

INNOVATIONS FEDERAL CREDIT UNION
STATEMENT OF INCOME
 AS OF DECEMBER 31

Description	2012	2013	CHANGE
INCOME:			
INTEREST INCOME ON LOANS	\$ 8,285,432	\$ 7,398,944	\$ (886,488)
INTEREST INCOME ON INVESTMENTS	269,908	249,940	(19,968)
TOTAL INTEREST INCOME	\$ 8,555,340	\$ 7,648,884	\$ (906,456)
INTEREST EXPENSE	440,610	373,790	(66,820)
NET INTEREST INCOME	\$ 8,114,730	\$ 7,275,094	\$ (839,636)
PROVISION FOR LOAN LOSS	1,423,450	949,800	(473,650)
INTEREST INCOME AFTER PROVISION	\$ 6,691,280	\$ 6,325,294	\$ (365,986)
NON-INTEREST INCOME	\$ 2,900,633	\$ 3,808,295	\$ 907,663
LOSS ON ASSETS	(342,645)	(193,746)	148,899
INCOME BEFORE OPERATING EXPENSES	\$ 9,249,268	\$ 9,939,843	\$ 690,576
EXPENSES:			
SALARIES & EMPLOYEE BENEFITS	\$ 3,510,127	\$ 4,104,887	\$ 594,760
VOLUNTEER & EMPLOYEE RELATIONS	98,033	134,284	36,251
OFFICE OCCUPANCY	406,827	479,587	72,760
OFFICE OPERATIONS	1,645,466	1,805,453	159,987
MARKETING & MEMBER RELATIONS	542,117	685,415	143,298
LOAN SERVICING	1,116,933	975,354	(141,579)
PROFESSIONAL & OUTSIDE SERVICES	594,878	805,547	210,669
TOTAL EXPENSES	\$ 7,914,381	\$ 8,990,527	\$ 1,076,146
NET INCOME	\$ 1,334,887	\$ 949,316	\$ (385,571)

INNOVATIONS FEDERAL CREDIT UNION
STATEMENT OF FINANCIAL CONDITION
 AS OF DECEMBER 31

Description	2012	2013	CHANGE
ASSETS:			
CASH ON HAND	\$ 1,390,537	\$ 1,761,482	\$ 370,945
INVESTMENTS:			
AVAILABLE-FOR-SALE	0	4,274,152	4,274,152
OTHER	35,073,545	33,572,382	(1,501,163)
LOANS RECEIVABLE	100,895,180	101,915,081	1,019,901
LESS ALLOWANCE FOR LOAN LOSSES	(2,126,952)	(1,620,083)	506,869
ACCRUED INTEREST RECEIVABLE:			
LOANS	510,786	504,219	(6,567)
INVESTMENTS	21,552	23,533	1,981
PROPERTY AND EQUIPMENT, NET	8,807,399	8,435,986	(371,413)
NCUSIF DEPOSIT	1,308,286	1,381,595	73,309
REPOSSESSED ASSETS	1,331,490	1,134,779	(196,711)
OTHER ASSETS	2,724,962	3,320,660	595,698
TOTAL ASSETS	\$ 149,936,786	\$ 154,703,786	\$ 4,767,000
LIABILITIES:			
MEMBERS' SHARE AND			
SAVINGS ACCOUNTS	\$ 134,559,037	\$ 137,700,850	\$ 3,141,813
ACCOUNTS PAYABLE AND OTHER			
ACCRUED LIABILITIES	1,572,589	2,257,407	684,818
TOTAL LIABILITIES	\$ 136,131,627	\$ 139,958,257	\$ 3,826,630
MEMBERS' EQUITY:			
REGULAR RESERVE	\$ 2,135,057	\$ 2,135,057	\$ 0
UNDIVIDED EARNINGS	10,335,215	11,670,102	1,334,887
UNREALIZED GAIN ON INVESTMENTS	0	(8,946)	(8,946)
NET INCOME	1,334,887	949,316	(385,571)
TOTAL MEMBERS' EQUITY	\$ 13,805,159	\$ 14,745,529	\$ 940,370
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 149,936,786	\$ 154,703,786	\$ 4,767,000

STAYING
CONNECTED

GROWING STRONGER

2013 ANNUAL REPORT



Spark Change

2013 – THE YEAR IN REVIEW

2013 was the year we focused on managed growth while maintaining a strong financial position. We were successful in maintaining a strong net worth while implementing asset and loan growth strategies without compromising service and convenience to our membership. To increase convenient access for our membership we opened our sixth physical branch location in April to the delight of our members and potential members on the west side of Bay County.

Our challenge has remained to balance the growth of the credit union with quality loan growth and controlled expenses. We successfully achieved our goal of low delinquencies and charge-offs. In addition, we continued to concentrate on streamlining our processes and efficiencies, along with remaining vigilant concerning the privacy and security of all member information as well as the security of our employees and physical locations.

We are constantly monitoring and evaluating our strategic direction at Innovations. Our objective is to serve our membership in the most effective and cost efficient way possible. Another goal for Innovations is to continue to attract the younger generation to the benefits of credit union membership along with building lifelong relationships.

Mobile access to financial services continues to evolve, and Innovations strives to provide the services our members are requesting. In this quickly advancing environment our challenge is to be on the cutting edge of technology and not the bleeding edge. We realize the environment is so fluid great care needs to be taken to be cost efficient as well.

While the Member Business Lending (MBL) portfolio currently makes up a small portion of the credit union’s total loan balances, we believe there is an opportunity in our community for the credit union to grow small business accounts and loans. Due to recent consolidation of several banks in our local market, and the buyout of many community banks by large regional institutions, there is a need for services that have been traditionally handled by the local community banks. We would like Innovations to be the one-stop financial solution provider to local small businesses, as well as offer commercial loans to our members.

In 2013 we are pleased to report that Innovations received the Low Income Credit Union designation from the National Credit Union Administration (NCUA). Going forward, beginning in 2014, we will analyze further how

to best utilize this designation to serve the underserved and unbanked segment of our field of membership.

We are resolute about positioning the credit union successfully to flourish in the dynamic financial industry as it continues to evolve into the future. Some of our future plans include: new physical branch locations to replace current successful leased strip mall locations; geographic field of membership expansion; reduction in the average age of our membership; to prudently evolve in the technological and mobile environment; along with ensuring compliance with continually increasing regulatory requirements.

The overall strategic objective at Innovations is to stay as flexible and proactive as possible to remain competitive, and to consistently provide a positive return to our membership both in service delivery and financial soundness.

We are pleased to report that once again, Innovations is poised and ready to move into the future and embrace the opportunities it presents. On behalf of the Board of Directors, management and staff we thank you for allowing us to serve you.



BOARD OF DIRECTORS

Greg Gruber
Vice Chairman

Rob Fernandez
Treasurer

Dana Dye
Secretary

Kenneth J. Baumann
Director

Albert (Ted) E. Dempsey III
Director

Craig Ellis
Director

SUPERVISORY COMMITTEE

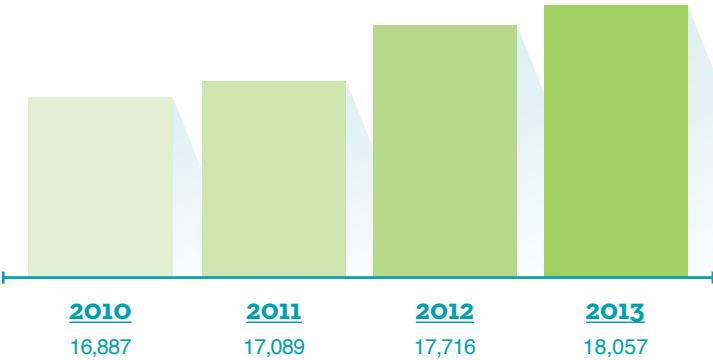
Kenneth White
Chairman

Bill Jones
Member

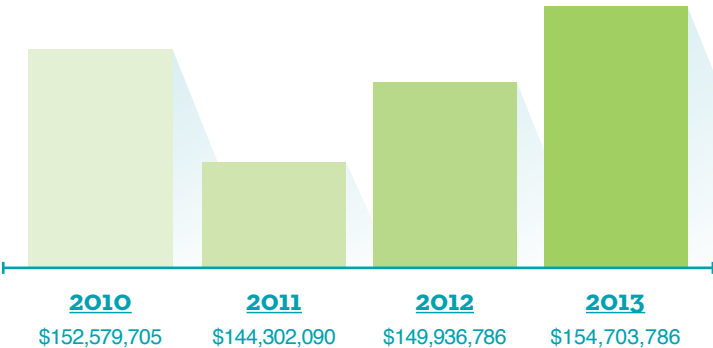
Melissa Howell
Member

Don Gedeon
Member

MEMBER GROWTH



TOTAL ASSETS



OFFICE HOURS AND LOCATIONS

Panama City Beach Branch
(Across from the Navy Base)
910 Thomas Drive
Panama City Beach, Florida 32408
Hours: (Monday - Friday)
Lobby: Open 9 a.m. – 5 p.m.
Drive-up: Open 8 a.m. – 5 p.m.

Panama City Branch
700 West 23rd Street
Panama City, Florida 32405
Hours: (Monday - Friday)
Lobby: Open 9 a.m. – 5 p.m.
Drive-up: Open 8 a.m. – 5 p.m.

Callaway Branch
(Located in the Galleria Shopping Plaza)
864 North Tyndall Parkway
Panama City, Florida 32404
Hours: (Monday - Friday)
Lobby: Open 8 a.m. – 5 p.m.

Downtown Panama City Branch
(Just north of 6th Street)
625 Jenks Avenue
Panama City, Florida 32401
Hours: (Monday - Friday)
Lobby: Open 8 a.m. – 5 p.m.

Lynn Haven Branch
2250 South Highway 77
Lynn Haven, Florida 32444
Hours: (Monday - Friday)
Lobby: Open 9 a.m. – 5 p.m.
Drive-up: Open 8 a.m. – 5 p.m.

Back Beach Branch
(Located in the Palm Plaza)
17900 Panama City Beach Parkway
Panama City Beach, Florida 32413
Hours: (Monday - Friday)
Lobby: Open 8 a.m. – 5 p.m.

233.4400 • innovationsfcu.org



Federally insured by NCUA



We Do Business In Accordance With
The Federal Fair Housing Law and The
Equal Credit Opportunity Act

EQUAL OPPORTUNITY LENDER