

INNOVATIONS FEDERAL CREDIT UNION  
**STATEMENT OF FINANCIAL CONDITION**

AS OF DECEMBER 31

Description	2017	2018
<b>ASSETS:</b>		
INVESTMENTS:		
AVAILABLE-FOR-SALE	\$ 5,656,132	\$ 3,226,812
OTHER	23,308,542	81,716,001
LOANS RECEIVABLE	143,816,322	158,719,335
LESS ALLOWANCE FOR LOAN LOSSES	(1,521,743)	(1,343,361)
PROPERTY AND EQUIPMENT, NET	8,542,194	8,537,359
NCUSIF DEPOSIT	1,696,683	1,759,572
REPOSSESSED ASSETS	478,431	274,442
OTHER ASSETS	8,291,259	10,655,041
<b>TOTAL ASSETS</b>	<b>\$ 190,267,820</b>	<b>\$ 263,545,201</b>
<b>LIABILITIES:</b>		
MEMBERS' SHARE AND SAVINGS ACCOUNTS		
SAVINGS ACCOUNTS	\$ 170,642,934	\$ 238,514,023
ACCOUNTS PAYABLE AND OTHER ACCRUED LIABILITIES	2,811,059	6,296,201
<b>TOTAL LIABILITIES</b>	<b>\$ 173,453,993</b>	<b>\$ 244,810,224</b>
MEMBERS' EQUITY	\$ 16,196,427	\$ 16,742,519
NET INCOME	617,400	1,992,458
<b>TOTAL MEMBERS' EQUITY</b>	<b>\$ 16,813,827</b>	<b>\$ 18,734,977</b>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>\$ 190,267,820</b>	<b>\$ 263,545,201</b>

INNOVATIONS FEDERAL CREDIT UNION  
**STATEMENT OF INCOME**

AS OF DECEMBER 31

Description	2017	2018
<b>INCOME:</b>		
INTEREST INCOME ON LOANS	\$ 7,819,218	\$ 8,321,150
INTEREST INCOME ON INVESTMENTS	525,498	559,868
<b>TOTAL INTEREST INCOME</b>	<b>\$ 8,344,716</b>	<b>\$ 8,881,018</b>
INTEREST EXPENSE	539,737	639,299
<b>NET INTEREST INCOME</b>	<b>\$ 7,804,979</b>	<b>\$ 8,241,719</b>
PROVISION FOR LOAN LOSS	1,074,500	520,000
<b>INTEREST INCOME AFTER PROVISION</b>	<b>\$ 6,730,479</b>	<b>\$ 7,721,719</b>
NON-INTEREST INCOME	\$ 3,986,697	\$ 4,974,473
GAIN/(LOSS) ON ASSETS	9,069	203,455
<b>INCOME BEFORE OPERATING EXPENSES</b>	<b>\$ 10,726,245</b>	<b>\$ 12,899,647</b>
<b>EXPENSES:</b>		
SALARIES & EMPLOYEE BENEFITS	\$ 5,417,196	\$ 6,057,596
VOLUNTEER & EMPLOYEE RELATIONS	139,380	116,467
OFFICE OCCUPANCY	487,383	513,635
OFFICE OPERATIONS	1,686,385	1,838,950
MARKETING & MEMBER RELATIONS	482,340	416,227
LOAN SERVICING	782,500	712,609
PROFESSIONAL & OUTSIDE SERVICES	1,113,661	1,251,705
<b>TOTAL EXPENSES</b>	<b>\$ 10,108,845</b>	<b>\$ 10,907,189</b>
<b>NET INCOME</b>	<b>\$ 617,400</b>	<b>\$ 1,992,458</b>

**2018**  
 ANNUAL REPORT



# 2018 Chairman and CEO Report

## An Eventful Year for Innovations and Our Community

On October 10, 2018, Hurricane Michael came ashore near Panama City, Florida and changed our lives forever. When the storm clouds subsided, people began to venture outside and quickly realized our community was ravaged. The level of destruction had never been witnessed before and everyone was in shock. Hurricane Michael severely impacted lives in our community, reshaped our landscape, and caused significant loss. Our area has been battered and bruised, but not defeated, and it actually brought so many people closer together—including our Innovations members.

Innovations was one of the first financial institutions to open in Bay County, because of the quick response of our Team Members. Without the help of our team, Innovations could not have opened and operated so quickly. We owe so much gratitude to our Innovations family and to our business partners for their immeasurable support.

## Lending and Member Service

Loan Growth remains a strategic focus for Innovations, and 2018 was another strong year for us. Our consumer lending area continues to provide solutions for our members, from first-time auto buyers to Hurricane Assistance Loans. In 2018, we enhanced our Mortgage Loan Department, and we have new product offerings and additional team members who can assist you during your home buying experience. Our Member Business Lending team expanded in 2018 and continues to serve our small business community. Thanks to the grant we received, our new Microbusiness Loan product is now available to our start-up, small businesses. We look forward to helping you with all your business needs.

Innovations is always on the lookout for ways to provide enhanced member service. Our Mobile Banking and Online Banking solutions continue to be improved, and each year our number of users continues to increase. If you haven't experienced our Mobile Banking app, check it out, as there is so much you can do from your iPhone, Android or Windows phone. Our IGNITE Checking account keeps on giving back money to our members. In 2018, our IGNITE account holders received over \$200,000 in rewards!

## New Callaway Branch

Early in the year a highlight for your credit union was the opportunity to move our Callaway branch to a beautiful new facility. This new branch offers more convenience for our members with drive-thru lanes and a drive-thru ATM, along with Safe Deposit Boxes. If you haven't visited this new branch, come check us out. Our Callaway team is ready to serve you and provide service that exceeds your expectations.

## Innovations Receives Grant, Plus Other Capital increases

Innovations was awarded a \$500,000 Community Development Financial Institution (CDFI) financial assistance grant from the U.S. Department of Treasury to help our Small Business Community with the startup of a Microbusiness Lending program. We also received the long-awaited BP Recovery Settlement as a result of the negative impact we suffered from the BP Horizon Oil Spill in 2010. And finally, NCUA returned some of the assessment from the Temporary Credit Union Stabilization Fund.

## After Effects of Hurricane Michael

All six branches were impacted by Hurricane Michael, with our 23rd Street and Harrison Avenue branches having sustained the most damage. Harrison Avenue will be completely rebuilt, and we have positioned a temporary branch onsite to assist our membership until we can once again serve them from the new branch.

Our 23rd Street branch has been repaired and will continue serving our members until we build our new branch on a site Innovations owns less than a mile away on 23rd Street. The Thomas Drive, Callaway, Back Beach, and Lynn Haven branches were able to be repaired while still remaining open.

One notable effect of the event was the sudden influx of share deposits. Innovations experienced a substantial increase in shares after the storm. Most of this share growth can be contributed to insurance proceeds our members received. After researching this phenomenon, it was found this does occur in areas where a catastrophic event such as Hurricane Michael has taken place. The time frame to normalize the share deposit spike is usually 18–24 months before they settle back in at a level slightly elevated, compared to before the storm.

## Moving Forward into 2019

We appreciate the faith and support your loyal membership provides. Going forward, 2019 will be a year of rebuilding and restoration for all of us. Our promise is to "Always provide service that exceeds our members' expectations through each stage of their lives." We were here for you before Hurricane Michael, we were here for you during Hurricane Michael, and we will be here for you after Hurricane Michael into the future. We are all in this together and we look forward to serving you well into the future.



*David A. Southall*  
**David A. Southall**  
President/CEO



*Rob Fernandez*  
**Rob Fernandez**  
Chairman  
Board of Directors

### BOARD OF DIRECTORS

**Craig Ellis**  
Vice Chairman

**Trevor Walls**  
Treasurer

**Kenneth White**  
Secretary

**Anita Broughton**  
Director

**Nancy Luther**  
Director

**Kristopher McLane**  
Director

### SUPERVISORY COMMITTEE

**Blaine Cook**  
Chairman

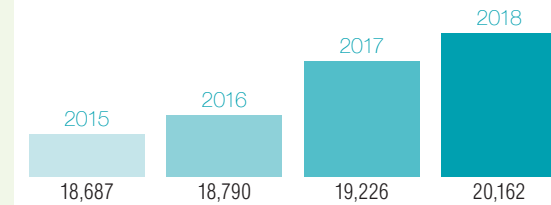
**Barbara Lewis**  
Secretary

**Don Gedeon**  
Member

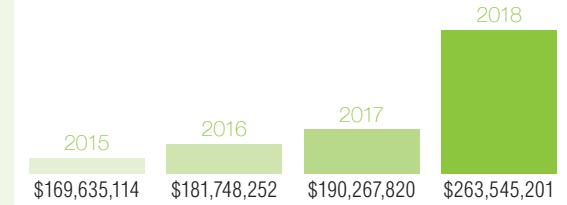
**Patrick Hermes**  
Member

**Josh Scribner**  
Member

## Member Growth



## Total Assets



## Office Locations and Hours

### Thomas Drive

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.

### Harrison Avenue - Temporary Branch

1038 Harrison Avenue  
Panama City, Florida 32401  
**Hours:** (Monday - Friday)  
**Lobby:** Open 8 a.m. – 5 p.m.

### 23rd Street

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.

### Lynn Haven

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.

### Callaway

123 North Tyndall Parkway  
Panama City, Florida 32404  
**Hours:** (Monday - Friday)  
**Lobby:** Open 9 a.m. – 5 p.m.  
**Drive-up:** Open 8 a.m. – 5 p.m.

### Back Beach

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](http://innovationsfcu.org)



Federally insured by NCUA Equal Opportunity Lender  
We Do Business In Accordance With The Federal Fair Housing Law and The Equal Credit Opportunity Act