



# CU\*ANSWERS

# Financial Review

Third Fiscal Quarter 2021

April 1 – June 30, 2021

## 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

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## A Message from CEO Randy Karnes

As I write this, we're deep into preparations for our 2022 business plan and budget. We're in the mood to look forward and say, "yesterday's numbers are yesterday's numbers." And, as of June 30, yesterday's numbers are spectacular. I could wax on about all of the effort, the good luck, and the wonderful contributions of everyone involved. Credit unions put forward the capital and embrace our alliance, we go about our day-to-day business, and the results are great.

But I have a nagging feeling about the future. We all have the sense that we're making money by hunkering down, by avoiding aggressive investment, by just riding the wave of a national COVID approach that will leave us hanging in the future. American citizens will all have to wake up and face the day after all the free money expires.

As American businesses, that means we are going to wake up to consumers being resentful about how hard life is, the day after the COVID relief funding ends. I wonder what a marketplace of resentful consumers means to credit unions and to our CUSO.

I wish I had a crystal ball and could tell you exactly what it means, but I don't. I can only tell you what we're planning for 2022 and how we hope that will pay off in the coming years.

- We'll have to be more aggressive about investment and think hard about what we're committed to as a community of credit union operations. We need to fuel the future with investment. The hunkering down is over.
- While we have a bit more time to analyze business trends related to the COVID pause, we'll have to quickly identify the game-changers that will last, versus the over-reactions and over-estimates of how things like remote work will affect our future. We can't throw out the baby with the wash based on an interruption in economic models. What will we

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## A Message from Board Chair Scott McFarland

We will not stop. That is the drive that needs to come from each of us looking toward the future. The numbers are strong for the CUSO, even in the midst of COVID fog and fatigue. I read an article recently on languishing. It is that strange place between fatigue and depression. Frankly, there are all kinds of experts sharing the status of what people are feeling. It can be hard not to pay attention, but we need to challenge each other to rise above it.

Leadership is a fluid and constantly changing dynamic. Leadership is not static – if it becomes static, it becomes obsolete. The leadership at CU\*Answers has experienced many years of fighting for the owner, the underdog, the cooperative principles that at times can easily be forgotten and left behind, even by those that are charged with protecting them. This network has thrived over the years because of the strength of a team of leaders with a vision for the future. The fluidity of leadership has been seen with new teams being added while others head off into the joy of retirement or maybe even other career opportunities. This CUSO has seen an even more focused approach over the past three to four years, with the the pending retirement of Randy Karnes in 2022. You have heard that our next announcement on this is coming and there is a great deal of excitement in celebrating an amazing career as we launch the next phase for a new CEO.

The current business year for CU\*Answers is quickly coming to an end – what should the Board be looking at for the coming year? The Board is reviewing new business strategies and coming together with the leaders of CU\*Answers to lay out future plans. Plans are nothing without the people and WE ALL

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# Key Dates

August 23

## Teller Training Day

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

August 26

## Quarterly Collections Roundtable

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

August 31

## Web Accessibility and You

<https://www.cuanswers.com/resources/edu/courses/syllabi/?course=4.50W>



# Income Statement

	YTD June 2021	Budget YTD
<b>Income/Revenue</b>		
Total CU*BASE Revenue	36,863,256	36,765,932
Total CNS/iSeries Revenue	6,889,017	6,578,725
Total External Business Revenue	4,118,888	3,812,610
Total Sales	47,871,161	47,157,267
Total Cost of Goods Sold	11,479,852	11,240,496
<b>Gross Margin/Income</b>	<b>36,391,308</b>	<b>35,916,771</b>
<b>Expenses</b>		
Total Employee Expenses	21,466,967	21,460,626
Total Non-Employee Expenses	7,313,338	7,433,186
Total Operating Expenses	28,780,306	28,893,813
Total Other Expenses	(192,427)	(82,069)
<b>Gross Expenses</b>	<b>28,587,879</b>	<b>28,811,744</b>
<b>Net Income</b> <i>(before taxes and dividends)</i>	<b>7,803,429</b>	<b>7,105,028</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

June 2021

### Assets

Total Cash/On-Demand Deposits	30,635,553
Total Investments	617,385
Total Accounts Receivable	1,090,000
Total Pre-Paid Assets	3,630,169
Total Fixed Assets	7,731,411
Total Other Assets	6,319,358

**Total Assets** **50,023,876**

### Liabilities & Equity

Total Short-Term Liabilities	13,507,973
Total Long-Term Liabilities	7,468,515

Total Liabilities 20,976,488

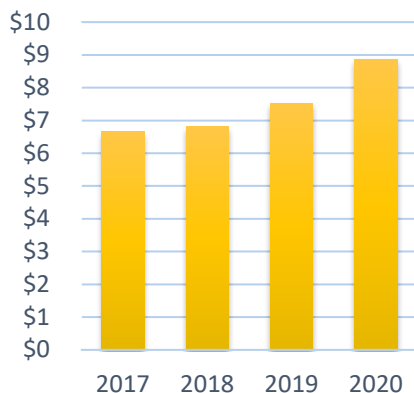
Total Equity 29,047,388

**Total Liabilities & Equity** **50,023,876**

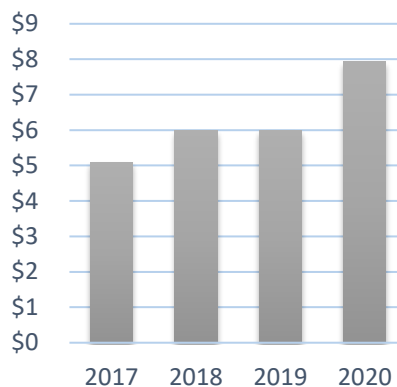
## Numbers Snapshot

(Numbers in millions)

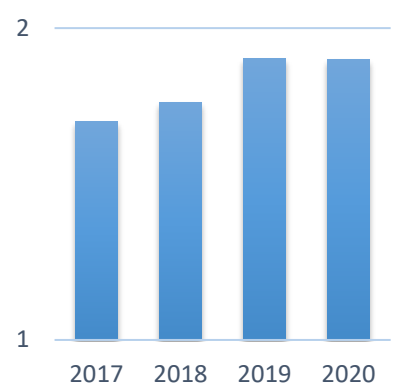
### Net Income



### Dividends Paid



### Members Served



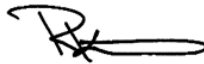
count on? What will we bet on? What will we *make* work? I'm not sure it's going to be as radical in the next two years as most people think. We have options if we're patient. We have a future if we don't shoot ourselves in the foot.

- We'll have to avoid being disappointed by the fact that COVID might not end as cleanly as we all hoped. We're making progress, but that progress may not be without some setbacks. Things like vaccines, wearing a mask, and social distancing might not just end, never to be seen again. It may feel like these issues linger right through 2022 and 2023, like a bad hangover after New Year's Eve. Optimism, and a realistic evaluation that things are getting better, will have to rule the day for business planners.

Wow. Given these three marketplace realities, imagine onboarding a brand-new CEO. The pressure will be high to pick the right investments, to choose the right trends to run towards, and to maintain an optimistic viewpoint, when pessimism is all around. Nothing like starting out with an easy mission!

The new CEO will need us all. Each of us will have a different role to play in supporting this new CEO and supporting each other. The pressure is not on a single individual; it's on a network. For a network to work, we all have to help our peers be successful by contributing to each other's success. If you want to contribute to our CUSO's success, spend a few minutes thinking about how you might be the person who helps us all avoid dropping the ball.

The numbers as of June 2021 are great. The predictions for September 30 are as positive as any year I can remember. My faith in the future is constant, given my faith in all of you.



make up this CUSO. We all depend on each other and the leaders of the CUSO to provide solutions for our members.

Take a look at the numbers and know that the future is ours to *lead into*. It will require new visions, the ability to take on new challenges, new network owners, support for current owners and users, among many other unique opportunities. The one thing that is guaranteed is that it will never be the same as it was yesterday. Any belief that it will be is self-deception. In some cases, people may immediately drift towards the negative side of this statement, but I would challenge all of us to choose the positive side. The side that says we control it as a cooperative, that says we will work together to design a future better for ourselves, for our members and for this CUSO.



## Press Play

Check out our latest video at:  
<https://ondemand.cuanswers.com/introducing-its-me-247-online-banking/>

# CU\*ANSWERS

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## Board of Directors

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