



Financial Review

Third Fiscal Quarter 2020

April 1 – June 30, 2020

Corporate Officers

(Pictured left to right)

Bob Frizzle, CFO

Randy Karnes, CEO

Geoff Johnson, COO/President

On the Back

A Message from the CEO
(continued)

Board of Directors

Press Play

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A Message from the CEO

Do you remember June 30th? I'm writing this on July 30, and I'm having a little trouble remembering exactly what we were doing a month ago. Keeping COVID mandates in order, tracking which one applies and which one doesn't, thinking about which political crisis was the news of the day, wondering if some legal standard still applies just 30 days later...it's a crazy time. So let's do something simple and just evaluate the CU*Answers financials as of June 30.

- June 30 marked the third financial period post our mid-year budget revision as of March 31.
- With just three months of performance, net income is ahead of our new budget by \$403K.

Wow! I wish it was because the world is back to normal and people are spending money like mad. But as you can see in the gross expense variance, much of that was related to *not* spending money.

You know, you can get used to not spending money as a business plan. It feels good in the short term. But sooner or later, you'll see that you were not building your future, you risk just standing still.

- Gross margin/income is actually behind budget by \$218K.

It's going to be exciting in September when we pay a great dividend for the short term. And I'm sure many of you will appreciate the funds for your income statement and balance sheets. But as investors, you need to look with a more critical eye than simply staring at a dividend check. If revenue is behind budget, then the year is still slower than we hoped and planned it would be in March.

Our businesses, our communities, and our entire

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Key Dates

August 5

Quarterly Collections Roundtable

<https://www.cuanswers.com/resources/edu/courses/syllabi/?course=SE.51W>

August 17

Teller/Member Service Training Day

<https://www.cuanswers.com/resources/edu/courses/syllabi/?course=SE.TM>

August 25

Vendor Watch - A Monthly Webinar Series in Vendor Management

<https://www.cuanswers.com/resources/edu/courses/syllabi/?course=SE.VW>



Income Statement

	YTD June 2020	Budget YTD
Income/Revenue		
Total CU*BASE Revenue	38,761,845	38,807,147
Total CNS/iSeries Revenue	7,343,529	7,128,027
Total External Business Revenue	896,751	917,660
Total Sales	47,002,125	46,852,834
Total Cost of Goods Sold	12,637,318	12,269,841
Gross Margin/Income	34,364,807	34,582,993
Expenses		
Total Employee Expenses	20,703,802	20,793,940
Total Non-Employee Expenses	7,456,001	7,873,951
Total Operating Expenses	28,159,803	28,667,891
Total Other Expenses	(208,082)	(95,550)
Gross Expenses	27,951,721	28,572,341
Net Income <i>(before taxes and dividends)</i>	6,413,086	6,010,652

Stock Value

The book value of Class A ownership shares as of 9/30/19 is \$151,608.
Ownership shares sell at \$330,000 or 2.18 times the book value.

Balance Sheet



Current Month
June 2020

Assets

Total Cash/On-Demand Deposits	25,197,719
Total Investments	614,490
Total Accounts Receivable	877,134
Total Pre-Paid Assets	4,408,382
Total Fixed Assets	7,757,068
Total Other Assets	5,661,068

Total Assets **44,515,861**

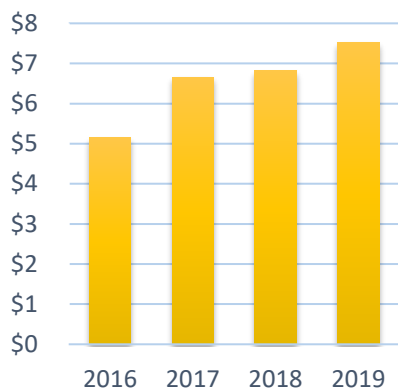
Liabilities & Equity

Total Short-Term Liabilities	11,059,399
Total Long-Term Liabilities	8,111,000
Total Liabilities	19,170,399
Total Equity	25,345,462
Total Liabilities & Equity	44,515,861

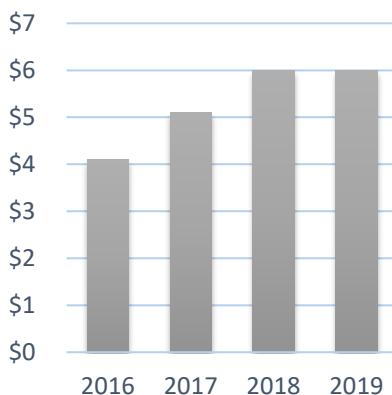
Numbers Snapshot

(Numbers in millions)

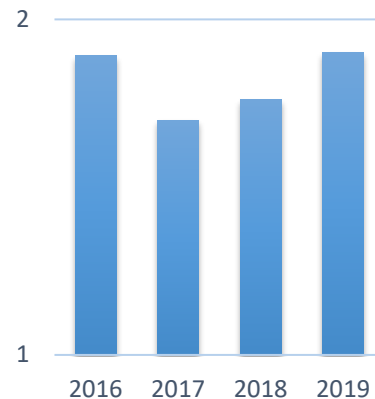
Net Income



Dividends Paid



Members Served



"I am sure that cooperatives, your teams and mine, are already armed with the skills they need to face every morning between now and the end of COVID, and every morning afterwards on their way to success."

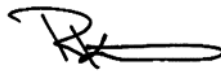
Randy Karnes, CEO

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economy want to think about everything in front of us through the lens of COVID-19. Somehow if we solve COVID, then the next day we'll wake up to a sunny and immediately adjusting utopia. But the challenges we face will need the same focus and intensity to solve, even after COVID is a fading memory. We need to think about how we are going to:

- Accelerate our economy and deal with difficult but not unprecedented unemployment.
- Compete in a consolidating credit union marketplace, where vendor solutions and industry support mechanisms are collapsing into fewer choices.
- Regain positive workplaces with new templates for remote work, who is essential and who isn't, and the lingering workplace rules that will stubbornly hold on, even when COVID is no longer a pressing concern.
- Be even more aggressive about the changing consumer attitudes and marketplace solutions, and double down on retailing innovation now that the world has a taste of doing more things from home, from a phone, and from afar.

The chaos will not end at the end of COVID. Chaos and the need for change is a constant in every business year. Personally, I find comfort in that. I am sure that cooperatives, your teams and mine, are already armed with the skills they need to face every morning between now and the end of COVID, and every morning afterwards on their way to success. Take joy in what you do. Happy is as happy does.



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Press Play



Check out our latest video at:
<https://ondemand.cuanswers.com/request-credit-info/>

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