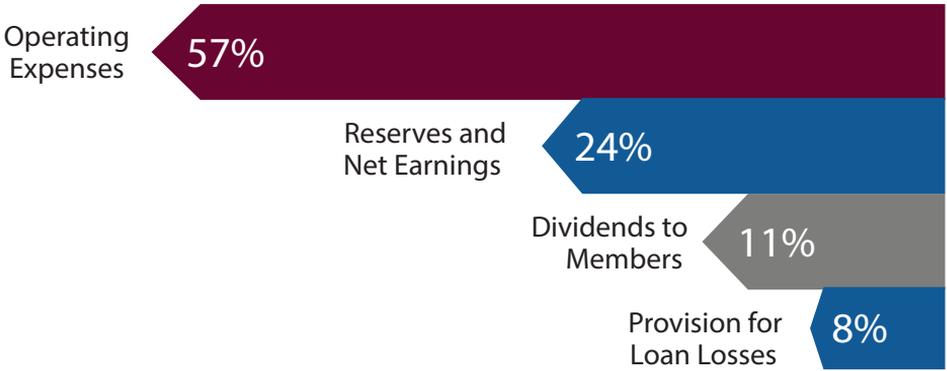


# 2015 Year at a Glance

## Sources of Revenue



## Uses of Revenue



## Statistics

### Loans



### Assets

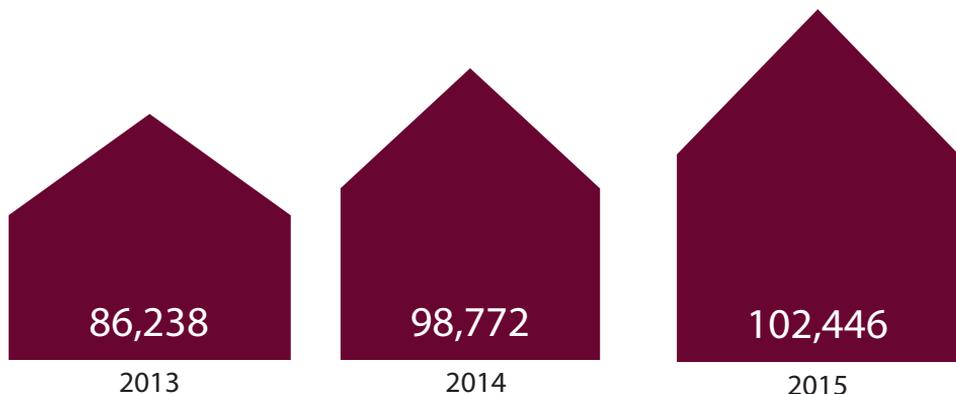


### Capital/Retained Earnings



# 2015 Year at a Glance

## Number of Members



## Balance Sheet

(as of December 31)

Assets	2015	2014
Cash and Investments	\$321,235,326	\$297,561,589
Loans to Members	\$1,145,562,189	\$1,165,982,118
Land, Buildings, and Equipment	\$35,886,335	\$34,793,128
Other Assets	\$47,954,984	\$39,986,105
<b>Total Assets</b>	<b>\$1,550,638,864</b>	<b>\$1,538,322,940</b>
<b>Liabilities and Net Worth</b>		
Member Savings	\$1,340,111,681	\$1,289,669,153
Other Liabilities	\$32,597,323	\$86,497,943
Retained Earnings	\$177,929,830	\$162,155,844
<b>Total Liabilities and Net Worth</b>	<b>\$1,550,638,834</b>	<b>\$1,538,322,940</b>

# 2015 Income Statement

As of December 31:

	2015	2014
<b>Interest Income</b>		
Interest on Loans	\$54,069,882	\$54,172,137
Interest on Investments	\$2,878,501	\$3,381,346
<b>Total Interest Income</b>	<b>\$56,948,383</b>	<b>\$57,553,483</b>
<b>Cost of Funds</b>		
Interest and Dividends Expense	\$7,702,712	\$7,567,623
Interest on Borrowed Funds	\$336,005	\$534,862
<b>Total Cost of Funds</b>	<b>\$8,038,717</b>	<b>\$8,102,485</b>
<b>Net Interest Income</b>	<b>\$48,909,666</b>	<b>\$49,450,998</b>
Other Income & Gain/Loss on Asset Sales	\$10,990,911	\$11,614,835
<b>Total Income</b>	<b>\$59,900,577</b>	<b>\$61,065,833</b>
<b>Operating Expenses</b>		
Salary and Benefits	\$20,666,099	\$18,610,787
Board and Staff Expenses	\$748,447	\$605,036
Office Occupancy	\$3,193,437	\$2,463,646
Office Operations	\$5,980,058	\$5,271,641
Promotions and Advertising	\$1,770,295	\$1,245,327
Loan Servicing	\$4,208,468	\$4,098,556
Professional & Outside Services	\$1,760,509	\$2,013,709
Miscellaneous Expenses	\$374,278	\$419,358
<b>Total Operating Expenses</b>	<b>\$38,701,591</b>	<b>\$34,728,060</b>
Net Income Before Loss Loan Provision	\$21,198,986	\$26,337,773
Provision for Loan Losses	\$5,425,000	\$13,500,000
<b>Net Income</b>	<b>\$15,773,986</b>	<b>\$12,837,773</b>



# Convenient Locations and Call Center to Serve You

**Clinton Township - Main Office**  
40400 Garfield Road

**Chesterfield**  
34700 23 Mile Road  
45120 Market Place Boulevard

**Livonia**  
20595 Farmington Road

**Madison Heights**  
480 W. 12 Mile Road

**Royal Oak**  
31805 Woodward Avenue

**Shelby Township**  
48945 Hayes Road  
8770 23 Mile Road

**St. Clair Shores**  
24515 Little Mack Avenue

**Sterling Heights**  
2356 Metropolitan Parkway

**Troy**  
4555 Investment Drive

**Warren**  
13602 E. 14 Mile Road

Lobby, Call Center, and Drive-Thru Hours  
Mon | Tue | Wed: 9 am – 5 pm  
Thursday: 9 am – 6 pm  
Friday: 9 am – 7 pm  
Saturday: 9 am – 1 pm