



# CU\*ANSWERS

# Financial Review

First Fiscal Quarter 2021

October 1 – December 31, 2020

## Corporate Leaders

(Pictured left to right)

Randy Karnes, CU\*Answers CEO

Scott McFarland, CU\*Answers Board Chair,  
CEO of Honor Credit Union

## On the Back

Board of Directors

Press Play

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## A Message from CEO Randy Karnes

The numbers are good: we're \$400K ahead of budget. Actually, in comparison to the budget, the numbers are great. In any other era I might have stopped there. As a matter of fact, I have done just that many times over my 20+ years writing this newsletter. But the reference points that we compare to during this era of business need to change.

How am I doing compared to the month before the pandemic? How am I doing compared to a year ago? Wait a minute...a year ago it was still before the pandemic. It's so easy to forget that the pandemic hasn't been going on forever. We haven't even acquired one full year of history for what it means to run our businesses during a pandemic. We'll start getting that information in April of 2021.

When will the pandemic era end? When will we move to a future where COVID is part of our world, but doesn't define financial analysis of shifting models? Will it even matter?

We can learn a lot from the past. We can make good decisions on what we learned, or we can make bad ones. We can scapegoat the past or we can celebrate it. But in the end, we'll still have to face tomorrow.

I know, I know. I'm Captain Obvious. But I am worried that too many of us have put everything on pause, that we've assumed a pessimistic, why-does-it-matter attitude about today's business. I worry that too many people are counting

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## A Message from Board Chair Scott McFarland

Do not miss an opportunity to share this information with your team and your Board. CU\*Answers is driving into the future with an even greater commitment and passion for the cooperative model that serves the owners and members. The team at CU\*Answers remains committed to the excellence for our members.

After the months we have all faced together, there is a battle to not fall into the pattern of "Not sure when we will be normal" or "Let's just hold on a little longer." While pandemic fatigue is real, the actions to counter it are essential for our future success. Your Board continues to look towards the future of how CU\*Answers can consistently be better than before. This does not just mean better than before the pandemic, it means better than before we were one year ago, one month ago, one day ago – heck, one minute ago. The status quo is status slow. The constant drive to move forward is essential even during a time when fatigue has set in for many. The great news is that none of us are on this road trip alone. The cooperative principles are a roadmap for getting better than before...together.

We can all agree that the excitement of waving good-bye to 2020 has already worn off and some of the unknown remains. The unknown alone is more overwhelming, more destructive, and more oppressing than working cooperatively with each other to achieve solutions to be

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# Key Dates

March 9

## Collections Roundtable Recap

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

March 9

## Meet AuditLink – A Cooperative Approach to Vendor Management

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

March 22

## Member Services Training Day

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



# Income Statement

	YTD December 2020	Budget YTD
<b>Income/Revenue</b>		
Total CU*BASE Revenue	11,908,733	11,659,384
Total CNS/iSeries Revenue	2,180,953	1,978,983
Total External Business Revenue	1,258,845	1,123,904
<b>Total Sales</b>	<b>15,348,531</b>	<b>14,762,271</b>
Total Cost of Goods Sold	3,665,186	3,449,109
<b>Gross Margin/Income</b>	<b>11,683,345</b>	<b>11,313,162</b>
<b>Expenses</b>		
Total Employee Expenses	7,276,609	7,259,527
Total Non-Employee Expenses	2,445,401	2,498,964
Total Operating Expenses	9,722,009	9,758,491
Total Other Expenses	1,729	-
<b>Gross Expenses</b>	<b>9,723,738</b>	<b>9,758,491</b>
<b>Net Income</b> <i>(before taxes and dividends)</i>	<b>1,959,607</b>	<b>1,554,671</b>

## Stock Value

The book value of Class A ownership shares as of 9/30/20 is \$164,517.90. Ownership shares sell at \$360,000 or 2.19 times the book value.

# Balance Sheet



**Current Month**  
December 2020

## Assets

Total Cash/On-Demand Deposits	21,572,972
Total Investments	616,786
Total Accounts Receivable	1,227,261
Total Pre-Paid Assets	4,571,590
Total Fixed Assets	7,585,792
Total Other Assets	5,741,204

**Total Assets** **41,315,605**

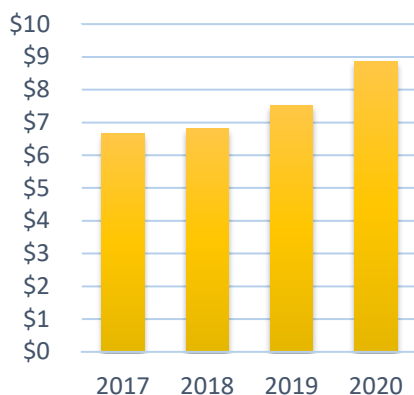
## Liabilities & Equity

Total Short-Term Liabilities	9,416,887
Total Long-Term Liabilities	6,732,291
Total Liabilities	16,149,178
Total Equity	25,166,427
<b>Total Liabilities &amp; Equity</b>	<b>41,315,605</b>

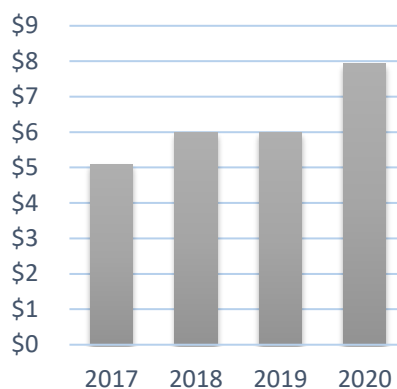
## Numbers Snapshot

*(Numbers in millions)*

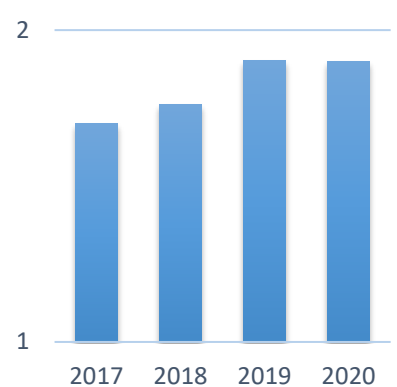
**Net Income**



**Dividends Paid**



**Members Served**



on a get-out-of-jail-free card and not moving their businesses forward *right now*. We may find out that yes, they have a valid excuse for putting things on pause, but they will still find themselves losers for doing it.

I promise that in the next newsletter I'll give you the comparisons, and some analysis about what we face going forward. But here's my prediction. Our biggest challenges will be the same ones we faced prior to the pandemic: industry consolidation, vendor consolidation, optimism about cooperative ownership, making ownership real for everyday consumers, and our own confidence and sense of perseverance to move the ball.

Those challenges were vibrantly clear a year ago, and will be just as clear a year from now. If a year from now we're in a worse position competitively, I won't take much solace in the fact that COVID was a good excuse. While I can't tell you how to reconcile COVID in your personal life, I know that using COVID to fall further behind does not seem prudent. Push hard. I will.



better than before. This is a commitment to lead boldly but humbly into an unknown future, with the confidence that we can get it done, just like our predecessors that launched the movement and fought through so many challenges. The constant question of "What's next?" needs to shift from the mindset of how much more we can handle to we cannot wait for new opportunities.

I have always enjoyed working on a team versus working alone. This has only been reinforced during the past months. The opportunity to come together, share successes and talk out challenges is essential for us to be successful and move forward together. This is not anything new, this strategy has been part of CU\*Answers for the last 50 years, but just like any team, success comes through participation. The opportunity to participate with each other again is around the corner. While many of us have found new ways to connect, we all need to challenge each other to get better than before and come back together in rooms with ideas (and of course beverages), to dream and design our collective futures.

Your Board is here for you and is driving to be better than before each day. No sense waiting for tomorrow what you can get started on today.



## Press Play

Check out our latest video at:  
<https://ondemand.cuanswers.com/select-records-query-screen/>

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