1970-2020

CU*Answers
50th Anniversary

Report to Owners
2019-2020

Tomorrow: We’ll Meet You There.
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.
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 5 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
Our History

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.

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

Buzz Phrases From the Past

1970 2020
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.

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.

DEAN WILSON
DIRECTOR
CEO, FOCUS Credit Union
Board Member since 2008

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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!

BILL BURKE
ASSOCIATE DIRECTOR
CEO, Day Air Credit Union
Associate Board Member since 2019

Fostering the Power of Ownership

LINDA BODIE
DIRECTOR
CEO, Element Federal Credit Union
Board Member since 2013

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50 Years of History

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.

2005
Headquarters moves to the current 28th St. campus

2010
148 credit unions served across 17 states; 86 credit union owners

2017
cuasterisk.com partners serve over 2 million members; It's Me 247 mobile app introduced

2020
Annual revenues exceed $65 million

1980
First ATM brought online

2000
73 credit unions served across 11 states; 48 credit union owners

2007
It’s Me 247 Online Banking introduced

2008
Annual revenues exceed $29 million

2011
It’s Me 247 Mobile Web and Text Banking introduced

2015
cuasterisk.com partners serve over 2 million members; It’s Me 247 mobile app introduced

2019
CUSO Magazine inaugural issue published

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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
A Community of Communities

“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

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

Our Partners
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.

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.

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.

GEOFF JOHNSON
PRESIDENT/COO

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.

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

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.

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.

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

Map Key
- Dark green - States with at least one of our credit union clients
- Las Vegas, Nevada - Location for the new Innovation Center
- Yankton, South Dakota - Our high-availability backup production center
- Grand Rapids, Michigan - CU*Answers headquarters and primary production center

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
“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

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

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!

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.

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

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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

1,263
CU*Answers Store Products Available

19,469,227
Total Plastic Transactions in 2020

1,987,443
CU*Answers Serves Over

3.76 MILLION
Live Video Conferencing Minutes in 2020
### Annual Balance Sheet 2020

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>% Change</th>
<th>2000</th>
<th>Growth %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets</td>
<td>45,821,685</td>
<td>47,536,045</td>
<td>-3.6%</td>
<td>5,814,371</td>
<td>10.9%</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>23,282,735</td>
<td>21,076,590</td>
<td>10.5%</td>
<td>3,705,739</td>
<td>9.6%</td>
</tr>
<tr>
<td>Stockholder Equity</td>
<td>22,538,950</td>
<td>26,459,455</td>
<td>-14.8%</td>
<td>2,108,632</td>
<td>12.6%</td>
</tr>
<tr>
<td>Income Statement Revenues</td>
<td>62,594,262</td>
<td>60,586,948</td>
<td>3.3%</td>
<td>9,026,928</td>
<td>10.2%</td>
</tr>
<tr>
<td>Income Before Taxes &amp; Patronage Dividend</td>
<td>8,870,723</td>
<td>7,530,319</td>
<td>17.8%</td>
<td>333,718</td>
<td>17.8%</td>
</tr>
<tr>
<td>Patronage Dividend</td>
<td>7,000,000</td>
<td>6,000,000</td>
<td>16.7%</td>
<td>225,000</td>
<td>18.7%</td>
</tr>
</tbody>
</table>

### 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% | 333,718 | 17.8% |
| Patronage Dividend      | 7,000,000   | 6,000,000   | 16.7% | 225,000  | 18.7% |

### OTHER FINANCIAL INFORMATION

| Stockholder Equity   | 274,000     | 276,000     | -0.7% | 98,000     | 5.3%    |

### CREDIT UNION RELATIONSHIPS

| CUSO Owners            | 137         | 136         | 0.7%  | 49         | 5.3%    |
| Online Members Processed| 1,902,761   | 1,901,822   | 0.0%  | 354,066    | 8.2%    |
| Number of Credit Unions| 170         | 171         | -0.6% | 61         | 5.3%    |
| Self Processing Members Processed| 193,500 | 217,992 | -11.4% | 149,518 | -2.0% |
| Number of Credit Unions| 6           | 7           | -14.3%| 12         | -3.4%   |
| Item Processing Credit Unions| 0     | 1           | -100.0%| 47        | 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*
Focused on the Here and Now

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
“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

**Leadership Team**

**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 2002

**CUASTERISK.COM PARTNERS**
- Lin Winninger: CEO, Xtend, Inc. since 2013
- Greg Smith: President, CU*NorthWest since 2005
- Leo Vaulin: President, CU*South since 1990
- Mark Pfeier: CEO, eDOC Innovations since 2000
- Alan Rogers: CEO, Site-Four since 2005

**EXECUTIVE MANAGEMENT TEAM**
- John Beauvanchamp: VP of CU*Answers Management Services since 2007
- Karen Chesbro: VP of Item Processing since 1996
- Robert Callburn: APO of Core Technologies since 2008
- David Dunnetta: VP of Marketing and Creative Director since 2005
- Keegan Daniel: VP of Professional Services since 2007

**EXECUTIVE MANAGEMENT TEAM**
- Kristian Daniel: VP of MTS Sales and Business Development since 2013
- Rebecca Fraczek: VP of Finance since 2007
- Heather French: VP of Client Interactions since 2007
- Julie Geiser: VP of CU*Answers Management Services Sales since 2003
- Durel Lafitte: AVP of Web Technologies 2014
- Jim Lawrence: VP of Business Continuity and Operations since 2008
- Dawn Moore: VP of Writing Team/Product Design since 1995
- Lorie Morse: VP of Integrated Technology and Innovation Center since 1993
- Amber Oveda: VP of Organizational Resources Development since 2018
- 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 2014
- Jim Vilker: VP of Professional Services since 2006
- Laura Welch-Vilker: VP of Client Services and Education since 1994
- Pete Winninger: VP of Professional Services since 2014
”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