

## board of **directors**

Kristin Bouchard **Chair**  
Lyle Manley **Vice Chair**  
Kathy Shea **Secretary**  
Josh Knoedler **Treasurer**  
Mike Bertagnolli **Board Member**  
Mike Williams **Board Member**  
Mark Baum **Board Member**

## executive **management**

Ed Stofko **President/CEO**  
Steve Sendon **Executive Vice President**  
Matt Stolle **VP-Finance/CFO**  
Dean Olsen **VP-Information Technology**  
Erin Johnston **VP-Consumer Lending**  
Cyrus Malkin **VP and Comptroller**  
Brandi Mergenthaler **VP-Operations**  
Holly Lane **VP-Human Resources**

## rmcu **locations**

### **HELENA**

1820 11th Avenue  
3400 N. Montana Avenue  
406.449.2680

### **BOZEMAN**

8645 Huffine Lane  
406.586.1505  
1840 Baxter Lane  
406.602.4800

### **BELGRADE**

90 W. Madison Avenue, Ste. A  
406.586.1505

### **BUTTE**

2101 Yale Ave  
406.723.5381



\*By member's choice, this institution is not federally insured. Each account is insured up to \$250,000.

[www.rmcu.net](http://www.rmcu.net)



## **Our Mission**

To provide financial service relationships of lasting value that exceed member and community expectations and reward members for their loyalty.

**ANNUAL  
FINANCIAL  
REPORT**





# Chairman’s Report

I am proud to report to you as your Chairman of the Board of Directors that during 2018, RMCU witnessed another year of strong income and growth. Your Board and staff continue to move Rocky Mountain Credit Union in the direction of building member relationships through quality products and services our members need.

By year-end, RMCU’s assets increased \$12.5 million through internal growth. The credit union now has total assets of \$244,782,969. Total membership grew 800 members to bring the end of year number to 21,615 members. Our credit union staff continues to build strong financial relationships with all of our members and this effort is driving our growth. Net income for 2018 was \$1,371,577 and yielded a return on average assets of .57%.

Throughout 2018, the Board and staff continued to strengthen our commitment to help our members with their finances by providing them the products and tools they need to manage their lives. Once again, thank you for being a member of Rocky Mountain Credit Union.

Kristin Bouchard  
Chairman of the Board

FINANCIAL STATISTICS	2018	2017
Loans Granted	\$124,399,818 4,273	\$123,333,525 4,560
Members	21,615	20,815
Avg. Outstanding Loan	\$13,183	\$12,530
Avg. Share Balance	\$9,800	\$9,584

# President’s Report

2018

Throughout 2018 the credit union continued its promise of providing outstanding service; matched with outstanding products to the 21,615 members we faithfully serve every day. In the early part of 2018, our board took before the membership an initiative to change from federal share insurance to private share insurance. The result of the months of work and informing members of the benefits of insuring each account to \$250,000.00 was successful when members cast the vote and decided to make that change. We have been under the insurance umbrella of American Share Insurance since October 1, 2018. Efforts were initiated to bring pertinent educational information to our member in 2018 through our website. Mastermind was formally rolled out to all visitors of our web site in the fall of 2018 with many seekers finding educational information help on various financial subjects. Internally, our educational training efforts witnessed a massive change as efforts were doubled to bring quality training to new staff to enable them to service member’s needs from the first day they began to work with members. Training for all staff also saw a many fold increase as refresher courses were held to strengthen the knowledge of seasoned staff members.

Financially, 2018 was a much better year than 2017. Our loan portfolio continued to improve and loan losses returned to a more historical level allowing the credit unions earning capacity to improve. This year is the first year in many that the Federal Reserve Bank began an active move to increase interest rates. I have been in

financial institutions for over 40 years and rising interest rates are not new to me, but too many of our younger members who have only seen low rates for the last ten years, it is a challenging experience. As time passes, everyone will adjust to the new rate environment.

Our net income in 2018 is \$1,371,577 which represents a Return on Average assets of .57%. Net income increased our Capital to Assets ratio to 9.80%, which keeps us strong and able to weather potential risks in a rising rate environment.

Total dollars lent to members in 2018 equaled \$124,399,818 to 4,273 members. The loan portfolio increased \$14.2 million, which resulted in a growth percentage of 7.55%. The loan to share ratio ended the year at 95.30% or .95 cents of every deposit dollar was invested in loans to members in 2018. Our assets increased \$12.5 million during the year, while shares grew \$12.3 million. Net new member growth in 2018 was 3.84% or 800 new memberships resulting in a total membership of 21,615 by year-end.

With the end of 2018, I leave the credit union after spending 11 years building an organization that is dedicated to the membership it serves. When I first came to Rocky Mountain, there were many items that needed to be done to create an organization that puts its members first. I needed a culture that was based on service, service in lending and deposit activity, service in helping people find answers to financial issues and problems that people were experiencing. All the initiatives that our Board wanted were the same initiatives I wanted but the only way to make that become a reality was to hire the right people with the right

attitude. It took a few years to get that moving but today I can look over the organization and know that we have that culture in place and it is working because we are growing. I can say that because at the end of 2007 the credit union had 11,530 members and now we have 21,615.

On January 1, 2019, Steve Sendon will become your new CEO. Steve and I have worked together ever since I came to the credit union in November 2007. The last five years we have spent numerous hours discussing all facets of Rocky Mountain. Steve will do a fine job at the helm.

Lastly, I wanted to say thank you for choosing Rocky Mountain Credit Union as your financial institution. This organization functions to serve your financial needs. Thank you for supporting RMCU!

Sincerely,  
Ed Stofko,  
President/CEO

## Supervisory Committee Report

The supervisory committee of Rocky Mountain Credit Union oversees the audit process and ensures that management adequately addresses any findings noted in these audits. The supervisory committee is required by Montana law to have a comprehensive annual audit of the books and affairs of the credit union. In order to comply with these requirements, the credit union engaged the CPA firm of Moss Adams, LLP, to perform an independent external audit of the year-end 2018 financial statements. This audit took place in the first quarter of 2019. No material misstatements of the financial position where noted during the audit.

The State of Montana Division of Banking and Financial Institutions performed an examination of Rocky Mountain Credit Union during 2017 and placed the credit union on an 18 month reviewing cycle. These exams ensure we are operating in a safe and sound manner, in compliance with applicable laws and regulations, as well as operating within our own established policies and procedures. The next examination will occur in 2019.The supervisory committee also retained Moss Adams, LLP, to perform various internal audits in 2018. Any findings from these internal audits have been addressed by management.

Supervisory Committee Members  
Chris Lemon, Chairman, Stefanie Griffith, Gaylen Black, Effie Benoit, and David Stordahl

ASSETS	2018	2017
Consumer Loans	\$107,655,614	\$98,478,586
Real Estate Loans	\$80,648,136	\$72,805,024
Member Business Loans	\$13,549,550	\$16,396,993
Total Loans	\$201,853,300	\$187,680,603
Loan Loss Allowance	\$1,378,826	\$2,306,891
Net Total Loans	\$200,474,474	\$185,373,712
Cash & Cash Equivalents	\$14,751,450	\$9,402,091
Investments	\$6,871,823	\$13,776,432
ASI/NCUSIF	\$2,700,247	\$1,918,306
Property & Equipment	\$12,863,169	\$13,372,716
Other Assets	\$7,121,806	\$8,459,838
Total Assets	\$244,782,969	\$232,303,312
LIABILITIES & EQUITY		
Notes Payable	\$5,460,591	\$6,738,232
All Other Liabilities	\$3,513,408	\$3,452,868
Member Shares & Deposits	\$211,818,549	\$199,493,368
Regular Reserves	\$6,037,244	\$6,037,244
Equity Acquired in Merger	\$3,018,313	\$3,018,313
Undivided Earnings	\$14,934,864	\$13,563,287
Total Liabilities & Equity	\$244,782,969	\$232,303,312
INCOME		
Loan Interest Income	\$9,335,498	\$8,475,038
Investment Income	\$283,320	\$275,456
Non-Interest Income	\$3,817,857	\$4,148,761
Total Income	\$13,436,675	\$12,899,255
EXPENSES		
Dividends Paid	\$976,205	\$527,701
Interest on Borrow Funds	\$107,337	\$85,263
Provisions for Loan Losses	\$788,500	\$1,546,265
Non-Interest Expense	\$10,193,056	\$10,639,318
Total Expenses	\$12,065,098	\$12,798,547
Net Income	\$1,371,577	\$100,708

Our Vision  
Providing premier financial services that cause our members to think of RMCU first.