

Statement of Financial Condition
As of December 31, 2013 (Unaudited)

ASSETS	
Total Loans	\$ 303,318,868
Cash	1,951,680
Accounts Receivable	563,742
Total Investments	335,294,266
Deposits in NCUSIF	5,558,412
Accrued Income	4,243,148
Prepaid Expenses	825,715
Total Fixed Assets	25,961,914
Other Assets	<u>1,643,563</u>
Total Assets	<u>\$ 679,361,308</u>
LIABILITIES	
Accounts Payable	\$ 417,421
Dividends / Interest Payable	214,629
Accrued Expenses Payable	<u>7,068,345</u>
Total Liabilities	<u>7,700,395</u>
SHARES AND EQUITY	
Members' Shares and Deposits	585,250,937
Equity	<u>86,409,976</u>
Total Share and Equity	<u>671,660,913</u>
Total Liabilities and Equity	<u>\$ 679,361,308</u>

Wildfire Total Assets



Statement of Income and Expense
For the Year Ended December 31, 2013(Unaudited)

INCOME	
Interest on Loans	\$ 14,173,663
Income from Investments	10,669,973
Member Fee Income	1,460,824
Other Operating Income	<u>2,853,932</u>
Total Income	<u>29,158,392</u>
EXPENSES	
Employee Compensation and Benefits	9,994,031
Travel, Conferences and Training	294,943
Office Occupancy	1,138,619
Office Operation	3,993,805
Education and Promotion	924,481
Loan Servicing	2,020,698
Professional and Outside Services	754,746
Provision for Loan Losses	1,518,834
Member Insurance	65,688
Operating Fees	159,228
Miscellaneous Operating Expenses	<u>119,320</u>
Total Expenses	<u>20,984,393</u>
Net After Expenses	<u>8,173,999</u>
COST OF FUNDS	
Interest on Borrowed Funds	12,871
Share Dividends	209,190
Interest on Deposits	<u>6,282,025</u>
Total Cost of Funds	<u>6,504,086</u>
Net After Cost of Funds	<u>1,669,913</u>
NON-OPERATING INCOME (EXPENSES)	
Net Gain on Sale/Disposal of Investments	1,443,885
Net Expenses & Losses from Holding/Disposal of Fixed Assets, Foreclosed Properties & Repossessed Assets	(69,876)
NCUA Corporate CU Stabilization Fund Assessments & Share Insurance Fund Premiums	(444,673)
Net Other Non-Operating Income	<u>11,085</u>
Total Non-Operating Income (Expenses)	<u>940,421</u>
Net Income	<u>\$ 2,610,334</u>

Board of Directors

Rodney Francis, Chairman
Jane Wirth, Vice Chairman
Michael Williams, Treasurer
David McGrain, Secretary
Paul Sudhoff
Joan'E Farwell-Tessman
Ken Voelker

Tim Benecke, President/CEO

**In Memory of
Latchie Washington Chesney**

We lost a good friend and dedicated board member with the passing of Latchie Washington Chesney last August. Latchie's commitment to the credit union was endless. She was a member of Wildfire for over 40 years and served on the credit union's Board of Directors for over 30 years. Latchie had a strong love for her family, friends, community and her credit union. We will miss her smile, wisdom and dedication.

Vision Statement:

To build life-long relationships that benefit our members and community.

Mission Statement:

To be the most trusted financial partner for our members

Membership in Wildfire Credit Union is open to anyone who lives, works, attends school or worships in the following 23 counties:

Antrim, Arenac, Bay, Benzie, Clare, Crawford, Genesee, Gladwin, Grand Traverse, Gratiot, Iosco, Isabella, Kalkaska, Leelanau, Midland, Missaukee, Ogemaw, Otsego, Roscommon, Saginaw, Shiawassee, Tuscola, Wexford

2013 Annual Report



Distinctively Better

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A Message from Rod Francis

CHAIRMAN'S REPORT

As 2013 came to a close, so did another successful year for Wildfire Credit Union. Amid the economic challenges that still face our region, and the historically low interest rates on both deposits and loans, we have continued to grow and succeed. Total membership surpassed 38,000 members in September and ended the year at 38,372. We brought in almost 5,000 new members again in 2013, which marks the fifth straight year of positive member growth. Loan growth was also strong in 2013 with overall loan growth of \$25,135,055 and a total loan portfolio of \$305,790,775. While appreciating our loan growth, attention was also given to keeping delinquencies low at .77% and charge-offs at .45% for the year.

We always pay attention to the financial health and strength of the credit union by watching revenues and expenses closely. This watchful eye reinforces our strong capital position of 12.73%, which is well above the 7% industry guideline for a well-capitalized credit union.

Another major accomplishment in 2013 was the completion of the expansion of the Bay Road office. Members are enjoying the expanded space and easy "in and out" the new drive thru lanes and ATM are providing at the south end of the building. Our members, who use Wildfire Financial Group, are finding their relocation provides more privacy to discuss their financial matters. Business Services also enjoys being able to assist business members more easily from their new offices in the lobby. The new building has also provided an opportunity for our Call Center to come up from the basement and operate in a much more efficient environment.

Many of our members took advantage of a new service offered this past year when we began offering personalized debit cards. Our members customized their ATM/Debit Card with one of their favorite photos on the front of the card. To make it even easier, members were able to initiate the change by

simply going through our website or online banking.

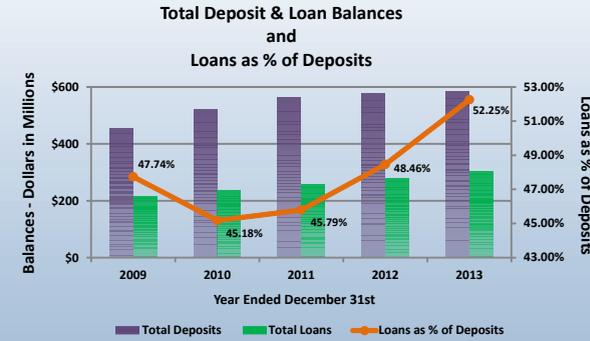
Toward the end of the year, many people throughout the world were impacted by the card breach that occurred at Target. Some of our members were impacted as well. Because we work closely with our fraud monitoring service and have the ability to issue new cards in house; we were quickly able to minimize any risk and inconvenience to our members.

As we move into 2014, we see many exciting opportunities to bring you the products and services that you need to make your life better. We strive every day to be your most trusted financial partner.

2013 TREASURER'S REPORT

Your credit union exists to provide its members with a wide variety of competitively-priced products and services, and in 2013, members took advantage of the many options available at Wildfire. Members continued to count on their credit union for their savings needs, increasing total member deposits by \$6,148,595, or 1.06%. Members also turned to their credit union during 2013 for many of their lending needs including consumer goods purchases, residential real estate, credit cards and small business loans. We had a year of strong loan growth as total loans outstanding increased by \$25,135,055, or by 8.96%. Total consumer loans, which includes automobile loans, increased by \$702,087, or 0.91%; residential real estate loans increased by \$18,719,677, or 11.67%; credit card loans increased by \$592,487, or 3.25%; and small business loans increased by \$5,120,804, or 20.62%.

We also completed a year of strong, balanced growth in 2013. The following chart shows our history over the past five years of savings and loan growth as depicted by the bars. In addition the orange line, with the corresponding scale on the right side of the graph, shows the percentage of our total member savings that was borrowed by other members in the form of loans.



With the start of the financial collapse in late 2008, consumers nationwide began to move funds from the markets into the safety of insured financial institutions like your credit union. During this same time frame, consumers stopped borrowing funds as fears of job losses increased. This combination reduced the amount of total savings dollars that the credit union was able to lend to other members. Maintaining a good balance between savings and loan dollars is important to the overall health of your credit union. We are pleased to report that we have strengthened the amount of loans relative to total savings over the past couple of years. In fact, 2013 was the first time in more than five years where we have had more than 50% of our members' savings dollars loaned to other members. This is a positive trend for us and is the very reason credit unions were founded – members pooling their savings together to provide affordable loans to other members. In addition, increasing loan balances strengthens your credit union by providing more in interest income from loans than purchasing investments as the alternative use for un-borrowed member savings.

Net income for 2013 was \$2,610,334. Net income serves the important purpose of building dollars of capital, which is one of the primary measures of the financial strength and stability of your credit union. The credit union ended 2013 with a regulatory net worth/capital ratio of 12.73%, which increased from the previous year-end ratio of 12.38%, and is well above our peer credit unions' average ratio of

10.62%. You can be assured that your credit union is a strong, healthy financial institution.

The CPA firm of Andrews, Hooper & Pavlik PLC was appointed to perform a comprehensive annual audit of the credit union's financial statements as of December 31, 2012. They have issued an unqualified opinion that the credit union's financial statements present fairly, in all material respects, the financial position of the credit union as of that date. In addition, the State of Michigan Department of Insurance and Financial Services performed a comprehensive safety and soundness examination as of August 31, 2013.

Your Board of Directors, Management and Staff thank you for your membership, and look forward to providing you with a wide variety of products and services in 2014 and beyond. We encourage you to look first to Wildfire when choosing your financial partner to help you achieve your life's goals.