

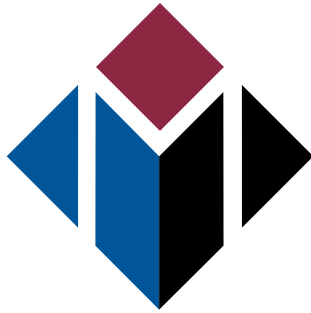


**MICHIGAN**  
SCHOOLS & GOVERNMENT  
CREDIT UNION

# 2016

## Annual Report

# A Message From the Chairman & President/CEO



William Cayen



Peter Gates

Michigan Schools and Government Credit Union continued to thrive in 2016. We celebrated a number of accomplishments, beginning with the opening of our branch in Livonia early in the year. This marked our 12th branch in southeastern Michigan and first in Wayne County.

In addition to expanding our physical presence, MSGCU welcomed more than 12,000 new members in 2016 who chose to make MSGCU their financial home. We are honored to have been selected as a trusted financial institution by so many and are proud to maintain a satisfaction rate of 97%.

We remain committed to the Credit Union philosophy of “People Helping People,” and are focused on strategic growth that gives our members convenient access and a full range of products and services to fulfill their needs. Our goal is to support and give back to our members by giving them everything they need to lead a successful financial life.

MSGCU continued its community Giving Back program in 2016, with all branches donating time and resources to charitable organizations in their local communities. We support organizations that educate and safeguard our communities, as well as the people who live within them. In 2016, we offered more than \$80,000 in scholarships to high school students, college students and first responders. Classroom Cash Grants totaling more than \$42,000 were awarded to help fund innovative learning experiences in our schools.

MSGCU is an organization that has been dedicated to the financial success of our members for more than 60 years and we look forward to continuing this tradition. We thank you for your membership.

Sincerely,

William Cayen  
Board Chairman

Peter Gates  
President/CEO



Charles Thomas

The primary responsibility of the Audit Committee is to ensure that Michigan Schools and Government Credit Union is managed soundly and that members' assets are being appropriately safeguarded.

The Audit Committee engaged the certified public accounting firm of Doeren Mayhew to perform an independent audit of the Credit Union's financial statements for the year ending December 31, 2016. Any reported suggestions have been forwarded to the Board of Directors and management for their review and handling.

During 2016, the certified public accounting firm of Rehmann Robson 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,

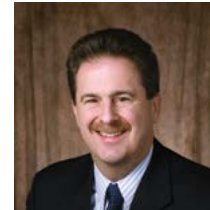
Charles Thomas  
 Director  
 Audit Committee Chairperson



William Cayen  
 Chairman



Milo Perreraut  
 Vice Chairman



Richard Maierle  
 Secretary



James McCann  
 Treasurer



Elizabeth Argiri  
 Director



Edward Callaghan  
 Director

Teresa DiMaria  
 Director



Richard Shoemaker  
 Director



Douglas Smith  
 Director



Charles Thomas  
 Director



Stephen Thomas  
 Director



## 2016 Audit Committee

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



At Michigan Schools and Government Credit Union, we are dedicated to helping our members reach their financial goals. We thank you for a successful 2016, which included the following accomplishments:

### Membership

MSGCU wouldn't be where it is today without your membership. We were pleased to welcome 12,545 new members in 2016 who chose to make MSGCU their financial home. Our MSGCU family grew to 109,029 members by the end of 2016.

### 2016 Awards

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

- **Desjardins Adult Financial Education Award** for providing extensive workshops, as well as one-to-one services addressing personal financial matters to adult members. MSGCU participated in Securing Mi Financial Future and partnered with the Everest Institute, MI Works, and Macomb Community College to provide unique and impactful financial education opportunities for adults.
- **Desjardins Youth Financial Education Award** for our participation in a new Personal Finance Challenge competition for local high schools. MSGCU also hosted two Financial Reality Fairs, and facilitated 32 workshops as part of Money Smart Week.
- **Louise Herring Award** for our continuous support of local first responders through our Giving Back initiative and scholarship opportunities. MSGCU awarded 12 scholarships in the amount of \$1,250 to graduating members of the Macomb Community, Oakland Community and Schoolcraft College police and fire academies.

MSGCU is proud to have been named a Top Workplace by the *Detroit Free Press* for the fourth consecutive year.



MSGCU thrives because of our members and the communities we serve. Knowing this, we are dedicated to giving back in numerous ways, including:

### Classroom Cash Grants: Rewarding Innovation

MSGCU was pleased to award more than \$42,000 in grants to 64 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 offer more than \$80,000 to students in 2016 to help offset the costs of higher education and recognize academic achievement and community involvement. Scholarships were awarded to high school seniors, students studying education and future first responders.

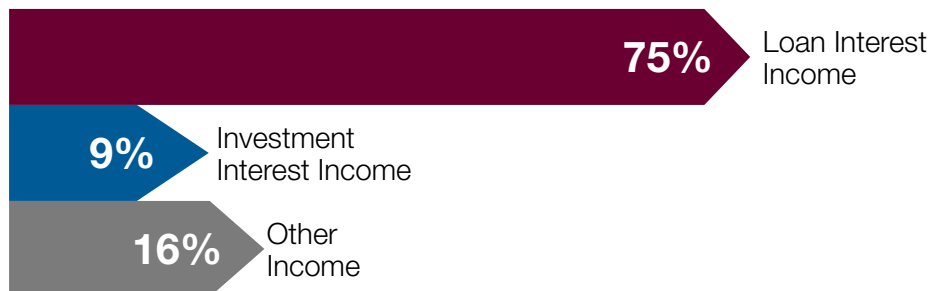
### Financial Education and Community Partnership

Acting on the Credit Union philosophy of "People Helping People," MSGCU participated in many events to promote financial wellbeing to both our members and the community at large. This included partnering with 72 schools, libraries, businesses and community centers, participating in 28 community events, hosting 240 financial education workshops and helping 5,300 community members with their financial education.

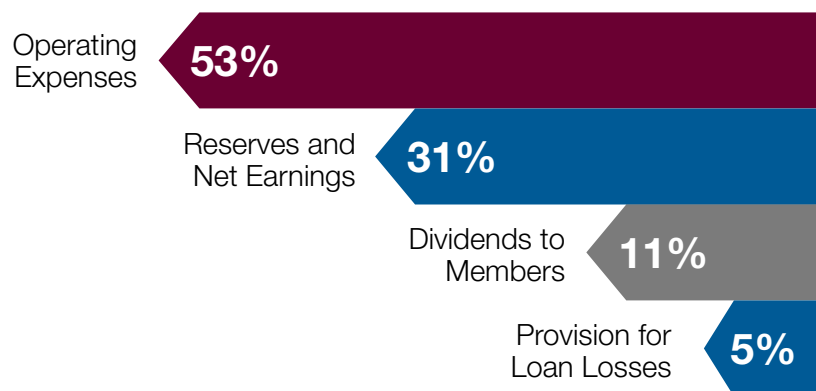
### Giving Back to Our Communities

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 120 local organizations benefitted from 3,200 volunteer hours provided by all levels of employees in 2016.

### Sources of Revenue



### Uses of Revenue



### Statistics

#### Loans



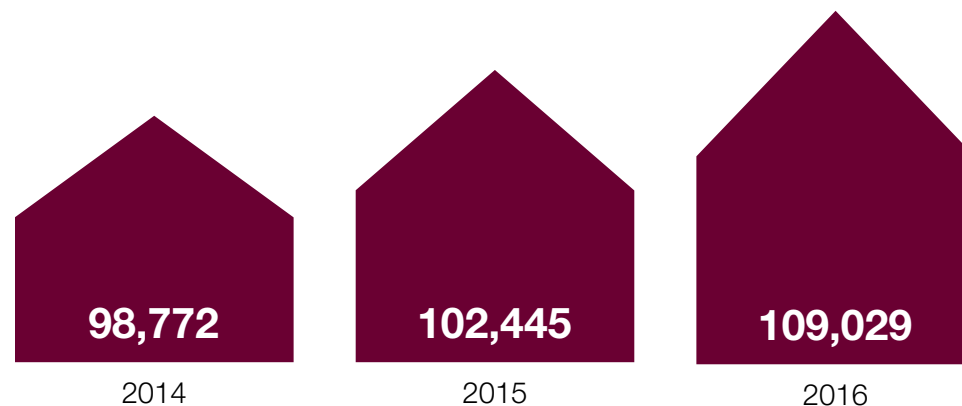
#### Assets



#### Capital/Retained Earnings



### Number of Members



### Balance Sheet (as of Dec. 31)

#### Assets

	2016	2015
Cash and Investments	\$358,167,395	\$344,621,927
Loans to Members	\$1,245,381,120	\$1,145,562,189
Land, Buildings, and Equipment	\$39,629,892	\$37,686,468
Other Assets	\$26,727,091	\$22,768,250
<b>Total Assets</b>	<b>\$1,669,905,498</b>	<b>\$1,550,638,834</b>

#### Liabilities and Net Worth

Member Savings	\$1,456,389,723	\$1,340,111,681
Other Liabilities	\$11,503,385	\$32,597,323
Retained Earnings	\$202,012,390	\$177,929,830
<b>Total Liabilities and Net Worth</b>	<b>\$1,669,905,498</b>	<b>\$1,550,638,834</b>

## 2016 Income Statement (for the year ending Dec 31)

<b>Interest Income</b>	<b>2016</b>	<b>2015</b>
Interest on Loans	\$57,451,709	\$54,069,882
Interest on Investments	\$6,813,456	\$2,604,767
<b>Total Interest Income</b>	<b>\$64,265,165</b>	<b>\$56,674,649</b>
<b>Cost of Funds</b>		
Interest and Dividends Expense	\$8,324,343	\$7,702,712
Interest on Borrowed Funds	\$40,480	\$336,005
<b>Total Cost of Funds</b>	<b>\$8,364,823</b>	<b>\$8,038,717</b>
Net Interest Income	\$55,900,343	\$48,635,932
Non-Interest Income	\$12,744,399	\$11,264,645
<b>Total Income</b>	<b>\$68,644,742</b>	<b>\$59,900,577</b>
<b>Operating Expenses</b>		
Salary and Benefits	\$22,024,912	\$20,666,098
Board and Staff Expenses	\$683,205	\$748,447
Office Operations	\$9,093,905	\$8,844,307
Promotions and Advertising	\$2,191,965	\$1,770,295
Loan Servicing	\$5,038,757	\$4,068,468
Professional & Outside Services	\$1,510,096	\$2,229,698
Other Expenses	\$569,342	\$374,278
<b>Total Operating Expenses</b>	<b>\$41,112,182</b>	<b>\$38,701,591</b>
Net Income Before Loss Loan Provision	\$27,532,560	\$21,198,986
Provision for Loan Losses	\$3,450,000	\$5,425,000
<b>Net Income</b>	<b>\$24,082,560</b>	<b>\$15,773,986</b>

# We're all over Metro Detroit!

## **Chesterfield**

34700 23 Mile Road | 45120 Market Place Boulevard

## **Clinton Township**

40400 Garfield Road

## **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 | 41031 Mound Road

## **Troy**

4555 Investment Drive

## **Warren**

13602 E. 14 Mile Road

## **Lobby, Call Center, and Drive-Thru Hours**

Monday to Wednesday: 9 am – 5 pm

Thursday: 9 am – 6 pm

Friday: 9 am – 7 pm

Saturday: 9 am – 1 pm

Sunday: Closed

[msgcu.org](http://msgcu.org) | 866.674.2848