



## 2020 ANNUAL REPORT

### FINANCIAL AND STATISTICAL REPORT As of December 31

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
Cash on Hand	\$ 10,439,542	\$ 3,157,284
Investments	7,065,992	4,371,307
Loans to Members	68,231,818	58,953,011
Loans to CU Officials	500,271	477,891
Allowance for Loan Losses	-270,231	-273,049
NCUSIF	672,306	544,516
Fixed Assets	3,048,341	1,171,420
Other Assets	<u>426,173</u>	<u>253,793</u>
TOTAL	90,114,212	\$ 68,656,173
<u>LIABILITIES AND EQUITY</u>		
Notes Payable	\$ 382,979	\$ 638,298
Deposits	31,115,104	27,583,203
Share Draft Accounts	18,459,064	11,384,438
Other Liabilities	55,557	25,025
Shares	31,368,638	21,578,465
Accumulated Reserve	690,791	690,791
Unappropriated Undivided Earnings:	6,761,979	5,787,498
Unrealized Gain/Loss Securities:	43,727	- 6,026
Net Income	<u>1,236,373</u>	<u>974,481</u>
	\$ 90,114,212	\$ 68,656,173
<u>INCOME</u>		
Interest on Loans	\$ 3,393,450	\$ 3,097,438
Income on Investments	142,869	176,438
Other Income	<u>1,285,048</u>	<u>890,424</u>
TOTAL	4,821,367	\$ 4,164,300

<b><u>EXPENSES</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>
Salaries and Benefits	\$ 1,386,393	\$ 1,209,754
Cost of Space	176,364	146,999
Supplies and Equipment	194,236	182,275
Life Savings Insurance	0	(13)
League Dues	17,040	2,873
Annual Meeting	6,250	8,936
Education & Advertising	77,092	92,041
Provision for Loan Loss	312,943	372,027
Other Expense	<u>877,143</u>	<u>730,958</u>
SUB-TOTAL OPERATING EXPENSES:	\$ 3,047,461	\$ 2,745,850
Accrued Interest Expense	<u>489,321</u>	<u>428,876</u>
TOTAL	\$ 3,536,782	\$ 3,174,726
NET EARNINGS (BEFORE DIVIDEND)	\$ 1,284,585	\$ 989,572

<b><u>DISTRIBUTION OF EARNINGS</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>
Reserves	NONE	NONE
Dividend	48,912	19,792
Gain/Loss Disposition of Assets:	(700)	(4,000)
Gain/Loss Disposition of Investments	0	0
Undivided Earnings	\$ 1,236,373	\$ 974,480

<b><u>STATISTICS</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>
#of Members at Year End	6,436	6,096
New Members During Year	781	845
Accounts Closed During Year	397	409
# of Loans Made During Year	204	993
Delinquent Loans at Year End	\$ 831,835	\$ 636,109
Increase/Decrease in Assets:	+21,458,039	+8,085,293
Increase/Decrease in Loans:	+ 9,278,807	+ 6,695,941
Amount Loaned to Members Since Organization:	\$ 283,391,450	

### **69th ANNUAL MEETING AGENDA**

- Call to Order
- Roll Call
- Approval of Minutes
- Elections
- Reports
- Old Business
- New Business
- Adjournment

## 68<sup>th</sup> ANNUAL MEETING MINUTES NOVEMBER 10, 2020

President Adam Johnson welcomed our members and guests to SHCU'S very first virtual annual meeting. He started off by introducing the entire staff and the Board of Directors. He mentioned due to all of the hard work and dedication from the staff SHCU had a successful 2019. Due to the growth the Credit Union has experienced the past few years, the Credit Union made the huge decision in 2020 to construct a new larger building, which will be more convenient and hopefully provide a better banking experience for all of the members. SHCU was happy to announce they received bids from local contractors and were hopeful to use not just local companies but members to help complete the new project.

The meeting was called to order at 5:30 p.m. by President Adam Johnson. He asked the secretary to do a roll call.

The roll call was taken by Secretary Tangee Pettis with the following:

**BOARD MEMBERS PRESENT:** Kevin Richardson, Tangee Pettis, Marcia Hansen, David Kasley, Kathy Couturier, and Bob Thompson.

**ABSENT:** None

Secretary, Tangee Pettis declared a quorum present.

Chairman Richardson asked if everyone had a chance to read the minutes from the 67th Annual Meeting. A motion was made and supported to accept the minutes of the 67<sup>th</sup> Annual Meeting held April 24, 2019 as presented. **CARRIED.**

It was moved and supported to suspend the regular order of business and hold elections next. **CARRIED.**

Adam Johnson presented the following report from the nominating committee. The committee is made up of Tangee Pettis, David Kasley, and Adam Johnson. The committee announced there are three directors with terms expiring. They are Kathy Couturier, Marcia Hansen, and Kevin Richardson, all three have agreed to run for another term. Adam Johnson stated that due to the unusual circumstances the COVID-19 pandemic has presented, large gatherings and elections would be difficult to conduct under current climate so under the State of Michigan Department of Insurance and Financial Services authority, all three members terms will automatically renew for three years.

It was then moved and supported to return to the regular order of business. **CARRIED.**

It was moved and supported to accept the Board of Directors/Treasurer's Report as presented. **CARRIED.**

Chairman Richardson asked if there was any old business or new business that needed to be discussed.

Chairman Richardson thanked the entire staff/ board members for all of their hard work and dedication to the Credit Union.

**ROSTER OF OFFICERS, DIRECTORS, COMMITTEES, & STAFF**  
As of 12/31/2020

<b>BOARD OF DIRECTORS</b>		<b>START DATE</b>	<b># OF YEARS</b>	<b>LAST ELECT</b>	<b>TERM EXPIRES</b>
Kevin Richardson	Chairman	2002	18	2020	2023
David Kasley	Vice Chairman	2013	7	2019	2022
Bob Thompson	Treasure	2017	5	2018	2021
Tangee Pettis	Secretary	2001	19	2018	2021
Julee Sarto	Director	2021	<1		2022
Kathy Couturier	Director	2017	3	2020	2023
Marcia Hansen	Director	2008	12	2020	2023
<b>TOTAL YEARS OF SERVICE (BOARD)</b>			<b>64</b>		

*\* Terms are 3 years from annual meeting election to election (i.e. April to April)*

<b>MANAGEMENT</b>		<b>START DATE</b>	<b># OF YEARS</b>
Adam Johnson	President/CEO	2014	6
Kyle Gurzynski	EVP/Operations	2014	6
Amy Baldwin	VP/Controller	2008	12
Stephanie Overholt	Lending Manager	2017	3
Jen Merchant	Compliance Officer	2018	2

<b>STAFF</b>		<b>START DATE</b>	<b># OF YEARS</b>
Linda Hartley	Quality Assurance Officer	1993	27
Brenda Claveau	Membership Officer Mortgage Servicing Specialist	2009	11
Meghan Kirker	Accounting Clerk	2012	8
Sarah Iteen	Consumer Loan Processor	2011	9
Jayne Saunders	Member Services	2019	1
Jessica Storm	Member Services	2018	2
Jordyn Luft	Member Services	2019	1
Diana Boulton	Mortgage Processor	2018	2
Jordyn Oom	Consumer Lender	2014	6
Tracy Walle	Member Services	2016	4
Veronica Castillo	Member Services	2016	4
Blake Bailey	Mortgage Lender	2017	3
Iain Stewart	Member Services	2020	<1
Luke White	Mortgage Processor	2017	3
Caleb Medacco	Mortgage Lender	2020	<1
Jackie Tuka	Consumer Lender	2019	1
Amanda Lobo	Member Services	2021	<1
Pattie Tafelski	Member Services	2020	<1
Bridgette Barnett	Member Services	2018	2
Kaitlin Lakari	Mortgage Processor	2020	<1

**TOTAL YEARS OF SERVICE (MANAGEMENT & STAFF) 113**

**TOTAL YEARS OF SERVICE - ALL VOLUNTEERS & EMPLOYEES**

**179**

## CHAIRPERSON'S REPORT

On behalf of the Board of Directors and the staff of Safe Harbor Credit Union, I am pleased to present this report to you.

It is safe to say that in the 68-year history of the Credit Union, 2020 was a year like no other. The global pandemic brought challenges and opportunities to the Credit Union like we have never seen before. When the world gave us lemons, the dedicated SHCU employees made us lemonade. With the tough decision to close the lobby for a majority of the year to help protect the employees and members, the employees did a remarkable job working to assist our membership that were struggling due to job loss or income reduction caused by the pandemic. With the community in need, 2020 saw SHCU donate more money, goods, and supplies to local non-profit organizations, food banks, and shelters than ever before. With so many members working on the frontline at the local medical facilities, SHCU donated money to help pay for personal protective equipment as well as lunch and dinner thanking the frontline workers for all their dedication to our community during these tough times. Also seeing the need with schools being closed for months on end, partnering with local real estate companies, SHCU helped feed so many students that may have been at home without the necessary dietary items. SHCU is fortunate with its recent growth and prosperity, to have the financial strength to live up to its name and be a *safe harbor* to not just its members but the community we all live in.

Below are some key ratios/ statistics for the period 12/2019 to 12/2020 that highlight our progress over the previous 10 quarters, and it also compares our ratios to our Peer Group, which consists of credit unions nationwide with asset size \$50 million to \$100 million. I believe our member's loyalty and confidence in us is reflected in these numbers.

Loan Growth: **SHCU 15.65%**/ Peers: 1.58%

Asset Growth: **SHCU 31.25%**/ Peers: 15.77%

Deposit Growth: **SHCU 33.69%**/ Peers: 17.64%

Member Growth: **SHCU 5.58%**/ Peers: -0.26%

Net Income Growth: **SHCU 26.87%**/ Peers: 10.04%

Operating Exp. Growth: **SHCU 15.20%**/ Peers: 5.05%

Percent of total deposits in each category:

Regular Shares: **SHCU 38.79%**/ Peers: 50.84%

Share Drafts: **SHCU 22.81%**/ Peers: 15.38%

CD's/ HY Deposits: **SHCU 23.14%**/ Peers: 17.80%

Money Market: **SHCU 11.52%**/ Peers: 9.95%

Reserves: **SHCU 9.64%**/ Peers: 11.36%

Miscellaneous ratios:

Return on Assets (Net Income/ Assets): **SHCU 1.56%**/ Peers: 0.46%

Fee Income/ Assets: **SHCU 1.68%**/ Peers: 1.14%

Delinquent Loans/ Loans: **SHCU 0.92%**/ Peers: 0.36%

Chargeoffs/ Loans: **SHCU 0.49%**/ Peers: 0.36%

In 2020, despite the economic uncertainty, the Credit Union made the necessary decision to purchase commercial property to build a larger building that will better serve our members as well as give the hard-working Credit Union staff a better work environment. Although it will be sad to leave our beautiful location that our members have called home for 20 years, it was necessary to find a more visible location that offered us more space which will make it easier for us to offer more products and services to our membership. We look forward to serving our members in our new building sometime in June 2021 as well as welcoming in a medical practice that will eventually move into our current location keeping the corner of Nelson Rd. and Tinkham a vibrant part of our community.

I would like to thank the staff for their dedication and performance in providing you, our members, with an outstanding member experience. Thank you for your continued confidence and support of the Credit Union as we continue our job of taking care of YOUR credit union. Thank you for participating in your credit union's 69th Annual Meeting.

Kevin Richardson, Chairperson

## TREASURER'S REPORT

The comparative Financial and Statistical Reports for 2020 and 2019 are provided in this annual report for your information. The reports are condensed for insertion in this annual report, but the reports are correct and accurately reflect the credit union's financial position at the year-end of each year. As of 12/31/2020 the Credit Union had a total net worth of \$8,689,142 and a Statutory Net Worth-to-Asset Ratio of 9.64% and is considered 'Well Capitalized' according to the NCUA Rules and Regulations Part 702. Assets of the Credit Union increased 31.25% from 2019 to 2020, loan growth was 15.65%, deposits increased by 33.69%, and loan delinquency remained relatively low at 1.24%.

For the past several years the Credit Union has employed Financial Standards Group, an independent auditing firm, which performs a comprehensive audit of the Credit Union. The findings of the auditors are reported directly to the Board of Directors. The 2020 report showed the Credit Union to be safe and sound, and operating in a proper manner. In addition, the Department of Insurance and Financial Services of the Department of Labor and Economic Growth of the State of Michigan conducts an examination of the Credit Union every 12-18 months and reports their findings directly to the Board of Directors.

The National Credit Union Share Insurance Fund (NCUSIF) is the federal fund created by Congress in 1970 to insure member's deposits in federally insured credit unions. Your funds at Safe Harbor Credit Union are federally insured by NCUA up to \$250,000 per individual depositor. Administered by the National Credit Union Administration (NCUA), the NCUSIF is backed by the "full faith and credit" of the U.S. Government.

In summary, your Credit Union is in solid financial condition. In 2020 the Board of Directors, management, and staff will continue to deliver member value to our membership in the form of progressive financial products/ services and in a safe, sound, and trusting environment.

Bob Thompson, Treasure