

# ANNUAL REPORT

2016



[MYGENFCU.ORG](http://MYGENFCU.ORG)



**generations**  
federal credit union



# Letter from the CEO

At Generations Federal Credit Union, we're making it easier to do business with us. In 2016, we added several new product and service offerings designed to help members manage their personal finances.



We launched the new Generations Investment Group program in partnership with CUSO Financial Services, L.P. Our dedicated financial advisor has helped members create personalized financial plans to help them achieve their short and long term financial goals. We are excited to be able to help members and their families plan for a financially secure future as a benefit of membership.

We introduced our mortgage program, bringing a talented and energetic group of mortgage banking professionals to add this important service to members. We now offer a full portfolio of real estate loans, including new home purchases, home loan refinance, and home equity loans.

We also made improvements to our online and mobile banking platforms, helping members keep track of their accounts around the clock. Our online banking portal now features navigation enhancements and other updates to improve ease of use. Our mobile banking iPhone and Android applications were also updated, with new menus and icons to improve ease of use.

Members who hold our Rewards Credit Card received an increased cash back reward of 1.5% on all purchases made with the card. With rewards cash automatically deposited into the cardholder's designated deposit account, there's no limit on the amount of cash that may be earned.

In 2016, the National Credit Union Administration (NCUA) granted our request to expand our field of membership to include individuals who live, work, worship, volunteer, attend school or own a business in Atascosa, Bandera, Comal, Guadalupe, Kendall, Medina and Wilson Counties. This allows us to extend membership at our branches inside H-E-B grocery stores at Leon Springs and Schertz, as well as plan for future growth in this expanded service area.

I am pleased to look back at 2016 and see that we're working to provide members products and services to help them manage their personal finances. While we look forward to continued financial strength and growth, we understand that members are at the heart of everything we do. We will continue our focus on ease of use and creating an outstanding service experience to members.

*“At Generations Federal Credit Union, we're making it easier to do business with us.”*

I thank you for your membership, and look forward to continuing to serve you in the future.

Steve Schipull  
President and CEO

# Letter from the Board Chair



Your Generations FCU Board of Directors is made up of volunteers of your credit union member peers who provide governance and oversight. Each one of us comes to the Board with a strong history of active membership in Generations. We understand the cooperative power of credit unions, and we respect the credit union philosophy of “people helping people.” As members and volunteers, we know that Generations has the capability to positively impact members’ lives, as well as the quality of our community.

I’m happy to share with you that in 2016, Board Members Rosalie Manzano, Paulette McClure and Neira White received the Volunteer Expert Designation from the National Association of Federally-Insured Credit Unions. This prestigious designation marks the successful study of credit union fiduciary, regulatory, management and governance concepts.

As mentioned in the Letter from our President in this report, our community of eligibility grew significantly in 2016. Our field of membership was expanded to include residents in all of the counties surrounding San Antonio. We are so honored that we may now extend the benefits of a financial cooperative to individuals and businesses located in Atascosa, Bandera, Comal, Guadalupe, Kendall, Medina and Wilson counties. We look forward to serving these communities.

Generations continued to support the United Way Employer Contribution Campaign in 2016 for the fourth consecutive year. Employees signed up to contribute over \$20,000 to support nonprofit, community serving organizations in our area. Some of our employees were also able to visit with and volunteer at local United Way agencies such as Any Baby Can, the Texas Diaper Bank and the San Antonio Food Bank.

Our community involvement this year included our 2016 Future Leader Scholarship. We conducted our competitive college scholarship application process beginning in November 2015, and in Spring 2016 we announced the eleven credit union members who would each receive \$1,000 in scholarship funds for the Fall 2016 academic term. We are happy to contribute to these future leaders’ education and wish them the best in their scholastic endeavors.

We supported the KENS-5 Annual Bill’s Elves School Supply Drive, benefiting more than 8,000 local children living in foster care through Child Protective Services. Generations employees and their families volunteered time to donate and collect school supplies for these young people, who are among those in most need of help in our community, as they headed back to school in August.

We participated in National Night Out, a national initiative that takes place each October in San Antonio. Over 75% of our branches celebrated this event in partnership with homeowner associations, schools, businesses and service organizations to get to know our neighbors better, and to remind them that we are here to support their financial goals.

Employees also participated in the American Heart Association’s San Antonio Heart Walk in November. Our team members raised money to walk or run in the annual 5K to help eradicate cardiovascular disease that is so prevalent in our city, joining the movement to build awareness and prevention.

We wrapped up 2016 with another successful year of Bill’s Elves Toy Drive. Thanks to the generosity of our community and employees, as well as our partners, KENS-5 and Corner Store, we raised record donations of over \$13,000 to purchase toys for local children in need.

Your Board of Directors and volunteer committee members will continue to make sure that Generations continues to expand and improve our product offerings, as well as service to our members, and engagement in the communities we serve.

Rose Rangel  
Chair, Board of Directors

## Letter from the Treasurer



I am pleased to report that Generations Federal Credit Union continued our positive financial performance throughout 2016. Our strong financial position allows us to continue to meet our members' needs.

For the year ending December 31, 2016, the credit union's gross income totaled \$39,632,039 and year-end net income was \$2,434,175.

The Generations management team will continue to improve efficiencies and respond proactively to the changing economic environment to ensure fiscal stability. Our commitment to sound fiduciary responsibility is unwavering.

Ronald Moure  
Treasurer, Board of Directors

	2016	2015	Change
ASSETS	\$634,264,459	\$593,379,861	6.89%
LOANS	\$440,216,727	\$409,247,252	7.57%
DEPOSITS	\$581,624,542	\$536,048,739	8.50%

## Letter from the Supervisory Committee



In 2016, Generations Federal Credit Union conducted two independent fiscal audits. 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 2016, the Credit Union's Vice President of Risk Management worked with RSM US, LLP (formerly Padgett Stratemann & Co.), and the National Credit Union Administration (NCUA) to successfully complete these two independent audits.

RSM US, LLP found that our records and operations comply with all federal regulations, and that Generations is financially safe and sound. The NCUA examined our fiscal operations and stability, and gave us high marks. 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.

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.

Anthony Rogers, Ph.D.  
Chair, Supervisory Committee

# Comparative Balance Sheet

Assets	Dec. 31, 2016 (unaudited)	Dec. 31, 2015 (unaudited)
Loans	\$440,216,727	\$409,247,252
Allowance for Loan Loss	(4,889,690)	(3,576,654)
Cash	55,575,611	18,411,059
Investments	104,281,826	131,261,869
Accrued Interest	1,819,472	1,854,899
Prepaid Expenses	1,925,626	1,670,577
Other Assets	17,905,117	14,935,808
Fixed Assets (Net)	17,429,771	19,575,052
<b>Total Assets</b>	<b>\$634,264,459</b>	<b>\$593,379,861</b>

Liabilities		
Accounts Payable	\$5,801,118	\$6,017,912
Notes & Interest Payable	141,991	117,844
Accrued Expenses	1,157,784	1,369,515
Other Liabilities	302,695	322,695
<b>Total Liabilities</b>	<b>\$7,403,587</b>	<b>\$7,827,966</b>

Equity		
Regular Shares	\$118,762,849	\$113,826,806
IRAs	25,552,518	26,386,619
Term Share Certificates	167,039,649	139,424,702
MMIA's	93,323,924	90,902,421
Share Drafts	111,321,881	102,822,645
Non Member	65,623,720	62,685,547
Regular Reserves	7,082,163	7,178,339
Undivided Earnings	38,154,167	42,324,816
<b>Total Equity</b>	<b>\$626,860,872</b>	<b>\$585,551,894</b>

<b>Total Liabilities and Equity</b>	<b>\$634,264,459</b>	<b>\$593,379,861</b>
-------------------------------------	----------------------	----------------------

# Comparative Income Statement

Year Ended December 31	2016 (unaudited)	2015 (unaudited)
<b>Income</b>		
Loan Interest Income	\$24,003,982	\$19,963,836
Investment Interest Income	3,136,653	3,541,487
Member Fees and Other Income	12,491,404	11,741,026
<b>Total Income</b>	<b>\$39,632,039</b>	<b>\$35,246,349</b>

<b>Expenses</b>		
Less: Operating Expenses	(\$27,062,545)	(\$26,980,236)
Less: Loan Loss Provision	(7,906,107)	(4,712,778)
Income Before Dividends	4,663,387	3,553,335
Less: Dividends to Members	(3,281,226)	(2,725,527)
Net Income from Operations	1,382,161	827,808
Non-Operating Gain (Loss)	\$1,052,014	\$11,863
<b>Net Income After Gain (Loss)</b>	<b>\$2,434,175</b>	<b>\$839,671</b>



## Padgett Stratemann

### Independent Auditor's Report

To the Supervisory Committee  
Generations Community Federal Credit Union  
San Antonio, Texas

#### ***Report on the Financial Statements***

We have audited the accompanying consolidated financial statements of Generations Community Federal Credit Union and its subsidiary, which comprise the consolidated statements of financial condition as of June 30, 2016 and 2015, and the related consolidated statements of income, comprehensive income (loss), members' equity, and cash flows for the years then ended and the related notes to the consolidated financial statements.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

#### **AUSTIN**

811 BARTON SPRINGS ROAD, SUITE 550  
AUSTIN, TEXAS 78704  
512 476 0717

#### **HOUSTON**

1980 POST OAK BOULEVARD, SUITE 1100  
HOUSTON, TEXAS 77056  
800 879 4966

#### **SAN ANTONIO**

100 N.E. LOOP 410, SUITE 1100  
SAN ANTONIO, TEXAS 78216  
210 828 6281

TOLL FREE: 800 879 4966  
WEB: PADGETT-CPA.COM



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Generations Community Federal Credit Union and its subsidiary as of June 30, 2016 and 2015, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

*Padgett, Statemann + Co., L.L.P.*

San Antonio, Texas

October 27, 2016

# Member Stories

## **New Mortgage for the Retersdorfs**

First-time home buyer Aaron Retersdorf wasn't initially in the market for a new home, but he and his wife came across an opportunity and decided to make an offer. "We made an offer to the seller, and they took it, but we needed to close quickly," Mr. Retersdorf explained.

Mr. Retersdorf turned to Generations because he'd established a successful relationship with our Commercial Lending team, and he'd confirmed with the seller that he could close within their 35-day requirement. The Retersdorfs were prequalified within days and immediately began the closing process, working with a Mortgage Consultant who Mr. Retersdorf commended for his service and expertise. The Retersdorfs were in their home soon after the closing.

Mr. Retersdorf added, "I'd worked with the Commercial team, and they are top notch. When they found out I was looking for a mortgage, they told me that the credit union was the only way to go."

Congratulations to the Retersdorfs on their first home. We appreciate the opportunity to assist them with becoming homeowners.

## **Rodriguez Family Auto Loan**

Gilbert and Sylvia Rodriguez recently closed two loans at Generations FCU. Mr. and Mrs. Rodriguez were so pleased with their experiences that they contacted a Lending Manager to tell them about it.

"My wife and I met two exemplary employees... (we) were very pleased and happy with the help we received," Mr. Rodriguez stated. He commended our representatives in Lending and in the branch for taking time to answer questions and explain details, from the application through the signing process. He thanked our employees for making these transactions easy and smooth.

We are honored to have had the opportunity to Make a Difference Daily for Mr. and Mrs. Rodriguez.

## **Associate Story**

St. Mary's Branch Manager Rozeanne Cantu understands first-hand our commitment to Making a Difference Daily. Both of her parents were employees of the City of San Antonio and Generations members, and she opened her first account at Generations when she began to work at age 16.

Rozeanne earned her Bachelor's in Business Administration from Our Lady of the Lake University with a Minor in Organizational Leadership. She was a teller at SAWS Federal Credit Union, which became part of Generations in 2014. After serving members as a Financial Advisor III, she moved into the role of Branch Supervisor, and was recently appointed Branch Manager.

"I believe in treating others the way that I want to be treated," Rozeanne says. "So when I help members, I want to provide the service that I expect. I want to put myself in the members' shoes and make sure they have a great member experience." Rozeanne says that the trend in branches is to use more automated services and to rely on technology. "At my branch, I want to reverse that trend by knowing members by name, checking on them, and being there for them."

Rozeanne looks forward to continuing to grow at Generations. "I want to be the best leader I can. I want to help educate young people for the future, and help them learn how to save, how to use a credit card, and get started on the right path." Rozeanne's own 16 year old daughter is now also a member, continuing the tradition of generations of membership.

We thank Rozeanne for being with Generations through the years, from membership to leadership.

## Board of Directors & Leadership



**Rose Rangel**  
Board Chair



**Leroy Harvey**  
Board Vice-chair



**Paulette McClure**  
Secretary



**Ronald Moure**  
Treasurer



**Tom DeSot**



**Joseph Martinez**



**Rosalie Manzano**



**Neira South-White**



**George Whitfield, Jr.**

**Anthony Rogers**  
Supervisory Committee Chair

**Chuck Toudouze**  
Supervisory Committee

**Steve Schipull**  
President & CEO

**Wes Barnett**  
Chief Information Officer

**Geraldine Breeding**  
Chief Financial Officer

**Ken Raymie**  
Chief Risk Officer

**Brandi Campbell**  
Chief Retail Officer

## Locations

Downtown Branch  
1828 N. St. Mary's Street  
San Antonio, TX 78212

Balcones Heights Branch  
4005 Fredericksburg Rd.  
San Antonio, TX 78201

Southeast Branch  
1945 S. W. W. White Rd.  
San Antonio, TX 78222

North Central Branch  
9311 San Pedro Ave.  
San Antonio, TX 78216

Southside Branch  
7503 Yarrow Blvd.  
San Antonio, TX 78224

Northwest Branch  
6000 NW Loop 410  
San Antonio, TX 78238

HEB IH-10 and Wurzbach  
9900 Wurzbach Rd.  
San Antonio, TX 78230

HEB Grissom and Tezel  
9255 Grissom Rd.  
San Antonio, TX 78251

HEB Plus! 1604 and Blanco  
1150 N. Loop 1604 West  
San Antonio, TX 78248

HEB 281 and 1604 (closing 4/29)  
18140 San Pedro Ave.  
San Antonio, TX 78232

HEB Plus! 1604 and Potranco  
10718 Potranco Rd.  
San Antonio, TX 78251

HEB 1604 and Culebra  
10660 FM 471 West  
San Antonio, TX 78251

HEB Schertz  
17460 IH-35 North  
Schertz, TX 78154

HEB Leon Springs  
24165 IH-10 West  
San Antonio, TX 78257

**Coming Soon: Two new addresses at Hwy 281 & Evans and McCreless**

*Making a difference daily...*  
*it's what we do.*



# generations

federal credit union

**Regulated and Supervised By:**

National Credit Union Administration Region IV - Austin  
4807 Spicewood Springs Rd. Suite 5200  
Austin, TX 78759-8490  
512-342-5600 | [Region4@ncua.gov](mailto:Region4@ncua.gov)

**Savings Insured By:**

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

