



// 2017

BUSINESS REPORT

Welcome

We appreciate you — our loyal member — and are pleased to be your financial partner. This Business Report reviews our successes over the past few years and provides an outlook on the future of Gulf Winds. By investing in our people, technology, and infrastructure, we are laying the foundation for our goal of becoming the *Number One Community Credit Union Serving the Gulf Coast*.

We are adapting the traditional banking experience to members' changing expectations for efficiency and convenience. In 2018, Gulf Winds will unveil a new branch design in Tallahassee. This "Branch of the Future" will serve members and provide financial solutions in an engaging, personalized, and relaxed manner by our team of experts. Our goal is to design these branches in a way that enriches each member's experience with Gulf Winds.

This branch initiative is a result of your feedback, and we are using all of your comments and ideas to propel us into the future. We also utilized your feedback to introduce Gulf Winds Direct. In its first full year of existence, Gulf Winds Direct saved our members' a total of 55.5 days of wait time, implemented online account opening, and extended our contact center hours to better serve you. Gulf Winds Direct will continue to develop new methods of convenience and efficiency to improve our members' banking experience.

As the financial landscape changes, your Gulf Winds finance team works to deliver the most value to our members. In an environment of rising interest rates, we are increasing rates on shares and certificates to preserve our members' savings. To provide members with competitive dividend rates, we have focused our efforts on improving our investment strategy and monitoring operating expenses. We will continue to keep an eye on the changing economic environment and make decisions that provide our members the most value.

By strengthening our product offerings based on members' requests and continuing to adapt to a changing economy, we are providing long-term value to our members. The Gulf Winds Lending Department has recently expanded our mortgage products by adding VA, Condo, and Investment Property loans. Later this year we are upgrading the online lending platform to improve your lending experience. It is our goal to offer superior products and services accompanied by online tools that are intuitive and convenient.

As always, decisions are made with you in mind. By participating in our surveys and providing your feedback, we can provide *Service That Soars Above*, so thank you for helping make us better. We appreciate your membership with Gulf Winds, and are here to help you along your financial journey.

A handwritten signature in black ink that reads "Chris Rutledge". The signature is fluid and cursive, written in a professional style.

Chris Rutledge
President & CEO



Report from the **INDEPENDENT AUDITOR**



316 South Baylen Street, Suite 300
Pensacola, FL 32502

To the Board of Directors
Gulf Winds Federal Credit Union

Report on the Financial Statements

We have audited the accompanying financial statements of Gulf Winds Federal Credit Union, which comprise the statements of financial condition as of June 30, 2017 and 2016, and the related statements of comprehensive income, changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

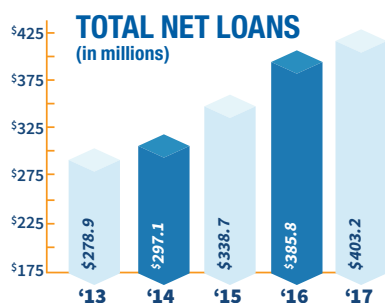
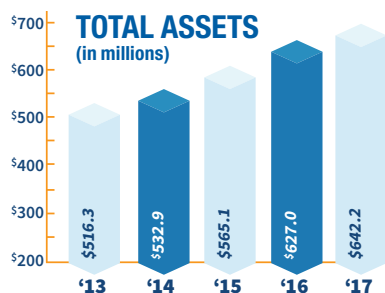
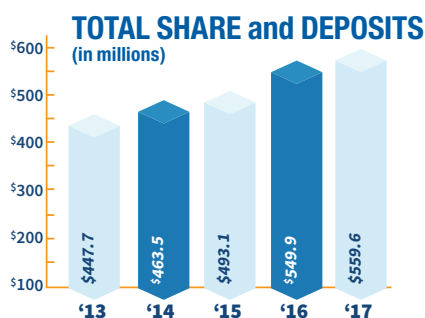
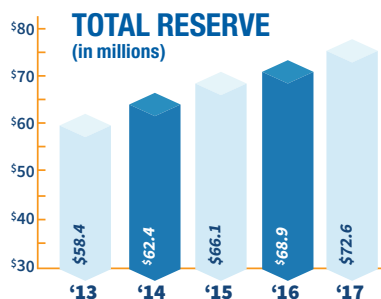
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gulf Winds Federal Credit Union as of June 30, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Warren Averett
Pensacola, Florida
October 19, 2017

2017 FINANCIAL REVIEW



Statement of Reserves and Undivided Earnings as of Dec. 31, 2017

REGULAR AND SPECIAL RESERVES

Regular Reserve	
Balance at Beginning of Year	\$6,433,463
Total Regular Reserve	\$6,433,463
Special Reserves	(2,633,557)
Total Reserves	\$3,901,576

UNDIVIDED EARNINGS

Balance at Beginning of Year	\$65,028,744
Add: Net Income 2017	3,771,470
Total Undivided Earnings	\$68,800,214

Statement of Condition for the Years Ended Dec. 31, 2017 & 2016

ASSETS	2017	2016
Earning Assets:		
Net Member Loans	\$403,169,560	\$385,805,283
Investments	151,931,614	151,259,720
Cash Equivalents	40,422,775	40,806,512
Total Earning Assets	595,523,949	\$577,871,514
Non-Earning Assets:		
Cash on Hand	9,904,174	11,599,345
Premises and Equipment, Net	16,023,411	16,937,474
Other Assets	20,783,349	20,557,868
Total Non-Earning Assets	46,710,934	\$49,094,687
Total Assets	\$642,234,883	\$626,966,201
LIABILITIES		
Members' Share and Savings Accounts:		
Shares	\$435,083,993	\$411,111,947
IRA Accounts	34,968,490	36,021,202
CDs	89,535,961	102,721,195
Total Members' Share and Savings Accounts	\$559,588,444	\$549,854,344
Accrued Expenses and Other Liabilities	10,046,319	8,181,536
Total Liabilities	\$569,634,763	\$558,035,880
Members' Equity:		
Reserves	6,433,463	6,433,463
Undivided Earnings	68,800,214	65,028,744
Accumulated Other Comprehensive Income (loss)	(2,633,557)	(2,531,887)
Total Members' Equity	72,600,120	\$68,930,320
Total Liabilities and Equity	\$642,234,883	\$626,966,201

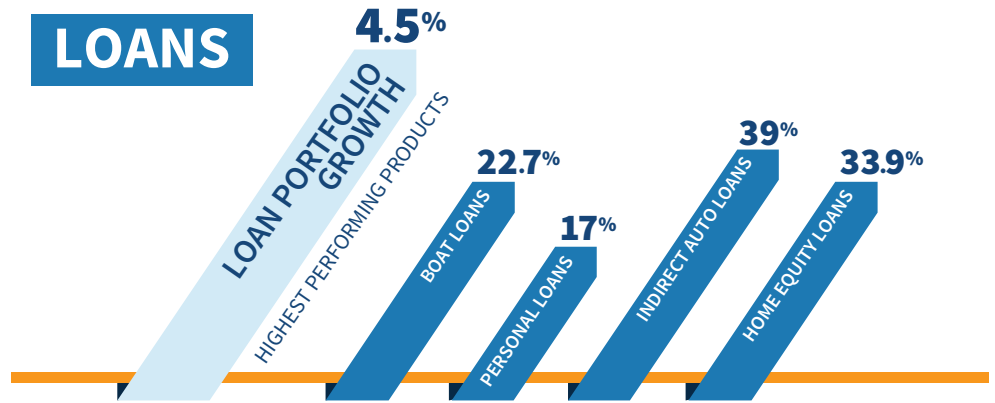
Statement of Income for the Years Ended Dec. 31, 2017 & 2016

REVENUE FROM EARNING ASSETS	2017	2016
Interest Income on Loans	\$17,560,504	\$16,143,250
Investment Income	2,349,161	1,694,808
Total Revenue from Earning Assets	19,909,664	\$17,838,058
COST OF FUNDS		
Member Dividends	2,438,345	2,197,951
Interest on Borrowed Funds	370	192
Total Cost of Funds	2,438,715	\$2,198,142
GROSS MARGIN	17,470,949	\$15,639,915
Less: Provision for Loan Loss	(1,807,844)	(1,715,812)
Net Margin	15,663,106	\$13,924,104
NONINTEREST REVENUE	12,537,061	\$12,014,624
OPERATING EXPENSES		
Compensation and Benefits	12,212,513	10,810,079
Office Operations and Occupancy	12,175,541	11,708,012
Member Insurance	80,431	69,079
Total Operating Expenses	24,468,485	\$22,587,171
NON-OPERATING (GAINS)/LOSSES		
Net gain (loss) on sale of property & equipment	(4,804)	(15,359)
Net gain (loss) on sale of other real estate owned	(42,961)	31,012
Net (gain) loss on Investments	7,977	
Net Income / (Loss)	\$3,771,471	\$3,335,905

2017 PERFORMANCE



LOANS



GULF WINDS IS RATED 5-STAR BY BAUERFINANCIAL



95 CONSECUTIVE QUARTERS

TEAM MEMBER

VOLUNTEER HOURS

1,013^{.91}
HOURS DONATED

\$24,475^{.79}

WORTH OF TIME DONATED
According to independentsector.org a volunteers time is worth \$24.14/hr

CONTACT CENTER



AVERAGE WAIT TIME DOWN BY 30 SECONDS

MEMBERS WERE SAVED

55.5
DAYS OF WAIT TIME



GoGulfWinds.com