



2020

ANNUAL REPORT

zeal
CREDIT UNION

65th Annual Meeting Minutes

The 65th Annual Membership Meeting was held on Thursday, March 19, 2020 via conference call. Michael O’Hehir, Chairperson of the Board, kicked off the meeting by welcoming members. He explained that due to the COVID 19 virus, it was necessary to adjust the format of this year’s Annual Meeting to a WebEx. Mr. O’Hehir suggested that members check the Zeal Credit Union website often for information and updates regarding our office hours and procedures. He also encouraged members to use Zeal’s online banking services.

In accordance with the Bylaws of the Credit Union, David L. Kistic, Secretary of the Board, established a quorum was present. Motion was made and supported to accept the 64th Annual Meeting Minutes. Motion carried.

The reports from the Treasurer, the Oversight Committee, and the Loan Department were presented. All reports were approved as printed.



2020 A YEAR OF PERSEVERANCE

In 2020, Zeal Credit Union found itself in uncharted waters facing an unprecedented and catastrophic pandemic. Government restrictions limited activities by our team and our members, challenging us to ensure that the Zeal facilities were safe, secure, and remained accessible to members to meet their financial needs.

We found ourselves needing to make almost daily changes in operational functions, requiring constant communication and flexibility of our volunteers, management, and team, as well as the understanding of our membership. Working together, we navigated the pandemic and kept our Credit Union a strong organization.

2020's economic landscape impacted growth, as expected. Preparing for the unknown has been an important part of our 66-year history. We were able to weather the storm in 2020 because we were, and continue to be, very well-capitalized.

At year end, Zeal assets were \$750 million – a record high for us. Because of our strength, we were able to assist our members when they needed it most by deferring or modifying more than 500 loan payments. We are very proud of Zeal's demonstrated commitment to “people helping people.”

On behalf of your entire Board of Directors, I want to say thank you to our members for your loyalty. When the pandemic started, we made a promise that we would get through this together and we have done a great job.

LIVE with character

MICHAEL A. O'HEHIR
Chairperson



2020 A YEAR OF PERSEVERANCE

Here at Zeal Credit Union, we look back on 2020 with gratitude. We are blessed to work in an industry that not only puts people first but is considered critical infrastructure. Even during the most trying of circumstances, like those faced in 2020, we found many reasons to be thankful. By working together in 2020, the Zeal team made a tremendous difference impacting the lives of our members and the communities we serve.

We are in the empathy business and that has never been more apparent than in 2020. We certainly had to get creative with processes and procedures and probably became the most flexible in thinking outside of our norm. In 2020 we made emotional connections and made members feel safe and supported all the while identifying needs, collaborating, and genuinely being there for members and each other.

The Zeal team has performed heroically in a very tough year. While we have seen incredible changes in many of the ways we conduct business and operate branches, Zeal has grown during a historic time, and remained unwaveringly committed to our guiding principles, which are **LIVE with character, FEEL with empathy and ACT with passion.** We are more committed to our mission than ever before. We are happy to report solid growth last year despite the pandemic.

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FEEL with empathy



2020 A YEAR OF PERSEVERANCE

We will continue to stay on a path of outstanding service, safety and security while offering highly competitive rates for financial products and services. In 2020, we provided \$381,960,745 in loans and advances with products and services that help members realize their dreams. We know lending is at the core of everything we do. Our members rely on Credit Union loans to help them create their future, care for their loved ones, and build their dreams.

Lending at Zeal Credit Union involves developing new and innovative ways to help members get the money they need. Because of this commitment, we work hard every day to see beyond our members' credit scores and lending history and look at each person and consider them as an individual with unique needs and experiences.

As a not-for-profit financial institution, owned by members, we are more than a credit union - we are community helping each other. From early humble beginnings to now serving some 66,000 members, we work hard to help each member improve their economic well-being. We continue to look forward to serving our communities and funding dreams for each of our members.

We are grateful to our members who continue to believe in our mission as much as we do and who make it all possible. Thank you for your trust and continued loyalty. We truly appreciate it.

ACT with passion

JULIE KREINBRING
President & CEO



Oversight Committee

The Oversight Committee ensures that the Credit Union's financial records are accurately maintained. The Oversight Committee works closely with our CPA firm to provide an independent audit of the financial statements for the membership. The audits are conducted in accordance with generally accepted accounting principles and standards. The reports critically and systematically examine the internal controls, statements, records, accounting transactions and other financial records of the Credit Union. The CPA firm issued their opinion that the financial statements present fairly, in all material respects, the financial position of the Credit Union, in conformity with accounting principles generally accepted in the United States of America. In addition, the Oversight Committee oversees the internal audit function and reviews internal audit reports.

The State of Michigan Department of Insurance and Financial Services also conducts periodic examinations of the records of the Credit Union. The results of each examination are reported to the Board of Directors and the Oversight Committee. In addition to these safeguards, the National Credit Union Administration (NCUA), an agency of the U.S. government, insures deposit accounts of the Credit Union to at least \$250,000.

KAREN RAWLS

Oversight Committee Chairperson



Treasurer's Report

Zeal Credit Union ended 2020 with assets at \$750 million. The growth in assets was primarily due to deposit growth of about 26% year over year. The deposit growth was primarily due to the impacts of the COVID-19 pandemic. Government stimulus payments coupled with lower spending by members increased both checking and savings account balances.

Even with the large growth in assets, Zeal Credit Union has a very strong capital position of 13.00%. The capital ratio measures the financial strength and durability of the Credit Union and is considered well-capitalized under current government regulations.

We had overall net income of \$3.4 million for the year. Additionally, interest rates were at all-time lows during the pandemic.

As we grow, we continue the hard work that has made us a primary financial institution for our members and their financial future.



JOANN CAIN

Treasurer



December 31, 2020 and 2019 Statements of Earnings and Financial Condition (Unaudited)

	2020	2019
Interest Income		
Loans	\$20,006,030	\$19,822,663
Investments	2,668,510	4,196,683
Total Interest Income	<u>22,674,540</u>	<u>24,019,346</u>
Interest and Dividend Expense		
Members' Shares and Savings	912,288	902,400
Borrowed Funds	220,109	197,025
Total Interest and Dividend Expense	<u>1,132,397</u>	<u>1,099,425</u>
Net Interest Income	<u>21,542,143</u>	<u>22,919,921</u>
Provision for Loan Losses	<u>3,215,000</u>	<u>4,323,000</u>
Other Income	<u>11,416,363</u>	<u>13,321,674</u>
Operating Expenses		
Compensation and Benefits	14,026,433	15,148,170
Data Processing	2,300,676	2,311,463
Audit and Insurance	511,365	497,839
Cost of Space	2,336,037	2,410,974
Forms and Supplies	341,492	411,664
Education and Training	267,480	314,736
Marketing	917,322	1,356,437
Communications	517,519	478,331
Collections	501,071	558,963
Administrative	1,573,445	2,017,530
Member Services	3,056,069	3,223,910
Total Operating Expenses	<u>26,348,909</u>	<u>28,730,017</u>
Non Operating Gain (Loss)	<u>(31,818)</u>	<u>(118,383)</u>
Net Income to Undivided Earnings	<u>\$3,362,779</u>	<u>\$3,070,195</u>

	2020	2019
Assets		
Loans to Members	\$381,960,745	\$370,445,932
Less Allowance for Loan Losses	(5,806,361)	(5,117,279)
Net Loans	376,154,384	365,328,653
Cash	7,771,798	7,113,203
Investments	307,322,424	197,697,574
Other Assets	58,558,338	43,762,725
Total Assets	<u>\$749,806,944</u>	<u>\$613,902,155</u>
Liabilities and Members' Equity		
Member Shares	291,005,894	220,148,423
Checking	130,938,592	95,023,593
Other Deposits/Certificates	194,149,608	173,619,415
Total Savings	616,094,094	488,791,431
Borrowed Money	23,000,000	23,000,000
Dividends Payable	4,631	4,728
Other Liabilities	10,943,271	8,733,852
Regular Reserves	16,665,230	16,665,230
Unrealized Gain(Loss) on Investments	2,268,577	(761,448)
Undivided Earnings	80,831,141	77,468,362
Total Liabilities and Members' Equity	<u>\$749,806,944</u>	<u>\$613,902,155</u>



Board of Directors & Oversight Committee



MICHAEL A. O'HEHIR
Chairman



PAUL MESSIMER
Vice-Chairperson



DAVID L. KISIC
Secretary



JOANN CAIN
Treasurer



DAVID ADAMS JR.
Director



SAMUEL R. PALISE
Director



KAREN RAWLS
Director



KATHY RICHARDSON
Director



SHARON WRIGHT
Director



GRAHAM EDWARDS
Director Emeritus



SUSAN LESLIE
Oversight Committee



JULIE KREINBRING
CEO | President





Thank you

LIVE with character, FEEL with empathy and ACT with passion.

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