

East River Federal Credit Union

ANNUAL REPORT

2019



**WE ARE COMMITTED TO THE SUCCESS AND FINANCIAL
WELL-BEING OF OUR MEMBERS AND OUR COMMUNITY.**


East River
FEDERAL CREDIT UNION

CHAIRMAN'S REPORT



On behalf of the East River Federal Credit Union Board of Directors, I would like to thank you for your continued membership with the not-for-profit financial cooperative.

The credit union had a successful 2019 but it's perhaps overshadowed by recent events and dealing with the COVID-19 pandemic. The Board members have worked

BECAUSE OF MEMBER PARTICIPATION, THE CREDIT UNION CONTINUES TO MAINTAIN SOLID PERFORMANCE.

closely with the President and staff of the credit union to implement procedures to mitigate risk at the same time focusing on continued service to our members. This has highlighted the ability of ERFCU to adapt and provide services despite these challenges.

2020 Strategic Plan: During 2019, the credit union developed a strategic plan for 2020. The plan focuses on looking at additional and enhanced products and services to meet the needs of our members. The credit union staff and Board both met with an outside firm – with experience developing strategic plans with credit unions similar to ERFCU – to develop the strategic plan.

Solid Performance: Because of member participation, the credit union continues to maintain a solid performance throughout 2019 ending the year with around \$33 million in assets. ERFCU also continued to offer competitive rates on deposit accounts, low loan rates and technology that helps

members manage their money wherever they are. Along with our members and services, the dedication of the staff at East River FCU plays a large role in making this past year a successful one.

Board Changes: We welcomed new board member Brenda Colombe joining in early summer 2019. More recently, the board had a departure of Pat Engebretson. Dustin Zubke, who serves as East River Electric's CFO, has been appointed to fill the remainder of Pat's term.

I look forward to continuing to work with the Board and staff of the credit union to meet the challenges of 2020 and to continue to serve the members who make this cooperative what it is.

Stacy Krusemark
Board of Directors, Chair

SUPERVISORY COMMITTEE REPORT



The Supervisory Committee has reviewed the financial statements of East River Federal Credit Union for the year ending December 31, 2019. The statements represent a healthy and financially strong credit union.

The Supervisory Committee is responsible for monitoring operations and ensuring compliance with federal regulatory requirements and internal policies and procedures.

External consultants have been employed to review compliance and the committee is satisfied that management and staff are using sound business practices to maintain finances and safeguard member assets.

Amy Dockendorf
Supervisory Committee, Chair



| BALANCE SHEET | 2019 | 2018 |
|-----------------------------------|-----------------|-----------------|
| Assets | | |
| Loans | \$22,505,647.07 | \$23,757,439.95 |
| Allowance for Loan Loss | \$(98,274.53) | \$(108,263.61) |
| Net Loans | \$22,407,372.54 | \$23,649,176.34 |
| Receivables | \$84,088.61 | \$53,000.00 |
| Cash | \$532,521.79 | \$549,838.43 |
| Investments | \$8,796,498.37 | \$5,426,535.88 |
| Accrued Interest | \$73,866.24 | \$81,226.96 |
| Prepays | \$50,654.29 | \$39,985.28 |
| Fixed Assets | \$1,056,202.26 | \$723,958.20 |
| Other Assets | \$265,949.91 | \$264,242.64 |
| Total Assets | \$33,267,154.01 | \$30,787,963.73 |
| Liabilities | | |
| Account Payable | \$(24,618.71) | \$68,745.27 |
| Notes and Interest Payable | \$- | \$- |
| Taxes Payable | 1,737.30 | \$843.84 |
| Accrued Expenses | 59,426.67 | \$89,556.01 |
| NCUSIF Premium Assessment | \$- | \$- |
| Total Liabilities | \$36,545.26 | \$159,145.12 |
| Shares & Equity | | |
| Members' Shares | \$29,478,881.21 | \$27,147,057.36 |
| Reserves | \$572,906.80 | \$572,906.80 |
| Undivided Earnings | \$2,959,577.50 | \$2,692,431.96 |
| Investment Gain/Loss | \$2,019.15 | \$(50,723.05) |
| Net Gain/Loss | \$217,224.09 | \$267,145.54 |
| Total Shares & Equity | \$33,230,608.75 | \$30,628,818.61 |
| Total Liabilities, Share & Equity | \$33,267,154.01 | \$30,787,963.73 |

| INCOME STATEMENT | 2019 | 2018 |
|-------------------------------|----------------|----------------|
| Operating Income | | |
| Loans | \$1,238,353.84 | \$1,191,105.03 |
| Investment | \$113,221.30 | \$105,594.69 |
| Fees & Charges | \$305,159.11 | \$333,028.79 |
| Miscellaneous | \$244,869.42 | \$263,539.83 |
| Total Operating Income | \$1,901,603.67 | \$1,893,268.34 |
| Operating Expenses | | |
| Salaries & Employee Benefits | \$768,766.48 | \$797,679.31 |
| Travel & Conference | \$15,758.41 | \$10,740.86 |
| Office Occupancy | \$86,857.67 | \$75,987.53 |
| Office Operations | \$119,699.52 | \$112,272.77 |
| Education & Promotion | \$43,403.79 | \$36,612.57 |
| Loan Servicing | \$29,291.97 | \$30,344.61 |
| Prof. & Outside Servs. | \$444,237.37 | \$452,895.84 |
| Assoc. Dues | \$20,178.91 | \$21,501.06 |
| NCUA Operating Fee | \$8,259.97 | \$7,823.40 |
| Cash Over/Short | \$(518.16) | \$(184.05) |
| Interest on Borrowed Money | \$140.20 | \$228.30 |
| Miscellaneous | \$6,739.65 | \$4,922.19 |
| Total Provision for Loan Loss | \$80,000.00 | \$35,000.00 |
| Total Operating Expenses | \$1,622,815.78 | \$1,550,824.39 |
| Total Dividend Expenses | \$61,563.80 | \$40,298.41 |
| Net Income (Loss) | \$217,224.09 | \$267,145.54 |



MEMBERSHIP NUMBERS
2018 : 3,385 2019: 3,404



PEOPLE HELPING PEOPLE

We are proud to be a part of the communities we serve in Lake and Miner counties. We believe in supporting a variety of causes through volunteer and financial support.



- Work in your best interest to provide personalized financial solutions so you may achieve financial success.
- Deliver a unique member experience while building trusted relationships.
- Simplify your financial life so you may focus on your day-to-day activities and family.
- Always offer fair and competitive products and services.
- Support the community, making it a better place to live.



CEO/PRESIDENT'S REPORT

2019 was a year of change for East River FCU, with a branch remodel and a change in leadership at the forefront. However, the one thing that has not changed since the approval of our charter in 1956 is our commitment to you, our member-owners.

East River FCU team members focused not only on continuing to enhance our financial soundness, but also on improving your member experience. Team members embraced change as they cross trained in multiple areas to ensure our members were able to receive knowledgeable and timely service. Our team funded \$11,924,917.61 in consumer loans and \$6,277,675.50 in mortgage participation loans via our Credit Union Service Organization, CU Mortgage Direct, LLC to assist members in achieving their goals in 2019.

As indicated in the Supervisory Committee Report, your credit union continues to be financially strong. East River FCU is well capitalized and poised to introduce new products and services to our membership in the next year. The pandemic has slowed this process somewhat as businesses have stopped travel and the credit union has worked with members to address their unexpected financial needs during this turbulent time. However, rest assured that

your credit union is still diligently working to provide exciting new products and services to meet your needs.

Team members were proud to volunteer time and fundraising efforts for our community. As a result of our efforts, East River FCU was recognized as a credit union that excels in community relations and is committed to ongoing charitable programs within our communities by being awarded 2nd place in our asset category with the Dora Maxwell award. East River FCU was judged against other credit unions in both South and North Dakota. The Dora Maxwell award is named for the credit union pioneer who worked to improve the living standards of the underserved.

On behalf of the East River FCU team, thank you for your continued support and trust by allowing us to serve as your financial partner.

Tanya Hobson
CEO/President



ANGEL TREE ADOPTION IN HOWARD
Junior Achievement and college financial presentation
Volunteering to deliver Meals-on-Wheels
United Way



MIRACLE JEANS DAY FOR SANFORD CHILDREN'S HOSPITAL
Adopt a Classroom fundraiser
CU Lunch Local: Supporting local business



EMPLOYEE DONATIONS TO ANIMAL RESCUE
\$6000 in member educational scholarships
Special Olympics



YOUR FINANCIAL COOPERATIVE

EAST RIVER FCU FOCUSES ON MEMBER SERVICE, INSTEAD OF PROFIT. ANY ADDITIONAL INCOME THE CREDIT UNION ACHIEVES FROM YOUR PARTICIPATION GOES RIGHT BACK TO YOU IN THE FORM OF CONVENIENT SERVICES, BETTER RATES AND LOWER FEES.

ALWAYS MEMBER OWNED



ERFCU SUCCESS TEAM

STAFF

Tanya Hobson, President/CEO
Trasi Smith, Vice President of Operations
Mechelle Johnson, Financial Controller
Erica Clements, Marketing Specialist
Kelly Sherman, Branch Lead
Dennis Zingmark, Loan Officer
Jason Howell, Universal Member Service Representative
Mike Trimble, Universal Member Service Representative
Chellie Wiese, Senior Member Service Representative
Lori Rhodes, Senior Member Service Representative

VOLUNTEERS

Stacy Krusemark, Board of Directors Chair
Dustin Zubke, Board of Directors Vice Chair
Jeff Nelson, Board of Directors 2nd Vice Chair
Brenda Colombe, Board of Directors Treasurer
Randy Hoffman, Board of Directors Secretary
Amy Dockendorf, Supervisory Committee Chair
Cindy Callies, Supervisory Committee Secretary
Kurt Pfeifle, Supervisory Committee Member



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