



COMMITTED TO  
OUR MISSION,  
every day.

2019 Annual Report





## One team, one mission.

We are one team focused on one mission: to help members reach their financial goals. MSGCU continued to grow and reach new milestones due to this focus in 2019.

We welcomed more than 8,000 new members and reached two billion in total assets, all while maintaining a high 96 percent member satisfaction rate. MSGCU was once again named by S&P Global Market Intelligence as one of the top 50 performing credit unions in the United States.

Community and team members celebrated the opening of our fifteenth branch in Commerce Township, as well as completed renovations to our Hall Road branch. MSGCU team members diligently worked throughout 2019 to prepare for the spring 2020 Online and Mobile Banking conversion. This upgrade will give members a state-of-the-art digital banking experience while ensuring we continue to serve our members in the location they prefer, either at a physical branch or virtually.

MSGCU remains proud to support our local organizations and the people who live in our communities. We donated more than \$25,000 to the community and team members volunteered more than 3,000 hours. We awarded more than \$106,000 to deserving scholarship recipients and \$51,000 in grants to teachers via our Classroom Cash Grants program.

We were humbled to receive three recent credit union industry awards for our furlough assistance programs, adult financial education, and student financial reality fairs.

In addition, our commitment to building a strong team is reflected in MSGCU being named a Top Workplace in Michigan for the seventh year in a row. We welcomed 65 new team members to MSGCU in 2019. We were honored to be recognized as a Best-in-Class Employer in Human Resources Management by Gallagher.

We have been dedicated to the financial wellbeing of our members for more than 65 years and look forward to continuing this tradition. We thank you for your membership.

Sincerely,



William Cayen  
Board Chairman



Peter Gates  
President/CEO

## Growing stronger, one member at a time.

MSGCU wouldn't be where it is today without your membership. We were pleased to welcome 8,055 new members in 2019. Our MSGCU family grew to 135,880 members by the end of 2019.

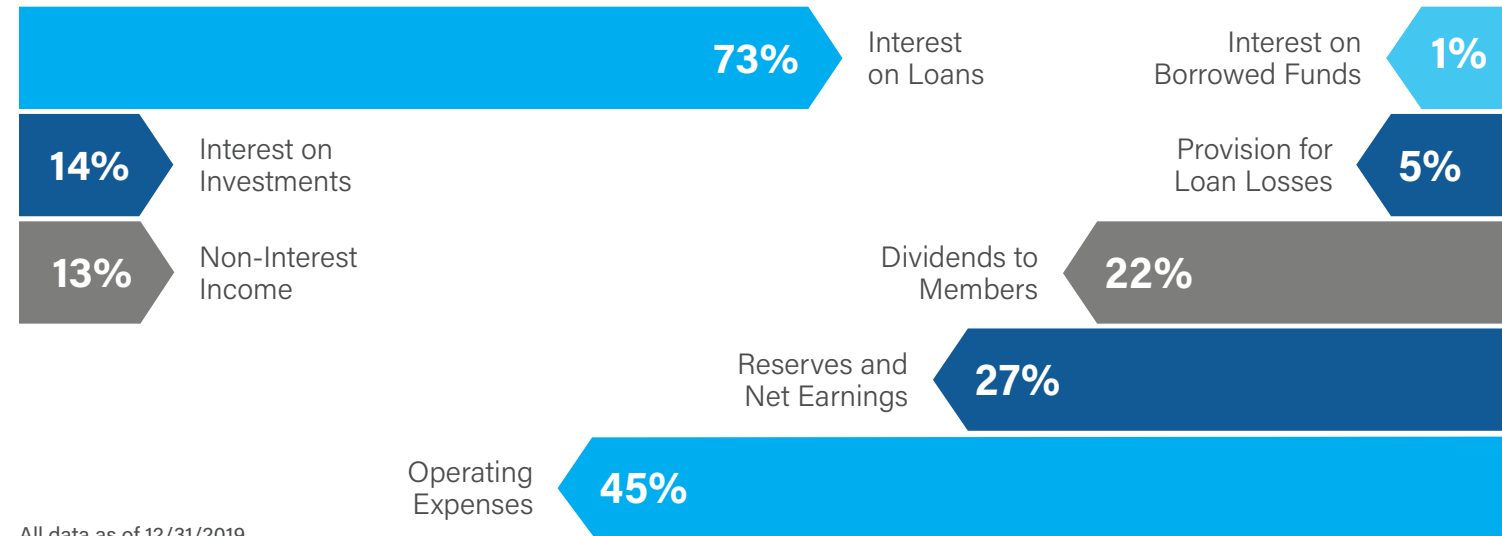
### 2019 Awards

- **MCUL: Desjardins Adult Financial Education Award, First Place**, recognizes our thriving member education programs, including our Homebuyer's Workshop, which helped to better prepare attendees in making home-buying decisions they can comfortably afford.
- **MCUL: Desjardins Youth Financial Education Award, First Place**, recognizes outstanding effort in preparing young people for financial success, including the expansion of our Financial Reality Fairs.
- **MCUL: Louise Herring Philosophy-in-Action Member Service Award, Second Place**, recognizes our quick response assisting government employees impacted by the federal government shutdown in December 2018.
- **Detroit Free Press: Top Workplace, Seven Years**, we believe this recognition is a reflection of our team's endless commitment to helping more members realize more of their financial goals.

### Member and Community Support

- **Classroom Cash Grants:** MSGCU awarded more than \$51,000 in grants to 71 educators representing 52 schools across the Metro-Detroit area. The grants, worth up to \$750 each, help with the implementation of innovative learning experiences.
- **Scholarships:** We offered more than \$106,000 in 2019 through scholarships which helped offset the costs of education. Scholarships were awarded to 45 high school seniors, students studying education and skilled trades, teachers furthering their education, and future first responders.
- **Financial Education and Community Partnerships:** MSGCU partnered with 61 schools, libraries, businesses and community centers, hosting 330 financial education workshops and helping over 9,650 community members with their financial education.
- **Giving Back to Our Communities:** More than 75 local organizations benefited from 3,000 volunteer hours provided by MSGCU team members this year. We were particularly honored to donate a piece of playground equipment to Scarlet's Smile, a barrier-free all-inclusive playground in our newest branch community, Commerce Township.

## Sources of Revenue



All data as of 12/31/2019

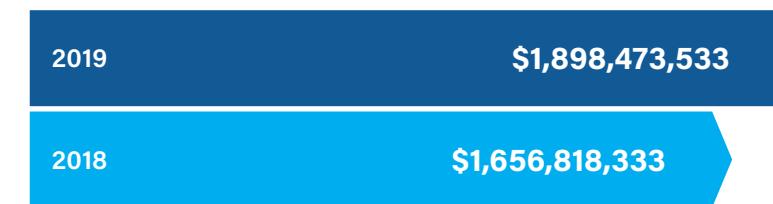
## Uses of Revenue

## Statistics

### Assets



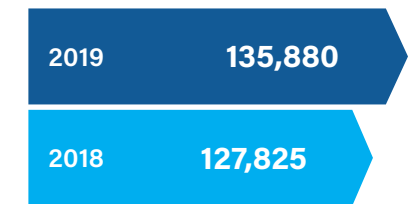
### Loans



### Capital/Retained Earnings



### Members



## Balance Sheet

Assets	2019	2018
Cash and Investments	\$389,185,190	\$302,876,261
Loans to Members	1,898,473,533	1,656,818,333
Land, Buildings, and Equipment	49,127,570	45,474,487
Other Assets	33,938,902	30,492,372
<b>Total Assets</b>	<b>2,370,725,195</b>	<b>2,035,661,453</b>
<b>Liabilities and Net Worth</b>		
Member Savings	2,018,097,861	1,734,738,289
Other Liabilities	68,084,768	46,500,934
Retained Earnings	284,542,565	254,422,230
<b>Total Liabilities and Net Worth</b>	<b>\$2,370,725,195</b>	<b>\$2,035,661,453</b>

## Income Statement

Income	2019	2018	Operating Expenses	2019	2018
Interest on Loans	\$82,311,235	\$72,018,440	Salary and Benefits	\$27,615,221	\$25,853,049
Interest on Investments	15,419,553	2,068,171	Board and Staff Expenses	746,129	730,999
<b>Total Interest Income</b>	<b>97,730,788</b>	<b>74,086,611</b>	Office Operations	11,060,126	11,043,411
<b>Cost of Funds</b>			Promotions and Advertising	3,487,228	3,211,610
Interest and Dividends Expense	25,182,772	14,589,922	Loan Servicing	5,357,532	4,704,810
Interest on Borrowed Funds	1,120,546	518,399	Professional & Outside Services	1,786,413	1,260,268
<b>Total Cost of Funds</b>	<b>26,303,318</b>	<b>15,108,321</b>	Other Expenses	441,009	486,620
Net Interest Income	71,427,471	58,978,290	<b>Total Operating Expenses</b>	<b>50,493,658</b>	<b>47,290,767</b>
Non-Interest Income	15,186,523	20,166,618	Net Income Before Loss Loan Provision	36,120,336	31,854,141
<b>Total Income</b>	<b>\$86,613,994</b>	<b>\$79,144,908</b>	Provision for Loan Losses	6,000,000	4,800,000
			<b>Net Income</b>	<b>\$30,120,336</b>	<b>\$27,054,141</b>

## A message from the Audit Committee.

The primary responsibility of the Audit Committee is to ensure that Michigan Schools and Government Credit Union is managed soundly and that members' assets are being appropriately safeguarded.

The Audit Committee engaged the certified public accounting firm of Doeren Mayhew to perform an independent audit of the Credit Union's financial statements for the year ending December 31, 2019. Any reported suggestions have been forwarded to the Board of Directors and management for their review and handling.

During 2019, the certified public accounting firm of Rehmann conducted audits of various Credit Union operations and reported results to the Audit Committee and management. There were no major exceptions in any of their findings.

Sincerely,



Charles Thomas  
Director & Audit Committee Chairperson

## Meet the volunteers who define our direction.

We are proud to have this group of distinguished professionals represent MSGCU members on our Board of Directors.



William Cayen  
Chairman



Charles Thomas  
Vice Chairman



Richard Maierle  
Secretary



James McCann  
Treasurer



Elizabeth Argiri  
Director



Edward Callaghan  
Director



Teresa DiMaria  
Director



Richard Shoemaker  
Director



Douglas Smith  
Director



Michigan Schools and Government Credit Union  
is proud to have a 96% member satisfaction rating.\*

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### Visit a branch

Find your nearest branch  
at [msgcu.org/locations](https://msgcu.org/locations)

Mon–Wed: 9 a.m.–5 p.m.  
Thu–Fri: 9 a.m.–6 p.m.  
Sat: 9 a.m.–1 p.m.

### Find us online

It's easy to keep in touch.  
Visit [msgcu.org/contact-us](https://msgcu.org/contact-us)

Live Chat: [msgcu.org/chat](https://msgcu.org/chat)  
Mon–Fri: 8 a.m.–8 p.m.  
Sat: 9 a.m.–1 p.m.

### Give us a call

Toll Free: 866.674.2848

Mon–Wed: 8 a.m.–5 p.m.  
Thu: 8 a.m.–6 p.m.  
Fri: 8 a.m.–7 p.m.  
Sat: 8 a.m.–1 p.m.

\*Overall member satisfaction rating based on 2019 Member Satisfaction Survey data.