



**2017** ANNUAL  
REPORT

FOUNDERS FEDERAL CREDIT UNION  
FEDERALLY INSURED BY NCUA

# 2017

**67** YEARS IN BUSINESS

**32** LOCATIONS

**712** EMPLOYEES

**4,672,584** TRANSACTIONS ON OUR TELLER LINES

**\$2.13** BILLION IN ASSETS

**216,505** MEMBERS

BUT, IT'S NOT ALWAYS ABOUT THE NUMBERS.

Information accurate as of December 31, 2017.

## FROM THE **PRESIDENT**

At Founders Federal Credit Union, we look at numbers every day. And no doubt, numbers are important. The numbers which give value to our credit union show our progress, growth and ability to handle whatever may come next in our economic world.

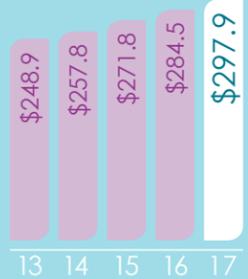
However, these numbers are not everything. These numbers do not show us the four-generation family who has held membership at Founders since the very beginning when we were only a small office in the back of a cotton mill. They do not show us the seven passenger van we just financed for a family of four welcoming twins in six weeks. These numbers do not show the retired couple who miscalculated their account and need help paying a high prescription bill so they won't miss their medication. And, they do not show the little boy with a smile on his face because Founders helped his school through our community donations and involvement.

These numbers show our strength, but not necessarily our compassion. Our compassion for our members truly sets us apart from our competitors. Because at Founders, you are more than just a balance or an account number. You are a member.

Bruce A. Brumfield  
President and Chief Executive Officer

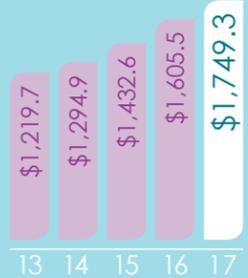
### NET WORTH

\$ IN MILLIONS



### NET LOANS

\$ IN MILLIONS



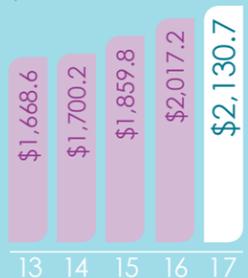
### NET INCOME

\$ IN MILLIONS

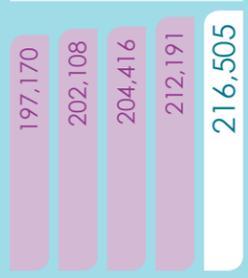


### TOTAL ASSETS

\$ IN MILLIONS



### MEMBERSHIP



13 14 15 16 17

## 2017 AT A GLANCE

2017 was another strong year for Founders Federal Credit Union.

We experienced \$146 million in loan growth and \$115 million in share growth, proving to be another exceptional year. Our membership has grown to over 216,000 members in all 50 states and nine countries.

### GROWTH

With the addition of two new offices – Richburg in Chester County and the Newport area of York County – we served 9,945 members in those two newest locations alone and completed a staggering 4,672,584 teller transactions throughout all of our offices. We installed several new ATMS throughout our membership areas to better serve our members and updated all Founders ATMs with the most secure Active Edge Card Readers, giving our members easier and more secure access to their money. We also updated and improved branch facilities, including our cash recyclers, to improve accuracy and efficiency on the teller line, and reduce wait times. In an effort to maintain our offices in a similar design standard, we continue to upgrade and renovate existing locations.

Our lending area remains successful in both the online and in person application world. In 2017, we formed the Consumer Loan Servicing Team, complete with designated Title Clerks. Our eBranch, consisting of 14 Loan Officers, approved and funded 13,314 loans in 2017.

Our Chester Branch held the highest in-branch approvals with 5,138 approved and funded loans in 2017. Our credit card portfolio grew \$21.7 million in 2017 with the addition of 7,219 new credit cards to our members. Our extended warranties, GAP plans, and payment protection plans paid out 3,244 claims in 2017, for a total of \$4,981,971 back in our members wallets.

### INNOVATION

We continue to expand our products and services so we can give our members all they need to manage their finances for growth and stability. In 2017, we introduced a new transaction and fraud alerts system to keep our members' money even more secure and the new PinNow with our Debit Cards, allowing our members to change their PIN when it's more convenient for them without having to visit an office. After receiving a very favorable response to our University of South Carolina Debit Card, we were able to launch our Clemson Debit Card, available to any member who qualifies for our Checking Account.

### EDUCATION

Our employees continue to advance their skills and abilities to further serve our members and their financial needs. Training topics and accomplishments for 2017 included loan closings, training for Financial Services Representatives, mortgage processing, new employee training and telephone etiquette. Within the credit union, we now have nearly 100 Financial Services Representatives to assist our members with any of our deposit and loan products, establishing an even greater relationship with our members. The new employee on-boarding experience was enhanced and revamped to make the process more informative and interactive.

### PREPARATION

Our Contact Center has also developed a new culture with additional agents and morale boosters as better morale leads to better member service. In our back offices we added more than 30 positions to more efficiently serve our membership and support technological changes throughout Founders. We have also continued to add new technology and services to our more than 700 employees from a Human Resources perspective, expanding our use of the Employee Self Service Portal and Blue CareOnDemand, which makes it easy for our employees to speak with a doctor, even if they are unable to make it to a doctor's office.

# BOARD OF DIRECTORS

## SECURITY

With increased product offerings and services available to our membership, we continue to have a strong focus on security. Our Cybersecurity Operation Center staff reviews and addresses current malware and cybersecurity events, giving us a leading edge to developing and creating our policies for account and information security. We have implemented countless products to manage and safeguard our members' personal identifiable information. With the upcoming move of departments to the new Rock Hill Center opening in July 2018, we spent much of 2017 upgrading our infrastructure for co-location management and future growth.

## ASSURANCE

Fraud is always present and ever-changing. We continue to seek opportunities to enhance the way we service fraud events, educate our employees and members, and track fraud to reduce risks and mitigate loss for the credit union. 2017 saw many changes and enhancements in the foundations of our fraud detection. Our focus has been on streamlining our processes and communication, and we have conducted additional training on fraud topics to employees to ensure our members' money and information is safe and secure.

## EXPANSION

In 2017, the Board of Directors approved 114 new business partners generating over 77,000 potential members. Also in 2017, NCUA approved 27 Underserved Census Tracts in Richland County, South Carolina, allowing the over 78,000 people who live in those census tracts to qualify for membership with Founders. We continue to work closely with our Business Partners to strengthen those relationships.

## INVOLVEMENT

Being present in our communities continues to be important to Founders. In 2017 Founders assisted over 500 organizations financially through sponsorships and donations. We have worked closely with groups and schools in our membership area to host our Mad City Money program, which continues to be a popular avenue to educate our youth on finances. In 2017 we conducted 11 simulations and 34 workshops which placed participants in a real world scenario. Our Community Relations team and Founders employees attended 249 events, making Founders a constant presence in the communities we serve.



Standing: Don A. Worley; Roy A. Hunt, Secretary; Ron W. Gray, DDS, Chairman; Bruce A. Brumfield, President & CEO; Amy B. Faulkenberry; S. Marvin Waldrep  
Sitting: Richard A. Hall; Harlean V. Carter; J.C. Rainey, Jr.; Joseph C. Keenan, Ph.D  
Not Pictured: Jeff D. Crane



EXECUTIVE MANAGEMENT TEAM

# CONSOLIDATED FINANCIAL STATEMENTS

(CONDENSED)

## ASSETS

	<b>As of December 31,</b>	
	<b>2017</b>	<b>2016</b>
	<i>(dollars in thousands)</i>	
ASSETS:		
Cash and Cash Equivalents	\$102,591	\$114,217
Securities and Other Investments	142,678	168,848
Loans, Net of Allowance for Loan Losses of \$23,683 and \$20,832 for 2017 and 2016, respectively	1,749,254	1,605,461
Property and Equipment	78,379	75,441
Other Assets	57,761	53,188
<b>Total Assets</b>	<b>\$2,130,663</b>	<b>\$2,017,155</b>

## LIABILITIES AND MEMBERS' EQUITY

	<b>As of December 31,</b>	
	<b>2017</b>	<b>2016</b>
	<i>(dollars in thousands)</i>	
LIABILITIES:		
Members' Share and Savings Accounts	\$1,761,326	\$1,646,564
Borrowed Funds	50,400	65,350
Other Liabilities	21,573	20,934
MEMBERS' EQUITY:	297,364	284,307
<b>Total Liabilities and Members' Equity</b>	<b>\$2,130,663</b>	<b>\$2,017,155</b>

## CONSOLIDATED STATEMENTS OF INCOME

(condensed)

	<b>For the years ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
	<i>(dollars in thousands)</i>	
Interest Income	\$101,743	\$94,825
Interest Expense	19,630	17,099
Net Interest Income	82,113	77,726
Provision for Loan Losses	19,863	15,347
Net Interest Income After Provision for Loan Losses	62,250	62,379
Non-Interest Income	48,464	40,412
Non-Interest Expense	97,290	90,868
<b>Net Income</b>	<b>\$13,424</b>	<b>\$11,923</b>

The Supervisory Committee is appointed by the Board of Directors in accordance with the Federal Credit Union Act. Its primary responsibilities to the membership are to ensure the effectiveness of the system of Internal Controls, adherence to established policies and procedures, and the overall safety and soundness of Founders Federal Credit Union.

The Internal Audit Department reviews credit union operations and annually updates a formalized risk assessment of all products and services. In addition, numerous audits are conducted to determine the effectiveness and efficiency of operations, reliability of financial reporting and compliance with respective policies and procedures. Audit findings, recommendations and management's responses to audit reports are presented to the Supervisory Committee and management.

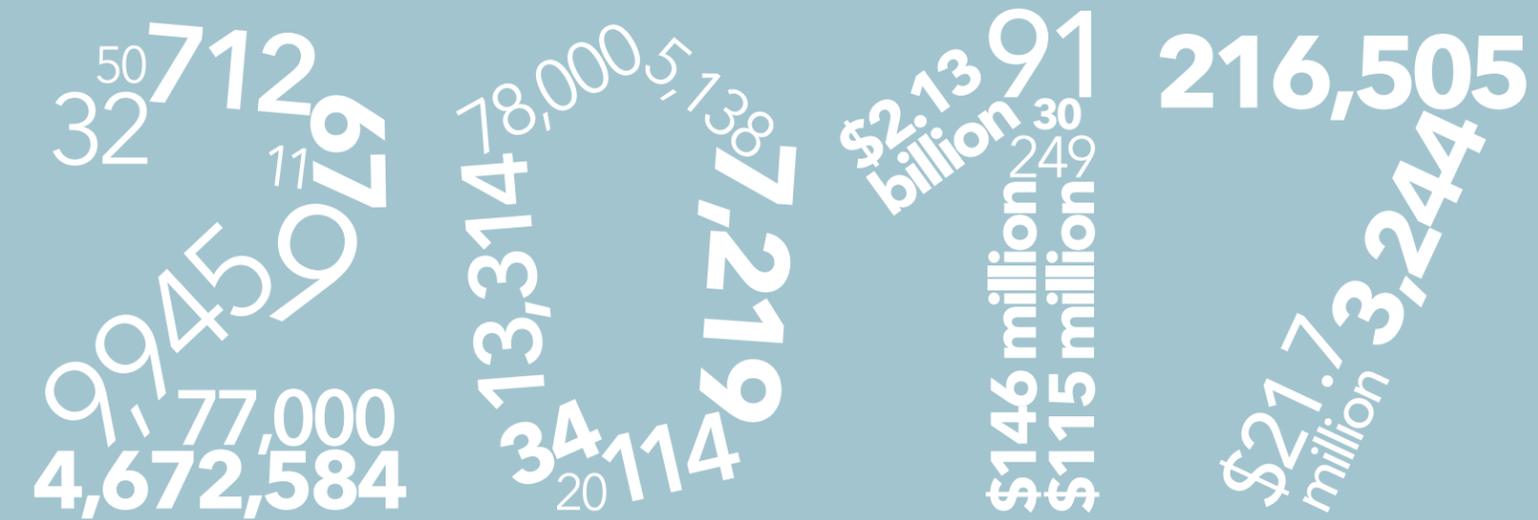
To accomplish our annual goals, the Supervisory Committee engages an independent public accounting firm to audit the consolidated financial statements as well as management practices and procedures to ensure they are sufficient to safeguard members' assets. To assist in fulfilling our responsibilities, the Supervisory Committee retained the services of the certified public accounting firm of CliftonLarsonAllen LLP to perform an audit in accordance with auditing standards generally accepted in the United States of America and to express an opinion on the fairness of the consolidated financial statements. Their audit report, which contained an unmodified opinion dated March 26, 2018, confirmed the credit union's consolidated financial statements for 2017 and 2016 were materially correct and presented in conformity with accounting principles generally accepted in the United States of America.

The 2017 and 2016 audited consolidated financial statements of Founders Federal Credit Union and related independent auditors' report can be obtained online at [foundersfcu.com](http://foundersfcu.com) or by contacting us at 1-800-845-1614. Based upon the report of the certified public accounting firm, and a thorough review of the credit union's operations, we believe Founders Federal Credit Union is well managed and financially sound.

Robert McBurney  
Chairman

David Brunt  
Sherri Gregory  
Roy Hunt  
Kofi Wright

To request a full version of our Consolidated Financial Statements, please call us at 1-800-845-1614 or send a message through our Contact Us form located on our website at [foundersfcu.com](http://foundersfcu.com).



## IT'S NOT JUST A **NUMBERS GAME**

While the numbers define certain aspects of any financial institution, they are not everything at Founders.

We care about our members.

We want our members to be financially successful.

We understand our members must feel comfortable with Founders, whether online or in a branch.

We want our members to relax, knowing their money is safe and secure.



**FOUNDERS**  
FEDERAL CREDIT UNION