

Motion



Linn Area
Credit Union
We are Family

INSURED BY NCUA

OUR 2020 ANNUAL REPORT

President & Chairperson's REPORT



Jenny Lorenz
President/CEO



Kent Baker
Board Chairperson

This year, Kent Baker and Joyce Fowler shared the role of Chairperson. In late July, Kent stepped down, and Joyce took up the reins. We very much appreciate the time and expertise Kent devoted to our credit union over the years. He was a dedicated and valued volunteer.



Joyce Fowler
Board Chairperson

since call volume was extremely high at times in 2020.

We enhanced our online membership and loan applications, so new and existing members can apply for new accounts, electronically sign documents, and fund accounts and loans without having to set foot in a branch. Due to the

It is our honor and privilege to have had the opportunity to serve as your Chairperson and President/CEO. It is no secret that 2020 presented us with a number of unique challenges. We put a lot of plans in motion only to have those plans altered by the pandemic, the derecho, and the circumstances both of these catastrophic events created in their wakes.

We accomplished a lot of things to benefit our members, despite having to implement procedures for our employees to work remotely at a moment's notice; update all locations to adhere to the CDC pandemic guidelines; close lobbies... reopen lobbies... close them again... reopen them again; and deal with significant derecho damage to the buildings and the grounds of all five branches. We also had a very successful year financially. Needless to say, there was an abundance of opportunity for "motion" in 2020!

During 2020, our industry as a whole saw capital levels decline due to financial losses precipitated by the pandemic. We're proud to report that, in contrast, Linn Area Credit Union continued to grow capital throughout the year. As a result, you can rest assured we are financially strong, and we remain a safe and sound option for your deposits.

This year, we continued our focus on bringing value to our members by implementing new and enhanced services that offer you expanded options and more convenience... all while providing the wide array of choices for the deposit and loan products you're accustomed to.

In our call center, we installed an automated callback service so members can choose to receive a call back from our member services team – usually within minutes – rather than waiting on hold. Our members have greatly appreciated this convenience,

President & Chairperson's Report continued

desire for members to do business remotely during the pandemic, these applications have been widely utilized.

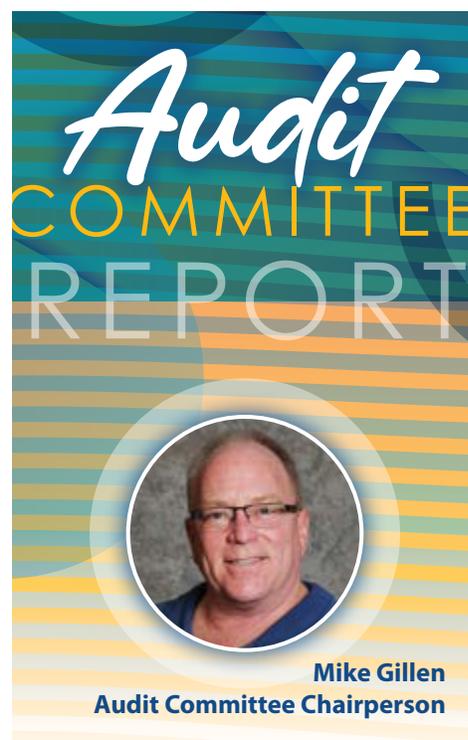
We migrated our credit cards to the same platform as our debit cards, which will soon bring greater card controls and other features through a single, convenient source. Additionally, we now have a new Rewards platform that combines credit card and All-In checking debit card rewards. We also have expanded your choices for redeeming your rewards, including a new option to donate to charity. All Visa® cards, both debit and credit, are now available with the tap-and-go feature for quick and touch-free checkout at participating merchants.

In addition, we worked diligently on readying MoneyMap, our free new personal financial management tool, for an early 2021 launch. Accessible via online and mobile banking, MoneyMap provides savings and budgeting tools, net worth calculators and much more. As you can see, even though there were some pretty significant distractions in 2020, we were still working extremely hard to bring more value to you!

We are always focused on our mission to improve our members' lives and our communities. To that end, we remain committed to growing the credit union so that we continue to be competitive and relevant for you. We consistently work to assure the credit union remains financially strong, so we can be here for you long into the future. Our team doesn't settle for "just OK" service... we look for every opportunity to WOW our members and create a culture where you can't wait to come back. We love being involved in our communities – our team donates hundreds of hours a year volunteering with local nonprofit organizations.

We are proud of the impact we are making on the lives of our members and proud of the contributions we are making to our communities... but we couldn't do this without you, our members. We know you have countless choices for financial services, so we don't take for granted the privilege we have to serve you.

Please accept our sincere thank you for your continued loyalty and for your business. We are hopeful you will allow us the honor to enjoy that privilege long into the future.



The Audit Committee is pleased to report that Linn Area Credit Union again received clean reports after thorough reviews to ensure the safety of member deposits.

- We contract with Petersen & Associates, a highly respected auditing firm, to perform a certified financial statement audit.
- The Committee employs an internal auditor to perform a wide variety of ongoing compliance tests, evaluations, and reviews.
- The Credit Union Division of the State of Iowa and the National Credit Union Administration both review the credit union's lending practices, financial statements, security standards, management practices, and adherence to regulations, policies, and procedures.

COMMUNITY

Support

*In 2020,
Linn Area Credit Union
and our employees*

continued our commitment to the communities we serve. Our team members volunteered 417 hours to 32 nonprofit organizations, including Big Brothers Big Sisters of Cedar Rapids & East Central Iowa, AbbeHealth Services - Aging Services, Gems of Hope, and the Salvation Army.

Our employee-run donation committee directed \$24,868.10 to 45 nonprofit organizations that make a positive difference in our communities. We participated in Marion's CommUNITY program, donating \$1,000 to help keep Marion businesses up and running; and, for the first time, we asked our members to help us direct \$4,500 to six area nonprofits for GivingTuesday. Linn Area Credit Union also made substantial donations to several local nonprofits that serve families, children, and education.

Supporting local businesses is very important to us! For the Fourth of July, we purchased more than 25 dozen red, white, and blue kolaches from Sykora Bakery and delivered them to some of our favorite businesses throughout Cedar Rapids, Hiawatha, and Marion.

Cedar Rapids Freedom Festival

Although Freedom Festival activities were canceled, Linn Area Credit Union donated \$10,000 to bolster the organization in 2020 and pledged another \$10,000 to sponsor the Balloon Glow in 2021. We consistently provide ongoing annual support for the Balloon Glow by way of funding and volunteers.

Children's Miracle Network/ University of Iowa Stead Family Children's Hospital

Through the years, Linn Area Credit Union has been a strong supporter of the Children's Miracle Network. In 2020, we donated \$13,319.02, which came from CMN golf outing sponsors (who chose to contribute even though the annual event was canceled) and our employees.

HACAP

With the increased need in our communities, Linn Area Credit Union donated \$10,000 to HACAP so they could provide food and other necessities to area residents.

Marion YMCA

In 2018, Linn Area Credit Union made a \$10,000 pledge over four years to the capital campaign for a new regional YMCA in Marion. The third \$2,500 installment of the pledged amount was paid in 2020.

NewBo City Market

Since 2016, Linn Area Credit Union has donated \$10,000 annually to support NewBo City Market's free family-friendly programming for our



Community Support continued

community. Even though many events were canceled in 2020, we continued this commitment to help sustain the nonprofit through the pandemic.



New Bohemian Innovation Collaborative (NewBoCo)

In 2020, we made a three-year commitment to NewBoCo, a local nonprofit that provides area teachers with computer science professional development opportunities and helps them implement K-12 curriculum that develops students' coding, engineering, and entrepreneurship skills. We donated \$5,000 in 2020 and pledged the same amount for 2021 and 2022.



Salvation Army

Linn Area Credit Union donated \$10,000 to the Salvation Army in Cedar Rapids to help them aid area residents in the wake of the derecho.



United Way of East Central Iowa

Linn Area Credit Union has an ongoing commitment to the United Way of East Central Iowa. In 2020, we contributed \$22,209, which is a combined total of employee payroll deductions and the company donation.

BOARD OF Directors



Joan Auterman



Joyce Fowler



Loren Hartelt



Kent Baker



Mike Gillen



Howard Rattner



Margaret Eichhorn



Angie Glick-Martin



Nick Wagner



Whether we're volunteering, raising money for a great cause, or just having fun, we love being out and about in the community! Nearly 70 Linn Area Credit Union employees participated in the Corridor Corporate Games. Between trivia and bowling, tug-of-war and more, we had a blast – and finished in fourth place in our division!

Credit COMMITTEE REPORT



Angie Glick-Martin
Credit Committee Chairperson

Our Lending Teams navigated a number of unprecedented challenges in 2020 to bring quality loan products to our members. Despite the challenges presented by the pandemic and the derecho, our talented and caring lenders made nearly 7,100 loans totaling over \$197 million during 2020. With the addition of those loans, we ended 2020 with 25,467 loans on our books totaling over \$420.7 million.

Specifically, we were able to make 526 first mortgages in excess of \$90 million to finance members' dream homes. Additionally, we helped our local businesses finance 119 loans for nearly \$10 million in commercial loans, including 68 emergency loans through the Paycheck Protection Program created by the CARES Act as a result of the pandemic. Our commercial team quickly jumped into action to assist our business members by making this program available at a moment's notice. The remaining almost \$100 million in loans originated in 2020 financed cars, recreational vehicles, home improvements, and numerous other needs of our members. We're extremely proud of the impact we're making in our community by providing attractive programs with consistently competitive rates.

Meeting your borrowing needs and making your families' dreams come true is one of our highest priorities every day. We are happy to report that our new online loan applications smoothed the transition for borrowers when our lobbies closed due to the pandemic. Our ability to do nearly everything electronically – including processing applications, collecting documents, signing paperwork, and funding loan proceeds – made borrowing easy and convenient for thousands of members.

Our loan portfolio grew consistently throughout the year, and it continues to remain healthy and strong. We appreciate your

loyalty when turning to us for your borrowing needs and for honoring your obligations, especially in these challenging times.

On behalf of the Credit Committee and our dedicated lenders, please accept my deep appreciation for putting your trust in us. Even in a year where we experienced challenges we've never seen before, we were able to conveniently deliver quality loan products to you all year long. We look forward to enjoying the privilege of meeting your borrowing needs long into the future.

Lending a hand

Between the pandemic and the derecho, our communities were hit hard in 2020. Here are some of the ways we helped our members through.

Emergency Skip-a-Pay

More than 2,300 members took advantage of our no-fee emergency Skip-a-Pay program. We deferred 2,372 loans totaling more than \$33 million.



Deferred Credit Card Payment

We gave our members the option to skip their June 2020 credit card payments by making the minimum amount due \$0.

Financial STATEMENT

Lending a hand continued

Mortgage Loan Forbearance

We supported our members by allowing them to defer their mortgage loan payments with no fees if they needed a little extra financial breathing room. We deferred 106 loans for 87 members, totaling \$13.932 million.

Disaster Relief Loan Program

We offered a special disaster relief loan at 2.99% APR for a term of 36 months. Under this program, we loaned a total of \$110,183.30 to 34 members.

Paycheck Protection Program

Under the PPP, we originated 68 loans totaling \$1,517,170.98 to member businesses.

ASSETS

Cash and cash equivalents	\$7,229,106
Investments	\$70,140,583
Loans to members, net of allowance for loan loss	\$419,599,527
Fixed assets	\$15,024,566
National Credit Union Share Insurance Fund deposit	\$3,955,250
Other assets	\$2,304,462
TOTAL ASSETS	\$518,253,494

LIABILITIES & EQUITY

Liabilities

Total shares and deposits	\$448,206,399
Accrued expenses and other liabilities	\$3,345,598
Borrowed funds	\$17,500,000
TOTAL LIABILITIES	\$469,051,997

Equity

Statutory reserves	\$16,359,357
Retained earnings	\$32,529,161
Unrealized gain/loss on investments	\$312,979
TOTAL EQUITY	\$49,201,497

TOTAL LIABILITIES AND EQUITY	\$518,253,494
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INCOME

Interest on loans to members	\$18,779,495
Interest on investments and cash equivalents	\$733,665
Fee income	\$1,314,012
Other income	\$4,181,803
TOTAL INCOME	\$25,008,975

EXPENSES

Salary and benefit expenses	\$8,523,120
Occupancy expenses	\$1,135,783
Operating expenses	\$6,735,847
Provision for loan losses	\$1,135,666
Dividend and interest expense	\$4,311,312
Non-operating income/expense	- \$376,688
TOTAL EXPENSES	\$21,465,040

NET INCOME	\$3,543,935
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Statutory reserve transfer	- \$2,514,956
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NET INCOME AFTER TRANSFER	\$1,028,979
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Since 2009, Linn Area Credit Union has been the driving force behind the Teacher Store, a nonprofit that provides free classroom supplies to area K-12 teachers when funds are not available. In 2020, Linn Area Credit Union contributed \$24,876.49, enabling the Teacher Store to serve more than 800 public and parochial educators.

As area schools turned to virtual learning, the Teacher Store provided supplies to the Cedar Rapids Community School District, Linn-Mar Community Schools, and the Marion Independent School District so they could distribute them to families who needed them the most to help students be successful learning at home.



In January, the Teacher Store provided free flu-fightin' supplies to teachers and health services professionals in area schools.

CU Wednesdays are shopping events exclusively for teachers who are Linn Area Credit Union members. This year, they were held in February, September, and October.



Linn Area Credit Union and the Teacher Store co-hosted Treat the Teach, a fun event to show our appreciation to teachers.

The Teacher Store made a school visit to Benton Community Schools, delivering classroom supplies beyond the Cedar Rapids metro area.



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