

INNOVATIONS FEDERAL CREDIT UNION
STATEMENT OF INCOME
AS OF DECEMBER 31

Description	2013	2014	CHANGE
INCOME:			
INTEREST INCOME ON LOANS	\$ 7,398,944	\$ 7,584,801	\$ 185,857
INTEREST INCOME ON INVESTMENTS	249,940	295,688	45,748
TOTAL INTEREST INCOME	\$ 7,648,884	\$ 7,880,489	\$ 231,605
INTEREST EXPENSE	373,790	422,213	48,423
NET INTEREST INCOME	\$ 7,275,094	\$ 7,458,276	\$ 183,182
PROVISION FOR LOAN LOSS	949,800	210,000	(739,800)
INTEREST INCOME AFTER PROVISION	\$ 6,325,294	\$ 7,248,276	\$ 922,982
NON-INTEREST INCOME	\$ 3,808,295	\$ 4,008,686	\$ 200,391
LOSS ON ASSETS	(193,746)	(225,798)	(32,052)
INCOME BEFORE OPERATING EXPENSES	\$ 9,939,843	\$ 11,031,164	\$ 1,091,321
EXPENSES:			
SALARIES & EMPLOYEE BENEFITS	\$ 4,104,887	\$ 4,657,700	\$ 552,813
VOLUNTEER & EMPLOYEE RELATIONS	134,284	123,610	(10,674)
OFFICE OCCUPANCY	479,587	456,786	(22,801)
OFFICE OPERATIONS	1,805,453	1,779,071	(26,382)
MARKETING & MEMBER RELATIONS	685,415	584,214	(101,201)
LOAN SERVICING	975,354	1,281,779	306,425
PROFESSIONAL & OUTSIDE SERVICES	805,547	1,285,029	479,482
TOTAL EXPENSES	\$ 8,990,527	\$ 10,168,189	\$ 1,177,662
NET INCOME	\$ 949,316	\$ 862,975	\$ (86,341)

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

Description	2013	2014	CHANGE
ASSETS:			
CASH ON HAND	\$ 1,761,482	\$ 2,911,523	\$ 1,150,041
INVESTMENTS:			
AVAILABLE-FOR-SALE	4,274,152	6,297,682	2,023,530
OTHER	33,572,382	24,434,904	(9,137,478)
LOANS RECEIVABLE	101,915,081	110,562,910	8,647,829
LESS ALLOWANCE FOR LOAN LOSSES	(1,620,083)	(1,025,799)	594,284
ACCRUED INTEREST RECEIVABLE:			
LOANS	504,219	503,665	(554)
INVESTMENTS	23,533	29,775	6,242
PROPERTY AND EQUIPMENT, NET	8,435,986	8,846,928	410,942
NCUSIF DEPOSIT	1,381,595	1,398,239	16,664
REPOSSESSED ASSETS	1,134,779	1,281,645	146,866
OTHER ASSETS	3,320,660	4,126,205	805,545
TOTAL ASSETS	\$ 154,703,786	\$ 159,367,677	\$ 4,663,891
LIABILITIES:			
MEMBERS' SHARE AND			
SAVINGS ACCOUNTS	\$ 137,700,850	\$ 141,292,240	\$ 3,591,390
ACCOUNTS PAYABLE AND OTHER			
ACCRUED LIABILITIES	2,257,407	2,375,904	118,497
TOTAL LIABILITIES	\$ 139,958,257	\$ 143,668,144	\$ 3,709,887
MEMBERS' EQUITY:			
REGULAR RESERVE	\$ 2,135,057	\$ 2,135,057	\$ 0
UNDIVIDED EARNINGS	11,670,102	12,619,418	949,316
UNREALIZED GAIN ON INVESTMENTS	(8,946)	82,083	91,029
NET INCOME	949,316	862,975	(86,341)
TOTAL MEMBERS' EQUITY	\$ 14,745,529	\$ 15,699,533	\$ 954,004
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 154,703,786	\$ 159,367,677	\$ 4,663,891

**MOVING
FORWARD**

2014 ANNUAL REPORT

innovations

2014

THE YEAR IN REVIEW

INNOVATIONS FLOURISHED IN 2014!
It was a year of strong financials, improved member services, enhanced employee benefits, and new and improved branches.

STRONG FINANCIALS: The local economy continued its upward trend in 2014, with employment, tourism, and real estate sales all on the rise. Our managed loan growth continued, and we maintained our focus on keeping delinquencies and charge-offs to a minimum and our Allowance for Loan Loss both stable and below budget. Our Net Worth strengthened from 9.54% to 9.80%, and we maintained a stable ROA at .55%. Two loan growth initiatives from prior years gained traction as well, with the Member Business Lending Program and the Indirect Auto Lending Program both realizing positive gains.

IMPROVED MEMBER SERVICES: We continued to make strides toward bringing our debit and credit card processes together under one umbrella and servicing them in-house, and converting our online and mobile banking services to a more feature-enhanced and intuitive system. Once fully implemented, these changes will increase efficiency, better serve our present members, and attract future members. In 2014, we launched our rewards checking account, which we call "KASASA". It has a funny name but it has great rewards! Also, in late 2014 the U.S. Treasury approved Innovations as a Community Development Financial Institution (CDFI). Through various programs, the CDFI Fund enables locally based organizations to further goals such as: economic development (job creation, business development, and commercial real estate development); affordable housing (housing development and home ownership); and community development financial services (provision of basic banking services to underserved communities and financial literacy training). Going forward we will analyze how to best utilize this designation to serve our membership and prospective membership in our community.

ENHANCED EMPLOYEE BENEFITS: We continued to focus on the medical coverage in the benefit package we offer our Team Members, being vigilant about not sacrificing quality care for the cost of coverage. We continue to monitor the evolution of the Affordable Care Act to ensure the best and most affordable options, and will continue to do so in the future. We also launched our employee wellness program this past year, and in 2015 will begin offering incentives to Team Members who participate.

NEW AND IMPROVED BRANCHES: We have now completed the move of our Downtown branch from Jenks Avenue to Harrison Avenue. The new branch looks great, and provides added security for our Team Members, and offers enhanced conveniences for our members, such as drive-thru lanes, a drive-up ATM, and additional parking. We also planned for a 2015 facelift of our 23rd Street branch, which was the first to roll out our dialog tower technology in 2005 (time passes quickly!) and is now in need of an update. Our goal is to ensure that every branch is consistently branded and inviting to our members.

We are looking forward to all of the opportunities the future presents!
Lastly, 2015 marks our 10 year celebration of Innovations – 'Sparking Change' since 2005.



David A. Southall
David A. Southall
President/CEO



James Kott
James Kott
Chairman
Board of Directors

BOARD OF DIRECTORS

Rob Fernandez
Vice Chairman

Dana Dye
Secretary

Greg Gruber
Director

Albert (Ted) E. Dempsey III
Treasurer

Craig Ellis
Director

Trevor Walls
Director

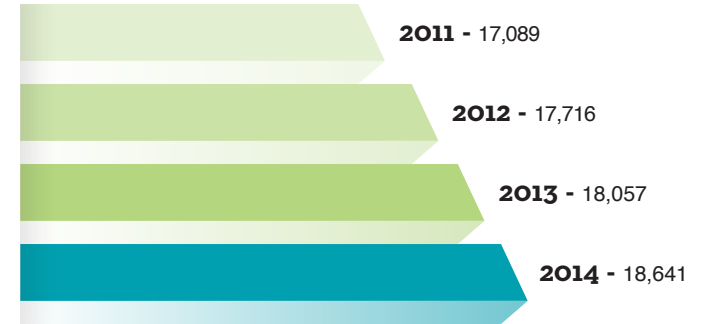
SUPERVISORY COMMITTEE

Kenneth White
Chairman

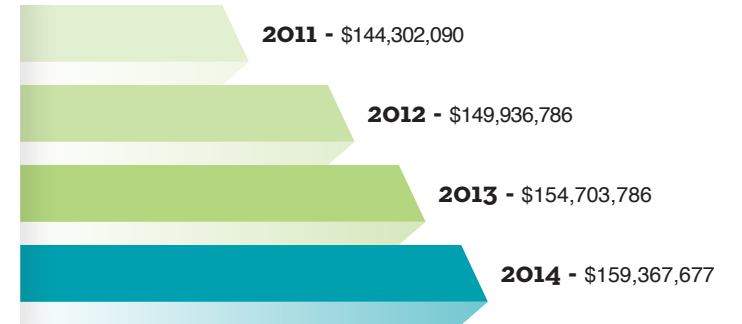
Bill Jones
Member

Don Gedeon
Member

MEMBER GROWTH



TOTAL ASSETS



OFFICE LOCATIONS AND HOURS

Panama City Beach Branch
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
864 North Tyndall Parkway
Panama City, Florida 32404
Hours: (Monday - Friday)
Lobby: Open 8 a.m. – 5 p.m.

Downtown Panama City Branch
1038 Harrison Avenue
Panama City, Florida 32401
Hours: (Monday - Friday)
Lobby: Open 9 a.m. – 5 p.m.
Drive-up: 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
17900 Panama City Beach Parkway
Panama City Beach, Florida 32413
Hours: (Monday - Friday)
Lobby: Open 8 a.m. – 5 p.m.

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Federally insured by NCUA



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

EQUAL OPPORTUNITY LENDER