




PARTICIPATION

CU*ANSWERS 2017–2018 REPORT TO OWNERS


FRONT & CENTER

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At CU*Answers the cooperative principle of member economic participation goes more than skin deep. We live it every day, just as our shareholder credit unions do with their own members.



Member Economic Participation Are in you in the game?

The number one goal of a cooperative is to drive participation so that the entire organization grows and gets better. There is no way to grow and get better if there is not participation. Imagine a basketball game, soccer game, football game, choir concert or any other event where the participants just sit on the sidelines and wait to see what happens. Life is a participation sport.

But I digress... because I know I'm preaching to the choir. We are all challenged each day to participate, to drive initiatives forward, to build and not just run what is already there.

Participation in anything is done to produce a result. In the case of our co-ops, it's a financial return for our members/ owners and an improvement in their lives via their participation in the cooperative. This is the case for CU*Answers, just like for our member-owned credit unions. This participation drives an investment to own something bigger and better as a group than what can be generated by an individual.

Are we up for the task? Are we willing to participate for the benefit of ownership? Can we communicate this to our peers, to our teams... to ourselves? I believe we can and do every day. Of course this isn't free! It requires us to leverage our rights as an owner and to communicate those rights to each other and to our owners.

Participation alone is not good enough. What? That's right, participation without passion, vision, drive, urgency and commitment is just repetitive actions of insanity. If we always do what we have always done... you know the rest. We are the participants. We are the owners. We are the reason that cooperatives exist. Let's make sure we aren't letting each other down... and get in the game!

It's a pleasure to have you all as my teammates. My expectations are high, but I'm sure yours are too. That's why we're all here. Welcome to the Big Game—we are glad you are participating!



SCOTT MCFARLAND

CEO, HONOR CREDIT UNION

DEAN WILSON

CEO, FOCUS CREDIT UNION





MEMBER ECONOMIC PARTICIPATION

“While our members participate in board and committee responsibilities they also help to decide what local charitable organizations we support annually. Participating in the community that supports our organization is a key belief of our member-owners.”

A COOPERATIVE MUST HAVE A PLAN WHEN IT COMES TO PARTICIPATION, AND THE TACTICS THAT WILL GUARANTEE IT. CU*ANSWERS ALWAYS HAS A PLAN; OUR SHAREHOLDERS DEMAND IT.



LINDA BODIE

CHIEF + INNOVATOR
ELEMENT FEDERAL CREDIT UNION

A portrait of Vickie Schmitzer, CEO of Frankenmuth Credit Union. She is a woman with blonde, wavy hair, smiling, and wearing a dark blue long-sleeved button-down shirt. She is seated in a grey armchair with her hands clasped in her lap. The background is a light grey with faint, abstract circular patterns.

VICKIE SCHMITZER

CEO, FRANKENMUTH CREDIT UNION



MEMBER ECONOMIC PARTICIPATION

“Credit unions are not for profit...but for purpose. This doctrine influences the spirit of giving back to the owners, communities and the industry we proudly serve. It’s more than a dollars and cents philosophy. It’s the precept credit unions and members alike champion to nourish, support, and maintain shared (cooperative) dreams, commitments and solutions.”

IT’S NOT JUST ABOUT THE NUMBERS. BUILDING ECONOMIC RETURNS THAT YOUR OWNERS TAKE PRIDE IN IS KEY TO DRIVING PARTICIPATION IN A COOPERATIVE. OF LATE, CU*ANSWERS NUMBERS HAVE BEEN INSPIRING, BUT THE TRUE INSPIRATION COMES FROM A COMMUNITY OF SHAREHOLDERS VESTED IN MEMBERS.

MEMBER ECONOMIC PARTICIPATION

“At my credit union we believe people want the chance to make a difference as much as they want our credit union to make a difference. Our members respond to the call. Whether it be donating gifts and wish list items to families in need during the holiday season, or contributing books to a city-wide collection for a community literacy program, our members thrive on the opportunity to step up and be difference-makers in the lives of neighbors who may need a helping hand.”

COOPERATIVES RECOGNIZE CUSTOMER-OWNER PARTICIPATION AS A MUTUAL BENEFIT. CU*ANSWERS TRUSTS THAT JOINING THEIR SHAREHOLDERS' AGENDAS ALWAYS LEADS TO GOOD THINGS.

JEFF JORGENSEN

PRESIDENT, SIOUX EMPIRE FEDERAL CREDIT UNION





TOM GRYP

CEO, NOTRE DAME FEDERAL CREDIT UNION



MEMBER ECONOMIC PARTICIPATION

“As a financial cooperative, we consider participation a cornerstone of our culture. We participate in improving the financial lives of our member-owners. In turn, our member-owners participate in directing the future of their credit union by participating in the governance of our cooperative. Together, we strive to be a source of good and a catalyst for change by participating in our communities, targeting those who are most in need.”

EVERY COOPERATIVE KNOWS THAT IT TAKES CUSTOMER AND OWNER PARTICIPATION TO TURN POTENTIAL VALUE INTO VALUE RECEIVED. CU*ANSWERS IS BLESSED WITH SHAREHOLDERS WHO HAVE A BUILDER'S SOUL AND A FOCUS ON LIVING UP TO THE POTENTIAL THAT COOPERATIVES REPRESENT FOR OUR ECONOMY.

MEMBER ECONOMIC PARTICIPATION

“At every annual meeting, the CU*Answers Board encourages shareholders to run for a seat on the board, even if it means they lose their own seat. That is selfless leadership and the credit union way. They get it. Don Mills gets it, so instead of running for another term he opened the door for others like me to step up. Our cooperative can only thrive as long as our entire community is ready to participate.”

POSITIVE TRANSITIONS ARE A CU*ANSWERS SPECIALTY. THEY FUEL A SHAREHOLDER COMMUNITY WHERE PARTICIPATION IS VIBRANT, CONTINUALLY RENEWED, AND CONTRIBUTES POSITIVELY TO THE FUTURE.



KRIS LEWIS


CEO, ALLEGAN COMMUNITY
CREDIT UNION



DON MILLS

CEO, ALPENA ALCONA AREA
CREDIT UNION





Participation is a full contact sport. Seeing members in action motivates every good cooperative to get in the game.

A. Sioux Falls, South Dakota, Sioux Empire Federal Credit Union: Staff delivered “Baskets of Sunshine” to local fire stations throughout the community | **B. Sioux Falls, South Dakota, Sioux Empire Federal Credit Union:** Staff members and volunteers participated in an annual Chariots for Children bike build for the Big Brothers, Big Sisters organization of Sioux Falls, South Dakota | **C. Baltimore, Maryland, Destinations Credit Union:** Sponsored and participated in the community’s Parkville Town Fair | **D. Baltimore, Maryland, Destinations Credit Union:** Recognized by Maryland and Baltimore County leaders for outstanding volunteer efforts in the community | **E. Washington, DC, Department of Labor Federal Credit Union:** Volunteered for and participated in the 120-mile Baker to Vegas Relay Race.

GEOFF JOHNSON

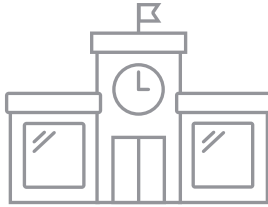
PRESIDENT + CHIEF OPERATING OFFICER
CU*ANSWERS



CU*ANSWERS AT A GLANCE

IN 2018 CU*ANSWERS SERVED:

178 CREDIT
UNIONS



5 TIME
ZONES

22 STATES

IN 2018 CLIENT SERVICES & EDUCATION OFFERED:



1,000
EDUCATIONAL COURSES
FREE EACH YEAR

IN 2018 CU*BASE PROCESSED:

150M 
PLASTIC TRANSACTIONS
CREDIT, DEBIT & ATM

IN 2018 CU*ANSWERS STORE LISTED:



NEARLY

700
ONLINE
PRODUCTS

IN 2018 CU*ANSWERS HOSTED:

2,779,580



VIDEO CONFERENCING MINUTES EQUIVALENT TO 1,930 DAYS

AVAILABLE FOR
ONLINE ORDERING

FINANCIAL HIGHLIGHTS

	2018	2017	% Change	2000	Average Annual Growth %
BALANCE SHEET					
Total assets	38,989,388	34,096,951	14.3%	5,814,371	11.1%
Total liabilities	19,562,080	18,561,644	5.4%	3,705,739	9.7%
Stockholder equity	19,427,308	15,535,307	25.1%	2,108,632	13.1%
Income statement revenues	55,257,238	54,026,226	2.3%	9,026,928	10.6%
Income before taxes & patronage dividend	6,824,610	6,656,589	2.5%	333,728	18.2%
Patronage dividends	6,000,000	4,500,000	33.3%	225,000	20.0%
OTHER FINANCIAL INFORMATION					
Stockholder equity					
Common stock—class A	270,000	250,000	8.0%	98,000	5.8%
Common stock—class B				503,040	
Additional paid-in capital	15,280,011	11,696,353	30.6%	939,626	16.7%
Retained earnings	3,877,297	3,588,954	8.0%	567,966	11.3%
Total	19,427,308	15,535,307	25.1%	2,108,632	13.1%
CREDIT UNION RELATIONSHIPS					
CUSO owners	135	125	8.0%	49	5.8%
Online members processed	1,761,228	1,710,648	3.0%	394,066	8.7%
Number of online credit unions	163	166	-1.8%	61	5.6%
Self processing members processed	210,810	208,130	1.3%	149,816	1.9%
Number of self processing credit unions	7	7	0.0%	12	-2.9%
Item processing credit unions	1	2	-50.0%	42	-18.7%
Total credit union relationships	171	175	-2.3%	115	2.2%

Contact CU*Answers for the Report of Independent Auditors and complete Audited Financial Statements.

A portrait of Bob Frizzle, a middle-aged man with grey hair and a goatee, smiling. He is wearing a light grey button-down shirt. The background is a solid light blue. On the left side of the image, there are two white circles, one near the top and one near the bottom.

BOB FRIZZLE

CHIEF FINANCIAL OFFICER
CU*ANSWERS

A portrait of Randy Karnes, a middle-aged man with a grey beard and glasses, wearing a dark suit jacket over a light grey polo shirt. He is sitting in a light grey armchair, leaning back with his legs crossed, looking towards the camera with a slight smile. The background is a plain, light grey.

RANDY KARNES

CHIEF EXECUTIVE OFFICER
CU*ANSWERS

LETTER FROM THE CEO

“When I came to understand that the only condition for being granted ownership in a credit union was participation, I was mesmerized. When I found CU*Answers, a cooperative owned by credit unions, I saw the chance to participate in proving that an abstract, intuitive faith in consumer-owned models could build a concrete future for those who were as mesmerized as me.”

COOPERATIVES ARE A UNIQUE OPPORTUNITY FOR EVERY PERSON TO ENJOY THE PRIDE AND SENSE OF ACCOMPLISHMENT THAT COMES FROM PUTTING THEIR HEART AND SOUL INTO BUILDING SOLUTIONS THEY NEED. AT CU*ANSWERS, CREDIT UNION LEADERS HAVE THE OPPORTUNITY TO REINFORCE THE PRINCIPLES THAT GUARANTEE THEIR CAREERS AND THE HOPES OF THEIR MEMBERS.

A stylized, handwritten signature in white ink, appearing to be a cursive 'R' followed by a long horizontal stroke.



EXECUTIVE COUNCIL

BOB FRIZZLE, GEOFF JOHNSON, SCOTT COLLINS, RANDY KARNES, BRIAN MAURER AND DAVID WORDHOUSE

LEADERSHIP TEAM

EXECUTIVE COUNCIL

Randy Karnes
CEO since 1994

Bob Frizzle
CFO since 1997

Geoff Johnson
President/COO since 2005

Scott Collins
EVP of National Sales and
Marketplace Relations since 2003

Brian Maurer
EVP of Software Development since 2012

David Wordhouse
EVP of Technology since 2002

CUASTERISK.COM PARTNERS

Alan Rogers
CEO, Site-Four since 2015

Greg Smith
President, CU*NorthWest since 2005

Leo Vaulin
President, CU*South since 1990

Mark Fierro
Interim CEO, eDOC Innovations since 2000

Liz Winninger
CEO, Xtend, Inc. since 2013

EXECUTIVE MANAGEMENT TEAM

John Beauchamp
VP of Professional Services—Imaging Solutions
since 2007

Jack Carpenter
VP of Production since 1996

Karen Chesbro
VP of Item Processing since 1978

Bob Colburn
AVP of Core Technologies since 2008

David Damstra
VP of Marketing Services and Creative
Director since 2005

Keegan Daniel
VP of Professional Services—Earnings Edge
since 2007

Rebecca Frankowski
VP of Finance since 2007

Heather French
VP of Managed Services since 2007

Don Laffitte
AVP of Web Technologies since 2014

Jim Lawrence, CBCP
VP of Business Continuity since 2001

Dawn Moore
VP of Writing Team/Product Design since 1995

Lorie Morse
AVP of Integration Technologies since 1993

Amber Overla
VP of Organizational Resource Development
since 2016

Matt Sawtell
VP of Managed Technology Services
since 2002

Chris Shelton
VP of Network Infrastructure since 2004

Stephanie Underwood
VP of Administration since 2012

Mary VanAntwerp
VP of Quality Control since 2003

Jim Vilker, NCCO
VP of Professional Services—AuditLink
since 1998

Laura Welch-Vilker
VP of Client Services and Education
since 1998

Pete Winninger
VP of Professional Services—Lender*VP
since 2014

THE SEVEN PRINCIPLES

In the 1840s, one of the very first cooperatives established a set of seven principles that today form the business model for co-ops everywhere. These ideals inspire customer-owner business leaders to build great organizations.

01 VOLUNTARY & OPEN MEMBERSHIP

02 DEMOCRATIC MEMBER CONTROL

03 MEMBER ECONOMIC PARTICIPATION

04 AUTONOMY & INDEPENDENCE

05 EDUCATION, TRAINING & INFORMATION

06 COOPERATION AMONG COOPERATIVES

07 CONCERN FOR COMMUNITY

