

2017

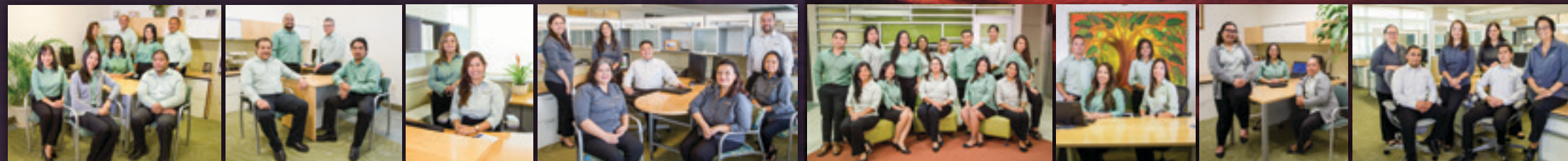
ANNUAL REPORT



At Coast360, we are members helping members.
We take pride in our credit union – working
together to uphold an organization that
consistently exceeds the expectations of our
members and community.

Our Mission:

To build a lifetime relationship
by enriching each member's life
through exceptional service;
and to be stewards of our
environment and community
for all generations.



Meet the Thrive Team.



meeting minutes

54th Annual Membership Meeting • March 29, 2017
Coast360 Federal Credit Union Member Center, Maite, Guam

CALL TO ORDER

The Annual Membership meeting was held at the Sheraton Laguna Guam Resort in Tamuning, Guam. Chairman of the Board, Pedro R. Martinez, presided and called the meeting to order at 6:54 p.m.

Secretary of the Board of Directors, Vicente M. Concepcion, confirmed a quorum. The Board of Directors present are: Angelita P. Mendiola, Member; Matthew P. Quinata, Treasurer; Pedro R. Martinez, Chairman; Paul D. Leon Guerrero, Vice Chairman; Johnny P. Taitano, Member; and Vicente M. Concepcion, Secretary.

Also present: from the Supervisory Committee are Arthur Mariano, Vice Chairman; Barbara Howard, Secretary; and Vincent Duenas, Member; from Executive Management are Gener Deliquina, Chief Executive Officer; Monica Pido, Chief Operations Officer; Jason Rios, Chief Financial Officer; Jessica Atalig, Chief Risk Officer; Anacleto Gatuz, Chief Credit Officer; and Michael Duenas, Chief Information Officer; Managers and Staff, and Members of Coast360 Federal Credit Union.

AGENDA

The Chairman asked for a motion to approve the agenda. Chin-Tian Lee moved to approve the agenda. Maria Taitano seconded the motion. There was no objection; motion carries.

APPROVAL OF MINUTES

The Chairman asked for a motion to approve the minutes of last year's Annual Membership Meeting of March 30, 2016. Jose Mafnas moved to approve the minutes of the Annual Membership Meeting dated March 30, 2016. Gener Deliquina seconded it. There was no objection; motion carries.

At this time, the Chairman asked for a motion to excuse the absence of Raymond Blas, Board Member. Vicente Concepcion made the motion; seconded by Johnny P. Taitano. There was no objection; motion carries.

RECESS

At 6:56 p.m., Chairman Pedro R. Martinez called for a motion to recess for dinner; and reconvene the Annual Membership Meeting after dinner. Angelita Mendiola moved to approve; seconded by Johnny P. Taitano. There was no objection; motion carries.

RECONVENE

The Annual Membership meeting reconvened at 7:58 p.m. Chairman Pedro R. Martinez introduced the Executive Management. The Chairman then called on the Secretary of the Board, Vicente Concepcion, to preside. Vicente Concepcion acknowledged the entire staff of Coast360.

Vicente Concepcion called on the Chairman of the Board to present his report.

CHAIRMAN'S REPORT

Chairman Pedro Martinez presented his message as noted in the 2016 Annual Report of Coast360 Federal Credit Union.

The Board Secretary called for a motion to accept the Chairman's report. Tiffany Quitugua moved to accept the Chairman's report. Gener Deliquina seconded the motion. There was no objection, motion carries.

The Board Secretary called on Matthew Quinata to present the Treasurer's report.

TREASURER'S REPORT

Matthew Quinata presented the Treasurer's report as noted in the 2016 Annual Report of Coast360 Federal Credit Union.

Laverne Flores moved to accept the report. John Ray Taitano seconded the motion. There was no objection, motion carries.

At this time, V. Concepcion recognized the Supervisory Committee Chairman, Stephen Guerrero (not present but arrived later); Vice Chairman, Arthur Mariano; Secretary, Barbara Howard; Member, M. Francis Baba (not present), and Member, Vincent Duenas.

SUPERVISORY COMMITTEE REPORT

On behalf of the Chairman of the Supervisory Committee, Arthur Mariano, Vice Chairman, presented the Supervisory Committee report as noted in the 2016 Annual Report of Coast360 Federal Credit Union.

The Board Secretary called for a motion to accept the Supervisory Committee Report. Joseph Taitano made a motion to accept the Supervisory Committee Report. George Pereda seconded the motion. There was no objection; motion carries.

UNFINISHED BUSINESS/NEW BUSINESS

There was no unfinished or new business to discuss.

The Board Secretary called upon Matthew Quinata, Chairperson of the Nominating Committee.

CERTIFICATION OF CANDIDATES BY ACCLAMATION

Matthew Quinata recognized the Nominating Committee Members: Raymond Blas, Board member (not present); and Barbara Howard, Secretary of the Supervisory Committee. He reported that the committee called for nominations for the Board of Directors on November 17, 2016 through February 6, 2017. This year, there are two (2) seats to be filled. The committee accepted and certified two (2) valid nominations. In accordance with our bylaws, if the number of nominees equals the number of positions to be filled, there will be no election by ballot conducted. As such, the chair may declare each nominee elected by acclamation at the annual meeting. The committee hereby certifies and submits to the general membership the following nominees for the

Board of Directors: Pedro R. Martinez and Paul D. Leon Guerrero.

The Board Secretary asked for a motion to accept the recommendation of the Nominating Committee for the vacant positions of the Board of Directors of Coast360 Federal Credit Union. Vincent Duenas made a motion to accept the recommendation of the Nominating Committee. Gener Deliquina seconded the motion. The Board Secretary called for a voice vote from the members present. As a result, he announced that the recommendation by the Nominating Committee is accepted, thereby incumbents, Pedro R. Martinez and Paul D. Leon Guerrero are elected by acclamation.

ADJOURNMENT

The Board Secretary called for a motion to adjourn.

Gener Deliquina moved to adjourn the meeting. Vincent Duenas seconded the motion. There was no objection, motion carries. The meeting adjourned at 8:17 p.m.

TRANSCRIBED BY:




Anita M. Mafnas
Executive Assistant

SUBMITTED BY:



Pedro R. Martinez
Chairman of the Board



Vicente M. Concepcion
Secretary of the Board



Matthew P. Quinata
Treasurer of the Board

hafa adai
and welcome
members!

Wednesday
March 21, 2018

8:30 am - 10:30 pm

Sheraton Laguna
Guam Resort

PROGRAM

- 8:30 am Meeting called to order
- 9:00 am Meeting recessed
Registration and voting begins
- 6:00 pm Registration and voting closed
- 7:00 pm Meeting reconvenes
- 7:15 pm Start of dinner
Meeting recessed
- 9:00 pm Election results

AGENDA

- I. Call to Order
- II. Approval of Minutes
- III. Chairman's Report
- IV. Treasurer's Report
- V. Supervisory Committee's Report
- VI. Unfinished Business
- VII. New Business
- VIII. Election
- IX. Adjournment

a message from the chairman

HAFA ADAI COAST360 MEMBERS!

Our commitment to members helping members has not changed since 1962. We remain focused on making dreams become a reality, whether it be owning that first car, becoming a home owner, or saving for more dreams in the future. We continue to strive to be the best choice for our community's financial needs with our competitive loan rates, terms, fee structures, and dedication to service excellence.

We thank you for your loyalty to Coast360 and for participating in your credit union, as we've experienced continued membership and financial growth in 2017 which we could not have achieved without you. In our efforts to better serve our members, we have expanded our teller counters in Maite, ordered new ATM and cash dispensing machines, and enhanced our convenience services through Coast by Phone and Coast mobile. As each upgrade and transition takes time, we appreciate your patience and understanding.

We also look forward to building our new member center in Upper Tumon to strengthen the presence of our credit union and better serve our community. *We will meet the challenges of the future with a continued focus on quality service and innovative technology. We are grateful to our hard working management, staff, Supervisory Committee and Board of Directors who are truly professionals. Our future is bright and exciting and we will continue to uphold the philosophy of members helping members, the foundation for which credit unions were built upon.*

Si Yu'os Ma'ase,



Paul D. Leon Guerrero

Chairman of the Board



board of directors



Pedro R. Martinez
Vice Chairman



Matthew P. Quinata
Treasurer



Vicente M. Concepcion
Secretary



Johnny P. Taitano
Board Member



Angelita P. Mendiola
Board Member



Raymond F.Y. Blas
Board Member

a message from the
CEO

AFTER 55 YEARS OF SERVICE, Coast360 Federal Credit Union has much to be grateful for. It has been a privilege to serve our island community and we would not be here today without the trust and loyalty of our 50,000 members who are the driving force in all that we do. In 2018, our mission of building lifetime relationships by enriching each member's life through exceptional service and being stewards of our environment and community for all generations is as strong as ever. We've reached new heights as an organization and since we owe all of our success to our members, our 55th Anniversary in 2017 was the perfect opportunity to show our heartfelt appreciation.

We set the tone of our anniversary with a commemorative logo featuring our sundial and a vibrant island sunrise that points to Coast360's new dawn as one of Guam's leading financial institutions. In the spirit of the milestone, we increased term share rates to give members higher earnings and even offered special personal loan rates worth celebrating. We also put on a Thrive and Win Member Appreciation Giveaway to reward members with exciting prizes like roundtrip tickets to Asia, \$3,000 cash, and even a brand new car!

As the anniversary festivities buzzed throughout the island in 2017, we strengthened our dedication to stewardship by hosting our biggest charter day celebration and eCoast 5K Run & Family Fair yet. With over 2,500 attendees and over \$25,000 raised for green organizations, we are grateful that a momentous occasion like our 55th Anniversary gave way to such a grand coming together of our credit union and community.

In the coming year, we will continue to give back to the community by supporting our fellow stewards, spreading financial literacy, and providing innovative, thoughtful products and services like a 24/7 self-service center, brand new ATMs, as well as constructing our state-of-the-art Upper Tumon Branch.

Perpetuating the credit union philosophy of people helping people and achieving our many goals in 2017 would not have been possible without our hardworking management and staff alongside the commendable teamwork of our volunteer Board of Directors and Supervisory Committee. I hope that the momentum we've gained and the milestones we've celebrated will continue to inspire and unite our organization for the next 55 years and beyond.

Together We Thrive,



Gener F. Deliquina
Chief Executive Officer



executive team



L-R:

Anacleto P. Gatuz, Chief Credit Officer
Monica L. Pido, Chief Operations Officer
Gener F. Deliquina, Chief Executive Officer
Jason S. Rios, Chief Financial Officer
Jessica A.I. Atalig, Chief Risk Officer
Michael J. Duenas, Chief Information Officer



People helping people-

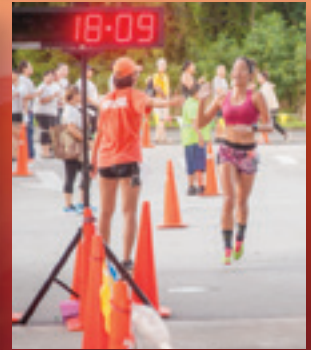
that's the philosophy that has kept us moving forward for 55 years. We empower members to take control of their financial future, helping them to realize their dreams - from building their savings, to owning a home or opening a small business. We look forward to continuing our mission of enriching the lives of our members and island community.

Si Yu'os Ma'āse'!
From your Thrive Team.



We expressed a big 'thank you' to all of our members with a Thrive & Win Member Appreciation Giveaway. We gave away a 2017 Buick Encore, \$3,000, roundtrip tickets for 2 with spending cash and other prizes.

Top to bottom: Grand Prize winner: Christine Rosario; Trip winner: Shirley Pili; Cash winner: Jacob Toves.



3rd Annual ECoast 5K Run was held in September 23, 2017.

a message from the treasurer

COAST360 FEDERAL CREDIT UNION continues to remain financially sound, stable and safe. Coast360 has managed to sustain growth, generate positive returns, maintain a strong capital ratio and most of all, continue to meet our members' needs.

On behalf of my colleagues, I am pleased to report the audited financials of Coast360 Federal Credit Union on the conclusion of its 55th year in operation. The year 2017 proved to be another successful year for our Credit Union as an audit of our financial performance indicated a favorable growth in assets by 2.77%, an increase of \$10,137,072 from prior year. Our net-worth-to-assets ratio remains strong at 14.13%, well above NCUA's 7.0% threshold of a well-capitalized credit union. Your Credit Union remained profitable in 2017, closing out with a positive return-on-average asset ratio of 0.43%.

The Federal Open Market Committee increased the federal funds rate by 25 basis points three times in 2017. Despite the effects of increasing payoffs, our net loans grew by 5.01% or \$13,590,501 between 2016 and 2017. Coast360 had also increased share rates in June 2017 while maintaining our current loan rates. However, our net interest margin was 3.97% and 3.87% as of December 2017 and 2016, respectively. With the increase in our share rates, we will continue to monitor our margins closely and make necessary adjustment, including stabilizing operating expenses, revamping our loan and share products and maximizing investment returns, to ensure a plan is in place to counter margin pressures.

Our delinquent loans-to-total loans ratio remained below 1.00% for the second year in a row at 0.96% in 2017 and 0.97% in 2016. We have implemented policies and procedures to help curtail delinquencies primarily in its early stages by working out loans with our members whenever feasible. Recovery efforts for prior charged-off loans are also in effect to mitigate our losses and the need for providing loan loss reserves. The net charge off ratio remains low at 0.44% and 0.36% in 2017 and 2016, respectively.

Diversification of our assets provides for well-balanced risks inherent in our balance sheet. In 2017, our asset distributions consisted of 76% in loans, 9% in government-guaranteed investments, 6% in cash and cash equivalents, 7% in fixed assets and a small 2% in other assets. Loans, our largest earning asset, is managed through a sound concentration risk program that ensures our portfolio is adequately diversified to mitigate underlying risks such as interest rate, credit and liquidity. As of December 31, 2017, our loan portfolio is composed of 42% in signature unsecured, 35% in real-estate (with 19% in fixed and 81% in variable rate), 14% in business, 5% in auto, 2% in credit card and 2% in share secured.

On behalf of the Board of Directors, volunteers, management and staff, I would like to thank all of our members for your continued support. It is our mission to deliver the best products and services through effective financial management. We certainly look forward to continue serving you in 2018 and beyond.

Respectfully Submitted,



Matthew P. Quinata
Treasurer



supervisory committee report

The Supervisory Committee consists of volunteers appointed by the Board of Directors and is responsible for overseeing the safety and soundness of your credit union. Two of its major duties pursuant to §1761d of the Federal Credit Union Act and §715.8 of the National Credit Union Association (NCUA) Rules and Regulations, are engaging an independent certified public accounting (CPA) firm to conduct an annual opinion audit of financial statements and a biannual verification of members' accounts.

The Committee hired Stephen Y.H. Kwok, CPA, to conduct the annual audit for the year ended December 31, 2017, and I am pleased to report the audit has been successfully completed. The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and present fairly the financial condition of Coast360 Federal Credit Union, except for the effects of reporting members' share accounts as equity. It has been the position and practice of the Credit Union to treat members' shares as equity, rather than liabilities, because members are essentially its owners and shareholders.

Other audits and compliance testing completed for the year ending December 31, 2017 include the Bank Secrecy Act (BSA) & Office of Foreign Assets Control (OFAC) programs, and the Automated Clearing House (ACH) process.

Your Supervisory Committee is dedicated to ensuring your assets are secured. On behalf of the committee, I want to thank you for choosing Coast360 Federal Credit Union as your trusted financial partner and we look forward to continue serving you. I would also like to thank our Board of Directors, management and staff for their cooperation and assistance in carrying out our responsibilities. Our continued success is a product of working together towards a common goal.

Respectfully Submitted,



Stephen J. Guerrero
Chairman, Supervisory Committee



Stephen J. Guerrero
Chairman



Arthur R. Mariano
Vice Chairman



Barbara S. Howard
Secretary



M. Francis Quinto-Baba
Member



Vincent J.G. Duenas
Member

Charitable giving, financial literacy education and environmental stewardship is part of our commitment to affecting positive change in the lives of our members and our community.



Autism Community Together (ACT) Traveling Museum



International Coastal Cleanup (Asan Beach)



International Credit Union Day (Proclamation Signing)



Donating to Dusit Smiles



Coast360 Eco Tour (Guam Girl Scouts)



Financial Literacy (Okkodo High School)



Mangilao Bus Stop Ribbon Cutting



Guam Ko'ko' Kids Race



Guam Memorial Hospital Volunteer's Association



Guam Christian Church (eSoccer)



Relay for Life



Career Day (Tiyan High School)

product HIGHLIGHTS

2018



Instant Issue Cards

Eliminate the wait time for your cards to come in the mail. Now you have the convenience of receiving your debit and/or credit card upon account opening with our instant issue cards. The perfect solution for lost or stolen card replacements or the need for a card with last minute travel plans.

Personal Loans

Consolidate higher interest debt to one lower monthly payment. Finance up to \$50,000 with terms up to 72 months. No pre-payment penalties or processing fees. Go paperless and apply online!

As low as
5.99%
APR¹

Mortgage

Get one step closer to owning your dream home with a mortgage loan from Coast360. We also offer V.A. Loans up to 100% financing^{2,3} on a low, fixed rate³ with no pre-payment penalties. Contact a Mortgage Officer at 472-8156 to help you get started.



Coast Online Pro

Coming soon!

Business members can look forward to a new and improved online banking system to suit their business needs.

¹APR is Annual Percentage Rate effective 7/1/17. The loan rate, amount financed, and terms may vary depending on each individual's credit history and the credit union's underwriting standards. ²Up to 100% financing, additional funding fee included, which may be financed up to the maximum loan amount. ³Subject to credit approval. Terms, conditions and other restrictions apply. All credit union rates, loan programs, terms and conditions are subject to change without notice.

- AA Geppan Volleyball Club
- Agat Guamerica Lions Club
- Air Force Ball Committee
- Airman Leadership School
- Aklan Association of Guam
- American Cancer Society
- American Red Cross
- Asia Pacific Financial Management Group
- Association of Government Accountants
- Bishop Baumgartner Memorial Catholic School
- Catholic Social Services
- Center for Island Sustainability
- Chasing Rainbows End Organization
- Chinese Chamber of Commerce of Guam
- Country Club of the Pacific
- Docomo Pacific
- Dusit Thani Guam Resort (Dusit Smiles)
- Employees Association of the Guam Homeland Security/Office of Civil Defense
- Engineer, Architects & Surveyors Golf Club
- Father Duenas Alumni Association (co 2007)
- Father Duenas Class of 2019
- FMS Football Parent Support Group
- Federal Programs Division, GDOE
- Filipino Community of Guam

- Foundation for Public Education, Inc.
- Foundation to Support Guard and Reserves
- GCC Ethics & Stakeholders Class
- GDOE Employees Association
- GDOE School Librarians
- George Washington High School
- GTA/USO Golf for our Heroes
- Guahan Lions Club
- Guam Air National Guard Family Readiness Group
- Guam Amateur Baseball Association
- Guam Animals in Need (GAIN)
- Guam Art Exhibit (GAX)
- Guam Auto Spot
- Guam Cancer Care
- Guam Chamber of Commerce
- Guam Chamber of Commerce Docomo Pacific
- Guam Community College
- Guam Council of the Arts & Humanities Agency
- Guam Crime Stoppers
- Guam Cycling Federation
- Guam Family Readiness Group
- Guam Filipino Artists
- Guam Fisherman's Cooperative Association
- Guam Girl Scouts
- Guam Girls National Fastpitch Association, Inc.

- Guam Hawgs Motorcycle Club
- Guam Hotel And Restaurant Association
- Guam Hotel And Restaurant Association
- Guam Humanities Council
- Guam International Women's Club of Guam
- Guam Int'l Airport Authority Employee Association
- Guam Islander Softball Association
- Guam Little League
- Guam Masters - Men
- Guam Medical Society
- Guam Memorial Hospital Volunteer Association
- Guam National Golf Federation
- Guam Regional Medical City - Outreach and Community Support Program
- Guam Reserve Association
- Guam Small Business Development Center
- Guam Track and Field Association
- Guam Visitors Bureau / Guam Sports Events Inc.
- Guam War Survivors Memorial Foundation
- Guam Women Islander Softball Association
- Guam Women's Chamber of Commerce
- Guam Women's Club
- Guam Women's Master Basketball Association
- Guma Bula Guinaiya
- Habitat for Humanity of Guam

- Harley Owners Group
- Health Services of the Pacific
- Hunterspeaks Organization
- I Familian I Kotte
- Immaculate Heart of Mary Catholic Church
- Indian Temple of Guam
- irecycle
- Japan Club of Guam
- JP Torres SBA
- Junior Achievement Guam
- Kamalen Karidat
- Korean Golf Association of Guam
- Learn Chamorro Project, Inc.
- Lions Club International District 204
- Maina Catholic Church
- Make-A-Wish Foundation
- Mangilao Municipal Planning Council
- Maria Artero Catholic Preschool and Kindergarten
- Marianas Paddlesports Racing Association (MPRA)
- Mayor's Council of Guam
- Mercy Heights Catholic Nursery & Kindergarten
- Merizo Municipal Planning Council
- Nissan Motor Corp.
- Office of the Mayor - Agat
- Office of the Mayor - Merizo

- Office of the Mayor - Sinajana
- Office of the Mayor - Talofofo
- Office of the Mayor of MTM
- Office of the Mayor of Santa Rita
- Okkodo High School Marine Corps Junior Reserve Officer Corp
- Our Lady of Blessed Sacrament Church
- Our Lady of Peace and Safe Journey Catholic Church
- Parents Empowering Parents
- Payless Supermarkets
- Rainbows For All Children - Guam
- Rigalu Foundation
- Rotary Club of Tumon Bay
- San Isidro Malo'loj Fiesta Committee
- Sanctuary, Inc.
- Santa Barbara Catholic School
- Santa Teresita Catholic Church
- SHRM Guam Chapter
- Sidekicks Soccer Club
- Simon Sanchez Class of 2017
- Sinajana Municipal Planning Council
- Sindalun Guahan Softball Association
- Sisters of Mercy
- Soroptimist International of Guam
- Soroptimist International of the Marianas

- South Pacific Petroleum Corporation
- St. Francis Catholic School Parent-Alumni Organization
- St. Paul Christian School
- TakeCare Foundation Inc.
- Tatuha Incorporated (Tamuning Mayor's Office) Officer Corp
- Tender Shepherd Preschool
- The Little ZIN Studio
- The Magnificent 7 Program (MagPRO Awards)
- The Salvation Army
- Tiyan High School
- Tiyan High School Parent Alumni Student Teacher Association (PASTA)
- Todu Guam Foundation
- Triple J Auto Group
- University of Guam
- University of Guam Endowment Foundation
- UOG Student Government Association
- USO Guam
- VARO
- Young Men's League of Guam

**Consolidated Statements
of Financial Condition**
DECEMBER 31, 2017 AND 2016

ASSETS	2017	2016
Cash and cash equivalents	\$ 24,391,093	\$ 23,347,324
Investments	31,949,053	36,656,134
Loans to members, less allowance for loan losses	284,950,249	271,359,748
Loans held-for-sale	555,000	—
Other receivables	2,023,912	1,851,021
Prepaid and deferred expenses	381,525	298,127
Property and equipment, net	26,160,436	26,910,686
Accrued interest on loans	903,708	829,178
Accrued interest on investments	76,367	86,325
NCUSIF deposit	2,455,320	2,328,115
Other assets	1,674,983	1,717,916
Total assets	\$ 375,521,646	\$ 365,384,574
LIABILITIES AND EQUITY		
Liabilities:		
Borrowed funds	\$ 10,232,335	\$ 946,621
Accounts payable and other liabilities	5,031,816	6,074,598
Dividends payable	796,273	781,071
Accrued expenses	689,367	719,927
Total liabilities	16,749,791	8,522,217
Commitments and contingencies		
Equity:		
Members' shares:		
Regular shares	141,620,545	149,814,799
Share draft	37,278,281	39,425,811
Individual retirement accounts (IRAs)	3,982,443	3,922,570
Money market	24,980,124	30,314,878
Share certificates	98,815,938	82,906,961
	306,677,331	306,385,019
Members' equity	52,094,524	50,477,338
Total equity	358,771,855	356,862,357
Total liabilities and equity	\$ 375,521,646	\$ 365,384,574

**Consolidated Statements
of Income and Comprehensive Income**
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Interest income:		
Loans to members	\$ 15,569,719	\$ 14,479,227
Investments	851,682	746,480
Total interest income	16,421,401	15,225,707
Interest expense:		
Members' share dividends	1,618,145	1,615,542
Borrowed funds	96,430	38,999
Total interest expense	1,714,575	1,654,541
Net interest income	14,706,826	13,571,166
Provision for loan losses	1,512,542	1,134,261
Net interest income after provision for loan losses	13,194,284	12,436,905
Non-interest income:		
Gain on investments	—	49,589
Gain (loss) on disposal of property and equipment	17,366	(2,851)
Gain on disposal of foreclosed assets	31,058	—
Other net gain	55,469	340,815
Gain on sale of loans	132,236	359,738
Interchange income	143,410	124,348
Fees and charges	2,540,940	2,729,944
Other	137,220	121,360
Total non-interest income	3,057,699	3,722,943
Non-interest expense:		
Compensation	5,309,629	4,943,818
Employee benefits	983,088	997,786
Travel and conference	94,833	104,586
Office occupancy	1,665,264	1,574,342
Office operations	4,640,487	4,220,181
Educational and promotional	665,535	590,295
Loan servicing	797,774	769,763
Professional and outside services	321,856	374,266
Operating fees	83,421	62,555
Other	85,965	66,421
Total non-interest expense	14,647,852	13,704,013
Net income	\$ 1,604,131	\$ 2,455,835
Components of comprehensive income (loss):		
Unrealized holding gain (loss) on investments classified as available-for-sale	13,055	(167,370)
Comprehensive income	\$ 1,617,186	\$ 2,288,465

**Consolidated Statements
of Members' Equity**
YEARS ENDED DECEMBER 31, 2017 AND 2016

	Appropriated Undivided Earnings	Undivided Earnings	Accumulated Other Comprehensive Income (Loss)	Total	Comprehensive Income (Loss)
Balance at December 31, 2015	\$ 636,653	\$ 48,381,048	\$ (828,828)	\$ 48,188,873	
Net income	—	2,455,835	—	2,455,835	\$ 2,455,835
Transfers, net	—	—	—	—	
Change in unrealized loss on investment in available-for-sale securities	—	—	(167,370)	(167,370)	(167,370)
Total comprehensive income					\$ 2,288,465
Balance at December 31, 2016	\$ 636,653	\$ 50,836,883	\$ (996,198)	\$ 50,477,338	
Net income	—	1,604,131	—	1,604,131	\$ 1,604,131
Transfers, net	—	—	—	—	
Change in unrealized loss on investment in available-for-sale securities	—	—	13,055	13,055	13,055
Total comprehensive income					\$ 1,617,186
Balance at December 31, 2017	\$ 636,653	\$ 52,441,014	\$ (983,143)	\$ 52,094,524	

**Consolidated Statements
of Cash Flows**
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Cash flows from operating activities:		
Net income	\$ 1,604,131	\$ 2,455,835
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,419,409	1,394,829
(Gain) loss on disposal of property and equipment	(17,366)	2,851
Gain on sale of foreclosed assets	(31,058)	—
Gain on sale of investments	—	(49,589)
Provision for loan losses	1,512,542	1,134,261
Changes in assets and liabilities:		
Increase in other receivables	(172,891)	(8,196)
(Increase) decrease in prepaid and deferred expenses	(83,398)	100,816
Increase in accrued interest on loans	(74,530)	(46,768)
(Increase) decrease in accrued interest on investments	9,958	(3,832)
(Increase) decrease in loans held for sale	(555,000)	2,534,190
Decrease in other assets	42,933	64,979
Increase (decrease) in accounts payable & other liabilities	(1,042,782)	881,464
Increase (decrease) in dividends payable	15,202	(356,901)
Increase (decrease) in accrued expenses	(30,560)	128,042
Net cash provided by operating activities	2,596,590	8,231,981
Cash flows from investing activities:		
Proceeds from sales of investment securities	—	3,249,222
Proceeds from maturities on investment securities	4,867,536	7,148,774
Purchases of investment securities	—	(9,851,948)
Net (increase) decrease in certificates deposit	250,000	(500,000)
Net (increase) decrease in FHLB Des Moines Capital Stock	(397,400)	216,800
Net increase in NCUSIF deposit	(127,205)	(112,501)
Net increase in loan originations, net of principal collected on loans to members	(15,301,746)	(25,017,661)
Proceeds on sale of property and equipment	17,400	12,000
Proceeds on sale of foreclosed assets	229,761	—
Purchases of property and equipment	(669,193)	(520,906)
Net cash used in investing activities	(11,130,847)	(25,376,220)
Cash flows from financing activities:		
Proceeds from borrowed funds	20,010,000	20,000
Repayment of borrowed funds	(10,724,286)	(5,734,285)
Net increase (decrease) in regular shares, share drafts, money market and IRA's	(15,616,665)	25,893,537
Net increase (decrease) in share certificates	15,908,977	(1,483,452)
Net cash provided by financing activities	9,578,026	18,695,800
Net increase in cash and cash equivalents	1,043,769	1,551,561
Cash and cash equivalents at beginning of year	23,347,324	21,795,763
Cash and cash equivalents at end of year	\$ 24,391,093	\$ 23,347,324
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Dividends	\$ 1,602,943	\$ 1,972,443
Interest	\$ 96,430	\$ 38,999
Supplemental disclosure of noncash investing activities – real estate acquired in settlement of loans	\$ 198,703	\$ —



671.477.8736

www.coast360fcu.com

Together we thrive.



Over 5,000 network locations to serve you.

Members can access their accounts at over 5,000 credit union network locations throughout the world.

Visit co-opsharedbranch.org for details.



Federally insured by NCUA. Equal Housing Lender.

Your savings are federally insured to at least \$250,000 and backed by the full faith and credit of the United States Government. National Credit Union Administration, a U.S. Government Agency.