



# 2020 ANNUAL REPORT



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# Director's Report

Welcome to the 64th Annual Meeting of United Educators Credit Union (UECU). It is our pleasure to share the financial condition of the Credit Union, with you, the members who own this credit union.

During 2020, UECU remained operationally sound, and even in these unique times, remains in very healthy financial condition. This is evidenced by our financial statements, which President Paul Dammann will describe in his report, and the comprehensive independent audit completed in 2020, by CliftonLarsonAllen LLP, our Certified Public Accountant.

This year, when unique circumstances closed most public spaces, as an essential service, UECU, remained open and ready to serve our members. UECU kept members and employees safe by encouraging the use of drive-up services for in-person transactions, and the use of our Online and Mobile Banking systems, which allow members to safely complete financial transactions from the safety and comfort of their homes.

United Educators Credit Union considers its members as our greatest asset. Everything UECU does is intended to help our members live a better life. In addition to a vast array of products and services, UECU also supports

the education community. We are proud of our ongoing sponsorships of the Minnesota Teacher of the Year, Minnesota Para Professional of the Year, Education Minnesota's Foundation, School Sponsorships, and scholarships for high school students, college education majors, and educators.

On behalf of the Board of Directors and the Supervisory Committee, we are extremely grateful to the staff, management team, and Paul Dammann for their dedication during the last year. They have all demonstrated forward thinking, extraordinary resilience, and creativity throughout a most challenging year. Their efforts were instrumental in keeping members and staff safe, so that members could access necessary services without interruption, at the level of member services to which you are accustomed.

Lastly, I thank you, our members for your understanding, ongoing support, and for sharing the value of the credit union with your family, co-workers, and friends. We appreciate and value the opportunity to serve you all year long.

**Ramona Springis-Doss**  
*Board of Directors Chair*



## New Financial Education Resource - It's a Money Thing

Due to in-person events that were either cancelled or changed to a virtual set up in 2020, UECU also turned to digital avenues for our financial education awareness. By offering **It's A Money Thing**, we are able to provide educators, families, and individuals a resource for financial education in the comfort of their own home. **It's A Money Thing** is a library of videos, handouts, and infographics (even a few lesson plans for educators) to encourage everyone – young and old - to learn something new about finance.

Visit our web site at [www.uecu.coop/IAMT](http://www.uecu.coop/IAMT) to explore the different subjects and watch a few videos. Maybe you will learn something new today or information to pass on to someone else!

# President's Report

*Greetings, Members!*

2020 was certainly the most interesting year we have experienced in quite some time, if not ever. We have met the challenges head-on and I am very proud of our staff for all the adjustments that were made to keep everyone safe and healthy. I am also very thankful for the understanding our members have shown as we have had to close branch lobbies, then re-open them by appointment only, and make various operational changes.

Financially, your Credit Union remains operationally sound and well-managed as reported from our annual CPA audit. In 2020 our assets increased by \$26mm to \$220mm. Revenue was down 10%, caused by interest rates declining significantly. This resulted in our key ratio, the Net Worth Ratio declining from 10.14% to 9.23%. Per regulatory requirements, we remain well-capitalized above the 7.0% base level. Over the years, we grew this ratio well above the 7% benchmark, which allowed us to weather the effects of the pandemic. Another bright spot in our financial condition is our delinquent loan ratio and loan-charge-off ratio have remained significantly well below our peer group.

In 2020, we converted to a new Core-Operating system that keeps our internal systems modernized and able to continually add new technology features to remain competitive. We also signed-on to participate in the Shared

Branch Network which enables our members to go to other participating credit union branches to conduct basic transactions. Over 5,600 branches are available throughout the nation with many options located throughout Minnesota.

For 2021 we will be converting our debit cards to a new processor mid-year. This transition will provide additional features for our members such as contactless cards. Look for more information coming in the next couple of months. We are also very carefully reviewing our branching strategy to determine the best course of action. Location, costs, and socially responsible functionality must be considered in addition to branch usage. While the adoption of digital services has increased greatly, we remain mindful of our members who want to come into a physical branch, and this will be taken into consideration.

As I mentioned earlier, we have lived through a challenging year. I am proud of the hard work from our staff in serving you, our member-owners, and I am also very thankful for the support and leadership of our Board of Directors. We sincerely appreciate your business and look forward to a great year and future for your Credit Union.

**Paul Dammann**  
*President/CEO*

## Financial Literacy Grant Winners 2020





# Credit Report

In 2020, we worked very hard on enhancing our lending platform to offer members competitive low rates, great lending promotions, a new loan origination program to better assist members online and in person, and an overall great experience with member lending needs.

As in past years, we have partnered up with third parties, such as Tradition Mortgage, CUAC for new & used autos, and boat and recreational vehicle dealerships, and our dedicated staff to achieve our lending goals.

2021 will provide challenges, as related to a continued competitive low rate environment, relief programs, COVID-19 effects, and overall economic factors. We continue to focus on the technology initiatives to create efficiencies in the lending process with the goal of improved member experience.

Stay tuned as we continue to advertise lending promotions throughout the year that are designed to provide our members with affordable options when their financing needs arise. Thank you very much for your business, we sincerely appreciate it and we look forward to being of service to you!

**Shawn Lannier**  
*Vice President of Lending*

# Supervisory Committee Report

The Supervisory Committee consists of four elected volunteers, who are responsible for safeguarding member assets.

## Highlights of 2020 included:

- The Committee reviewed a certified audit of the financial records as of September 30, 2020, conducted by our contracted CPA firm, CliftonLarsonAllen LLP. We once again received a clean opinion report with no material deficiencies or weakness, indicating the credit union is well managed.
- The Committee reviewed all regulatory compliance reviews conducted by the Minnesota Credit Union Network. Each review was completed successfully, and your credit union's operational processes are sound.
- Through internal audits of monthly documents, the Committee completed and submitted the Semi-Annual Supervisory Committee Audit Reports to the Minnesota Department of Commerce.
- The Committee Chair participates in and attends Board meetings. The committee is invited to attend Board and Management strategic planning sessions.
- In addition, the Committee received regulatory education in the Bank Secrecy Act and updates related to the Supervisory Committee duties. The Committee, with three new members, received additional education in the duties and responsibilities of the Supervisory Committee. During their regular meetings, review and clarification of those responsibilities are a continuing principle throughout every session.

The Supervisory Committee has fulfilled the responsibilities assigned to it by UECU's charter and the Board of Directors and is pleased to confirm that United Educators Credit Union is a safe, secure cooperative in sound financial condition.

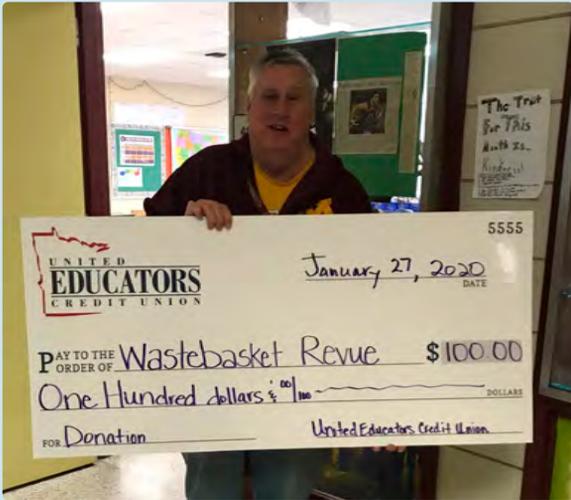
**Jim Lindstrom**  
*Supervisory Committee Chair*

**STATEMENTS OF FINANCIAL CONDITION**

	2020	2019
<b>ASSETS</b>		
Cash and Cash Equivalents	\$31,491,212.25	\$12,833,865.06
Investment Funds	\$44,513,081.89	\$37,271,568.58
Net Loans	\$129,572,787.09	\$129,272,011.26
Accrued Interest Receivable	\$397,498.56	\$508,393.32
Property and Equipment	\$4,817,766.82	\$5,625,963.21
NCUSIF Deposit	\$1,834,971.35	\$1,668,724.01
Other Assets	\$7,536,954.60	\$6,305,048.24
<b>Total Assets</b>	<b>\$220,164,272.56</b>	<b>\$193,485,573.68</b>
<b>LIABILITIES AND EQUITY RESERVES</b>		
Member Deposit Accounts	\$198,340,156.40	\$173,014,350.50
Accrued Interest Payable	\$70,521.52	\$67,225.15
Accrued Expenses and Other Liabilities	\$1,006,600.60	\$688,722.43
<b>Total Liabilities</b>	<b>\$199,417,278.52</b>	<b>\$173,770,298.08</b>
<b>EQUITY RESERVES</b>		
Unrealized Gain/Loss on Securities	\$433,432.17	\$101,181.95
Statutory Reserve	\$2,536,406.48	\$2,536,406.48
Undivided Earnings	\$16,870,810.98	\$16,171,342.76
Merged in Equity	\$906,344.41	\$906,344.41
<b>Total Members' Equity</b>	<b>\$20,746,994.04</b>	<b>\$19,715,275.60</b>
<b>Total Liabilities and Members' Equity</b>	<b>\$220,164,272.56</b>	<b>\$193,485,573.68</b>

**STATEMENTS OF INCOME**

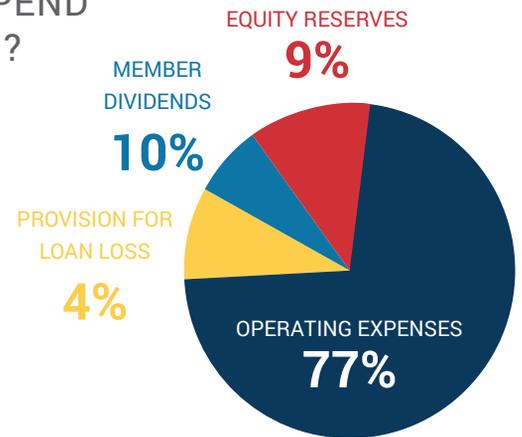
<b>INTEREST INCOME</b>		
Loan Interest Income	\$5,625,855.69	\$6,321,378.32
Investment Interest Income	\$814,493.00	\$937,202.12
<b>Total Interest Income</b>	<b>\$6,440,348.69</b>	<b>\$7,258,580.44</b>
Interest and Dividend Expense	\$821,413.90	\$832,950.59
Net Interest Income	\$5,618,934.79	\$6,425,629.85
Provision for Loan Loss	\$(335,442.15)	\$(583,323.23)
Net Interest Income after Provision	\$5,283,492.64	\$5,842,306.62
<b>NON-INTEREST INCOME</b>		
Service Charges and Fees	\$449,385.53	\$527,739.67
Other	\$1,070,944.61	\$1,056,855.45
<b>Total Non-Interest Income</b>	<b>\$1,520,330.14</b>	<b>\$1,584,595.12</b>
<b>NON-INTEREST OPERATING EXPENSES</b>		
Compensation and Benefits	\$2,652,510.79	\$2,724,844.10
Office Operations	\$2,613,353.42	\$2,547,573.34
Office Occupancy	\$597,328.67	\$531,203.77
Other	\$241,161.68	\$411,927.49
<b>Total Non-Interest Operating Expenses</b>	<b>\$6,104,354.56</b>	<b>\$6,215,548.70</b>
Net Income	\$699,468.22	\$1,211,353.04
NCUA Premium and Assessment	\$-	\$-
<b>Net Income</b>	<b>\$699,468.22</b>	<b>\$1,211,353.04</b>



# HOW DID WE DO IN 2020?



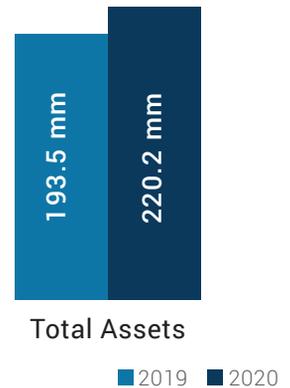
## WHAT DID WE SPEND OUR INCOME ON?



## MEMBERSHIP



## ASSETS



### BOARD OF DIRECTORS

Chair	Ramona Springis-Doss
Vice Chair	Steve Buettner
Secretary	James Smola
Director	Steve Scarrella
Director	Kany Seck

### SUPERVISORY COMMITTEE

Chair	Jim Lindstrom
Member	Jess Kenley
Member	Jordan Ford
Member	David Struck

## ELECTRONIC SERVICES USAGE

