



YOUR TRUSTED PARTNER

2018 ANNUAL REPORT



Serving Sentry Associates and Their Family Members Since 1935



84TH ANNUAL MEMBERSHIP MEETING AGENDA

1. Determination of a Quorum - Secretary Harry Rice
2. Introduction of the Board and Officers - Chair James Nickerson
3. Minutes of the 83rd Annual Membership Meeting - Secretary Harry Rice
4. Report of Board Chair James Nickerson
5. Report of Treasurer Mike Bilbrey
6. Report of President Rex Fair
7. Report of Examining Committee Chair James Nickerson
8. Elections - Nominating Committee Chair Brian Cychosz
9. Communications
10. Old Business
11. New Business
12. Door Prize Drawing
13. Adjournment



Thank You, Joe Mangal and Jim Zwicker, for 12 Years of Service to SCU Members

Joe Mangal and Jim Zwicker were elected to the SCU Board of Directors at the 2007 annual membership meeting.

Joe Mangal - In addition to serving on various committees, Joe also served as chair on several committees. This included serving as the Examining Committee Chair for several years. Recently Joe served for a couple of years as Board Chair, and is currently serving as Board Vice Chair.

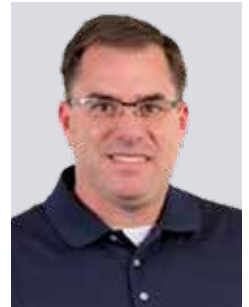
Jim Zwicker - In addition to serving on various committees, Jim also served as chair of several committees. Most recently, Jim served as Secretary of the Board of Directors, and is currently serving on the Examining Committee.

Both Joe and Jim are great examples of credit union members getting involved in the governance of your member-owned and-operated financial cooperative. All board members and committee members serve as non-paid volunteers working in the best interests of the SCU members.

Thank you, Joe and Jim, for your selfless service to the members of Sentry Credit Union. Your leadership at the Board meetings will be missed.



Joe Mangal



Jim Zwicker



Joint Address to the Members of Sentry Credit Union

Sentry Credit Union Members:

Last year, 2018, will be remembered as a year that the Credit Union rededicated itself to being the benefit to our members as defined in our Mission Statement. We continue to be a sound, profitable financial cooperative, and look to expand our services to both existing members, new associates of Sentry Insurance, and their family members. By being the stable financial institution that our members have come to expect, members understand that their deposits in the Credit Union are protected by that stability. Members who borrow from the Credit Union receive competitive rates without incurring excessive fees or restrictions compared to other lenders. Few financial institutions still offer a truly free, no minimum balance checking account with ATM/debit card access, internet and mobile banking access, and services such as no fee, unlimited bill pay. Your Credit Union provides all of this, which is backed by superior service to earn your business as a trusted partner.

Early in 2018, we started the Associate Outreach Program to reach out to Sentry associates in all office locations. Credit Union staff visited several offices outside of Stevens Point to promote the products and services we provide to associates that help define us as a benefit. We also promoted the Credit Union as a resource for associates' financial matters and started to become more active in providing access to financial literacy material. In Stevens Point, we participated in the annual health fair by providing an exercise related to financial literacy topics. In addition, we hosted several seminars on financial topics. All of these financial literacy events were made available to both members and non-member associates.

In September 2018, SCU became one of 14 Credit Unions in Wisconsin that started offering Saver's Sweepstakes to our members. This is a prize-linked

savings account where members can save money and have a chance to win cash prizes. It is estimated that \$75,000 in prizes is expected to be awarded in 2019 alone. SCU has had at least two winners every month since the program started and, in early 2019, had a record number of eight (8) monthly winners. The program started with eligibility for members in Wisconsin and Minnesota, but has since expanded to include members in Illinois.

The Credit Union started on a journey back in 2017 that will end up with members having a new, improved and greatly enhanced online experience starting in July 2019. This process started with coordinating efforts between various vendors. Once all vendors were in place, the actual project work started in 2018. In July 2019, members will have a new website, new online banking, and a new mobile app that incorporates all of our online services and adds new features such as person-to-person payments (P2P), account-to-account transfers (A2A), and picture pay. Due to the expanded capabilities of these new services, greater security will be required for logging into the online banking portal.

Sentry Credit Union is your member-owned, not-for-profit financial cooperative dedicated solely to serving Sentry associates and their family members. This is what has defined SCU since 1935. We believe that this focus is what will propel the success of SCU into the future as we grow and evolve to continue to meet your needs and to be a benefit to you.

Sincerely,

James G. Nickerson
Board Chair

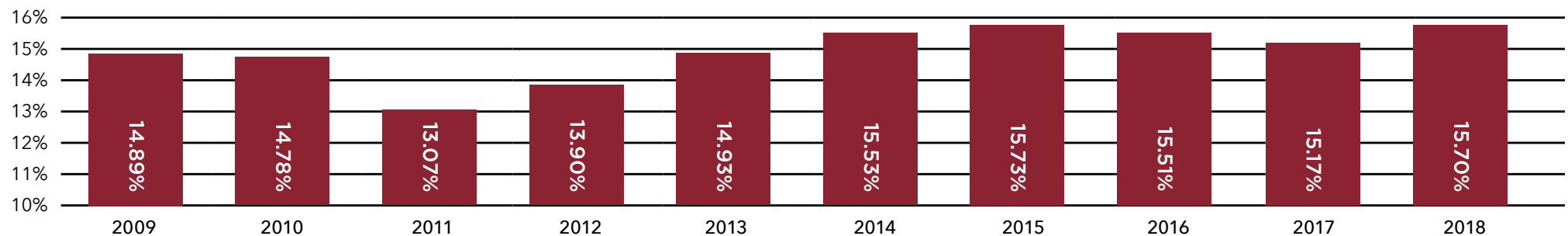
Rex L. Fair
President

SENTRY CREDIT UNION 2018 FINANCIALS

BALANCE SHEET

Assets	As of Dec. 31, 2018	As of Dec. 31, 2017	% Change
Cash Accounts	\$ 864,547	\$ 695,636	24.28%
Investments	24,208,886	29,938,209	-19.14%
Total Loans	70,997,112	63,684,304	11.48%
Allowance - Loan Loss	(169,189)	(141,338)	19.71%
Equipment	228,379	281,707	-18.93%
Accrued Interest Income	105,561	82,866	27.39%
NCUA Ins. Deposit Fund	803,247	775,551	3.57%
Other Assets	577,507	512,274	12.73%
Total Assets	\$ 97,616,050	\$ 95,829,209	1.86%
Liabilities			
Accounts Payable	\$ 1,316,140	\$ 1,616,263	-18.57%
Share/Deposit Accounts	26,601,442	24,402,743	9.01%
Checking Accounts	13,191,594	13,078,986	0.86%
Security Money Market	34,361,766	33,943,329	1.23%
Term Share Certificates	3,425,662	4,340,580	-21.08%
Retirement Accounts	3,389,621	3,906,664	-13.23%
Reserves	15,329,825	14,540,644	5.43%
Total Liabilities	\$ 97,616,050	\$ 95,829,209	1.86%

NET WORTH - 2009 TO PRESENT



OPERATING STATEMENT

Income	Year Ended Dec. 31, 2018	Year Ended Dec. 31, 2017	% Change
Loan Income	\$ 2,344,805	\$ 2,066,468	13.47%
Investment Income	578,861	397,281	45.71%
Fee Income	475,415	465,072	2.22%
Total Income	\$ 3,399,081	\$ 2,928,821	16.06%
Expenses			
Personnel	\$ 1,287,977	\$ 1,164,477	10.61%
Training and Seminars	26,620	26,802	-0.68%
Association Dues	32,577	30,595	6.48%
Office Operations	893,024	866,970	3.01%
Promotions	55,834	46,578	19.87%
Loan Servicing	35,389	29,201	21.19%
Professional Services	39,501	45,357	-12.91%
Provision for Loan Loss	30,000	75,000	-60.00%
Other Expenses	25,267	25,939	-2.59%
Total Operating Expenses	\$ 2,426,189	\$ 2,310,919	4.99%
Cost of Funds	183,212	538,743	-65.99%
Total Expenses	\$ 2,609,401	\$ 2,849,662	-8.43%
Net Gain from Operations	789,680	79,159	897.59%
Non-Operating Loss	(499)	(103)	384.47%
Net Gain to Reserves	\$ 789,181	\$ 79,056	898.26%

DISTRIBUTION OF INCOME FOR YEAR ENDED 2018

	Amount	Sentry CU % of Total	WI Peer Group
Total Income	\$ 3,399,081	100.00%	100.00%
Dividends to Members	169,903	5.00%	6.92%
Operating Expenses	2,439,498	71.77%	79.86%
Net Gain from Operations	789,680	23.23%	13.22%
Non-Operating Loss	(499)	-0.01%	0.02%
Net Gain to Reserves	\$ 789,181	23.22%	13.24%

EXAMINING COMMITTEE REPORT

This is a summary of the reviews completed by the SCU Examining Committee, as well as external entities, since the prior annual meeting.

INTERNAL REVIEWS

SCU Examining Committee

- **Surprise Cash Count:** Two surprise cash counts were performed. The balance sheet account balance was verified to the general ledger ending account balance. Additionally, a current cash balance was computed and matched to the actual cash counts for the test day. No exceptions noted.
- **Testing of Restricted Account Access:** On the same occasion as the above Surprise Cash Count, Committee Members observed that controls were in place to prevent tellers from performing transactions on their own accounts. No exceptions noted.
- **Cash Recycler Review:** One comparison of the contents of the cash recycling machine was compared with ledger records. No exceptions noted.
- **Verification of SCU Investments:** Internal investment records were verified directly with the issuers of the investments. In cases where that was not possible or questions arose, investments were verified against bank and brokerage account records. No exceptions noted.
- **Credit Disability Claims Transactions:** A listing of credit disability claims paid during 2018 from CUNA Mutual Insurance Group was compared with SCU's log of such transactions. No exceptions noted.

Operations and Compliance Specialist Reports

The following reviews were completed during 2018. No exceptions were noted.

- Secure and Fair Enforcement for Mortgage Licensing (SAFE) Act compliance report.
- Bank Secrecy Act (BSA)/Anti-Money Laundering (AML) and Office of Foreign Assets Control (OFAC) compliance review.
- Automated Clearing House (ACH) Payment review report.

EXTERNAL REVIEWS

- From November 13 through November 16, 2018, the National Credit Union Administration (NCUA, the federal regulator for credit unions) conducted its regulatory examination of Sentry Credit Union (SCU) as of September 30, 2019. This extensive examination reviewed financial records, policies, procedures, conformance to banking laws, and compliance with applicable regulations.
- From November 19 through November 21, 2018, Wipfli LLP performed the external review of SCU as of the close of business on October 31, 2018. Some examples of records they reviewed were Teller Controls, Dormant Accounts, Wire Transfers, Investments, Loans, Loan File Maintenance, Delinquencies, Loan Losses, Share Accounts, Overdrafts, Payables, Other Assets and Liabilities, and Regular Reserve and Undivided Earnings.

Both of these examinations verified to the SCU Board that SCU has a strong financial position and that appropriate safeguards are in place to protect the assets of the membership. Both of these examining groups also gave recommendations to SCU for improvements to better the organization.

EXAMINING COMMITTEE

Lindsay Bernhagen

Sue Kedrowski

Dale Lange

Charlotte McIntyre

James Nickerson

Jeff Troestler

Julie Troestler

Jim Zwicker



BOARD OF DIRECTORS AND STAFF

BOARD OF DIRECTORS

James Nickerson
Chair

Joe Mangal
Vice Chair

Mike Bilbrey
Treasurer

Harry Rice
Secretary

Jack Edgerton
Emeritus Director

Lindsay Bernhagen

Brian Cychosz

Bruce Georgenson

Sue Kedrowski

Jim Zwicker

Dennis Gruetzmacher
Associate Board Member

Andrew Kruit
Associate Board Member

STAFF

Rex Fair
President

Beth Olsen
Operations Manager

Karen Apfelbeck
Operations Manager

Diane Kwiatkowski
Loan Department Manager

Lynn Schaufenbuel
Marketing/Member
Services Manager

Peggy Polum
Accounting Clerk

Tami Kawlewski
Foundation/Collection

Chris Weronke
Loan Officer

Tracy Suski
Loan Support Technician

Paula Schuessler
Receptionist

Katrina Omernik
Mortgage Loan Officer

Amy Netzel
Mortgage Loan Officer

Leah Bula
Member Services
Representative

Laura Wachowiak
Member Services
Representative

Jenny Phillips
Head Teller

Melissa Jackson
Teller

Jody Cisewski
Teller

Members on the ballot for election to the SCU Board:

Mike Bilbrey (Incumbent) Mike retired from Sentry after a 24-year career. Mike and his family have been members of the Credit Union for 37 years. He currently serves as the Treasurer and recently served as the Chair of the Board of Directors. He also serves as Chair of the Asset Liability Management Committee. During his tenure on the Board, Mike has served on every Credit Union committee. His goal as a Board member is to maintain the unique qualities of our Credit Union that distinguish us from a bank. He wants our Credit Union to continue to provide quality and affordable financial services to Sentry associates, retirees, and family members.

Dennis Gruetzmacher (Associate Board Member) Dennis was appointed by the SCU Board of Directors to an Associate Board position in May 2018. Since becoming an Associate Director, Dennis has completed three courses in the CUNA (Credit Union National Association) directors' training program. Dennis has been with Sentry for 11 years and has been an SCU member since 2010. He believes SCU is a not-for-profit financial institution that exists to serve our members by providing a variety of financial products. We provide an alternative to a traditional bank.

Andrew Kruit (Associate Board Member) Andrew was appointed by the SCU Board of Directors to an Associate Board position in January 2019. He has been with Sentry Insurance for one year and has been a member since October 2018. Credit unions are not new to Andrew as his mother was a vice president of a credit union in Wausau and his father was chair of the board. He believes the role of the credit union is to encourage members to develop regular habits of savings by providing appropriate vehicles for them to build economic security and encourage prudent borrowing.



YOUR TRUSTED PARTNER



Presented by **SCU**
Sentry Credit Union



Mission Statement

Our mission is to deliver safe, competitive and convenient personal banking products, with exceptional service, while actively encouraging Membership from the Sentry Insurance community. As a trusted partner, our solid financial strength ensures Members can rely on us to assist them toward attaining their financial goals while creating a highly valued benefit.

Value Statements


member owned YOUR *trusted*
 **WORKING** **PARTNER** 
WITH YOU
SCU
Sentry Credit Union
focused **MINDFUL**
ON YOU AND OF THE EVOLVING
your needs **FINANCIAL**
AS WE REMAIN THE **INDUSTRY**
VALUED BENEFIT
ENVISIONED BY
OUR FOUNDERS
dedicated **TRUST** and building
TO CULTIVATING **LOYALTY** THROUGH EXCEPTIONAL **SERVICE**



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