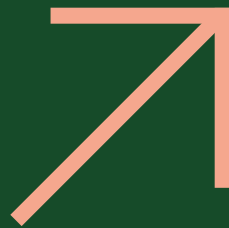


1970- 2020

CU*Answers
50th Anniversary

Report to Owners
2019-2020

**Tomorrow:
We'll
Meet You
There.**



50

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For 50 years, CU*Answers has been driven to be a forward-thinking organization, always pushing toward the next thing we should be doing, the next horizon, the next challenge to overcome, the next opportunity to harvest. Looking backwards too much can trap an organization into old ways of thinking.

But once in a while it doesn't hurt to pause and reflect, and get a boost from remembering the accomplishments, aspirations, dreams, and relationships that have shaped who you are today. The year 2020 has been a year-long celebration of a community of colleagues, friends, and partners who have made it possible for CU*Answers to help thousands of credit union professionals and more than 2 million members realize their own dreams and aspirations, day after day. This year's Report to Owners takes a moment to celebrate our past while dreaming big for our collective future.

Ready for the Next Big Thing

Timeless Principle Quote

“More than a technology solution, WESCO is a new vendor solution that allows my credit union to work with WESCO as an equity partner, interacting with my peers...to make sure that our partnership stays on track...WESCO is first and foremost a credit union organization.”

WESCO 2000 Annual Report
Chairman's Letter

Robert H. Mackay, Chairman

In the blink of an eye you are looking back at 50 years. It is truly amazing how fast life goes, and that holds true for the life of a company, too. I am truly blessed to have been part of CU*Answers for at least a portion of my credit union career.

After starting with the idea of credit unions coming together to help each other, this CUSO has never lost its focus on living out the cooperative principles. This year we have taken a moment to look back with both pride and humility at what this cooperative has become over the years, and to thank those pioneers that took the chance and put in the blood, sweat and tears to build a business with each other...for each other.

CU*Answers is all about ownership. It is about the vision and determination not to be like everyone else, but instead to work side by side with its owners and the credit union movement to promote success as a cooperative.

As we begin to embark on the next year, the next 2 years, 10 years, 50 years, let us take a moment and celebrate all those who have made CU*Answers what it is at this moment. Let's celebrate with each other and for each other, our members, and the CU*Answers team that has been there and will be there in the future as we continue the journey on this most rewarding experience that we call a cooperative.

Scott McFarland

**SCOTT MCFARLAND,
CHAIRMAN**

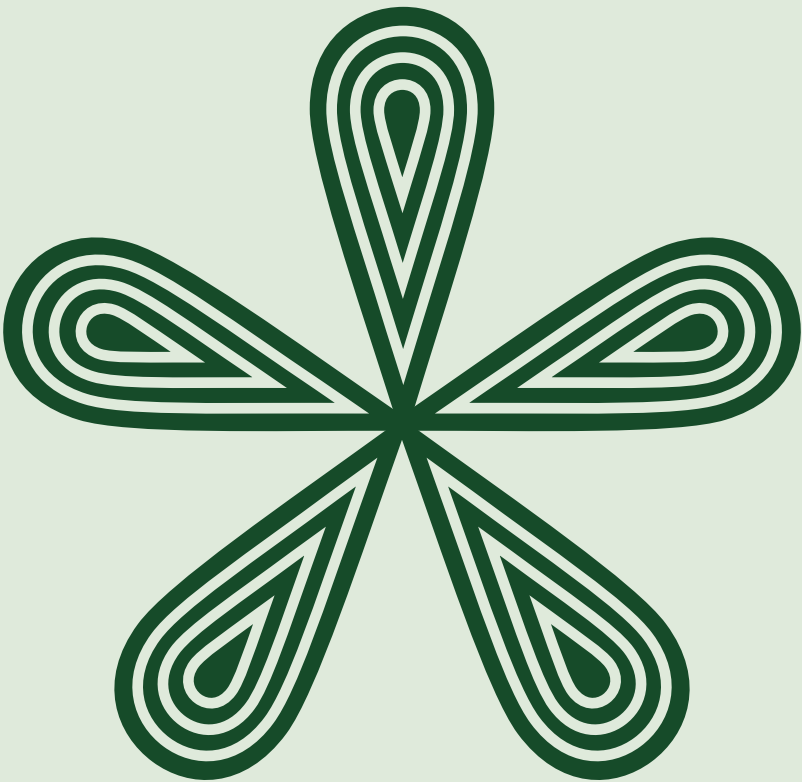
CEO, Honor Credit Union
Board Member Since 2009



Buzz Phrases From the Past

1970 ←————→ 2020

THE VALUE OF EQUITY
A NEW VENDOR MODEL
THE PLACE TO BE
A FOCUS ON UTILIZATION



In 1970 a group of West Michigan-area credit unions got together to form a new cooperative to provide low-cost data processing and item processing services to their own organizations, as well as to other CUs in the West Michigan area. In February 1970, with 9 board members, West Michigan Computer Co-Op, Inc. (WESCO), was organized as a non-stock cooperative. Our 5 staff members began processing in the basement of our first credit union client, providing data processing services to 7,500 members.

In 2003, we changed our name to CU*Answers, Inc., to better reflect our growing prominence in the industry as a provider of answers to credit unions.

Fast-forward 50 years to 2020. We now serve 179 credit union clients across 25 states, representing 1.9 million members and \$23 billion in credit union assets. Clients range in size from 100 to 85,000 members. Headquartered in Grand Rapids, Michigan, we employ a staff of nearly 290, with 89 full-time programmers and a technical and client support staff of over 130 professionals with decades of combined experience serving the credit union and data processing service industries.

Over the years many things have changed, but one thing has remained the same: our commitment to the same timeless principles that spurred those founding credit unions to band together and form this CUSO in the first place.

Building Timely Solutions Based on Timeless Principles

Timeless Principle Quote

“Ownership: it’s what sets CU*Answers apart. With every invoice paid, our clients, large and small, enjoy the privileges of ownership – the opportunity to influence strategic direction, creative control, and product research and development. Through CU*Answers’ shared equity approach, credit unions like yours receive timely solutions based on timeless principles and the ability to provide best-in-class services to their members.”

CU*Answers 2004 Annual Report

DEAN WILSON
DIRECTOR

CEO, FOCUS Credit Union
Board Member since 2008

Ownership means taking the initiative to bring about positive results for what you own. At CU*Answers it means not waiting for others to act but instead being proactive with our owners to deliver solutions where all stakeholders can benefit. Being an owner means you have a voice in the direction of the technology being developed, and owners have a responsibility to use that voice. It’s that commitment to our owners – and the commitment from our owners – that will guarantee the next 50 years of success for our CUSO.



Fostering the Power of Ownership

LINDA BODIE
DIRECTOR

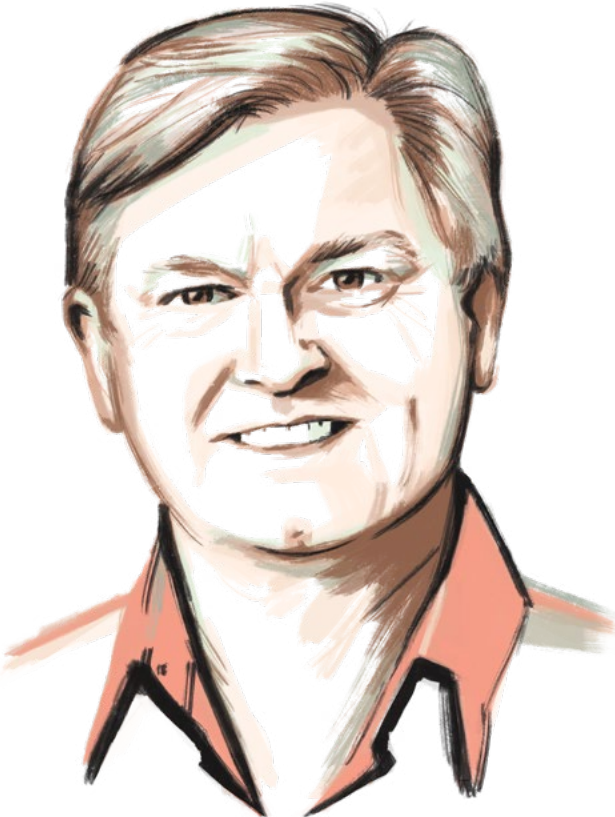
CEO, Element Federal Credit Union
Board Member since 2013

At CU*Answers we see participation as an investment. Every invoice we pay, every project we champion, every board or committee or focus group meeting we attend, is capital for our cooperative. Where other core processing vendors see customers, we see owners looking to make sure every penny invested is for their future.

BILL BURKE
ASSOCIATE DIRECTOR

CEO, Day Air Credit Union
Associate Board Member since 2019

The essence of a community is all the people within it who inspire and support each other, and who participate and contribute to its success. CU*Answers is a community of credit union people, all of whom have the power to influence and nurture the organization, its customers-owners, and all the individuals touched by those organizations. The culmination of that influence is a powerful driver for both our individual and collective success. For 50 years, CU*Answers has made it a priority to ensure every participant has the power to influence the direction of this organization. Here’s to the continued success of the next 50!



50 Years of History

Timeless Principle Quote

“From the beginning, the credit unions that started WESCO set high standards for how the CUSO model should make a difference in the credit union industry. They believed that a CUSO, partnered with individual credit unions, could create a business model recognized by the marketplace for its core credit union services, access to business opportunities, and marketplace competitive standards.”

WESCO 2002 Annual Report

1970

West Michigan Computer Co-Op, Inc. organized as a non-stock data processing services cooperative

1999

Introduced PC home banking for members

2003

WESCO becomes CU*Answers, Inc.

2007

It's Me 247
Online Banking introduced

2008

Annual revenues exceed \$29 million

2015

cuasterisk.com partners serve over 2 million members;
It's Me 247 mobile app introduced

1980

First ATM brought online

2000

73 credit unions served across 11 states; 48 credit union owners

2005

Headquarters moves to the current 28th St. campus

2011

It's Me 247
Mobile Web and Text Banking introduced

2017

CU*Answers store launched

2020

Annual revenues exceed \$65 million

1995

Purchased the copyright that would become CU*BASE®

2010

148 credit unions served across 17 states; 86 credit union owners

2019

CUSO Magazine inaugural issue published

A Community of Communities

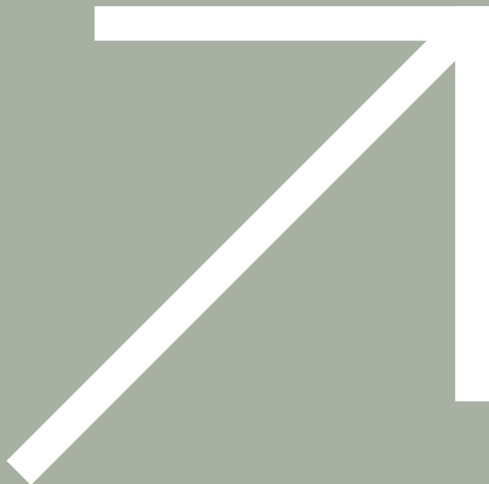
Timeless Principle Quote

*“These days, it seems everyone’s talking about the power of networking. At CU*Answers, we’d love to put that power to work for you. By providing a supportive environment for networks to form, we can help our clients accomplish big things, such as making connections, building peer networks, and expanding opportunities.”*

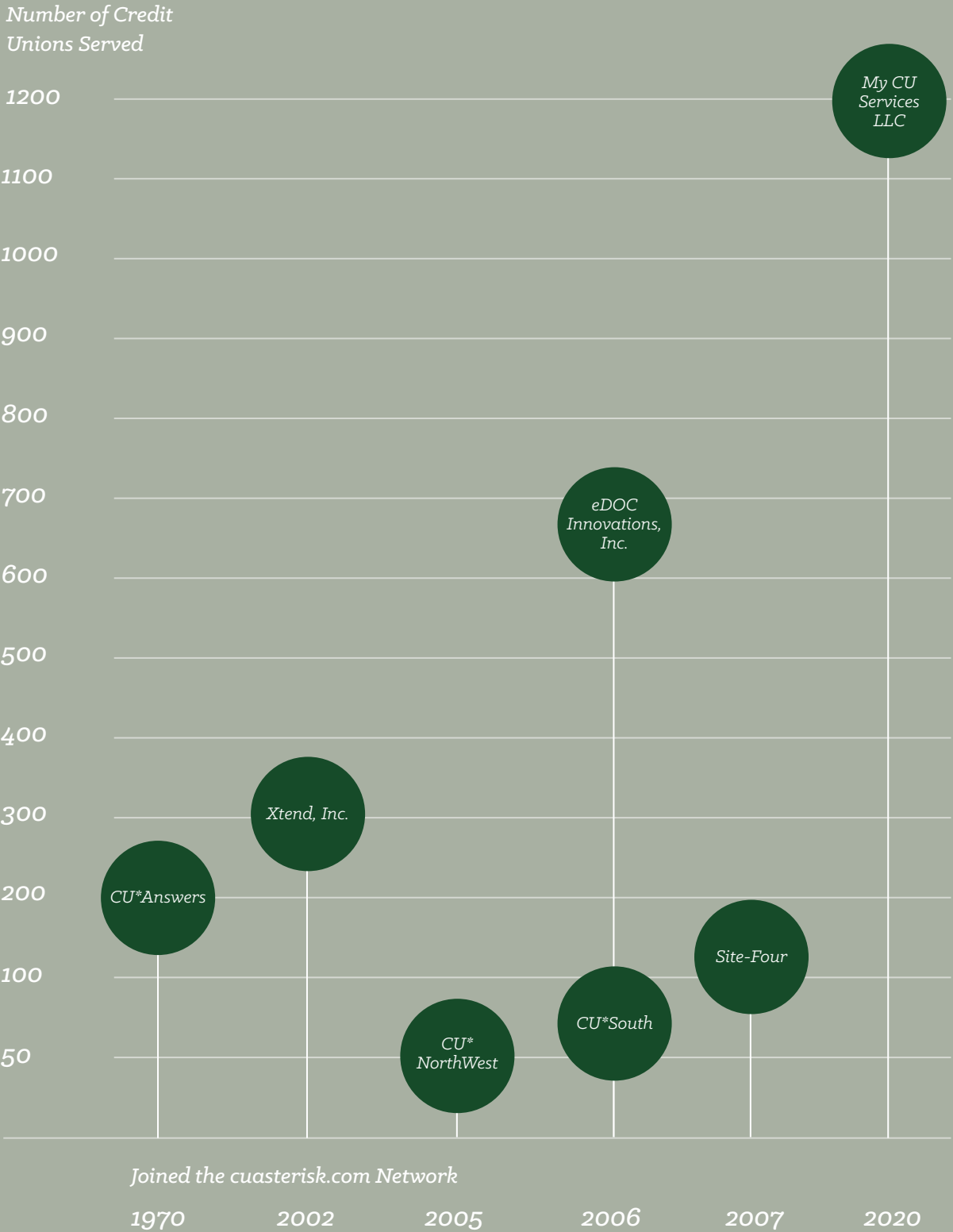
CU*Answers 2009-2010
Report to Owners

“So much of what makes our CUSO work is the inspiration that cooperative ideas would work for anyone, anywhere, at any time. CU*Answers will continue to be a template for what’s next. The cuasterisk.com network burst onto the scene as a place for CUSO architects to build cooperative and collaborative firms across the U.S.”

RANDY KARNES, CEO



Our Partners



Timeless Principle Quote

“The owners of CU*Answers come in all types and sizes. But they all have one common bond: Members define their success. And therefore, members...define the success of CU*Answers. Member success demands that we drive ourselves harder to help the credit unions we serve do more for the people they serve.”

CU*Answers 2006 Annual Report

Ensuring Mutual Success from Shared Agendas

TOM GRYP
DIRECTOR

President/CEO, Notre Dame Federal Credit Union
Board Member since 2016

Much has been said about what this CUSO has accomplished over the past 50 years. Our success is based, in no small part, on setting our agendas based on the agendas of our credit unions. Such a critical alignment ensures that maximum value is delivered in real-time to our users. The CU*Answers Board will never forget that our next 50 years of success depends on maintaining a focus on what’s next, each and every day. Being impactful and relevant is a mandate from the Board to every professional on the CU*Answers staff.



Maintaining a Bond with a Community of Owners

CAROLYN MIKESELL
ASSOCIATE DIRECTOR

CEO, Public Service Credit Union
Associate Board Member since 2019

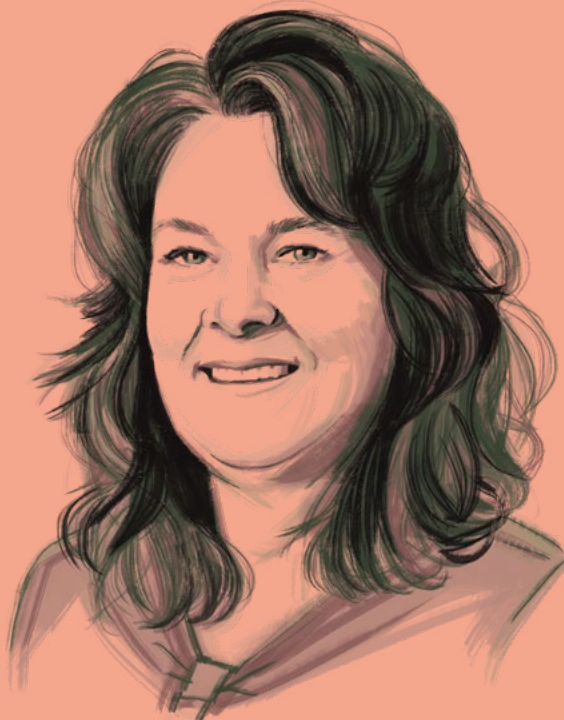
As a cooperative, CU*Answers has a strong commitment to its community of credit unions and CU members, and a focus on ensuring financial success for all participants in the cooperative. The very success of the CUSO depends on the willingness and drive of each of its member credit unions to be successful...that success being propelled by the partnership and design of the CUSO. Hand in hand, we move forward, together, working toward the common goal of valuing every relationship with our customer-owner credit unions and their members. We know that if you find a way to cooperate, you find a shortcut to success.



VICKIE SCHMITZER
SECRETARY/TREASURER

CEO, Frankenmuth Credit Union
Board Member since 2007

As a cooperative, CU*Answers doesn’t see any difference between the members who own our credit unions and the credit unions who own CU*Answers. The proverbial ties that bind us together are respect for our peers, the willingness to listen and collaborate, kindness, and desired success for all. Because the ties that bind us are stronger than those that could tear us apart, the CUSO community of owners and the members who are at the heart of everything we do form a bond of fellowship, commitment and loyalty. This bond allows us to keep a consistent focus on doing what is right for everyone in our community.



What's Next for CU*Answers?



Introducing the Innovation Center

In 2020 we will officially launch an exciting new initiative in Las Vegas, Nevada. The new Innovation Center will be a foundation for expanding the cuasterisk.com network, serving credit union partners west of the Rockies, extending our services to other technology partners, and so much more. With leadership talent from the CU*BASE programming, sales, service and CMS teams working on site, the Innovation Center will host regional sales events, provide service and education support for the western time zones, and facilitate special events for credit unions and partners across our network.



Innovation is More Than Technology

We want the word “innovation” to inspire every customer-owner, every CUSO teammate, and every investing member to use the power of cooperative alliances. We want to dream big about what kinds of businesses we can start and own together. Las Vegas is about who we can be, not only what we will do. It’s about what we can add to the credit union industry, to the hopes and dreams of millions of credit union consumer-owners.

While our industry is consolidating, our dreams must continue to expand. The way we use the investment of patronage must multiply. To reach out for another 50 years, we must push ourselves to be more than we were yesterday. We must cultivate an endless energy to apply to missions yet to be identified, and to ideas yet to be uttered.



GEOFF JOHNSON
PRESIDENT/COO

The Innovation Center will give us an environment to innovate with both our credit unions and other technology providers in a whole new way. We hope to see you, your teams, and even your board at the Center during 2021!

The Ongoing Search for Opportunity

Timeless Principle Quote

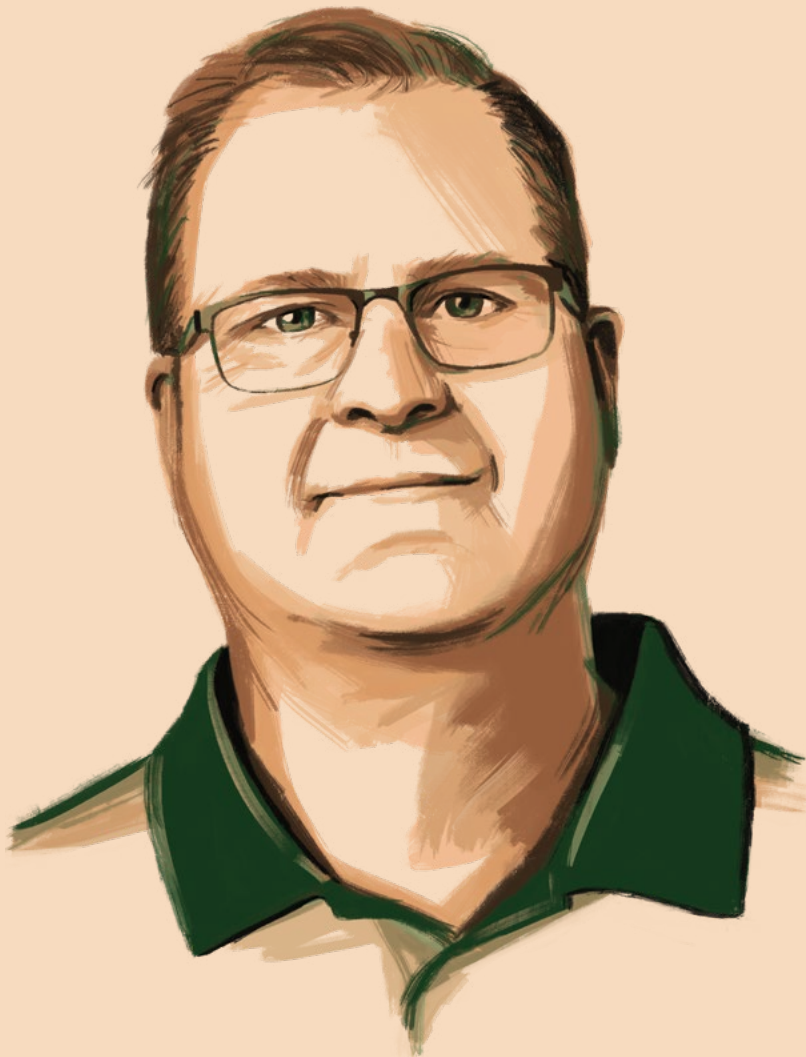
*“We’re in the business of service not sales. Which is why we have a long history of putting ourselves on the line for our credit union clients and their members. The team at CU*Answers thrives on solving your problems, not merely making the sale. We’re committed to researching and scoping your needs and then designing technology tools and support services that answer them. (Hence, our name: CU*Answers.)”*

CU*Answers 2008 Annual Report

SCOTT COLLINS
EXECUTIVE VICE PRESIDENT

National Sales & Marketplace Relationships

I am very excited about our cooperative as we enter our second 50 years of service. By the end of 2021, the peer group of CU*BASE customer-owners will surpass 350 – an amazing proof point for the collaborative business design, and an incredible foundation on which to build for future generations. In the next few years, we will have successfully launched an Innovation Center in Las Vegas, put hundreds of new software tools in the hands of staffs and members, and actively participated in more communities nationwide than ever before in partnership with our group providers and sales affiliates. Personally, I cannot think of a better place to be than working elbow-to-elbow with my fellow credit union professionals to be a disruptive change agent on the national financial services scene.



DAVE WORDHOUSE
EXECUTIVE VICE PRESIDENT

Technology

Our 50th anniversary has been a year to reflect on and appreciate the achievements of those that laid the foundation upon which we continue to build. 2020 was in so many ways an odd year, but despite the challenges – or perhaps because of them – we never stopped looking for opportunity to drive creativity, innovation, and renewed energy to work on our client-owner’s agendas and invest in their futures. CU*Answers has remained focused on our clients, on software enhancements, infrastructure upgrades, expanded business recovery testing and consulting services, and a new anchor location in the West. No matter what the future brings, CU*Answers will continue to innovate to provide the tools and services our client-owners need to secure their futures, for the next 50 years and beyond.



Building a Sustainable Future

BRIAN MAURER
EXECUTIVE VICE PRESIDENT

Software Development

As CU*Answers celebrates 50 years, and I look at our technical infrastructure, diverse staff and the processes we have put in place over that time, I feel we are uniquely positioned for continued success and

innovation long into the future. I am eager to continue to work together with our client-owners’ to make both CU*Answers products, and our credit union partners, successful as we tackle the challenges of the future.

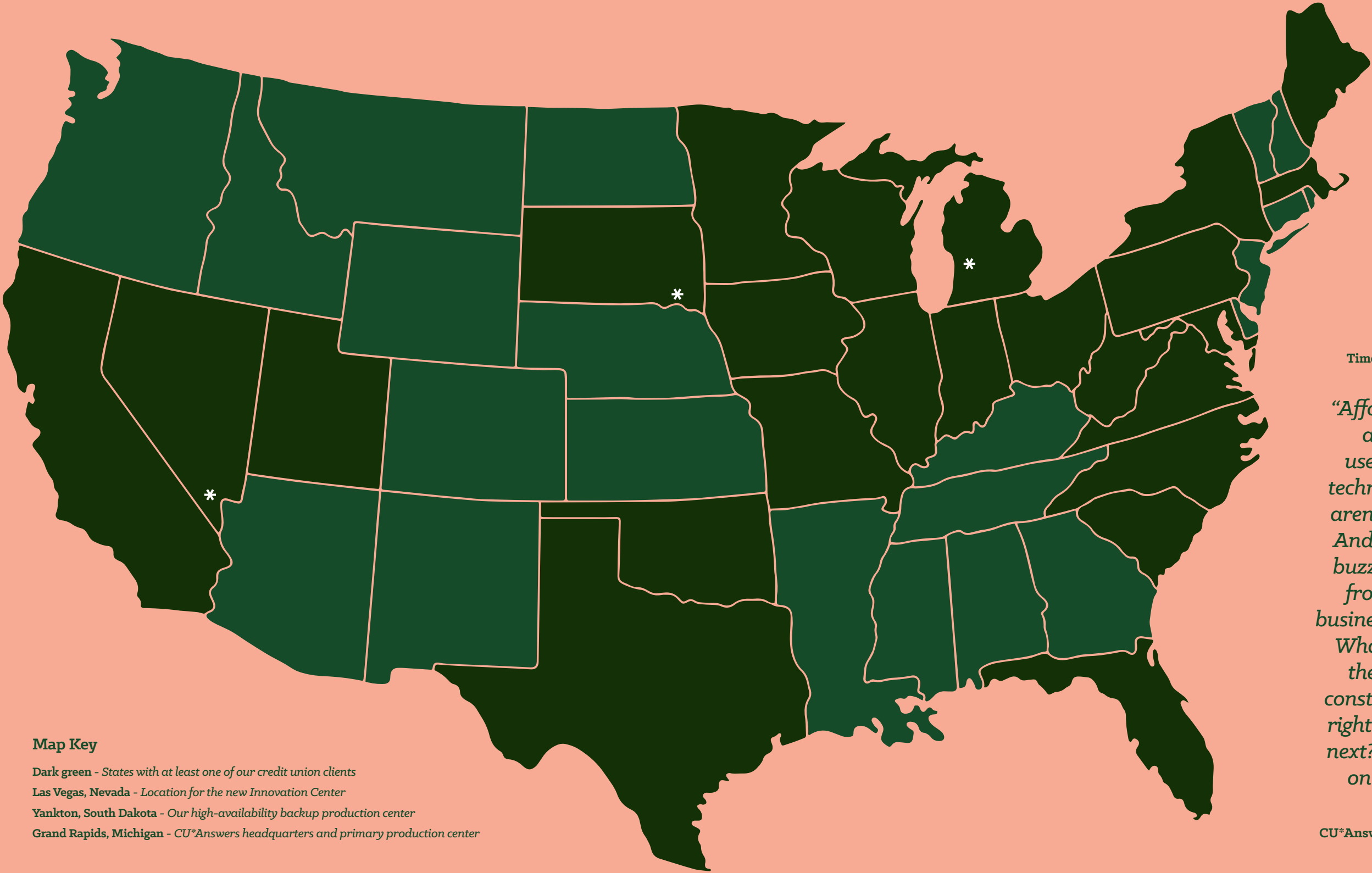
A Community of Credit Unions and Members

290
employees

25
states

179
credit unions

1.9
million members



Timeless Principle Quote

“Affordable, simple, and easy-to-use business and technology solutions aren’t pie in the sky. And they aren’t the buzz du jour on the front page of the business section, either. What they are, are the end result of constantly asking the right people “What’s next?” and executing on the answers.”

CU*Answers 2004 Annual Report

Timeless Principle Quote

“We are driven by a set of Cooperative Principles that form the heart of our Cooperative Business Design—recognized principles that set co-ops apart from all other enterprises. The seven principles are baked into every credit union’s founding model and structure, uniting and guiding us. They allow our network to work effectively, guaranteeing to our owners and to the marketplace how we will always respond to their challenges and opportunities. These ideals put our owners and members front & center, helping us all to achieve our dreams.”

CU*Answers 2011-2012
Report to Owners



JEFF JORGENSEN
DIRECTOR
*CEO, Sioux Empire Federal Credit Union
Board Member since 2009*

Most of us follow some general foundational principles in our lives, to help guide the decisions we make each day. CU*Answers has a similar set of underlying principles that allow our CUSO to stay focused and attentive to our intended purpose: serving our customer-owners. The 7 Cooperative Principles stand as a guardian to all we hold dear. Each Board member espouses these principles and has placed a stake in the ground that these are worth fighting for in all our interactions.

Even though all of us are credit union CEOs, the board understands the challenge inherent in applying those cooperative principles to a core data processing firm. Each credit union is different, and we know that working to maintain that uniqueness is an important part of how the CUSO can contribute to each organization’s success. As a leader of a cooperative, I feel confident and supported by a core processor who understands that their success lies in aligning their guiding principles alongside mine. CU*Answers is truly a collaborative partner!

PROVIDING ANSWERS TO THE QUESTIONS OF TODAY...AND TOMORROW



KRIS LEWIS
DIRECTOR
*CEO, Allegan Community Credit Union
Board Member since 2018*

The origin story for credit unions of people helping people is not lost on CU*Answers. Cooperative business design is what separates us from the pack. In fact, out of the 50 core processors in the market today, CU*Answers is the only one that has a cooperative charter. That cooperative spirit is the lifeblood of why we exist.

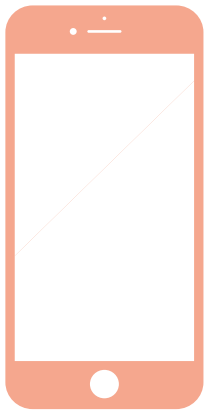
CU*Answers and its partner credit unions have a symbiotic relationship, working in tandem to construct a platform that benefits all participants. Our rich community of cooperative architects continually build and enhance the network with technology, business platforms, and resources that make sense to the industry. What we build together allows for credit unions not only to survive in an ever-changing technological world, but more importantly to compete and thrive.

CU*ANSWERS AT A GLANCE

2,109,588

Mobile Banking Biometric
Login Authentications*

*All Time Logins

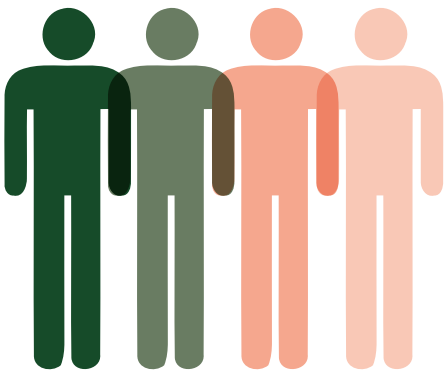


179

Credit Unions

638

CU*Answers
University
Educational
Courses Offered
in 2020



CU*Answers
Serves Over

1,987,443
MEMBERS

CU*Answers
Store Products
Available

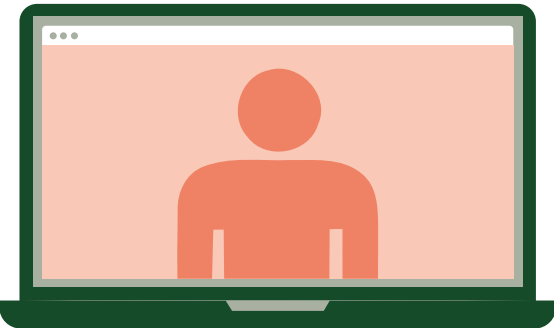
1,263

19,469,227

Total Plastic Transactions in 2020



Live Video Conferencing Minutes in 2020



3.76
MILLION

Financial Highlights

Balance Sheet	2020	2019	% Change	2000	Annual Growth %
Total Assets	45,821,685	47,536,045	-3.6%	5,814,371	10.9%
Total Liabilities	23,282,735	21,076,590	10.5%	3,705,739	9.6%
Stockholder Equity	22,538,950	26,459,455	-14.8%	2,108,632	12.6%
Income Statement Revenues	62,594,262	60,586,948	3.3%	9,026,928	10.2%
Income Before Taxes & Patronage Dividend	8,870,723	7,530,319	17.8%	333,728	17.8%
Patronage Dividend	7,000,000	6,000,000	16.7%	225,000	18.7%

OTHER FINANCIAL INFORMATION

Stockholder Equity					
Common Stock - Class A	274,000	276,000	-0.7%	98,000	5.3%
Common Stock - Class B	-	-	-	503,040	-
Additional Paid-In Capital	17,524,643	17,674,251	-0.8%	939,626	15.7%
Retained Earnings	3,291,901	4,220,445	-22.0%	567,966	9.2%
Total	21,090,544	22,170,696	-4.9%	2,108,632	12.2%

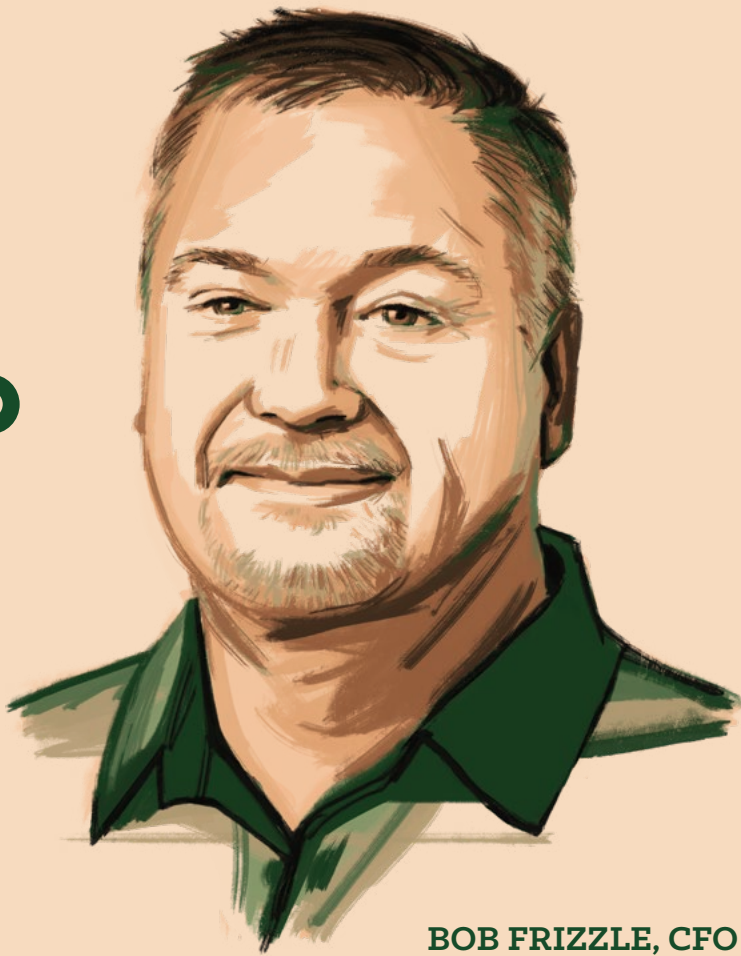
CREDIT UNION RELATIONSHIPS

CUSO Owners	137	136	0.7%	49	5.3%
Online Members Processed	1,902,761	1,901,822	0.0%	394,066	8.2%
Number of Credit Unions	170	171	-0.6%	61	5.3%
Self Processing Members Processed	99,900	217,992	-54.2%	149,816	-2.0%
Number of Credit Unions	6	7	-14.3%	12	-3.4%
Item Processing Credit Unions	0	1	-100.0%	42	0.0%
Total Credit Union Relationships*	176	179	-1.7%	115	2.1%

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

*Total Credit Union Relationships as of September 30, 2020

5.3
15.7%
9.2%
12.2%



BOB FRIZZLE, CFO

Focused on the Here and Now

Timeless Principle Quote

“One of the most compelling ideas about the community our shareholders are building together is that it is a constant work in progress. It’s defined not by rigid rules or a limited sense of what a business should be, but rather by leaders who are ready to repaint the landscapes that define our communities. It’s defined by leaders willing to challenge the status quo and expand the boundaries to fit what our customer-owners dream of doing. Our network is a place for dreamers, for planners, for innovators, and even sometimes for anarchists.”

CU*Answers 2015-2016
Report to Owners CEO Letter
Randy Karnes, CEO

I’ve never been much for anniversaries. I understand the significance of accomplishments and commitments kept over time, and I’m honored that I just happen to be in the CEO’s seat during this milestone. 50 years is amazing, and a milestone few firms ever reach. There are endless numbers of people that could be identified as key leaders and contributors to our CUSO over the years. Our CUSO has been blessed with hundreds of organizations and thousands of people who simply added pavers to the road that got us to where we are today. Each paver is a monument to our hopes for credit unions and their success.

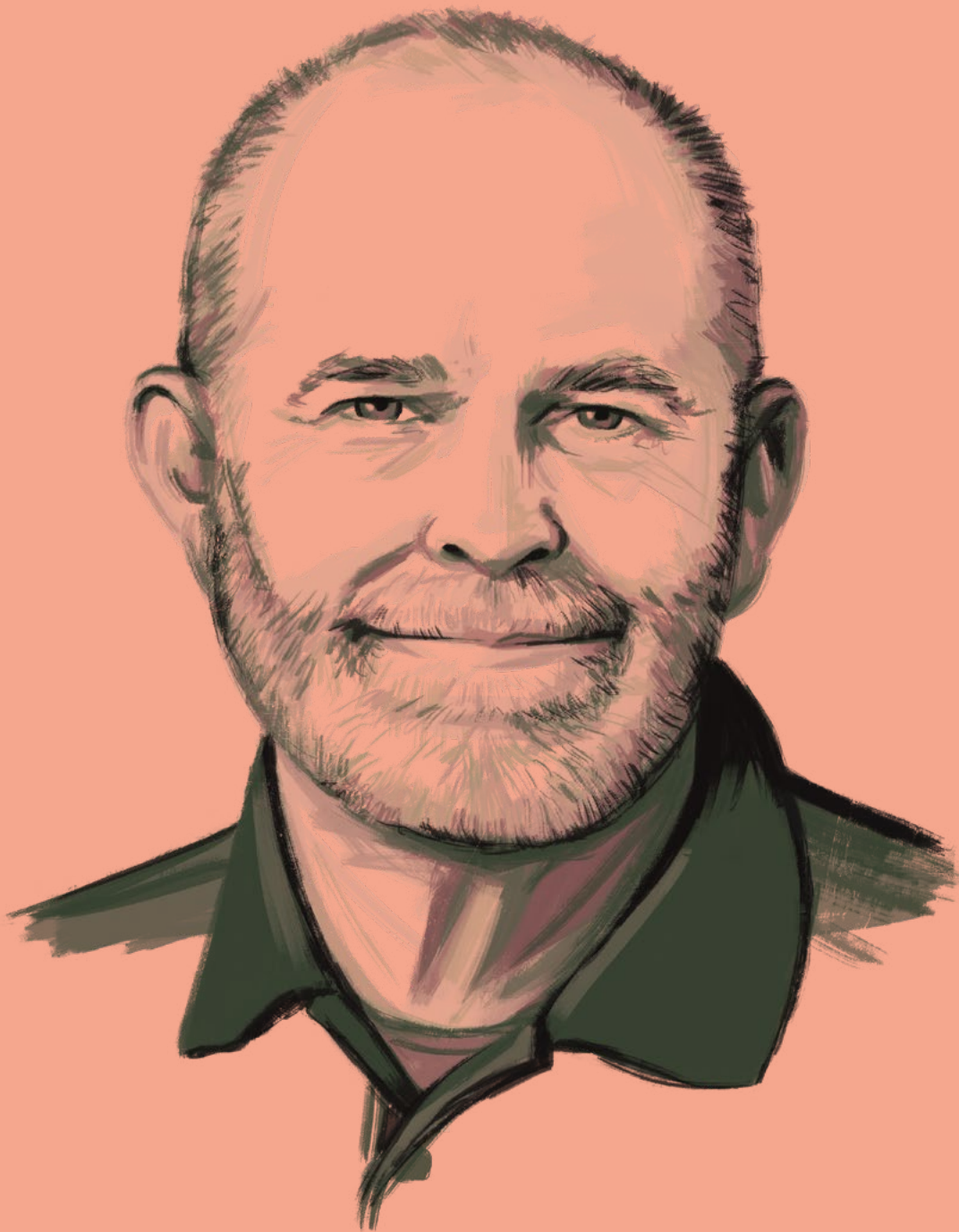
I’m far more comfortable looking to the future. Most of the time I don’t look out more than a few days at a time, focusing on staying on mission and letting those days add up to months, years, and decades. Do the work, and good things will happen. Be passionate, and fairytale careers are made. Be loyal, and communities will be built and promises kept.

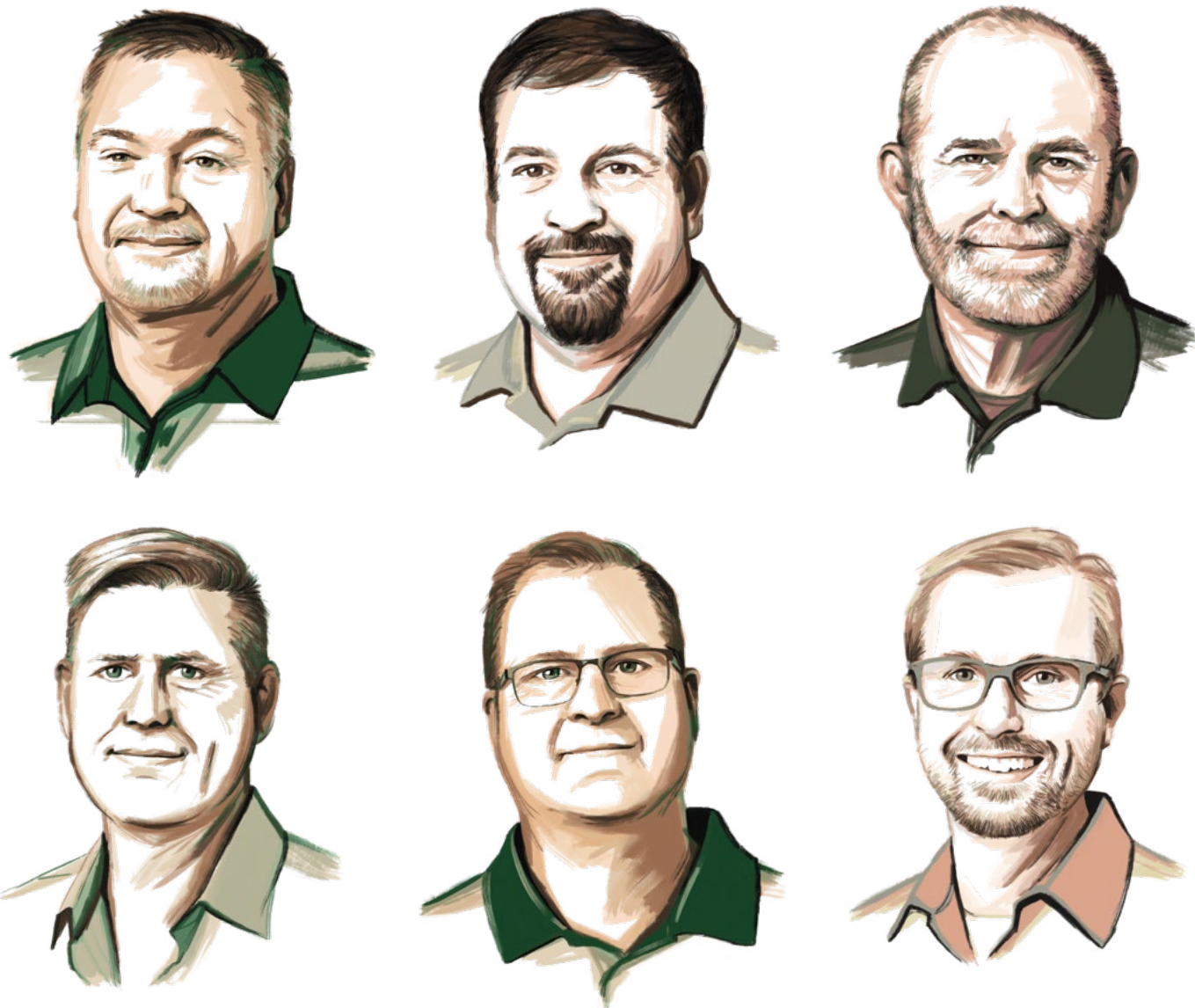
So as we look at the next decade or two for CU*Answers, I would not add the pressure of trying to predict another 50 years. Rather, I would simply ask that the CUSO’s leaders stay intently focused on the here and now, and let the here and now stretch out in front of them, like a road where you can see no end.

A cooperative is a magical thing. A consumer’s audacity to reach out and grab the ownership – the means of production – for themselves, can change everything. It’s magical, because often the consumer doesn’t even realize what they own and the power of that ownership. It just is. Powerful.

In an industry where consolidation of credit union organizations might make us all fear a changing future, I believe this cooperative can hold on to that power for decades to come. We are vested with more talent, more allies, and more assets than ever before over the last 50 years. Here’s to the generations that will leverage it, far into the future.

Randy Karnes
RANDY KARNES, CEO





Executive Council

Bob Frizzle, Brian Maurer, Randy Karnes, Geoff Johnson, Scott Collins, and Dave Wordhouse

Leadership Team

Timeless Principle Quote

“Technology is not a solution in and of itself. WESCO works with credit unions every day about credit union issues. This interaction with credit union professionals and other marketplace experts is the foundation that WESCO uses in challenging itself to develop better solutions. From strategic planning, to tactical review, to operational training, WESCO leaders are interested in improving the entire process.”

WESCO 2000 Annual Report

EXECUTIVE COUNCIL

Randy Karnes
CEO since 1994

Bob Frizzle
CFO since 1997

Geoff Johnson
President and COO since 2005

Scott Collins
EVP of National Sales and Marketplace Relationships since 2003

Dave Wordhouse
EVP of Technology since 2002

Brian Maurer
EVP of Software Development since 2012

CUASTERISK.COM PARTNERS

Liz Winner
CEO, Xtend, Inc. since 2013

Greg Smith
President, CU*NorthWest since 2005

Leo Vaulin
President, CU*South since 1990

Mark Fierro
CEO, eDOC Innovations since 2000

Alan Rogers
CEO, Site-Four since 2015

EXECUTIVE MANAGEMENT TEAM

John Beauchamp
VP of CU*Answers Management Services since 2007

Karen Chesbro
VP of Item Processing since 1978

Robert Colburn
AVP of Core Technologies 2008

David Damstra
VP of Marketing and Creative Director since 2005

Keegan Daniel
VP of Professional Services since 2007

Kristian Daniel
VP of MTG Sales and Business Development since 2013

Rebecca Frankowski
VP of Finance since 2007

Heather French
VP of Client Interactions since 2007

Julie Gessner
VP of CU*Answers Management Services Sales since 2003

Donvier Laffitte
AVP of Web Technologies 2014

Jim Lawrence
VP of Business Continuity and Operations since 2001

Dawn Moore
VP of Writing Team/Product Design since 1995

Lorie Morse
VP of Integrated Technology and Innovation Center since 1993

Amber Overla
VP of Organizational Resource Development since 2016

Matt Sawtell
VP of Managed Technology Services since 2002

Christopher Shelton
VP of Network Infrastructure since 2004

Stephanie Underwood
VP of Administration since 2012

Mary Van Antwerp
VP of Quality Control since 2003

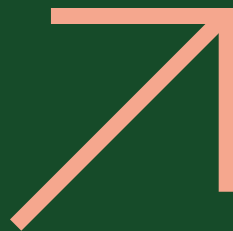
Ken Vaughn
VP of MTG Product Design and Business Development since 2011

Jim Vilker
VP of Professional Services since 2006

Laura Welch-Vilker
VP of Client Services and Education since 1994

Pete Winner
VP of Professional Services since 2014

Here's to the Next Fifty Years



“Because CU*Answers is a client-owned organization, our goals aren’t just similar to yours. They are yours. We share your strategy and vision, your focus on member service and satisfaction—and even your daily challenges. By pulling together, we can make our strengths add up, transforming each credit union from an isolated business into an owner, a partner, a leader.”

CU*Answers 2009-2010 Report to Owners



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