

STATEMENT OF FINANCIAL CONDITION

Period Ending December 31, 2018

ASSETS	
Loans	26,353,426
Allowance for Loan Loss	(355,183)
Cash	2,623,669
Investments	43,479,000
Fixed Assets (Net)	639,838
NCUSIF	692,576
Other Assets	506,754
TOTAL ASSETS	\$73,940,079

LIABILITIES & NET WORTH	
Accounts Payable	84,802
Other Liabilities	253,715
Member Share Accounts	61,892,031
Member Certificates	4,973,479
Regular Reserve	1,898,319
Undivided Earnings	4,837,733
TOTAL LIABILITIES & NET WORTH	\$73,940,079

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STATEMENT OF INCOME & EXPENSE

Period Ending December 31, 2018

INCOME	
Interest on Loans	1,787,047
Income from Investments	863,136
Fee Income	324,962
Other Income	507,766
TOTAL INCOME	\$3,482,910

OPERATING EXPENSES	
Salaries & Benefits	1,196,364
Training & Conference	18,070
Association Dues	5,750
Office Occupancy	174,726
Office Operations	889,424
Advertising	51,317
Loan Servicing	59,022
Professional/Outside Services	322,272
Operating Fee	10,408
Annual Meeting	2,841
Miscellaneous	16,855
OPERATING EXPENSES	\$2,747,048
Provision for Loan Loss	327,375
TOTAL OPERATING EXPENSES	\$3,074,423
Dividend Expense	12,349
Non-Operating Gain/Loss	(2,200)
NET INCOME	\$393,939



ANNUAL REPORT

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After another exciting and busy year, it is time once again to address the successes we have accomplished together with you, our valuable member-owners. As you look through the financial numbers in this annual report, you'll see that we continue to be a strong, stable and trustworthy financial cooperative. Bay Cities Credit Union is proud to be a place where our members can achieve all of their unique financial goals through our diverse product offerings, solid returns on savings, affordable rates on loans and personal focus on service.

Ensuring an experience that not only meets, but exceeds, your expectations is our top priority. We strive to show this in our daily interactions with you, but what may not always be as visible are all of the amazing things we're doing behind the scenes. After evaluating our membership's current and future needs, 2018 was a year of focus on our core infrastructure to set the stage for member service enhancements slated for 2019.

Through these infrastructure changes, we made upgrades in both hardware and software to improve our online banking and ATM systems as well as data processing equipment, such as switches and servers. We also increased internet connection speed and put additional security measures into place. Over the years, we have proven to be a good steward of confidential information, and keeping member information safe and secure is our utmost concern.

Now that we have implemented and tested all of these infrastructure changes, as well as expanded training for our staff, we are well prepared for our upcoming service enhancements – including our 24/7 call center. We couldn't have done all of this without the support and hard work of our team, who is passionate about delivering the best products and services to meet our membership's ever-changing needs. We offer our heartfelt thanks to our Board and staff, and a very special thanks and recognition to our former president, Tom Higginbottom, who retired this year after over 20 years of devoted service. Tom's strong leadership has helped guide our credit union through challenges, such as economic hardship, as well as growth and other opportunities. He is much appreciated and will be greatly missed.

We also want to thank you, our members, for your continued loyalty and trust. We love every opportunity we get to engage with you, so please follow our Facebook page so we can connect on the latest information and resources. Also, if you could use some extra spending money, please don't hesitate to come talk to us – we have plenty to lend and incredible loan rates! Regardless of your financial status, we are here to serve you and even offer programs to help you improve your credit. Let us know how we can help you live your dreams in the year ahead.

ROBERT MAGINNIS

President, Board of Directors

The main responsibilities of Bay Cities Credit Union's Supervisory Committee are to retain services for an annual examination of the financial condition of the Credit Union, coordinate the verification of member accounts, monitor the review of internal controls and ensure compliance with laws and regulations. Through these roles, the Supervisory Committee evaluates the soundness of Bay Cities Credit Union's operations and helps ensure that members' assets are safeguarded.



To help accomplish these important tasks, the Supervisory Committee engaged the accounting firm of Turner, Warren, Hwang and Conrad (TWHC) to perform a certified audit in accordance with regulatory requirements. Their audit results, along with the 2018 audit completed by the Department of Business Oversight (DBO) and the National Credit Union Administration (NCUA), indicate that Bay Cities Credit Union has kept accurate and timely accounting records, is in compliance with laws and regulations and is being managed in a safe and sound manner. Based upon the information gathered from these external audits, as well as our own internal audits to verify that controls are effectively maintained and adequately protect members, volunteers, management and staff, it is the Supervisory Committee's opinion that the Credit Union is financially sound, and the interests of its member-owners are being well-served.

The Supervisory Committee would like to thank Bay Cities Credit Union's management, staff, Board of Directors and members for their assistance and cooperation throughout 2018.

EDWARD CARTER

Chairman, Supervisory Committee

