



**2014
Annual Report**



generations
federal credit union



Letter From The President

One of the best examples of our staff's hard work and dedication in 2014 can be found within the goals we set for ourselves, and one of those was to surpass \$500 million in assets. In late April, we treated our staff to a night at Dave and Busters to celebrate achieving that milestone. Despite this unprecedented growth, our commitment to member service and convenience has not wavered.

During the past year, our credit union undertook quite a few initiatives to provide you with products and services that allowed greater convenience and access including the launch of our Smart Deposit (deposit by smart device) feature. This exciting feature allows members to simply snap a picture, press a button and deposit funds into their accounts, continuing on with their busy lives.

We also enhanced our website and made updates to our Bill Payment and Online Banking system. We also made several upgrades to our mobile app, including the ability to view pending payments. Additionally, you can now apply for our popular Skip-A-Payment program through our website as well.

We also partnered with San Antonio-based SWBC to offer a variety of insurance products, both personal and business, to assist you, your family and your company. This program provides our members with access and discounts to some of the country's top-rated insurance carriers including Travelers, The Hartford and Progressive.

In September, the members of San Antonio Water System Federal Credit Union (SAWS FCU) voted to merge with Generations. SAWS FCU faithfully served their members for more than 56 years. When their leadership team and Board of Directors began to explore the possibility of a merger, they wanted to ensure their members would retain the personalized and detailed service they had come to expect. We are honored that SAWS FCU knew they could find that commitment and shared philosophy at our credit union.

In 2014, we also once again deepened our relationship with H-E-B to include two additional branch locations at IH-10 and Wurzbach and another at 1604 and Culebra in the popular Alamo Ranch area. In 2015, we will once again expand our branch footprint with a location at IH-35 and 3009 in Schertz. That branch was opened in the first quarter of 2015.

We also made some much needed updates to our presence in the East side of our community with the relocation of our South W.W. White Branch and relocated the branch less than a mile down the road to the intersection of Rigsby and South W.W. White. This new building offers nearly double the space and parking of our old location.

Our credit union has many ambitious goals and plans for 2015 including the implementation of a credit card rewards program, person-to-person payments on our mobile app and enhanced mortgage options.

But these past 75 years, and the next 75 to come, would not be possible without the most important component of our credit union... you... our member, our owner and our partner. I thank you again for your continued trust in our credit union and our future. I wish you happiness and prosperity in 2015.

With best regards,

Steve Schipull
President/CEO



Letter From The Board of Directors

75 years ago, nine gentlemen crowded into a room on a sweltering July day. These individuals had just come through the struggles of the worst economic period in our nation's history. Those trials fresh on their minds, their goal was to create a financial institution that served everyone in our community.

As I look back over the years, I cannot imagine they could have anticipated the unprecedented growth, prosperity and development of the small financial institution they created. Yet here we are years later, living out their core values every day... service to our members, service to each other and service to the community.

I am filled with pride when I review our accomplishments, from our humble beginning in the basement of Fire Station No. 1, to our most recent branch opening in Schertz - our 15th branch. I know these gentlemen would have been proud of the legacy they left behind.

This past year we continued the tradition that was so important to them - service to the community. Our credit union continued to support countless organizations around our community including: The San Antonio Fire Museum, Goodwill Industries, Visitation House, San Antonio Park Police, the Police Athletic League, the San Antonio Police Officers Association, the North San Antonio Chamber of Commerce, the San Antonio Chamber of Commerce, the Hispanic Chamber of Commerce and of course, Credit Unions For Kids.

We continued our support of at-risk children through our partnership with KENS 5 and their Bill's Elves initiative. In 2014, this event raised more than 7,000 toys for local children under the care of Child Protective Services. Our staff volunteered their time and talents to make this program successful.

I'm also proud to report that we continued our annual program, Turkey Express. Reaching back to our Fire Station roots, we provide turkeys and pre-cooked hams to Firemen and Policemen in San Antonio who give up their Thanksgivings to protect and serve our families. Generations staff members broke out into 16 teams and bagged, iced and delivered turkeys and hams to the 51 Fire stations and eight Police stations. Our partners at H-E-B graciously donated the delivery coolers and Fire Station No. 1 served as the volunteer hub as we loaded cars and delivered our precious goods.

I also have the pleasure of announcing that Generations has once again been named as a recipient of the National Desjardins Youth Financial Education award. Our team flew to Washington DC in March to receive their recognition as the top credit union youth financial education program in the country. They are a tremendously dedicated team and so deserving of this award.

And once again I'm pleased to report that Generations has, for the fifth year in a row, been named as a Top Workplace by the *San Antonio Express-News* and as a Healthiest Employer by the *San Antonio Business Journal*. Our credit union was recognized among some of our community's leading local businesses as one that makes our staff feel valued, have confidence in management as well as the direction of the company. I know the entire Board and myself are truly honored by this recognition from our staff, and we will continue to work very hard to meet and exceed their expectations.

We cannot look back on 75 years of growth without casting an eye toward the future of our credit union. I know that Steve and his leadership team have many strategic initiatives planned for Generations, but I know every action we take will be done with those same goals that were laid out on that July day in 1940: service to our members, service to each other and service to our community.

Rose Rangel
Chair, Board of Directors



Letter From The Treasurer

As Treasurer for the Board of Directors, I am pleased to report that Generations Federal Credit Union continued our positive financial performance throughout 2014. The strong growth over the past 74 years has been a vital part of our ability to meet our members' needs.

Our growth over fiscal years 2013 and 2014 is as follows:

	2014	2013	Percentage Change
Total Assets	\$501,691,734	\$437,640,996	14.6%
Total Member Investments	\$445,490,412	\$388,080,426	14.8%
Total Member Loans	\$308,203,257	\$284,143,043	8.5%

For the year ending December 31, 2014, the credit union's gross income totaled \$31,499,796; and year-to-date net income/(loss) was \$2,327,431.

Generations' staff will continue to respond to the changing economic environment to meet the needs of our most precious asset, our members; and our commitment to sound fiduciary responsibility remains unwavering.

I look forward to the continued success of our credit union, its growth and future expansion.

Paulette McClure
Treasurer, Board of Directors



Letter From The Supervisory Committee

Generations Federal Credit Union conducts two independent fiscal audits every year. These actions are taken to ensure that your assets are protected to the best of our abilities, that all proper safeguards are squarely in place and that our records are accurate.

In 2014, the Credit Union's Vice President of Audit and Compliance worked with Padgett Stratemann & Co. and the National Credit Union Administration (NCUA) to fully complete these two independent audits successfully.

NCUA examined our fiscal operations and stability, and gave us high marks. Padgett Stratemann & Co. found that our records and operations comply with all federal regulations and that Generations is financially safe and sound. Based on the results of these independent reviews, the Supervisory Committee is pleased to assure members that Generations Federal Credit Union is a sound and secure financial institution for your money.

The Supervisory Committee serves as a liaison between the members, volunteers, management and staff of the credit union. The Committee is established by law as a key part of the credit union's operational process and fiscal soundness. We are proud to serve you and your family.

Andrew Estrada
Chair, Supervisory Committee

Comparative Balance Sheet

Assets	31-Dec-14 (unaudited)	31-Dec-13 (unaudited)
Loans (Note III)	\$308,203,257	\$284,143,043
Allowance for Loan Loss (Note IV)	(2,580,018)	(3,272,480)
Cash	13,936,107	9,740,261
Investments (Note V)	142,893,214	113,690,878
Accrued Interest	1,616,304	1,403,530
Prepaid Expenses	965,717	823,511
Other Assets (Note XII)	16,246,744	12,031,260
Fixed Assets (Net) (Note VI)	20,410,049	19,080,994
Total Assets	\$501,691,374	\$437,640,997
Liabilities		
Accounts Payable	\$3,124,574	\$3,783,613
Notes & Interest Payable	86,380	90,319
Accrued Expenses	1,772,508	1,063,234
Other Liabilities	254,683	266,228
Total Liabilities	\$5,238,145	\$5,203,394
Equity		
Regular Shares (Note VII)	\$121,900,021	\$112,527,034
IRAs (Note VII)	20,157,578	18,763,329
Term Share Certificates (Note VII)	130,561,242	129,612,604
MMIA's (Note VII)	84,255,221	63,841,300
Share Drafts (Note VII)	88,616,350	63,336,160
Regular Reserves (Note VIII)	7,178,339	7,082,163
Undivided Earnings (Note XI)	43,784,478	37,275,013
Total Equity	\$496,453,229	\$432,437,603
Total Liabilities and Equity	\$501,691,374	\$437,640,997

Comparative Income Statement

Year Ended December 31	2014 (unaudited)	2013 (unaudited)
Income		
Loan Interest Income	\$17,999,732	\$17,686,249
Investment Interest Income	3,116,120	2,332,926
Member Fees and Other Income	10,383,944	9,470,924
Total Income	\$31,499,796	\$29,490,099

Expenses		
Less: Operating Expenses	(\$24,661,737)	(\$23,112,680)
Less: Loan Loss Provision	(1,800,590)	(2,065,322)
Income Before Dividends	5,037,469	4,312,097
Less: Dividends to Members	(2,512,798)	(2,537,576)
Net Income from Operations	2,524,671	1,774,521
Non-Operating Gain (Loss) (Note IX)	(\$197,240)	(\$954,161)
Net Income After Gain (Loss)	\$2,327,431	\$820,360

Historical Data					
	2014	2013	2012	2011	2010
Loans	\$308,203,257	\$284,143,043	\$268,729,251	\$242,922,216	\$237,420,952
Savings	\$445,490,412	\$388,080,426	\$356,531,507	\$337,242,711	\$338,747,892
Assets	\$501,691,374	\$437,640,996	\$404,054,118	\$384,599,163	\$389,718,402
Dividends	\$2,512,798	\$2,537,576	\$2,607,064	\$3,393,735	\$4,655,345
Expense	\$26,462,327	\$25,178,002	\$25,135,554	\$23,448,044	\$25,869,164
Income	\$31,499,796	\$29,490,099	\$29,653,491	\$30,257,546	\$32,206,228

I Nature of Business and Organization

Generations Federal Credit Union, formerly known as San Antonio City Employees Federal Credit Union, was organized July 11, 1940, as a federal credit union under provisions of the Federal Credit Union Act of 1934. The purpose of creating the credit union was to promote a thrift among its members and to create a source of credit. The principal common bond shared by the Credit Union's members is their affiliation with the City of San Antonio. Membership over the years grew to include family members, employees of other organizations, and residents in specific geographic regions. In 2006, the credit union received approval from the National Credit Union Administration to serve all individuals who live, work, worship, attend school or volunteer in Bexar County.

II Summary of Significant Accounting Policies

Loans to Members and Allowance for Loan Losses

Loans are stated as outstanding principal balances, reduced by the allowance for loan loss. The allowance is an amount that management believes will be adequate to absorb losses on existing loans that may become uncollectible. The allowance for loan losses is increased by charges to income and decreased by charged-off loans net of recoveries. The balance of the allowance for loan losses is adjusted monthly based on management's estimate of losses and prior loan loss experience. Interest is recognized over the term of the loan and is calculated using the simple interest method on principal amounts outstanding. Interest income is accrued and credited to operations monthly on those loans that are current up to 60 days delinquent.

Investments

In May 1993, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 115, Accounting for Certain Investments in Debt and Equity Securities (SFAS No. 115). In accordance with SFAS No. 115, the Credit Union reports all "held to maturity" securities at amortized cost. All other debt securities are classified as "available for sale" and recorded at fair market value. Unrealized gains and losses are reported as a separate component of members' equity until realized.

Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation. They are depreciated over their useful lives using the straight-line method.

Income Taxes

The Credit Union is exempt from federal and state income taxes in accordance with Section 122 of the Federal Credit Union Act.

III Loans to Members

The composition of loans to members at December 31, 2014, is as follows:

Automobiles.....	\$129,485,747
Real Estate.....	109,192,708
Credit Cards.....	28,486,762
Personal Unsecured.....	18,489,677
Line of Credit.....	6,995,465
Commercial Loans.....	2,768,063
Other.....	4,956,663
All Other	7,828,172
Total Loans to Members	\$308,203,257

Notes To Financial Statements

IV Allowance for Loan Losses

A summary of the changes in the allowance for loan losses for the year ended December 31, 2014, is as follows:

Balance at January 1, 2014.....	\$3,272,480
Provision for Loan Losses	1,797,336
Loans Charged to the Allowance.....	-3,251,983
Recoveries.....	762,185
Balance at December 31, 2014	\$2,580,018

V Investment Securities

The Credit Union's securities portfolio at December 31, 2014, is as follows:

	Book Value	Market Value	Unrealized Gain/ (Loss)
Held to Maturity:			
Agency Security	0	0	0
Time and Other Deposits	\$7,489,686	\$7,489,686	0
Investment in CUSO	120,000	120,000	0
Total Held to Maturity	\$7,159,947	\$7,159,947	0

	Book Value	Market Value	Unrealized Gain/ (Loss)
Available for Sale:			
Agency Notes/Bonds- FR	\$18,527,403	\$18,584,603	\$57,200
MBS-Fixed Rate	22,548,097	22,536,506	(11,591)
MBS-Variable Rate	7,977,501	8,010,502	33,001
Muni Taxable - Fixed Rate	7,934,972	7,778,493	(156,479)
CMO Fixed Rate	60,996,334	63,906,029	2,909,695
CMO Variable Rate	1,871,449	1,901,546	30,097
Certificates of Deposit-FR	988,000	1,001,808	13,808
CMBS-Fixed Rate	11,549,587	11,564,041	14,454
Total Available for Sale	\$132,393,343	\$135,283,528	\$2,890,185

Total Investment Securities	\$139,553,290	\$142,893,214	\$2,890,185
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Notes To Financial Statements

The book value and estimated market values of investment securities at December 31, 2014, by contractual maturity are shown below:

	Book Value	Market Value
Due in one year or less	\$0	\$0
Due after one year through three years	5,251,048	5,258,185
Due after three years through five years	14,544,433	14,530,350
Due after five years through ten years	26,935,133	26,978,441
Due after ten years	85,662,729	88,516,552
	\$132,393,343	\$135,283,528

VI Fixed Assets

Fixed Assets at December 31, 2014, are as follows:

	Cost	Accumulated Depreciation	Net
Land	\$3,710,305	\$0	\$3,710,305
Land Improvements	433,393	96,654	336,739
Buildings	16,194,215	4,143,640	12,050,575
Furniture and Equipment	3,226,180	2,078,172	1,148,009
Data Processing Equipment	10,015,058	6,900,395	3,114,663
Credit Union Automobiles	90,913	41,154	49,759
Total Fixed Assets	\$33,670,064	\$13,260,015	\$20,410,049

VII Member Deposits

A summary of deposits at December 31, 2014, is as follows:

Regular Shares	\$114,151,757
Individual Retirement Accounts	20,157,578
Term Share Certificates	130,561,242
Money Market Investment Accounts	84,255,221
Share Drafts.....	88,616,350
Non Member Shares.....	7,748,264
Total Member Deposits.....	\$445,490,412

A summary of deposits by maturity at December 31, 2014, is as follows:

Maturity within one year	\$406,651,231
One to three years.....	30,246,209
Greater than three years	8,592,972
	\$445,490,412

Notes To Financial Statements

VIII Regular Reserves

On February 3, 2000, the NCUA adopted a final corrective action rule to implement provisions of the Credit Union Membership Access Act. One of the provisions of this act restates regular and special reserve requirements and transfers to regular reserves for undercapitalized credit unions. Under these rules, a credit union must increase its net worth until it is “well capitalized”, that is, when it’s net worth is equal to or greater than 7%. As of December 31, 2014, Generations Federal Credit Union’s net worth was 9.93% well above the 7% rule. As long as the net worth percentage stays above 7%, Generations will not be required to make a reserve transfer.

IX Non-Operating Gain (Loss)

A summary of non-operating gains (losses) for the year ended December 31, 2014, is as follows:

Gain (loss) on Investments.....	(\$78,583)
Gain (loss) on Real Estate Owned.....	1,126
Gain (loss) on Disposition of Assets.....	(119,783)
Gain (loss) on Extraordinary Items	0
Total Non-Operating Gain (Loss)	(\$197,240)

X Contingent Liabilities

A summary of contingent liabilities at December 31, 2014, is as follows:

Line of Credit.....	\$33,974,280
Privilege Pay	10,249,500
Total Contingent Liabilities.....	\$44,223,780

Contingent Liabilities

This amount represents the unused amount of credit line that members have available on their Letters of Credit, Credit Card accounts, Lines of Credit loans, and the unused privilege pay balances.

XI Undivided Earnings

A summary of undivided earnings as of December 31, 2014, is as follows:

Balance January 01, 2014.....	\$37,275,013
U/R Gain/Loss - AFS Securities increase	\$920,332
Other Comprehensive Income increase	\$3,068,351
2014 Net Income	\$2,520,782
Balance December 31, 2014	\$43,784,478

XII Other Assets

A summary of other assets at December 31, 2014, is as follows:

Defined Benefit Plan	\$10,768,964
NCUA Share Insurance Fund	3,798,752
Receivables.....	1,256,299
Other Assets	36,638
Assets Held for Sale	386,091
Total Other Assets	\$16,246,744

Leadership

Board of Directors

Rose Rangel, Chair
Leroy Harvey, Vice Chair
Robert Guerra, Secretary
Paulette McClure, Treasurer
Tom DeSot
Rosalie Manzano
Joseph Martinez
Neira S. White
George Whitfield, Jr.

Supervisory Committee

Andrew Estrada, Chair
Ronald Moure, Secretary
Ervey Banda
Terran Segura
Charles Toudouze

Executive Officers

Steve Schipull, President/CEO
Christine Voigt, Chief Operations Officer
Geraldine Breeding, Chief Financial Officer
Wes Barnett, Chief Information Officer
Wendy Bryant-Beswick, Chief Marketing Officer
Clay Thompson, Chief Lending Officer

Vice Presidents

Bonnie Aguilar, VP of Business Development
Jack Curtis, VP of Consumer & Mortgage Lending
Juan DeHoyos, VP of Member Experience
Jason Dizon, VP of Information Technology
Ashley Harris, VP of Corporate Communications
Jessica Hernandez, VP of Audit and Compliance
Angela Howorth, Senior VP of Human Resources
Kenneth Raymie, VP of Member Business Services
Kimberli Schaefer, VP of Branch Operations
Marcel Theriot, VP of Finance

Locations

Mailing Address

P.O. Box 791870
San Antonio, Texas 78279-1870
www.MyGenFCU.org
210-229-1128

Headquarters

9311 San Pedro Ave., Suite 1100

Balcones Heights

4005 Fredericksburg Rd.

Downtown

1828 N. St. Mary's St.

Goodwill Retail Branch

13311 San Pedro Ave.

North Central

9311 San Pedro Ave.

Northwest

6000 N. W. Loop 410

Southeast

1945 S. W.W. White Rd.

Southside

7503 Yarrow Blvd.

HEB Retail Branches

10718 Potranco Rd.
1150 N.W. Loop 1604
18140 San Pedro Ave.
9255 FM 471 West
24165 IH-10 West, Suite 300
10660 W. FM 471
9900 Wurzbach Rd.
17460 IH-35N, Schertz, TX 78154

Regulated and Supervised By:

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Region IV - Austin
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Savings Insured By:

National Credit Union Administration
up to \$250,000 for each qualified account



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