

# Supervisory Committee Report

# 2015

➤ The Supervisory Committee met monthly to monitor and review Credit Union operations.

Our external auditors, Wipfli Ullrich Bertelson LLP (WIPFLI), conducted the Annual verification of share and loan accounts as of September 30, 2015, and the Annual Audit of our Financial Statements (Audit) for the year ended September 30, 2015. It is WIPFLI's opinion that the financial statements present fairly, in all material respects, the financial position of Consumers Cooperative Credit Union (CCU) at September 30, 2015, and the results of its operations and its cash flows for the year then ended are in conformity with Generally Accepted Accounting Principles in the United States. The results of this Audit were reviewed at the December 2015 Board of Directors meeting, with each Director receiving a copy of these reports.

WIPFLI also audited our 401(k) Plan and Trust and Defined Benefit Plans as of December 31, 2014. In the opinion for these audits, WIPFLI stated that the form and content of the information included in the 2014 financial statements and schedules, other than that derived from the information certified by the trustee (CUNA Mutual), have been audited in accordance with Generally Accepted Accounting Principles in the United States and, in their opinion, are in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

WIPFLI also conducted an Information Technology Examination in December 2015, which included Online Banking and CCU's Website. All remediation items will be reviewed by management once the final report is received. Two Perimeter Vulnerability Assessments were performed, one by WIPFLI and one by Haloc. Both of these assessments were conducted in October 2015 and no serious vulnerabilities were identified.

The National Credit Union Administration (NCUA) and the Illinois Department of Financial and Professional Regulation – Division of Financial Institutions Credit Union Section (DFI) completed an audit to determine the financial condition of the Credit Union, and our compliance with applicable Rules and Regulations as of September 30, 2015. The results of this audit were reviewed at the November, 2015 Board of Directors meeting, with each Director receiving a copy of these reports.

CUNA Mutual, our fidelity bond insurer, conducted a review in October 2015. CUNA Mutual made several recommendations in a number of areas. Management evaluated the recommendations, has finished implementing several, and is in the process of implementing others throughout 2016. Some of the open items focus on new policies. CUNA Mutual bases their recommendations on industry trends and what they see occurring with respect to insurance losses. Their focus is making recommendations that may potentially reduce future insurance claims.

On November 1, 2015 CCU and Premier Credit Union (PCU) merged. In conjunction with this merger, an accounting valuation was performed by Wilary Winn Risk Management LLC. The valuation reports were reviewed by CCU's Asset/Liability Committee and the Board of Directors at meetings held in January 2016.

During 2015, CCU's Internal Auditor performed required annual audits, including cash audits, audits of Automated Clearing House (ACH) procedures, audits of Shared Branching procedures, and reviews of Internal Control Policies. The Internal Auditor also assisted with compliance requirements due to state and federal regulation changes and provided compliance support as needed. As a result of the CCU/PCU merger, management established separate compliance and internal audit functional roles and responsibilities.

## Supervisory Committee:

*Joseph M. Rajceвич – Committee Chairperson*  
*Jerry P. Larson – Committee Secretary*  
*Denise Charts*

*James Machnich*  
*Spiridoula (Litza) Mavrothalasitis*  
*Kenneth Robinson*