

The background features a teal and blue geometric design. A large blue triangle points upwards from the bottom left, containing a low-angle photograph of a glass skyscraper's corner. The rest of the background is white.

# **Notre Dame Federal Credit Union** **ANNUAL REPORT 2014**

# YOUR CREDIT UNION

From under the Golden Dome to across the nation, Notre Dame FCU is here to serve members.

It started as just an idea, an idea shared over a beer at the local tavern on Notre Dame Avenue. In May 1941, near the end of the Great Depression, Professors Lou Buckley and John Sheehan were not interested in making money, but rather, they were looking for a way to save money. Times were tough, and they wanted to help all of their friends on the faculty and staff at the University of Notre Dame.

From that conversation, the University of Notre Dame Federal Credit Union was born.

Housed in Room 329 of the Administration Building, under the Golden Dome, the credit union had a total of 30 members after the first day of business. Soon after, the University of Notre Dame Federal Credit Union issued its very first loan for just \$100 to a secretary in the Alumni office.

Nearly 75 years later, Notre Dame Federal Credit Union has grown to over 57,000 members worldwide with nine full-service branches in St. Joseph County and a

nationwide network of ATMs and shared branches. Additionally, we continue to grow the products and services we offer, providing affordable and tech-savvy solutions to our members for all of their financial needs.

We were founded to serve our members, and as such, we are owned and controlled by the members we serve. It's the only reason we exist, and we work tirelessly to fulfill that purpose, and will continue to do so in the years to come.



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**MESSAGE FROM  
TOM**

# Dear Fellow Members,

As I write this note, I am reminded of the great power and opportunity we have as members of a financial cooperative.

Years ago, the credit union industry was created by average folks who felt that traditional banks were not always looking out for their best interests. People understood that while banks existed to create profits for their stockholders, credit unions were owned equally by all its members. Whether you had \$5 or \$5 million on deposit, everyone had one share and one equal voice in the running of the credit union.

Given this mission, credit unions needed to focus its efforts to help folks who otherwise could not be helped by the banks. Often, the greater risk taken to meet this goal resulted in reduced profitability, and sometimes, even losses. That was one of the reasons why credit unions were exempted from paying federal or state income taxes. By being able to keep more money in the credit union, the credit union could continue to serve more members, while still being able to generate income to fund operations and invest for the future.

As you know, Notre Dame FCU just completed a series of such investments. We are now better prepared than ever before to provide you with the best services available at the lowest possible cost. Free and improved online banking, free and improved bill pay, new and free remote deposit capture and free text alerts are all member enhancements resulting from these improvements.

These investments in our future also had a beneficial impact in our present. Efforts to improve our systems helped improve our operating efficiencies and reduce our costs. The result was a net income of \$1.2 million, the highest profitability level since 2008.

We are especially pleased with the number of loans we were able to make to improve the lives of our members. In 2014, we made 2,063 car loans totaling \$40.6 million and 333 first mortgages totaling \$42.9 million. For second mortgages, we made 332 loans totaling \$8.2 million, and 1,838 credit cards totaling \$3.1 million. In addition, we opened over 4,200 new memberships!

In 2014, we awarded 8 scholarships for our members to attend college. We also conducted free financial literacy classes for our members, utilizing Dave Ramsey's Financial Peace University. Many of our members successfully passed the Financial Peace University course, enabling them to strengthen their personal financial condition and empowering them to take control of their financial futures.

So, as you can see, 2014 was quite a productive year for your credit union! Much was accomplished. With this foundation in place, the future does indeed look bright.

We are very blessed to have loyal members as the bedrock to our success. Thank you for your confidence and continued support. Please continue to utilize our services and to share your positive experiences with your friends.

Best wishes for a happy and healthy 2015!



Thomas J. Gryp, President/CEO  
Class of '79

# Supervisory Committee

Notre Dame FCU's Supervisory Committee monitors the operations of the credit union and its internal control system. Supervisory Committee members not only attend every Board of Directors meeting, they also meet periodically with the regulatory examiners and external auditors to ensure the efficiency and ethical practices of the credit union.

Our Supervisory Committee members are Pat Ruskowski (Committee Chairman), Jerry Langley, Colleen M. Healy, Lou Pierce and David Brenner.

## **The Supervisory Committee's Report**

The NCUSIF (National Credit Union Share Insurance Fund), an agency of the United States Government, was established exclusively to insure credit union deposits in members' accounts. Most properly established share accounts are insured up to \$250,000, with an additional \$250,000 for Individual Retirement and Keogh Accounts. The credit union also maintains excess deposit insurance from Excess Share Insurance Corporation (ESI), covering an additional \$250,000 for all qualified member share balances exceeding \$200,000.

Plante & Moran, PLLC,  
Certified Public  
Accountants,

were hired at the recommendation of the Supervisory Committee to conduct an audit of the 2014 financial statements and to render an opinion thereon. Although the financial statements audited by the credit union's independent accountants, Plante & Moran, PLLC, are not included in this Annual Report, they are available upon request from the credit union. As your Supervisory Committee, it is our opinion that Notre Dame FCU meets the requirements of State and Federal regulations, and credit union by-laws, and continues to focus on efficient and effective operations, as directed by the Board policy.





## Board of Directors

A credit union's Board of Directors consists of volunteers elected at the annual meeting by the controlling management of the credit union — its members. Notre Dame FCU's Board of Directors is no different, with each member dedicated to setting the credit union's policies, all the while maintaining the best interests of the membership.

**Victor J. DeCola**  
Board Chairman

**James J. Lyphout**  
Vice-Chairman

**Brenda L. Bickel**  
Treasurer

**Mark P. Mullaney**  
Secretary

**Pat Ruszkowski**  
Director

**Rodney C. Donigan**  
Director

**Kevin M. Smith**  
Director

**James M. Summers**  
Director

**Frederick "Freddie" W. Thon**  
Director



# Statement of Financial Condition

# Assets

	December 31, 2014	December 31, 2013
Cash and due from financial institutions	\$ 16,289,336	\$ 7,003,243
Interest-earning balances in other financial institutions	10,240,929	931,607
Total cash and cash equivalents	26,530,265	7,934,850
Certificate of deposit in other financial institutions maturing in greater than 90 days	2,660,000	2,960,000
Securities available for sale	40,055,470	38,890,410
Loans - Net	367,590,151	387,249,396
Loans held for sale	573,420	-
Mortgage servicing rights - Net	1,177,173	923,552
Premises and equipment - Net	7,041,991	7,111,790
Credit Union - owned life insurance	5,396,081	5,216,323
FHLB stock	2,232,500	2,487,500
Membership capital at corporate credit union	1,500,000	1,500,000
Share insurance deposits	4,166,698	3,763,585
Prepaid pension asset	2,401,267	2,578,519
Accrued interest receivable	2,196,724	2,311,864
Other assets	2,114,841	1,449,705
<b>Total assets</b>	<b>\$ 465,636,581</b>	<b>\$ 464,377,494</b>

# Liabilities and Members' Equity

## Liabilities

Members' share accounts	\$ 416,807,959	\$ 392,230,247
Federal Home Loan Bank advances	11,750,000	34,750,000
Other borrowings	-	3,165,483
Accrued and other liabilities	3,601,898	3,092,491

Total liabilities	432,159,857	433,238,221
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## Members' Equity

<b>Members' Equity</b>	<b>33,476,724</b>	<b>31,139,273</b>
<b>Total liabilities and members' equity</b>	<b>\$ 465,636,581</b>	<b>\$ 464,377,494</b>



# Statement of Operations

	December 31, 2014	December 31, 2013
<b>Interest Income</b>		
Loans	\$ 15,909,232	\$ 14,651,246
Securities available for sale	767,880	647,769
Other	141,953	78,813
Total interest income	16,819,065	15,377,828
<b>Interest Expense</b>		
Members' shares	2,122,923	1,789,089
FHLB advances and other borrowings	584,959	405,579
Total interest expense	2,671,882	2,194,668
<b>Net Interest Income</b>	14,147,183	13,183,160
<b>Provision for Loan Losses</b>	2,115,000	1,590,000
<b>Net Interest Income After Provision for Loan Losses</b>	12,032,183	11,593,160
<b>Non-interest Income</b>		
Service fees and charges	2,516,711	2,028,360
Interchange fees	3,183,259	3,260,909
Gain on sales of loans - Net	916,658	1,368,652
Commissions	1,149,614	1,015,064
Other	776,131	720,030
Total non-interest income	8,542,373	8,393,015
<b>Non-interest Expense</b>		
Salaries and employee benefits	9,152,282	9,440,244
Occupancy	1,781,951	1,639,275
Credit card servicing	789,631	892,858
Marketing	595,392	846,513
Equipment and data processing	2,796,574	2,922,215
Share insurance deposit expense	14,824	304,454
Other	4,225,238	4,129,908
Total non-interest expense	19,355,892	20,175,467
<b>Net Income (Loss)</b>	<b>\$ 1,218,664</b>	<b>\$ (189,292)</b>



NOTRE DAME  
FEDERAL CREDIT UNION