



The Difference Is You



Welcome to the 42nd RCU Annual Meeting | RCU has enjoyed another successful financial year. In this report we will be highlighting our accomplishments for 2005 and looking at the future of our institution and the goals for 2006. We'd like to extend a warm welcome to you and appreciate any feedback you would like to share with us.

Letter from the President



At RCU, we're about people. People helping people; that's the credo of the Credit Union, and here at RCU, we take that credo to heart.

Since 1964, RCU has grown because we provide services based on our Members' needs, not on profits. We believe that the people who manage your money should care about your dreams, share your values, and be involved in your community. That's the RCU way.

RCU has grown to become one of the largest and most innovative Financial Institutions because of you. You drive the services we develop, and you influence the decisions we make. It's all about believing in what we can accomplish together. It's a trust and a partnership that you find only in Credit Unions.

I'm very proud of RCU's many accomplishments in 2005:

- We were selected by the *Leader-Telegram* readers as the number one financial institution for the third year in a row.
- We rolled out three new services in 2005: RCU Preferred Visa, International Funds Transfers to Mexico, and non-Member check cashing.
- We have seen 4,500 new Members join RCU since January 2005. We now have over 104,000 Members relying on RCU for exceptional products and services.
- We opened our 9th RCU School Site Credit Union to help children learn more about their personal finances.
- We were the number one Home Loan Lender in Eau Claire, Chippewa, and Barron Counties for the third consecutive year.
- We completed a very successful Core Computer Conversion in October.
- We performed over 32 million transactions for our Members in our 11 offices and at our 27 convenient ATMs.

It's your commitment to RCU and your belief in the Credit Union that helps make our success possible. The difference is you.

A handwritten signature in blue ink that reads "Charles M. Grossklaus". The signature is fluid and cursive, written in a professional style.

Charles M. Grossklaus
CEO

Report of the Chairperson

As chairperson of your Board of Directors, it's a pleasure to report to you that your Credit Union had another successful and financially sound year in 2005. For the past 42 years, this organization has met and continues to meet the financial needs of our membership. This has resulted in RCU being the largest, locally-owned Financial Institution in the Chippewa Valley.

In order to compete in the economic and financial environment of the communities RCU serves, we must do the very best that we can to anticipate, and meet, your financial needs. Our goal is to be your Primary Financial Institution. This Board, Management Team, and Staff know that we need to work constantly at meriting your continued respect, allegiance, and business. The success of this organization hinges on delivering on our mission statement:

RCU is committed to provide friendly, accurate, and prompt financial services to our Members.

The continued success of this organization is due to you, the Members. Your Board and staff deeply believe in the ongoing search for better ways to serve you while maintaining RCU's financial strength. It's a pleasure to serve you and your interests on this Board.



John C. Sackett
Chairperson



Minutes of the 41st Annual Meeting • April 28, 2005, 5:30 pm

The 41st Annual Meeting of RCU was called to order by Chairperson John C. Sackett.

Directors Present: John Sackett, Susan Haugen, Richard Greene, Nancy Beltz, Douglas Olson, Jennifer McDonough, and Joanne Weisheipl

CEO Present: Charles Grossklaus

Directors Excused: None

Guests: Drew Ryberg - Legal Counsel; RCU's Management Team and Employees

Chairperson Sackett introduced the Members of the Board of Directors.

Approximately 70 Members were present.

Minutes of the 40th Annual Meeting were published in the Annual Report. There were no corrections or deletions.

John C. Sackett, Chairperson of the Board of Directors, gave the Chairperson's report.

Susan D. Haugen, Treasurer of the Board of Directors, gave the Treasurer's report.

A copy of the Supervisory Committee report was published in the Annual Report.

Dr. Lee Hansen, Chairperson of the Nominating Committee, explained the procedures of the election of Directors by mail ballot. Jean Wysocky, Representative of the International Association of Administrative Professionals, presented the results of the election to Dr. Lee Hansen who announced the results:

Nancy Beltz with 4,493 votes, Susan Haugen with 4,444 votes, Jim Pinter with 2,404 votes.

Nancy Beltz and Susan Haugen were elected to three-year terms.

Motion was made and seconded to destroy 2005 ballots after 30 days of the Annual Meeting. Motion carried.

Charles Grossklaus, Chief Executive Officer of RCU, gave the Chief Executive Officer's report.

Unfinished Business: None

Communications: None

New Business: An RCU Member brought up concerns regarding identity theft. Randy Beck and Jim Watts informed those present of the measures RCU has in place.

Motion was made and seconded to adjourn.

Refreshments were served for all those present.

Respectfully submitted,



Jennifer A. McDonough
Secretary

42nd RCU Annual Meeting Agenda
April 27, 2006

▶ Call to Order

▶ Introduction: Board of Directors and Officers

▶ Introduction: Special Guests

▶ 41st Annual Meeting Minutes

▶ Chairperson's Report

▶ Treasurer's Report

Supervisory Committee Report

Annually, the Chairperson of the Board of Directors appoints two Board Members and two at-large Members to the Supervisory Committee.

In 2005, the committee was comprised of Nancy Beltz, Board Member, as Chairperson; John Sackett, Chairperson of the Board; at-large Member, David Meier; and at-large Member, Dave Olinger.

The Supervisory Committee of RCU must be an informed and effective overseer of the financial reporting process and the internal controls of the Credit Union. Specifically, this means financial disclosures are accurate and reliable, RCU is in compliance with laws and regulations, and RCU operates in an ethical environment.

Throughout the year, the Supervisory Committee utilizes a number of resources to fulfill its responsibilities, including an Internal Audit function. The Internal Audit function, which performs operational and compliance audits of RCU activities and tests and reviews of the overall systems of internal control, reports directly to the Supervisory Committee.

A December 31, 2005, financial statement audit was performed by McGladrey & Pullen, LLP. The

external audit's primary concern is the attestation of the information contained in the financial statements of RCU.

The state regulator for Wisconsin Credit Unions is the Department of Financial Institutions. An examination conducted by that office for the period ending September 30, 2004, focused on RCU's safety and soundness.

Results of all examinations, audits, and reviews are presented to Management, the Supervisory Committee, and/or the Board of Directors of RCU. These reports provide RCU with information to make decisions that benefit our Members. All reports indicate that RCU's financial condition remains strong and that the internal control structure is in place to protect the safety of our Members' assets.



Nancy M. Beltz
Director



2005 RCU Board of Directors and CEO

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| <p>Standing L-R:
Nancy M. Beltz
Joanne B. Weisheipl
Charles M. Grossklaus, CEO
Richard M. Greene
Susan D. Haugen, Treasurer
Jennifer A. McDonough, Secretary</p> | <p>Seated L-R:
John C. Sackett, Chairperson
Douglas A. Olson, Vice Chairperson</p> |
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The 2004 and 2005 financial statements were audited by McGladrey & Pullen, LLP, who expressed an unqualified opinion on those financial statements. Condensed financial information from those financial statements is shown below. A copy of the audited financial statements is available upon request.

Statement of Financial Condition (in thousand of dollars)

	12/31/04	12/31/05
Cash and Equivalents	\$19,318	\$23,200
Investments	15,893	5,199
Personal Loans	197,537	225,564
Real Estate Loans	212,894	245,023
Business Loans	170,735	196,299
Allowance for Loan Loss	(5,787)	(7,189)
NCUA Insurance Fund Deposit	4,717	4,980
Other Assets	33,985	41,317
TOTAL ASSETS	\$649,292	\$734,393
Short Term Borrowings	\$20,103	\$45,329
Other Liabilities	4,858	6,170
Shares	146,508	153,713
Checking	99,919	115,782
Money Market	122,156	115,340
Certificates	151,609	187,761
IRA	30,607	33,001
Regular Reserves	68,019	71,240
Other Reserves	5,513	6,057
TOTAL LIABILITIES AND MEMBER EQUITY	\$649,292	\$734,393

Statement of Operations (in thousands of dollars)

	12/31/04	12/31/05
Interest Income	\$31,845	\$39,979
Interest Expense	(7,380)	(13,057)
Net Interest Income	24,465	26,922
Other Income	13,104	14,424
Income before Operating Expenses	37,569	41,346
Provision for Loan Losses	(2,461)	(2,791)
Salaries and Benefits	(17,175)	(20,163)
Other Expenses	(11,304)	(14,624)
Total Expenses	(30,940)	(37,578)
NET INCOME	\$6,629	\$3,768

2005 Rankings

- #1 Home Loan Lender in Eau Claire, Chippewa, and Barron counties
- 8th in the state out of all financials for WHEDA loans originated and closed
- 8th in the nation in Member Business Loans outstanding.
- 13th in the country in number of Home Loans granted by credit unions

2005 Volunteer Hours

- Over 23,000 hours have been given to the community by the RCU Volunteer group in 2005
- 14,000 hours were given by RCU Employees to local organizations and charities

2006 RCU Goals

- To implement a Disaster Recovery Plan
- To expand our School Site Program to another location
- To complete the construction of the Moholt Office by June
- To promote financial education through presentations
- To rollout Health Savings Accounts



The remodeled interior of our Birch Street Office was completed in June.



The expansion at Rice Lake more than doubled the size of the office.



The interior of the Rice Lake Office was completed in April.



The groundbreaking at Moholt took place in June 2005 and construction should be finished in May of 2006.



Our 9th school site was opened at North High School in Eau Claire in October 2005.



RCU employee Leesie Goss volunteers with a tax service for ARRP.



Jen Adrian, an RCU employee for six years, volunteers her time coaching a junior basketball team.

2005 Annual Report

Eau Claire Offices

RCU Corporate Center
200 Riverfront Terrace
Eau Claire, WI 54703

Golf & 93 Office
4501 Royal Drive
Eau Claire, WI 54701

Graham Riverside Office
402 Graham Avenue
Eau Claire, WI 54701

Birch Street Office
419 North Hastings Place
Eau Claire, WI 54703

Moholt Office
2415 Jodi Drive
Eau Claire, WI 54703

Shopko South Office
1049 West Clairemont Avenue
Eau Claire, WI 54701

Bellinger Street Office
1512 Bellinger Street
Eau Claire, WI 54703

715-833-8111 or 1-800-341-9911
www.rcu.org

Chippewa Falls Offices

Downtown Office
215 Bay Street
Chippewa Falls, WI 54729

Woodward Avenue Office
1031 Woodward Avenue
Chippewa Falls, WI 54729

Colby Office

204 West Spence Street
Colby, WI 54421

New Richmond Office

228 PaperJack Drive, Suite 7
New Richmond, WI 54017

Rice Lake Office

1421 South Main Street
Rice Lake, WI 54868

Whitehall Office

18567 Scranton Street
Whitehall, WI 54773

