

Serving Our Members

Annual Report 2019

unitus
COMMUNITY CREDIT UNION

YOU US UNITUS



Insured by NCUA

A MESSAGE from Steven Stapp and Frank Chinn

Unitus' 2019 was a year of record success, leaps in technology, and elevated member service. First we must thank you, Unitus members, for believing in the shared vision of this cooperative movement. Thank you for being active participants in your future, and in turn contributing to the growth of so many other hardworking people in our community. And thank you to our Board of Directors, Audit Committee, Leadership Team, and dedicated employees for your tenacious resolve to do the right thing for each other and our members.

One discipline above all guided our shared success in 2019: listening. Throughout the year, we sought and found better ways to listen to our members. For example, we launched "Voice of the Member" software which helps us quickly take decisive action to resolve member issues. Its insights allow us to better train staff to prepare for and even prevent member issues in the future. What's more, we opened new channels for members to give feedback throughout their journey with us. Our movement succeeds when we each exercise our voices.

In June, we overhauled our online and mobile banking experience. We hadn't undergone a change of this magnitude in years and getting it right for our members was the only option. With help from our new systems, we closely monitored the biggest member challenges and devoted our resources to resolving those needs early. Six months later, our average mobile app rating has increased by 100 percent (from 2.4 to 4.8 out of 5).

Other member victories made 2019 memorable. Unitus members referred more than 1,000 new members and earned extra cash through our "50/50" referral program, another record. Our credit union opened a new branch in Gresham, Oregon's fourth largest city, to immediate popularity. Further, 37 families used our FirstTime Homebuyer loan to fast-track the foundation upon which their families will thrive.

Our Community Involvement efforts soared this year. Our credit union invested \$434,108 toward charitable programs that improve life for the people around us, both inside and outside the U.S. Our employees amassed a record 3,264 volunteer hours, benefiting 136 community organizations. Our community partnership with the Portland Timbers and Thorns FC expanded on our award-winning Dream Come True program, giving children battling serious illness an unforgettable experience. Unitus employees partnered with local nonprofit PDX Diaper and donated more than 12,000 diapers and 12,500 baby wipes for parents struggling to afford diapers for their babies.

Together, our successes are just beginning. In 2020, members will earn and save more through a new rewards program that will promote healthy financial habits and make saving easier. The program will embody our new purpose statement, rolling out in 2020, reflecting our passion to improve members' lives in ways far beyond financial services: "Together we inspire hope by navigating through life's defining moments." Our upcoming partnership with Children's Cancer Association will inspire joy in those community members who need a helping hand most. Unitus will focus on serving the Hispanic populations in our communities, who are poised to reach greater heights with a partner who invests in their dreams.

Your feedback is our compass. Your success is our delight. When you become smarter about your finances, this beautiful cooperative system blossoms, moving us all toward better possibilities. Thank you for being here with us. Together, our future looks bright.

Unitus in 2019

- earned the Cooperation in Action award from NWCUA along with 8 other Northwest credit unions for collaborating to create the first-ever Credit Union Cooperative Career Fair
- won the Corporate Philanthropy Award once again from Portland Business Journal in honor of outstanding contributions to charitable causes
- invested \$434,108 throughout 2019 toward programs benefiting our local and international communities
- named one of Oregon's Most Admired Companies by Portland Business Journal once again
- designated a Top 25 Most Popular Local Digital Brand by the Portland Business Journal
- Steve Stapp, President/CEO elected to second term as Chair of World Council of Credit Unions
- Frank Chinn, Board Chair appointed Chair of CUNA's Volunteer Leadership Committee
- earned 328 5-Star reviews across leading social media and review sites
- sponsored The Portland Rose Festival, a century-old Portland institution, for 5th straight year



Steven Stapp
Steven Stapp, President/CEO



Frank Chinn
Frank Chinn, Chair

1 NEW BRANCH IN GRESHAM

OREGON'S 4TH LARGEST CITY

\$434,108 IN DIRECT CONTRIBUTIONS
INVESTED INTO OUR
LOCAL & GLOBAL COMMUNITIES

98,452

TOTAL

MEMBERS

4,709 MORE THAN IN 2018

4.8/5 AVERAGE MOBILE APP RATING

328 5-STAR REVIEWS ACROSS
REVIEW SITES

136 ORGANIZATIONS IMPACTED
THROUGH VOLUNTEER &
COMMUNITY SUPPORT

2,608 STUDENTS
GIVEN IN-CLASSROOM

**FINANCIAL
EDUCATION**

\$200.6M
ACROSS

5,922
CONSUMER
LOANS FUNDED

23,343 MEALS GIVEN
TO PEOPLE IN NEED
IN OUR COMMUNITIES

3,264

HOURS
VOLUNTEERED
BY EMPLOYEES

158

**FINANCIAL
SEMINARS**
TAUGHT IN LOCAL
SCHOOLS

\$31.2M ACROSS
151 BUSINESS
LOANS FUNDED

\$256.25M

ACROSS **884**
HOME LOANS
FUNDED

MEMBERS
SAVED
\$95,429,100
ACROSS

4,585

CDs

The Audit Committee is appointed by the Board of Directors to provide oversight of the financial reporting process, system of internal controls, monitoring of compliance with laws and regulations, and code of conduct activities. To fulfill its duties, the Committee utilized services of an independent audit firm and the Credit Union's internal audit function.

The independent accounting firm Moss Adams LLP was engaged by the Committee to conduct a financial audit as of and for the year ended December 31, 2019 and perform a verification of member accounts in accordance with federal and state laws. The Committee utilized internal audit to review, measure, and report on activities that ensure compliance with laws and regulations as well as continued integrity of the internal control environment.

Based on reports and information received, it is the opinion of the Audit Committee that Unitus Community Credit Union's financial operations and system of internal controls are sound. Summarized financial statements have been included in this annual report. I would like to thank the Audit Committee members for their commitment, energy, and enduring effort throughout 2019.



Luke Watson,
Chair

Report of Independent Auditors

To the Board of Directors and Audit Committee
Unitus Community Credit Union
Portland, Oregon

The accompanying summary financial statements, which comprise the summary statements of financial condition and the related summary statements of income, comprehensive income, and changes in members' equity, are derived from the audited financial statements of Unitus Community Credit Union (the Credit Union) as of and for the years ended December 31, 2019 and 2018. We expressed an unmodified audit opinion on those financial statements in our report dated March 2, 2020.

The summary financial statements do not contain all the disclosures required by accounting principles generally accepted in the United States of America. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of the Credit Union.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of the summary financial statements.

Auditor's Responsibility

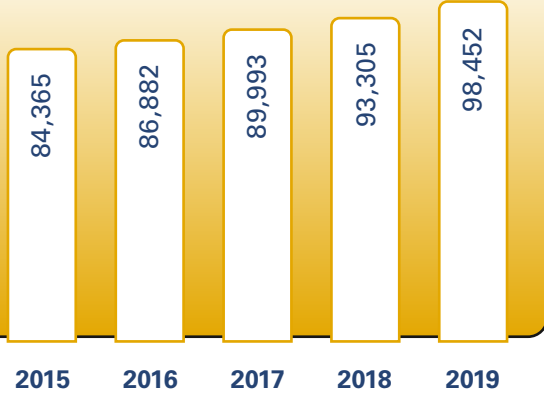
Our responsibility is to express an opinion about whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with auditing standards generally accepted in the United States of America. The procedures consisted principally of comparing the summary financial statements with the related information in the audited financial statements from which the summary financial statements have been derived.

Opinion

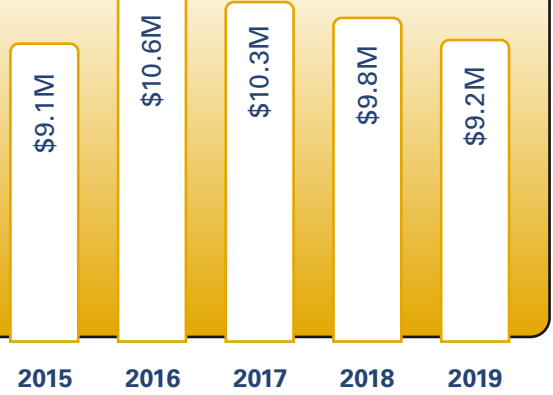
In our opinion, the summary financial statements of the Credit Union as of and for the years ended December 31, 2019 and 2018 referred to above are consistent, in all material respects, with the audited financial statements from which they have been derived.

Moss Adams LLP
Portland, Oregon
March 2, 2020

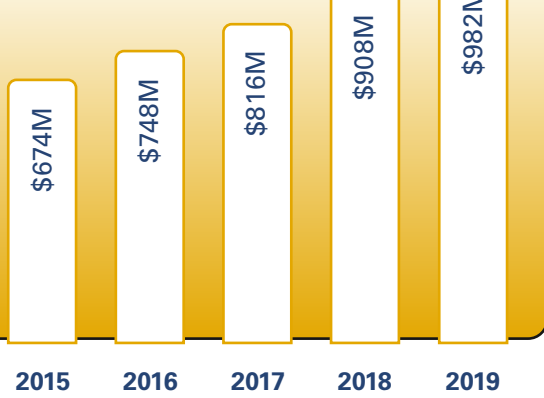
MEMBERS



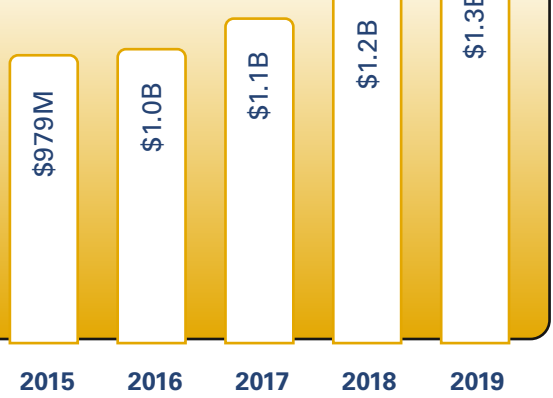
NET INCOME



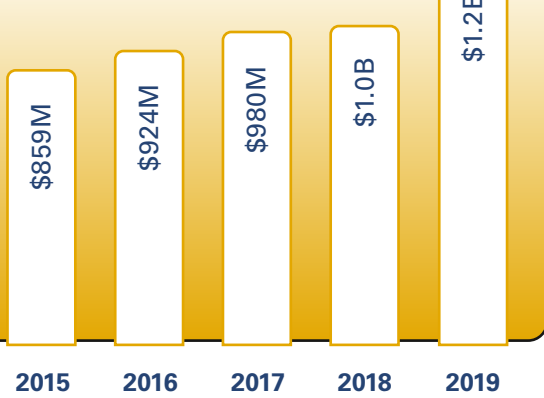
LOANS



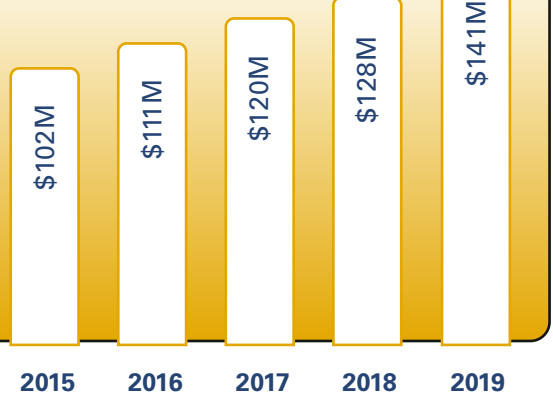
ASSETS



SHARES



MEMBERS' EQUITY



STATEMENTS of Financial Condition and Income

Statements of Financial Condition

Assets

Cash and cash equivalents
Investment securities available-for-sale, at fair value
Equity securities at fair value
Restricted equity securities
Loans receivable, net
Accrued interest receivable
National Credit Union Share Insurance Fund deposit
Property and equipment, net
Other assets
Total assets

December 31,

2019

2018

\$ 128,803,216	\$ 76,663,072
203,948,711	171,048,887
1,766,037	1,586,250
1,416,300	1,341,700
973,303,247	900,190,078
3,999,693	3,688,525
10,946,221	9,775,703
7,540,106	7,925,930
8,365,171	7,954,455
<u>\$ 1,340,088,702</u>	<u>\$ 1,180,174,600</u>

Liabilities

Members' share and savings accounts
Borrowed funds
Accrued expenses and other liabilities
Total liabilities

\$ 1,184,812,104	\$ 1,039,249,674
—	—
14,670,386	12,619,664
<u>1,199,482,490</u>	<u>1,051,869,338</u>

Members' Equity

Regular reserves
Undivided earnings
Accumulated other comprehensive income (loss)
Total members' equity
Total liabilities and members' equity

23,423,471	23,423,471
115,117,003	105,929,765
2,065,738	(1,047,974)
<u>140,606,212</u>	<u>128,305,262</u>
<u>\$ 1,340,088,702</u>	<u>\$ 1,180,174,600</u>

Statement of Income

Interest income
Loans receivable
Investment securities and cash equivalents
Total interest income

Years Ended December 31,

2019

2018

\$ 39,992,198	\$ 32,574,626
6,237,419	5,543,373
<u>46,229,617</u>	<u>38,117,999</u>

Interest Expense
Dividends on members' share accounts
Borrowed funds
Total interest expense

10,003,977	3,436,408
930	4,638
<u>10,004,907</u>	<u>3,441,046</u>

Net interest income

36,224,710	34,676,953
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Provision for loan losses

2,368,996	2,852,522
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Net interest income after provision for loan losses

<u>33,855,714</u>	<u>31,824,431</u>
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Non-interest income
Service charges and fees
Mortgage banking and loan servicing income
Gain on sale of investment securities
National Credit Union Share Insurance Fund distribution
Accumulated other comprehensive income (loss)
Total non-interest income

14,561,317	14,935,829
5,338,267	4,131,704
1,859,286	691,321
143,880	661,763
325,088	(95,786)
<u>22,227,838</u>	<u>20,324,831</u>

Non-interest expense
Compensation and benefits
General and administrative
Total non-interest expense

26,445,964	23,075,369
20,450,350	19,249,587
<u>46,896,314</u>	<u>42,324,956</u>

Net income

<u>\$ 9,187,238</u>	<u>\$ 9,824,306</u>
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STATEMENTS

of Comprehensive Income and Changes in Members' Equity

Statement of Comprehensive Income

	Years Ended December 31,	
	2019	2018
Net income	\$ 9,187,238	\$ 9,824,306
Other comprehensive income (loss)		
Unrealized gains (losses) on securities available for sale	3,131,896	(1,117,066)
Reclassification adjustment for realized gains on sale of investment securities available-for-sale included in net income	(18,184)	(691,321)
Total other comprehensive income (loss)	3,113,712	(1,808,387)
Comprehensive income	\$ 12,300,950	\$ 8,015,919

Statement of Changes in Members' Equity

	Total Members' Equity	Regular Reserves	Undivided Earnings	Accumulated Other Comprehensive Income (Loss)
Balance at December 31, 2017	\$ 120,289,343	\$ 23,423,471	\$ 96,105,459	\$ 760,413
Net Income	9,824,306	—	9,824,306	—
Other Comprehensive Loss	(1,808,387)	—	—	(1,808,387)
Balance at December 31, 2018	128,305,262	23,423,471	105,929,765	(1,047,974)
Net Income	9,187,238	—	9,187,238	—
Other Comprehensive Income	3,113,712	—	—	3,113,712
Balance at December 31, 2019	\$ 140,606,212	\$ 23,423,471	\$ 115,117,003	\$ 2,065,738



Annual Report 2019

Board of Directors

Frank Chinn

Chair

Somnath Banerjee

Vice Chair

Rhonda Cramer

Secretary

Sue Iggulden

Director

Matthew Mičetić

Director

Tiffini Mueller

Director

Mary Nolan

Director

Gordon Akeson

Director Emeritus

Will Rader

Director Emeritus

Audit Committee

Luke Watson

Chair

Sarah Bang

Committee Member

Jason Beane

Committee Member

Rhonda Cramer

Committee Member

John Pierce

Committee Member

Kenny Sallee

Committee Member

Leadership Team

Steven Stapp

President / CEO

Jason Werts

EVP / Chief Operating Officer

James Alexander

SVP / Chief Risk Officer

Brian Devereux

SVP / Chief Lending Officer

Gayle Evans

SVP / Chief Human Resources Officer

David Fehrer

SVP / Chief Information Officer

Greg Spear

SVP / Chief Financial Officer

Scott Bell

VP / Chief Experience Officer

Corlinda Wooden

VP / Chief Retail Officer