



2021 Annual Report

We open this message with a heartfelt thanks to Gail Westover, who retired from the Credit Union ONE Board of Directors in July 2021. Gail joined the Board in 2009 and had been a member of the Traverse City Liaison Committee starting in 1994. She remains a strong advocate for our employees and members, and her contributions to our success cannot be measured. We are pleased to report that Gail continues to provide guidance and support to our team as Director Emeritus. With change comes opportunity, and we are also pleased to inform the membership that the Board of Directors appointed Dino Deponio to the Board of Directors to fill the vacancy. Dino is no stranger to Credit Union ONE, as he previously served as an Associate Director. We are excited to have Dino move into this role, where we are certain he will continue to provide leadership and play a key part in setting our strategic direction. Again, thank you to Gail Westover!

If we were asked to describe Credit Union ONE with a single word, it would be “resilience.”

RE-SIL-IENCE: the capacity to recover quickly from difficulties; the ability to withstand adversity and bounce back from challenging events; toughness

The last two years have validated that no problem or challenge is insurmountable if we uphold our cooperative spirit, focus on the well-being of our members and employees, and think creatively. This is how Credit Union ONE has been able to maintain uninterrupted delivery of services to meet the needs of our membership for over 83 years.

We do not need to remind you that 2021 continued to be a challenging year. As we reflect on this past year, we are reminded of the toll COVID-19 has had on our country and local communities. We are also struck by the resilience and strength of our organization. As a cooperative, we are reflective of our membership: This resilience and strength applies to you, our member-owners; our incredible team of financial professionals; and dedicated Board of Directors. Despite operating under our Business Continuity – Pandemic Response Plan for a second year, we are pleased to report that Credit Union ONE remains strong, has met the needs of our membership, and made progress on realizing our strategic vision.

FINANCIAL PERFORMANCE

Credit Union ONE earned \$10.3 million of net income, our tenth consecutive year of strong profitability since the Great Recession. Compared to 2020, net income was up \$2.8 million due to solid financial management of the low-rate environment, improved operating efficiencies, and very strong asset quality. We experienced another year of very strong asset growth of close to 10%, to end the year with \$1.82 billion in assets. Even with this level of asset growth, our strong earnings resulted in maintaining a capital-to-assets (net worth) ratio that exceeds the highest federal capital standard of “well capitalized.”

MAINTAINING RELEVANCE

We measure relevance by satisfaction and our status as a member’s primary financial institution. For 2021, overall satisfaction and satisfaction by delivery channel improved to


exceed pre-COVID levels: 76% of members consider Credit Union ONE to be their primary financial institution, and 86% of member households report their primary checking account is at Credit Union ONE. While these data points suggest we are doing a great job, we are keenly aware of the need to continue to invest in great delivery systems, great people, and our community as a means of maintaining relevance.

During 2021, we launched multiple initiatives designed to expand the availability of credit, enhance digital services, and improve member experiences. All of these initiatives have exceeded expectations. Our team’s continued response to major disruptions in their work environment and a very tight labor market is without precedent. We have reimaged almost every aspect of our employee experience for both on-site and remote positions and will continue to listen and adapt as we move into the future. Although participation in community events remained a challenge, we acknowledge that the needs of those who benefit from these events did not disappear. To the extent possible, we delivered on our commitments and engaged with multiple community organizations, making a difference wherever and whenever possible.

LOOKING FORWARD

As we enter the new year, we look back at the challenges and difficulties our nation and community continue to face. We also observe the resilience of our incredible team that managed through a second year of adversity and made delivering great service look easy. Because of these efforts, our member-owners’ satisfaction improved, as did participation in the credit union. The results... strong growth, strong financial performance, and an even stronger confidence in our future.

We are committed to doing our very best work in this year ahead. We will stand with our member-owners and put their interests first just as we have for more than 83 years. We thank our members for their trust, confidence, and continued participation in Credit Union ONE.


Paul Stuart
Chairman of the Board


Gary A. Moody
Chief Executive Officer

The Audit Committee is a standing committee of the Board of Directors. Directors serving on this committee during 2021 were Dave Prybys (Chairperson), Juanita Reid (Vice Chairperson), Jan Gillespie, Rudolph Montano, Jr., and Nick Nickolopoulos. The role of the committee is to assist the Board of Directors in monitoring the following:

- **Internal controls related to financial reporting and independent audits of the credit union’s financial statements;**
- **Qualifications and independence of auditors and the performance of internal auditors;**
- **Enterprise risk standards;**
- **Compliance with legal and regulatory requirements; and**
- **Compliance with board policies and internal controls and procedures.**

The Audit Committee established a risk-based 2021 internal audit schedule and met quarterly with senior executives and audit professionals to review audit reports covering various operational areas of the credit union. In addition, the committee reviewed the credit union’s Report of Examination from the Michigan Department of Insurance and Financial Services and the National Credit Union Administration. The committee is pleased to report that there were no material findings or weaknesses in controls identified in any audit or examination reports received and reviewed during the year.

The Audit Committee also engaged cybersecurity and audit firms to conduct penetration testing, vulnerability scans, and other data/technology control audits. The results of these tests and audits, which were also reported and reviewed by the Technology Committee of the Board of Directors, confirmed that the credit union’s team and its processes conform to industry standards.

Finally, the Audit Committee engaged the certified public accounting firm Doeren Mayhew to conduct the credit union’s 2021 annual audit and verification of members. We are pleased to report that there were no material findings or identified weaknesses in controls. Condensed and consolidated financial statements for 2020 and 2021 are provided in this report for your review.

Respectfully,



David Prybys
Chairperson, Audit Committee





OUR MISSION STATEMENT

Credit Union ONE is committed to providing exceptional value to its members by delivering outstanding products and services anytime, anywhere.

OUR PURPOSE

To meet our members' financial service needs throughout their lifetimes.

OUR CORE VALUES

Integrity: Uphold the highest standards of conduct in all of our actions.

Respect: Treat people with dignity.

Financial Stewardship: Promote financial safety and soundness.

Member Commitment: Develop relationships that make a positive difference in our members' lives.

Employee Commitment: Value our employees, encourage development, and reward positive performance.

VALUE PROPOSITION

Accessible: Available when it's convenient for me.

They provide me with choices to perform transactions, find information, or receive trusted advice. Every interaction is consistent, secure, and fast, no matter how or when I choose to do my banking.

Easy: Banking that simplifies my life.

They respect my busy life by making banking easy. Everything is simple, clear, and easy to find; there are no surprises.

Meaningful: Solutions that add value.

They engage me to truly understand my needs. Based upon my circumstances, I am offered relevant solutions that add value.

Dedicated: Acts in my best interest.

They act in my best interest, recognize me as a valued member, and sincerely provide great service. I can rely on them if I need help, and I know they will resolve an issue quickly.

Board of Directors



Paul W. Stuart
Chairman



Guadalupe G. Lara
Vice Chairwoman



Joan Stefanski
Secretary/Treasurer



Christine Dowhan-Bailey
Director



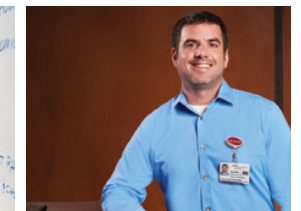
Dino Deponio
Director



Jan Gillespie
Director



Rudolph R. Montano, Jr.
Director



Nickolas Nickolopoulos
Director



David C. Prybys
Director



Ray Redmond
Director



Juanita M. Reid
Director



Gail Westover
Director Emeritus



Ed Derbin
Associate Director

Condensed Consolidated Statement of Financial Condition

ASSETS	2021	2020
Cash and cash equivalents	\$ 302,148,139	\$ 256,753,446
Interest-bearing deposits	\$ 7,000,000	\$ 9,984,000
Investment securities: Available-for-sale	\$ 302,936,892	\$ 162,634,544
FHLB stock	\$ 3,536,100	\$ 3,536,100
Loans to members, net of allowance for loan losses	\$ 1,075,327,659	\$ 1,102,052,680
Accrued interest receivable	\$ 3,520,635	\$ 3,592,264
Property and equipment	\$ 31,384,346	\$ 32,766,639
NCUSIF deposit	\$ 15,571,768	\$ 14,108,820
Alloya perpetual contributed capital deposit	\$ 1,089,800	\$ 1,089,800
Investment in CUSO	\$ 3,967,563	\$ 3,195,552
Investments in life insurance contracts	\$ 19,996,493	\$ 19,977,538
Goodwill	\$ 32,436,094	\$ 32,436,094
Other assets	\$ 18,532,258	\$ 17,637,213
TOTAL ASSETS	\$ 1,817,447,747	\$ 1,659,764,690
LIABILITIES AND MEMBERS' EQUITY		
Members' shares and savings accounts	\$ 1,671,095,387	\$ 1,519,652,737
Accrued expenses and other liabilities	\$ 10,517,132	\$ 9,280,855
TOTAL LIABILITIES	\$ 1,681,612,519	\$ 1,528,933,592
Commitments and contingent liabilities	\$ —	\$ —
Members' equity — substantially restricted	\$ 135,835,228	\$ 130,831,098
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 1,817,447,747	\$ 1,659,764,690

The certified public accounting firm of Doeren Mayhew audited, in accordance with auditing standards generally accepted in the United States of America, the statements of financial condition of Credit Union ONE and subsidiaries as of December 31, 2021, and the related statements of earnings, members' equity and cash flows for the years then ended (not presented herein). Complete audited financial statements and footnotes are available for review upon request at our corporate office.

Consolidated Statement of Earnings

INTEREST INCOME	2021	2020
Loans receivable	\$ 40,837,113	\$ 46,293,291
Investment securities	\$ 3,516,315	\$ 2,814,871
TOTAL INTEREST INCOME	\$ 44,353,428	\$ 49,108,162
INTEREST EXPENSE		
Interest and dividends on members' shares and savings accounts	\$ 2,536,000	\$ 5,284,373
Interest on borrowed funds	\$ 454	\$ 1,470,523
TOTAL INTEREST EXPENSE	\$ 2,356,454	\$ 6,754,896
Net interest income	\$ 41,996,974	\$ 42,353,266
Provision for loan losses	\$ 546,803	\$ 2,645,207
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	\$ 41,450,171	\$ 39,708,059
NON-INTEREST INCOME		
Gain on sale of loans	\$ —	\$ 692,543
Fees and charges	\$ 13,271,394	\$ 14,511,966
Interchange income	\$ 5,300,040	\$ 3,873,128
TOTAL NON-INTEREST INCOME	\$ 18,571,434	\$ 19,077,637
NON-INTEREST EXPENSES		
Compensation and benefits	\$ 25,988,453	\$ 27,497,997
Office operations	\$ 14,712,555	\$ 13,836,494
Occupancy	\$ 3,006,144	\$ 3,159,076
Operating expenses	\$ 5,996,933	\$ 6,771,581
TOTAL NON-INTEREST EXPENSES	\$ 49,704,085	\$ 51,265,148
Net Earnings	\$ 10,317,520	\$ 7,520,548



Credit Union ONE

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