



MICHIGAN

SCHOOLS & GOVERNMENT
CREDIT UNION

2014
Annual Report

The logo features the number '60' in a large, bold, blue sans-serif font. Below it, the word 'years' is written in a smaller, blue, lowercase sans-serif font. Underneath 'years', the words 'of service' are written in a very small, grey, lowercase sans-serif font. The entire text is centered on a white background, which is flanked by blue geometric patterns consisting of overlapping triangles pointing towards the center.

60
years
of service

A Message From the President/CEO & Chairman



William Cayen
Chairman



Peter Gates
President/CEO

Michigan Schools and Government Credit Union (MSGCU) continued to flourish in 2014, with one of the most significant milestones of the year being the celebration of 60 years of service in December. From our humble beginnings serving a few charter members out of a small house to serving nearly 100,000 members with 11 offices and countless access points via ATMs and online in 2014, the evolution of MSGCU is truly impressive.

In 2014 alone, we welcomed more than 16,000 new members. This is a significant accomplishment and we are humbled by the confidence this growth rate demonstrates.

Our physical presence was also enhanced in 2014 with the transformation of our Main and Troy offices. These renovations were the first major updates made to these buildings since the 1980s. Members can now enjoy a more efficient layout and more modern design in both of these locations. We invite you to visit these offices and experience the improvements firsthand.

Giving back to the communities we serve remains one of MSGCU's top priorities. In 2014, we awarded more than \$70,000 in scholarships to high school and college students. An additional \$10,000 was awarded to the police and fire programs at Macomb Community College and Oakland Community College for future first responders. Classroom Cash Grants totaling more than \$43,000 were awarded to help fund innovative learning experiences in our schools.

It was also an honor to be recognized in 2014 as "Outstanding Credit Union of the Year" by the Michigan Credit Union League. Details about this award and other community highlights can be found on pages 4-5 of this annual report.

MSGCU has been on a path of sustained success for the past 60 years. We thank you for choosing MSGCU and look forward to serving you in what promises to be an exciting 2015.

Sincerely,

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

Peter Gates
President/CEO

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

William Cayen
Board Chairman

A Message From the Audit Committee



Charles Thomas
Director

The primary responsibility of the Audit Committee is to ensure that MSGCU is being managed soundly and that members' assets are being adequately safeguarded. The Audit Committee makes sure the Board of Directors and MSGCU management meet required financial reporting objectives and establish sufficient policies, practices, and procedures 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 financial statements for the year ending December 31, 2014. Any reported suggestions have been forwarded to the Board of Directors and management for their review and handling.

During 2014, 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". The signature is written in a cursive, flowing style.

Charles Thomas
Director
Audit Committee Chairperson

2014 Audit Committee

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

2014 Board of Directors



William Cayen
Chairman

Teresa DiMaria
Director



Milo Perrera
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

2014 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 2014, which included the following accomplishments...

Membership

MSGCU wouldn't be where it is today without your membership. We were pleased to welcome **16,857** new members in 2014 who chose to make MSGCU their financial home. Our MSGCU family grew to **98,772** members at the end of 2014.

2014 Awards

MSGCU was recognized by the Michigan Credit Union League (MCUL) with several awards for growth, service to its surrounding communities and dedication to its members:

- The **Desjardins Youth Financial Education Award** recognizes outstanding personal financial education programs for young people. MSGCU earned a first place award based on contributions including hosting free educational workshops, sponsoring a High School Marketing Class Contest, and offering award-winning savings programs for children and teenagers.
- The **Dora Maxwell Social Responsibility Community Service Award** acknowledges model credit union efforts to improve the lives of nonmembers through community outreach programs. MSGCU was honored with a first place award for hosting "Justice Day," a community outreach event serving at-risk teens in Macomb County.
- The **Louise Herring Philosophy-in-Action Member Service Award** recognizes model credit union efforts to materially improve members' lives. MSGCU earned a second place award for its Government Furlough Loan Program. Established last year, special loans with delayed payments helped ease the financial burden of furloughed employees during the federal government shutdown.
- MSGCU was named **Outstanding Credit Union** by the MCUL in October 2014. 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.
- MSGCU is proud to have been named one of the **Top 100 Workplaces** by the "Detroit Free Press" for the second consecutive year. Winners are determined through an independent survey.



In the Community

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...

Classroom Cash Grants: Rewarding Innovation

Sixty (60) educators were **awarded more than \$43,000** in grants. 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.

Scholarships: Upholding the Value of Education

As a credit union founded by teachers, we strongly believe in the power of education. We were proud to award more than **\$75,000** to students in 2014 to help offset the costs of higher education. Scholarships were awarded to high school seniors, students studying to be educators, and future first responders.

Financial Education and Community Partnership

Holding true to 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.

- Partnered with 66 schools and took part in 105 community events
- 66 Classroom Presentations
- 138 Financial Education Workshops
- 3,635 in attendance for workshops and offsite education

Volunteerism and Outreach

MSGCU embodies helping others and employees of the Credit Union reach out to others more often than during a traditional workday. In fact, more than **75 local organizations** benefited from 1,500 of community service from MSGCU management and supervisory level employees alone.

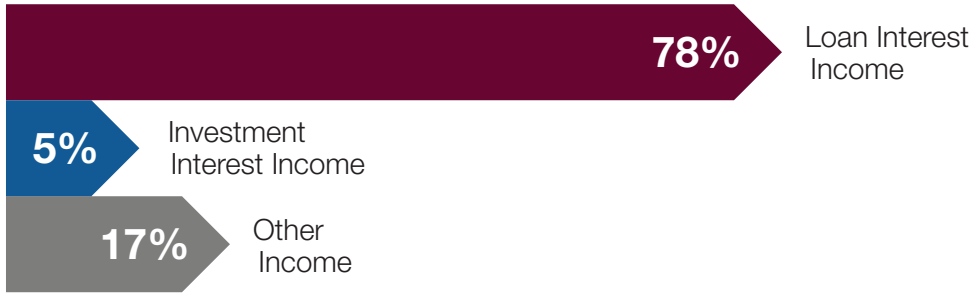
We Want to Hear From You!

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 with your finances. Contact us today with your questions and comments.

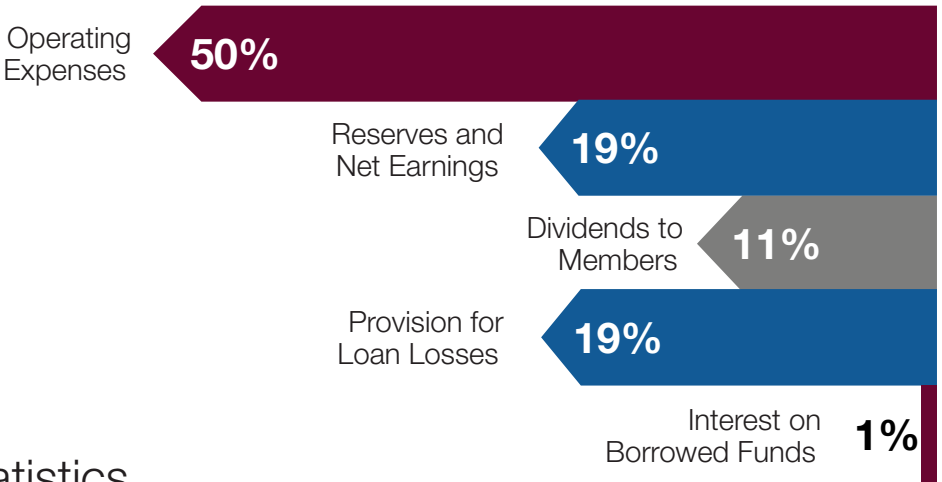
- Visit one of our 11 offices
- Call 586.263.8800 or 1.866.MSGCU4U
- Visit msgcu.org
- On Facebook, Twitter, LinkedIn, and Foursquare

2014 Year at a Glance

Sources of Revenue



Uses of Revenue



Statistics

Loans



Assets

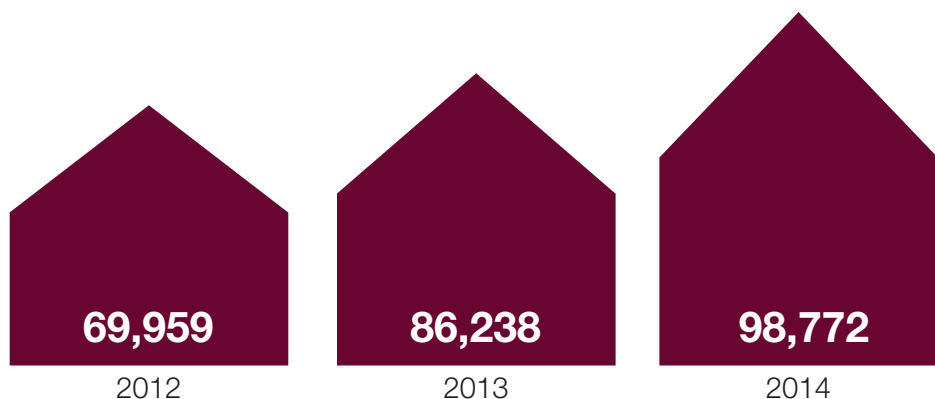


Capital/Retained Earnings



2014 Year at a Glance

Number of Members



Balance Sheet (as of December 31)

Assets	2014	2013
Cash and Investments	\$297,561,589	\$368,804,700
Loans to Members	\$1,165,982,118	\$1,006,635,339
Land, Buildings, and Equipment	\$34,793,128	\$23,469,753
Other Assets	\$39,986,105	\$37,591,632
Total Assets	\$1,538,322,940	\$1,436,501,424
Liabilities and Net Worth		
Member Savings	\$1,289,669,153	\$1,214,586,897
Other Liabilities	\$86,497,943	\$72,596,456
Retained Earnings	\$162,155,844	\$149,318,071
Total Liabilities and Net Worth	\$1,538,322,940	\$1,436,501,424

2014 Income Statement

As of December 31:

	2014	2013
Interest Income		
Interest on Loans	\$54,172,137	\$41,580,216
Interest on Investments	\$3,381,346	\$4,688,283
Total Interest Income	\$57,553,483	\$46,268,499
Cost of Funds		
Interest and Dividends Expense	\$7,567,623	\$6,456,931
Interest on Borrowed Funds	\$534,862	\$115,033
Total Cost of Funds	\$8,102,485	\$6,571,964
Net Interest Income	\$49,450,998	\$39,696,535
Other Income & Gain/Loss on Asset Sales	\$11,614,835	\$11,233,597
Total Income	\$61,065,833	\$50,930,132
Operating Expenses		
Salary and Benefits	\$18,610,787	\$16,334,575
Board and Staff Expenses	\$605,036	\$550,679
Office Occupancy	\$2,463,646	\$2,378,602
Office Operations	\$5,271,641	\$4,295,620
Promotions and Advertising	\$1,245,327	\$1,668,297
Loan Servicing	\$4,098,556	\$3,369,621
Professional & Outside Services	\$2,013,709	\$2,008,108
Miscellaneous Expenses	\$419,538	\$1,150,623
Total Operating Expenses	\$34,728,060	\$31,756,125
Net Income Before Loss Loan Provision	\$26,337,773	\$19,174,007
Provision for Loan Losses	\$13,500,000	\$4,750,000
Net Income	\$12,837,773	\$14,424,007

60
years
of service

Convenient Locations and a Full-Time Call Center to Serve You

Clinton Township - Main Office

40400 Garfield Road

Chesterfield

34700 23 Mile Road

45120 Market Place Boulevard

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

COMING SOON

8 Mile & Farmington, Livonia

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

Sunday: Closed

586.263.8800 | 1.866.MSGCU4U

msgcu.org