

**I.B.E.W. Federal
76 Credit
Union**

2019 Annual Report

Table Contents

Directors, Supervisory Committee and Staff	3
2019 Chairman’s Report	4
2019 CEO’s Report	5
2019 Loan and Marketing Report	6
2018 & 2019 Financials	7-8
2019 Supervisory Committee Report	9
2019 Annual Meeting Minutes	10
2020 Election Results	11

Board of Directors

Dave Wellman, Chairman

Mike Church, Vice Chairman

Ray Lince, Treasurer

Kelly Dornan, Secretary

Dean Pitsch, Membership

Tim O'Donnell, Director

Dan Miller, Director

Supervisory Committee

Tony Lewis, Chairman

Gary Younghans, Secretary

Keith Parker, Member

Leroy Swanberg, Member

Staff

Sheila Zink, CEO

Terri Hamilton, Assistant Manager

Frosty Carter, Senior Loan Officer

2019 Chairman's Report

IBEW 76 FCU members and staff, I sincerely hope that all of you are well and staying safe! As you know, this would have been the 62nd IBEW 76 Federal Credit Union Annual Meeting. Since its inception, IBEW 76 Federal Credit Union has been there for its membership and it will continue to be there for you during and after this crisis. We planned for a virtual meeting on July 9, 2020, but we sadly did not have a quorum sign up for attendance.

I can report to you that 2019 was a good year for the Credit Union, with most of the goals set by the Board and the CU Team met or exceeded. We finished the year, as usual, in a strong financial position. Sheila Zink will detail the results.

I would now like to turn to 2020, a year most of us would never have anticipated. This has brought significant changes to our lives, our work, our social connection, and our financial situations. Credit Unions were established with the thought that their focus is on you, our credit union members, that together we can find ways to meet your changing needs as life progresses.

This is such a time, as communicated by IBEW 76 FCU, that we have numerous ways to work with you, our members, to help. Take the time to review our website at ibew76fcu.org or call to ask questions or review your accounts. Let's continue to work together.

Remember, while the office hours may be limited, but online banking and remote deposit is available 24/7 and strongly encouraged. As a member, you have access to all your accounts without needing to visit the office. Access is available from the comfort of your home or anywhere with secure internet access. We encourage you to stay connected to your accounts with the IBEW 76 Federal Credit Union Mobile App using a tablet, smart phone, or computer. You can check balances, transfer funds, make payments, deposit checks and have control of your credit and debit cards. If you do not have our Mobile App, it is easy to download from your app store.

Please stay safe and well.

Dave Wellman
Board Chairman

2019 CEO's Report

The Credit Union Difference can be seen every day at IBEW 76 FCU. We make a difference in the lives of our members and the communities in which they live and work. It is our mission to support their dreams through financial services that put their best interest first. We provide safe, affordable services to our community, one member at a time.

We had many successes in 2019! We ended the year with a Net Worth of 14.43%. Having a well-capitalized credit union poises us to be in a good position for any challenges we may be faced with in the coming year. We lent a total of \$3,923,765 to meet the needs of our members in the forms of lines of credit, personal loans, auto loans and home equity loans. Our loan to share ratio is 54.65%, which means we have sufficient money to fund future needs of our members.

Our staff works hard to match our members with those products needed to make life easier in today's hectic world. Our convenience products: home banking, a mobile app which allows mobile check deposit, and bill pay allow members to bank wherever they are with a smart phone, tablet, or laptop.

We welcomed 113 new members last year to IBEW 76 FCU. We implemented an onboarding program to our new members which welcomes them to the credit union, sets up their online banking and educates them on products available to them all before they leave the office.

We have also partnered with a first mortgage company, Guild Mortgage, for those members that are looking to purchase a home. They will tailor mortgage programs to meet member needs.

As we go through these unprecedented times, I would like our members to know, we are here to help. Credit Unions are financial first responders. Thank you for trusting us with your financial journey.

Respectfully submitted,

Sheila Zink
CEO

2019 Loan and Marketing Report

Credit Union Landscape:

2019 ended one of the most financially tumultuous decades in recent history. Over the last 10 years, more than 30 million people joined a credit union, leading share balances to rise by 75% industry wide. Reflecting just how far we have come since the Great Recession; 2019 loan originations were more than double those in 2009. Members also increased their engagement with and utilization of their respective credit unions, with the average member relationship growing by 35% in the services used. Despite the current instability regarding the COVID-19 pandemic, credit unions came in strong to start 2020. Assets are currently near \$1.6 trillion, and total capital exceeds what was reported at the end of 2009 by almost \$100 billion.

IBEW 76 FCU Loan Growth:

Despite interest rates slowly rising in 2019, the current economic landscape still warrants lending money to help members succeed financially over investing to yield the best returns. This strategy means loan growth remained a top priority in 2019. Your credit union ended the year with a total loan portfolio of \$12.1 million, which is an increase of 18.19% over the previous year. We helped our member-owners to close 127 unique loans totaling \$3,923,765.56, giving them the additional financial support needed to obtain new cars, home equities, apprentice loans, and more. The current credit union loan portfolio shifted slightly to reflect a higher penetration of loans secured by auto loans, home equities, recreational vehicles and credit cards.

Below is a snapshot of the current credit union loan portfolio mix compared to the year prior:

Loan Type	2019 Loan Totals	% of Total Loan Portfolio	2018 Loan Totals	% of Total Loan Portfolio
Credit Card	\$ 817,709.19	6.76%	\$ 627,398.59	5.84%
Unsecured Personal Loans	\$ 300,344.82	2.48%	\$ 264,272.69	2.46%
Apprentice Loans	\$ 8,557.44	0.07%	\$ 8,842.46	0.08%
Auto Loans	\$ 3,181,073.90	26.29%	\$ 3,097,841.38	28.84%
Home & Home Equity Loans	\$ 5,782,551.48	47.78%	\$ 5,320,934.22	49.53%
Other Loans	\$ 2,011,286.01	16.62%	\$ 1,422,795.59	13.25%
Total	\$ 12,101,522.84	100.00%	\$ 10,742,084.93	100.00%

Delinquency increased from 0.08% at the end of 2018 to 4.30% at the end of 2019. We continue to work with members overdue for payments. This remains a priority as we work diligently to ensure the safety, soundness, and regulatory compliance of your credit union.

2018 & 2019 Financials:

December 31, 2019		December 31, 2018	
INTEREST INCOME		INTEREST INCOME	
Loans	\$ 556,191.48	Loans	\$ 434,960.93
Investments	\$ 226,115.58	Investments	\$ 238,759.50
Total Interest Income	\$ 782,307.06	Total Interest Income	\$ 673,720.43
NON-INTEREST INCOME		NON-INTEREST INCOME	
Fees & Charges	\$ 36,320.28	Fees & Charges	\$ 58,855.69
Miscellaneous Income	\$ 64,033.81	Miscellaneous Income	\$ 71,415.31
Total Non-Interest Income	\$ 100,354.09	Total Non-Interest Income	\$ 130,271.00
PROVISION FOR LOAN LOSSES	\$ (49,245.79)	PROVISION FOR LOAN LOSSES	\$ 30,167.88
GROSS INCOME	\$ 833,415.36	GROSS INCOME	\$ 834,159.31
MEMBER DIVIDENDS	\$ 46,563.26	MEMBER DIVIDENDS	\$ 28,399.63
EXPENSE		EXPENSE	
Employee Compensation & Benefits	\$ 357,845.63	Employee Compensation & Benefits	\$ 323,286.93
Travel & Conference	\$ 16,887.52	Travel & Conference	\$ 13,266.81
Office Occupancy and Operations	\$ 87,304.78	Office Occupancy and Operations	\$ 81,122.07
Educational & Promotional	\$ 20,345.17	Educational & Promotional	\$ 19,590.53
Loan Servicing	\$ 79,065.26	Loan Servicing	\$ 83,588.64
Professional & Outside Services	\$ 104,021.77	Professional & Outside Services	\$ 105,063.41
NCUA Operating Fee	\$ 6,340.95	NCUA Operating Fee	\$ 6,521.65
Misc Operating Expenses	\$ 18,207.57	Misc Operating Expenses	\$ 26,164.58
Total Non-Interest Expense	\$ 690,018.65	Total Non-Interest Expense	\$ 658,604.62
NET INCOME (LOSS)	\$ 96,833.45	NET INCOME (LOSS)	\$ 147,155.06
ASSETS		ASSETS	
Cash and Cash Equivalents	\$ 1,031,893.02	Cash and Cash Equivalents	\$ 1,027,599.14
Deposits in Financial Institutions	\$ 1,574,078.67	Deposits in Financial Institutions	\$ 303,685.48
Investments	\$ 8,891,000.00	Investments	\$ 11,092,000.00
Loans	\$ 12,101,522.84	Loans	\$ 10,742,084.93
Collateral in Process of Liquidation	\$ -	Collateral in Process of Liquidation	\$ -
Accrued Interest	\$ 58,824.85	Accrued Interest	\$ 56,634.72
Prepaid & Fixed Assets	\$ 107,245.17	Prepaid & Fixed Assets	\$ 134,351.00
NCUSIF Deposit	\$ 199,912.98	NCUSIF Deposit	\$ 213,066.28
Allowance for Loan Loss	\$ (58,006.00)	Allowance for Loan Loss	\$ (32,233.00)

Total Assets	\$ 23,906,471.53	Total Assets	\$ 23,537,188.55
LIABILITIES		LIABILITIES	
Members' Shares	\$ 20,373,199.86	Members' Shares	\$ 20,125,668.74
Accrued Expenses and Other Liabilities	\$ <u>82,914.76</u>	Accrued Expenses and Other Liabilities	\$ <u>57,996.35</u>
Total Liabilities	\$ 20,456,114.62	Total Liabilities	\$ 20,183,665.09
MEMBERS' EQUITY		MEMBERS' EQUITY	
Regular Reserves	\$ 349,296.54	Regular Reserves	\$ 349,296.54
Undivided Earnings	\$ <u>3,101,060.37</u>	Undivided Earnings	\$ <u>3,004,226.92</u>
Total Members' Equity	\$ 3,450,356.91	Total Members' Equity	\$ 3,353,523.46
Total Assets	\$ 23,906,471.53	Total Assets	\$ 23,537,188.55
DELINQUENCY		DELINQUENCY	
Loans	\$ 525,992.43	Loans	\$ 7,799.12
Shares & Share Drafts	\$ <u>62.75</u>	Shares	\$ <u>103.49</u>
Total	\$ 526,055.18	Total	\$ 7,902.61

2019 Supervisory Committee Report

The IBEW 76 FCU Supervisory Committee is composed of a chairperson and three committee members, which is a standing Committee of the Board. The role of this independent group of member-volunteers, provides an oversight function on behalf of the membership. This includes periodic internal audit functions of the credit union operation, reports to the Credit Union Board meetings, and the hiring of a CPA firm to conduct an Independent Accountant's Report on Applying Agreed Upon Procedures in order to assist the CU Supervisory Committee in performing the annual Supervisory Committee Audit.

To that end, the Supervisory Chair contracted with Moss Adams LLP, a regional CPA firm, to perform the procedures agreed to by the management and Supervisory Committee. Results of the audit indicate that the financial statements present fairly the results of the operations and financial position for the period, and no material weaknesses in internal control were reported.

As representatives of the credit union membership, the Supervisory Committee is always available to assist individual members by answering questions and resolving problems they may have with the credit union. Please feel free to contact the Supervisory Committee at IBEW 76 Federal Credit Union, PO Box 111447, Tacoma, WA 98411.

Respectfully submitted,

Tony Lewis, Chairman

IBEW 76 FCU Supervisory Committee

Committee Members: Gary Younghans, Keith Parker, and Leroy Swanberg

2019 Annual Meeting Minutes

IBEW 76 Federal Credit Union 2019 Annual Meeting Minutes March 23, 2019

Chairman Dave Wellman called the Annual Meeting to order at 2:45 p.m.

There were 32 in attendance, 28 voting members and 4 non-members in attendance, constituting a quorum.

Approval of Minutes: Motion made by Ray Lince, seconded by Mike Church, to accept the 2018 minutes as distributed. Motion carried & accepted.

Board Reports: President Dave Wellman acknowledged the Board, SC & Staff

- Welcomed the members and guests to the annual meeting.
- Thanked Officers, Staff, and the Supervisory Committee members for their diligent work over the past year.
- Distributed the 2018 financial report.
- Reported we are changing our business model to “member helping member” philosophy.

Supervisory Report: Chairman Tony thanked the staff for a job well done for the year and their cooperation during meetings, SC audit & NCUA exam.

CEO Report: Sheila acknowledged the staff.

- Changing the CU from an “investment firm” to a CU lending CU while still offering multiple deposit options by adding cd’s and money markets.
- Loan Growth
- Added 2 new groups of Unions members, Teamsters Local 313 & 117.

Old Business: None

New Business: None

Elections of Officers: Terms are expiring for Dave Wellman, Dean Pitsch, Dan Miller & Tim O’Donnell. Each has agreed to run for positions on the board. After three calls for any additional nominations President Dave Wellman declared nominations closed. Motion made by Mike Church, seconded by Tony Lewis, to cast a “White Ballot” for the candidates. Motion carried & accepted.

Good of the Order:

The Meeting was adjourned 3:15 p.m.

Respectfully Submitted,

Kelly Dornan, Secretary

2020 Election Results

There were 3 Board Members slated for election:

Mike Church

Kelly Dornan

Ray Lince

Nominations and applications were open until June 26, 2020. With none coming in, the incumbent directors were seated for a new two-year term.