



2020 Annual Report

63rd Annual Meeting
March 25, 2021

Silverdale Office
10200 Silverdale Way NW
(360) 307-6400 / fax (360) 307-6440
Monday – Friday 9:00 AM to 5:00 PM
(Drive-up open until 5:30)

Mailing Address
P O Box 3990
Silverdale WA 98383

www.connectioncu.org

Statement of Financial Condition

For the years ended December 31, 2019 and 2020

| Assets | 2019 | 2020 |
|---------------------------------------|----------------------------|----------------------------|
| Loans to members (net) | \$22,353,035 | \$23,867,787 |
| Cash & Investments | 7,072,684 | 10,439,706 |
| Equipment / Facilities (net) | 1,054,733 | 1,032,994 |
| All Other Assets | <u>262,171</u> | <u>494,899</u> |
| Total Assets | <u>\$30,742,623</u> | <u>\$35,835,386</u> |
| Liabilities | | |
| Accounts Payable | \$ -11,902 | \$ -4,255 |
| All Other Liabilities | <u>365,385</u> | <u>299,644</u> |
| Total Liabilities | <u>\$353,483</u> | <u>\$295,389</u> |
| Equity | | |
| Shares | \$26,654,846 | \$31,554,168 |
| Regular Reserve | 781,321 | 781,321 |
| Undivided Earnings | <u>2,952,973</u> | <u>3,204,508</u> |
| Total Member Equity | <u>\$30,389,140</u> | <u>\$35,539,997</u> |
| Total Liabilities & Equity | <u>\$30,742,623</u> | <u>\$35,835,386</u> |

Statement of Income & Expense

For the years ended December 31, 2019 and 2020

| Income | 2019 | 2020 |
|----------------------------------|---------------------------|---------------------------|
| Interest on Loans | \$1,370,920 | \$1,385,036 |
| Income on Investments | 141,075 | 75,619 |
| Other Income | <u>345,951</u> | <u>382,793</u> |
| Total Income | <u>\$1,857,946</u> | <u>\$1,843,448</u> |
| Expenses | | |
| Employee Compensation & Benefits | \$863,385 | \$716,249 |
| Professional & Outside Services | 336,307 | 310,187 |
| General Office Expense | 183,449 | 175,038 |
| All Other Expenses | <u>334,908</u> | <u>382,467</u> |
| Total Expenses | <u>\$1,718,049</u> | <u>\$1,583,941</u> |
| Income Before Dividends | \$139,897 | \$259,507 |
| Dividends | \$29,276 | \$37,334 |
| Net Income <Loss> | <u>\$110,621</u> | <u>\$222,173</u> |

President's Report

2020 was another positive year for your credit union as we navigated all the challenges with a pandemic about as well as we could have expected. We ended the year with solid income of \$222,172 and total assets of \$35.832 which is over 5 million more than 2019. Your credit union continues on solid financial footing with net worth of 11.62%.

The pandemic certainly presented some challenges in 2020 due to our lobby closure and our need to extend extra help to our members who needed it. One of the things that makes us unique is our ability to react quickly to changes in our environment. When the pandemic hit, we were able to immediately provide individual and customized assistance to our members that were impacted with a job loss or reduced hours. The proactive approach and willingness to be flexible has served our credit union and our members well in the past and it will continue as we look forward to a bright future.

One of our biggest accomplishments in 2020 was the release of our new online banking, mobile banking and remote deposit capture solution in April. This project was the culmination of a multi-year project and represented an investment in our future and a significant upgrade compared to what was previously available.

Our "Card Boss" app is also now available giving our members the ability to turn your card on and off, set transaction limits and alerts on your credit union debit and credit card accounts. Card boss is now available in the app store from your favorite device.

While on-going investments in improving technology are important for our continued relevance and growth, we have no plans to abandon the principles that have made us successful for the past 63 years. Our focus is on keeping it *local* and serving the Kitsap community in the best way possible with the resources and connections we have. We are the smallest financial institution in Kitsap county and the only one focused exclusively on serving our local community. We still believe that is important.

You can help us by continuing to trust us with your finances and refer others to us. We are proud to serve a very loyal membership base and recognize that you

have many choices for financial services. Thank you for choosing us.

Scott Prior
President/CEO

Chairman's Report

Resilience is the ability to recover from the challenges and difficulties we encounter. It's how we bounce back when we experience the unexpected. It's how we move forward when the future's unknown. The past year provided plenty of opportunity to test and build our resilience as a credit union. It's also provided each of us with opportunities to build personal resilience.

The pandemic presented the same situation to each of us, yet the personal impact varied greatly. Some of us got COVID-19. Many of us have friends and relatives who had it. Unfortunately, some of us know loved ones who died from the illness.

We have members with children who are dealing with distance learning and how to keep the kids engaged and motivated until the new normal returns. Many are dealing with changes at work, working from home, and managing the life/work balance. All of us are growing weary of staying home, masking up, and waiting to make plans. It takes true resilience to persevere as we work through these challenges.

For many members, the past year has been equally challenging financially. Some lost jobs, or had hours greatly reduced during the pandemic. Many saw expenses go up while income went down. We work with every member to see how we can help. For some members that means restructuring or consolidating an existing loan. For others it might mean a new loan. And for others it may be financial counseling or help setting up a budget. These efforts help our members endure during tough times.

We also see members saving more. Stay-at-home orders and common sense prevented many of us from taking planned vacations and other activities where we usually spend money. This gave many the opportunity to begin putting money aside and build their savings.

The pandemic reinforced the need to build a financial cushion that helps us stay afloat through unexpected rough waters. Americans also paid off a record amount of credit card debt in 2020. Building financial resources and paying down debt are big step towards financial security and helps build your financial resiliency.

Connection Credit Union has always been about our members. We are a financial cooperative, owned by members, serving members. We were established with that vision, and we've honored that through our history. We want help build your financial resilience. We look forward to returning to normal and seeing you in person soon!

Douglas E. Bear
Chairman of the Board

Supervisory Committee Report

Connection Credit Union's Supervisory Committee works to ensure that the credit union operates in a safe & sound manner, financial statements are accurate and correct, and the credit union's system of internal controls works to manage risks, ensure legal and regulatory compliance, and safeguard member assets.

To help accomplish these important tasks, the Committee engaged the accounting firm of Randall Audit & Consulting to perform a certified audit in accordance with regulatory guidance. Based on information gathered from this external audit, as well as our own internal audits of credit union operations and controls, it is the Committee's opinion the credit union is financially sound, and the interests of its member-owners are well served.

The Supervisory Committee wishes to thank Credit Union management, staff, Board of Directors, and members for their assistance and cooperation throughout 2020.

James Benlein, Wayne Hamilton, James McKenna
Supervisory Committee Members

Board of Directors

Chairman: Doug Bear
Vice Chair: Jim Durham
Secretary: Richard Hayes
Member: Allison Satter
Member: Kirsten Niemann
Member: Dena Swisher
Member: John Jogerst

Supervisory Committee

Chairman: James Benlein
Member: Wayne Hamilton
Member: James McKenna

Management & Staff

President/CEO: Scott Prior
Vice President: Cindy Berry

Accounting Manager: Corey Suraci

Mbr Svc Supervisor: Jennifer Beaton
Member Service Rep: Shelby Anderson
Member Service Rep: Torri Berring
Member Service Rep: Courtney Carter
Member Service Rep: Esmeralda Lee

Loan Supervisor: Summer Schurr
Loan Officer: Dot Day
Loan Officer: Kathy Denton
Loan Processor: Rebekah Tharp
Loan Support: Kathryn Barto
Loan Support: Zenaida Romero

Collections: Anne Donahue
Internal Auditor: Villa MacNealy
Bus. Development: Evie Webb