



TEN YEARS OF
**SPARKING
CHANGE**

2015
ANNUAL
REPORT

innovations

2015 MARKED OUR 10-YEAR CELEBRATION OF INNOVATIONS “SPARKING CHANGE.”

FINANCIALS: The local economy continued a positive trend with employment, tourism, industry, and real estate sales in 2015. We remain committed to the mission of serving our members with quality, value, and integrity through an array of beneficial products and services at competitive rates and minimal fees. Our managed loan growth continued and we maintained our focus on keeping delinquencies and charge offs to a minimum. The Allowance for Loan Loss has been challenging and we continue to implement measures to reduce this area of expense. Funding for the Allowance for Loan Loss account in 2015 was a primary factor that created a negative impact on our 2015 YTD income.

LENDING PROGRAM ENHANCEMENTS: Two loan growth initiatives continued to gain traction this past year. The Member Business Loan program and the Indirect Lending program both realized positive gains. The credit union's goal has been to increase loan volume in all areas at a controlled and managed pace. The results from the past two years indicate the approach has been successful. In 2016, we plan to continue with both loan programs, making any necessary enhancements along the way.

ENHANCED EMPLOYEE BENEFITS: We continue to focus on the medical coverage in the benefit package we offer our Team Members. We have been vigilant about not sacrificing quality care for the cost of coverage. One of these ways has been to continue to promote wellness through our Healthy Workplace initiative. In 2015, we began offering incentives to Team Members who took part in the wellness program. Also in 2015 we became a tobacco-free campus and made smoking cessation programs available to those who would benefit from them. We will continue to monitor the evolution of the Affordable Care Act legislation to be able to offer our employees the best possible options that remain affordable for both them and Innovations.

IMPROVED MEMBER SERVICE: In 2015, we brought member service to an even higher level in the area of electronic services. We brought our debit and credit card processes together and began servicing them in-house.

This streamlined functionality made it easier for our members as well as increasing our Team Members' ability to provide member assistance in a much more timely way. We recently debuted our new online and mobile banking services platform which features a more enhanced and intuitive system. These changes have not only enabled us to serve our members better, but the increased efficiency provided by these changes has set us up for membership growth well into the future. As 2015 came to a close, we began our transition of our rewards checking account from the "KASASA" brand to our own Innovations branded "IGNITE – Powered by Innovations" rewards checking account.

NEW AND IMPROVED BRANCHES: In the beginning of 2015, Innovations moved the location of the downtown branch from its prior location on Jenks Avenue to the Harrison Avenue location. This move has provided our employees with added security and our members with increased convenience by offering drive-thru lanes and a drive-up ATM. The move has proven to be very popular with both current members and new members who have chosen Innovations as their financial institution due to the convenience of this location.

In 2016, the overall objective for Innovations is to become smarter and leaner without sacrificing quality products and services or decreasing the level of member service we provide. We are confident 2016 will be the beginning of many successful years to come.



David A. Southall
President/CEO



James Kott
Chairman
Board of Directors

BOARD OF DIRECTORS

Rob Fernandez
Vice Chairman

Dana Dye
Secretary

Trevor Walls
Treasurer

Lance Allison
Director

Craig Ellis
Director

Kenneth White
Director

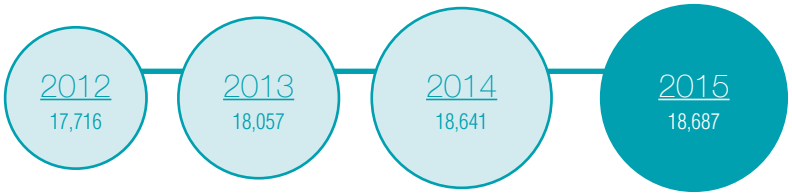
SUPERVISORY COMMITTEE

Bill Jones
Chairman

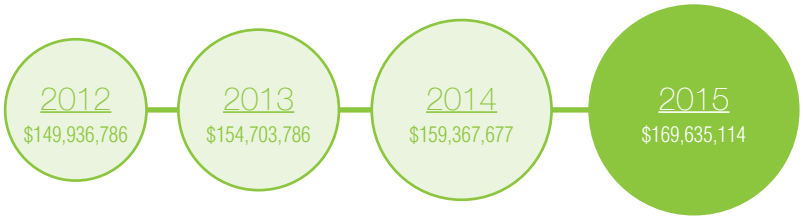
Blaine Cook
Member

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.

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

INNOVATIONS FEDERAL CREDIT UNION
STATEMENT OF INCOME
 AS OF DECEMBER 31

<u>Description</u>	<u>2014</u>	<u>2015</u>	<u>CHANGE</u>
INCOME:			
INTEREST INCOME ON LOANS	\$ 7,584,801	\$ 7,577,135	\$ (7,666)
INTEREST INCOME ON INVESTMENTS	295,688	308,489	12,801
TOTAL INTEREST INCOME	\$ 7,880,489	\$ 7,885,624	\$ 5,135
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INTEREST EXPENSE	422,213	471,588	49,375
NET INTEREST INCOME	\$ 7,458,276	\$ 7,414,036	\$ (44,240)
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PROVISION FOR LOAN LOSS	210,000	1,508,000	1,298,000
INTEREST INCOME AFTER PROVISION	\$ 7,248,276	\$ 5,906,036	\$ (1,342,240)
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NON-INTEREST INCOME	\$ 4,008,686	\$ 4,098,693	\$ 90,007
LOSS ON ASSETS	(225,798)	(442,687)	(216,889)
INCOME BEFORE OPERATING EXPENSES	\$ 11,031,164	\$ 9,562,042	\$ (1,469,122)
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EXPENSES:			
SALARIES & EMPLOYEE BENEFITS	\$ 4,657,700	\$ 4,793,338	\$ 135,638
VOLUNTEER & EMPLOYEE RELATIONS	123,610	128,389	4,779
OFFICE OCCUPANCY	456,786	525,318	68,532
OFFICE OPERATIONS	1,779,071	1,761,637	(17,434)
MARKETING & MEMBER RELATIONS	584,214	559,116	(25,098)
LOAN SERVICING	1,281,779	942,360	(339,419)
PROFESSIONAL & OUTSIDE SERVICES	1,285,029	1,225,848	(59,181)
TOTAL EXPENSES	\$ 10,168,189	\$ 9,936,006	\$ (232,183)
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NET INCOME	\$ 862,975	\$ (373,964)	\$ (1,236,939)

STATEMENT OF FINANCIAL CONDITION

AS OF DECEMBER 31

<u>Description</u>	<u>2014</u>	<u>2015</u>	<u>CHANGE</u>
ASSETS:			
CASH ON HAND	\$ 2,911,523	\$ 3,104,981	\$ 193,458
INVESTMENTS:			
AVAILABLE-FOR-SALE	6,297,682	5,169,887	(1,127,795)
OTHER	24,434,904	28,459,816	4,024,912
LOANS RECEIVABLE	110,562,910	118,489,651	7,926,741
LESS ALLOWANCE FOR LOAN LOSSES	(1,025,799)	(1,356,940)	331,141
ACCRUED INTEREST RECEIVABLE:			
LOANS	503,665	489,381	(14,284)
INVESTMENTS	29,775	33,248	3,473
PROPERTY AND EQUIPMENT, NET	8,846,928	8,354,201	(492,727)
NCUSIF DEPOSIT	1,398,239	1,447,272	49,033
REPOSSESSED ASSETS	1,281,645	886,938	(394,707)
OTHER ASSETS	4,126,205	4,556,678	430,473
TOTAL ASSETS	\$ 159,367,677	\$ 169,635,114	\$ 10,267,437
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LIABILITIES:			
MEMBERS' SHARE AND			
SAVINGS ACCOUNTS	\$ 141,292,240	\$ 152,272,142	\$ 10,979,902
ACCOUNTS PAYABLE AND OTHER			
ACCRUED LIABILITIES	2,375,904	2,080,632	(295,272)
TOTAL LIABILITIES	\$ 143,668,144	\$ 154,352,774	\$ 10,684,630
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MEMBERS' EQUITY:			
REGULAR RESERVE	\$ 2,135,057	\$ 2,135,057	\$ 0
UNDIVIDED EARNINGS	12,619,418	13,482,393	862,975
UNREALIZED GAIN ON INVESTMENTS	82,083	38,853	(43,230)
NET INCOME	862,975	(373,964)	(1,236,939)
TOTAL MEMBERS' EQUITY	\$ 15,699,533	\$ 15,282,340	\$ (417,193)
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 159,367,677	\$ 169,635,114	\$ 10,267,437