

# *Vermillion* FEDERAL CREDIT UNION

## *2020 Report 61st Annual Meeting*

*Wednesday, April 14, 2021*



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The mission of Vermillion Federal Credit Union,  
through member ownership and involvement,  
is to provide financial services in a professional and responsive  
manner, reflecting the credit union philosophy,  
“People Helping People”.

Vermillion Federal Credit Union  
61st Annual Meeting  
April 14, 2021  
4:00 pm

AGENDA

Meeting called to order by President, Cathi Powell BOD

Minutes of 2020 Annual Meeting

Treasurer's Report by David Moen, Treasurer BOD

Supervisory Committee Report  
by Deb Larson, Supervisory Committee Chair

Loan Report  
by Andrew Goeden, Loan Officer

President's Report by Cathi Powell, President BOD

CEO's Report by Janet Mount

Old Business

New Business

Election of Officers

Adjournment

## BOARD OF DIRECTORS

President	Cathi Powell	Term Expires 2021* Volunteer since 1996
Vice President	Phil Terwilliger	Term Expires 2021* Volunteer since 2018
Treasurer	David Moen	Term Expires 2023 Volunteer since 2013
Secretary	Ruth Bremer	Term Expires 2023 Volunteer since 1999
Compliance/Security	Bergen Peterson	Term Expires 2023 Volunteer since 2020
Marketing/Operations	Karen Davies	Term Expires 2022 Volunteer since 2018
Personnel Director	Aaron Fader	Term Expires 2022 Volunteer since 2006

## SUPERVISORY COMMITTEE

Chair	Deb Larson	Volunteer since 1995
Member	Kevin Loftus	Volunteer since 2009
Member	Teresa Chasing Hawk	Volunteer since 2015

\* Term Expires

# Minutes of the 60th Annual Meeting

The 60th Annual Meeting of the Vermillion Federal Credit Union was held Wednesday, April 8, 2020 at the Credit Union. Attendees were able to access either in person or by Zoom.

VFCU staff member Trevor Schmidt thanked members for attending the meeting. He welcomed those attending by Zoom and discussed if attending remotely how to participate by using the chat button at the bottom. He noted that in the printed booklets only one of the loan officer reports was from 2018. The other pages of the loan officer report were correct. The online annual meeting booklet has the correct 2019 information. Trevor informed the attendees that he would be monitoring the chat conversations and that comments and questions were welcome. During the meeting the annual meeting book was viewed by participants.

President Powell called the meeting to order at 4:00 pm with 23 members in attendance and 1 guest. She asked if everyone had read the minutes of last year's annual meeting and called for any additions or corrections to those minutes. Philip Terwilliger made a motion to dispense with reading the minutes aloud and accept them as written, 2<sup>nd</sup> by David Moen. Motion carried.

David Moen gave the Treasurer's Report. Moen reported during 2019 assets grew 11.3%. If we look at history since year end 2011 until year end 2019, we have grown 62.9% from \$12.09 to \$19.70 million. Membership grew by 4% in 2019. At year end there were 1,221 loans out with an outstanding loan balance of \$10.084 million. That represents a 0.29% growth in the outstanding loan balance in the past year, and a 6.1% growth in the number of loans. 2019 saw membership grow 4.7% and loans grow just over 10%. Our net worth (PCA) at year end was 11.36% which falls within our business plan guidelines of 11% to 13%. He commented that 46% of our membership has a loan. For the tenth straight year, patronage dividends and interest rate rebates were again given to the membership. After they were paid, the net income for the year was \$110,716. In summary, Moen commented that the credit union continues to do very well. Motion to approve the Treasurer's Report was made by Patty Larsen and 2<sup>nd</sup> by Philip Terwilliger. There was no discussion, motion carried.

Deb Larson was attending by Zoom. Teresa Chasing Hawk also attended via Zoom. Kevin Loftus was not present. Janet Mount gave the Supervisory Report. Mount said Larson has been on the committee since 1995, Kevin Loftus has been on since 2009, and Teresa Chasing Hawk since January 2015. Supervisory Committee meets six times per year. The April 2020 meeting has been postponed to a later date due to social distancing guidelines. Mount continued that the Supervisory Committee reports any finding from auditors or any concerns that the committee has to the Board of Directors. She mentioned that a list of some of the things the committee reviews at their meetings are written in the annual meeting book. VFCU is on an 18 month schedule with NCUA and because of that there was not a NCUA audit in 2019. There was a BSA and ACH audit

done by outside providers. She asked if there were questions, there were none. Mount thanked Larson, Loftus and Chasing Hawk for volunteering. Motion to approve the Supervisory Committee Report was made by Patty Larsen, 2<sup>nd</sup> by Bergen Peterson. There was no discussion, motion carried.

Mount introduced our loan officer Andrew Goeden. Goeden covered the loan officer report and referenced the charts available in the Annual Meeting Report booklet. He mentioned that we had decreased the number of loans written from 2018 to 2019. The decrease was due to mortgages (construction) loans declining. Even though the number of loans written was down the dollar amount of loans outstanding increased by \$29,438. We continue to have an indirect lending relationship and we wrote 52 loans for \$812,173. The board offered the Christmas holiday loans, and loan skips. The members really like that option. We continue our relationship with CU Mortgage Direct and financed \$835,000 in mortgages. Motion to approve the loan report was made by Aaron Fader, 2<sup>nd</sup> by Sharon Gray. There was no discussion, motion carried.

Cathi Powell gave the President's Report. Because this is our 60<sup>th</sup> anniversary Powell mentioned the beginning of the credit union in 1960. She commented that each month when the Board meets, there are discussions on how best to maintain the financial stability of the credit union while meeting the member's needs and giving them the best pricing for financial services. Powell noted Neitzke's last day was in July 2019 and that Goeden was now the loan officer and there were other part time personnel changes. She mentioned some of the Associations we are active in and some of the training that was done in 2019. She touched on some of the new services available since the last annual meeting. Powell also mentioned our loan specials, the extra ATM cash given at the Holidays, as well as the patronage dividend and interest rebate that was paid. Motion to approve made by Ruth Bremer, 2<sup>nd</sup> by Aaron Fader. There was no discussion, motion carried.

President Powell called for the CEO's Report. Mount said her annual report was in the meeting booklet that was written late February and asked if there were any questions. With no questions, she updated that Services Center FCU in Yankton is now called Explorers CU. She thanked Geoffrey Gray-Lobe for getting the KOFE program available and encouraged members while they are staying at home to take a look, and that she bet they would learn something. Mount then talked about the pandemic. There are limitations on lobby access but the credit union continues business as usual. VFCU is offering skip a pay, waiving some fees, and offering small loans as always to our members. We have also been authorized to accept applications from SBA for the PPP program. There has always been a disaster preparedness/business resumption plan in place. Although we never hope to use the plan, interruptions are a possibility, being available to our members when needed is the primary goal of your credit union. To assure business continues, there is a plan in place which is reviewed on a regular basis. As the situation evolves, there may come a time when we have to close the lobby and just use the drive thru. There may come a time when the staff has to be divided to assure there is always someone healthy to work. Some work can be done remotely, but helping members for the most part has to be done in person. VFCU remains very committed to

making sure any adjustment to members are at a minimum. Members have been very understanding. She thanked the Board and the Supervisory Committee for volunteering. She thanked the staff for all they do and their dedication especially during this unique time. There were no questions. Motion to approve was made by Geoffrey Gray-Lobe, 2<sup>nd</sup> by Philip Terwilliger. There was no further discussion, motion carried.

President Powell called for any old business, there was not any. Powell called for any new business, there was not any. Powell introduced the candidates for Board of Directors: Ruth Bremer, David Moen and Bergen Peterson. There were no further nominations. Powell three times asked if there were any nominations from the floor. There were none. Philip Terwilliger called for nominations to cease and to approve the slate of candidates, 2<sup>nd</sup> Janet Mount. Motion carried. The elections were unanimous.

With no further discussion, President Powell called for a motion to adjourn the meeting at 4:18 p.m. Motion made by Ruth Bremer, 2<sup>nd</sup> Deb Larson. Motion carried.

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Cathi Powell, President

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Ruth Bremer, Secretary

In attendance:

Ruth Bremer	Adam Mount
Cathi Powell	Anthony Iverson
Aaron Fader	Mitchell Dougherty
Philip Terwilliger	Sharon Gray
Carolyn Iverson	Jane Larson
David Moen	Teresa Chasing Hawk
Patty Larsen	Jan Peterson
Deb Larson	Julie Becker
Bergen Peterson	Janet Mount
Geoffrey Gray-Lobe	Kylee Saltzgiver
Sophia Wermers	Trevor Schmidt
Kathy Lynch	

Guests: Andrew Goeden

## Treasurer's Report

On January 1, 2020 Vermillion Federal Credit Union's (VFCU) asset size was \$19.703 million and at year end 2020 our assets were \$25.718 million. In 2020 membership grew slightly from 2,637 to 2,656. Loan amount demand also slightly increased. Although the number of loans outstanding decreased from 1,221 to 1182, the dollar amount grew from \$10,084,961 to a yearend balance of \$11,191,474. The average loan amount was \$9,468. Approximately 44.5% of the membership has a loan.

Delinquency is monitored daily by the staff and monthly by the board of directors. In this industry, charge offs are a part of how we function and therefore we are positioned to absorb those losses. COVID in 2020 and continuing into 2021 brings more concerns for loan losses. If unemployment rises, the chance of loan default may be higher than normal. That scenario is being planned for.

The economy remains uncertain. Fortunately, the stimulus deposits and other government programs are helping people meet their financial obligations during this pandemic. With these deposits the need for loans has decreased slightly. Moreover, people don't seem to be spending as much perhaps in part because of the no travel (or in store shopping) being advised at this time. Additionally, people are being more cautious due to concerns of possible job losses and are not spending like they would in a thriving economy. The 2021 budget has taken into consideration a lower income from loans and a lower income from investments. With all these considerations VFCU remains well positioned to continue to meet the needs of the membership.

The PCA (Prompt Corrective Action) ratio shows the balance of regular reserves plus undivided earnings divided by total assets. This ratio dropped slightly throughout the year but remains above the 7% minimum standard set by the National Credit Union Administration.

At the end of 2020, once again patronage dividends and interest rate rebates were declared and paid out in December for a total of \$18,880. After these were paid the net profit for the year was \$81,996.54. Future projections show some challenges along the way but also shows the credit union continuing to be successful.

	Dec 2016	Dec 2017	Dec 2018	Dec 2019	Dec 2020	Business Plan:	Peers: Sept 2019
Assets	\$16,811,837	\$17,022,294	\$17,703,741	\$19,703,599	\$25,718,469		
Loan/Shares	56.88%	61.82%	65.41%	58.45%	48.21%		62.40%
Delinquency	0.95%	0.23%	0.02%	0.31%	0.06%	<1.5%	1.03%
Accounts	2376	2422	2536	2,637	2,656	To increase	
PCA ratio	11.63%	12.07%	12.02%	11.36%	9.02%	11 to 13%	13.50%
Income	\$80,472	\$98,596	\$73,533	\$110,716	\$81,996	No sharp increase or decline	
Return on Assets	0.50%	0.58%	0.42%	0.59%	0.39%		1.03%

Respectfully submitted,

David Moen, Treasurer



**Vermillion Federal Credit Union**  
**Balance Sheet**  
**12/31/2020**

**Assets**

**Current Period**

Loans to Members	\$	11,191,474.32
Allowance for Loan Losses	\$	(35,968.92)
<b>Total Loans to Members</b>	<b>\$</b>	<b>11,155,505.40</b>
Accrued Income	\$	54,899.06
Cash and Cash Equivalents	\$	474,468.55
Prepaid Accounts	\$	19,486.68
Investments	\$	13,251,066.53
NCUSIF	\$	172,157.65
Land	\$	42,677.08
Building	\$	507,677.32
Equipment	\$	40,531.03
Accrued Income		
<b>Total Assets:</b>	<b>\$</b>	<b>25,718,469.30</b>

**Liabilities and Equity**

**Liabilities**

Accounts Payable	\$	24,401.82
Other Obligations (CPA, backup withholding, prop tax)	\$	3,117.59
Accrued Employee Benefits	\$	38,280.32
Draft Processing Exceptions	\$	85,291.03
Shared Branching Settlement	\$	(125,237.91)
Gain or loss on an asset (FMV of investments)	\$	152,362.22
Sub Total	\$	178,215.07

Dividends Payable	\$	6,924.73
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**Total Liabilities:** \$ 185,139.80

**Equity**

Shares	\$	13,386,360.77
Share Drafts	\$	8,088,679.57
Total Certificates	\$	1,737,338.30

**Member Deposits:** \$ 23,212,378.64

**Reserves**

Regular Reserves	\$	132,922.71
Undivided Earnings	\$	2,188,028.15

**Total Liabilities and Equity:** \$ 25,718,469.30

**Vermillion Federal Credit Union  
Annual Income Statement  
2020**

**Income**

Loan Interest Income	\$	545,290.83
Investment Income	\$	140,481.51
Fees and Charges	\$	130,795.37
Misc Fee Income	\$	209,404.58

<b>Gross Income</b>	<b>\$</b>	<b>1,025,972.29</b>
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**Expenses**

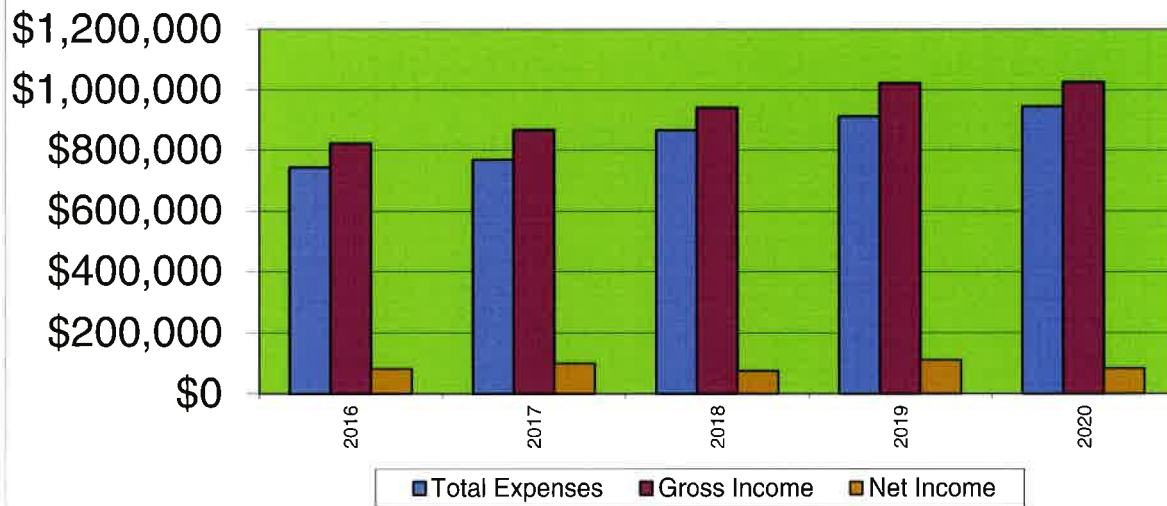
Total Operating Expenses	\$	894,529.83
Dividend Expenses	\$	49,445.92

<b>Total Expenses</b>	<b>\$</b>	<b>943,975.75</b>
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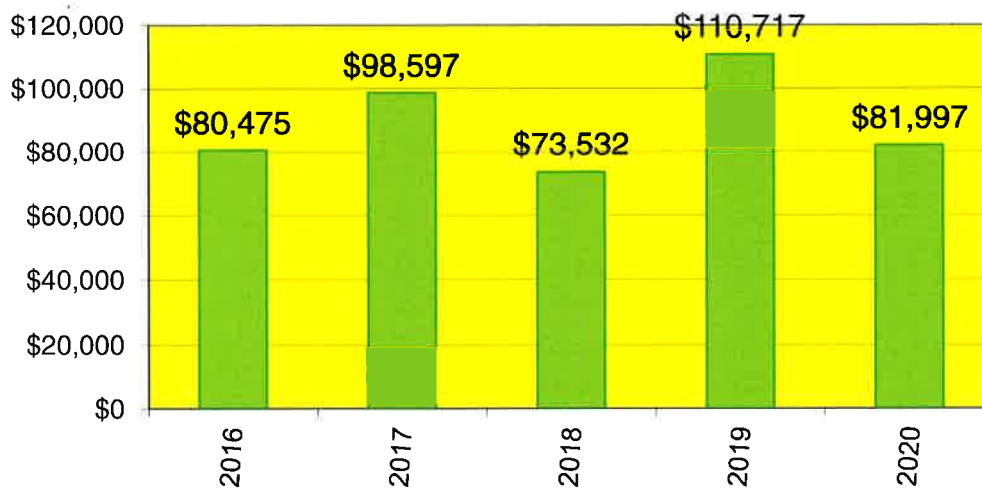
<b>Net Income</b>	<b>\$</b>	<b>81,996.54</b>
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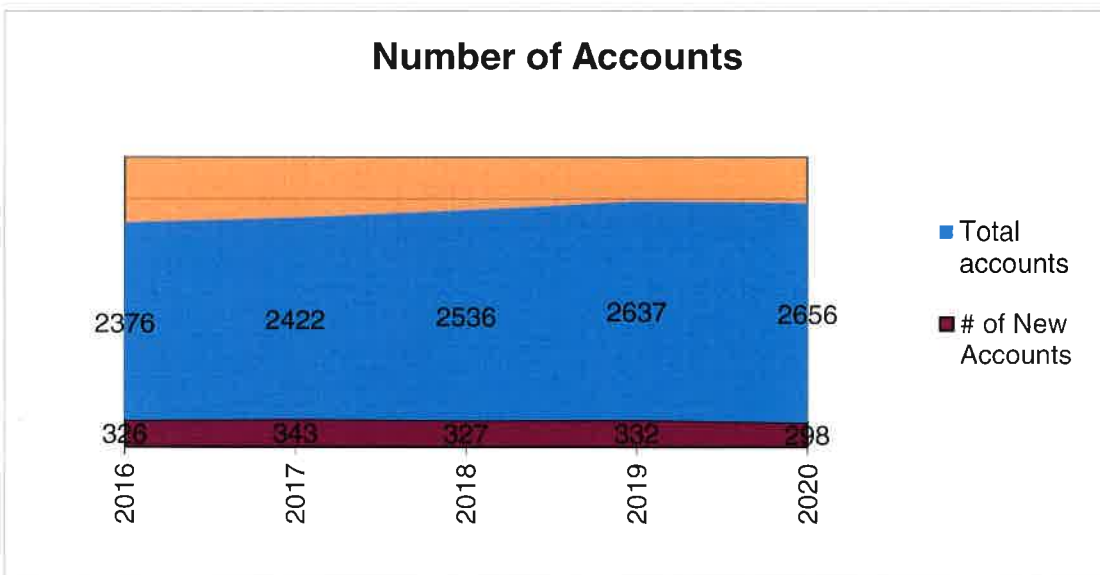
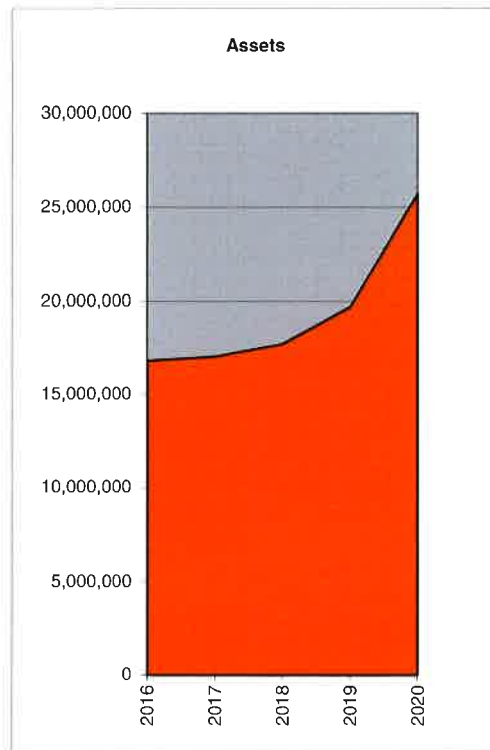
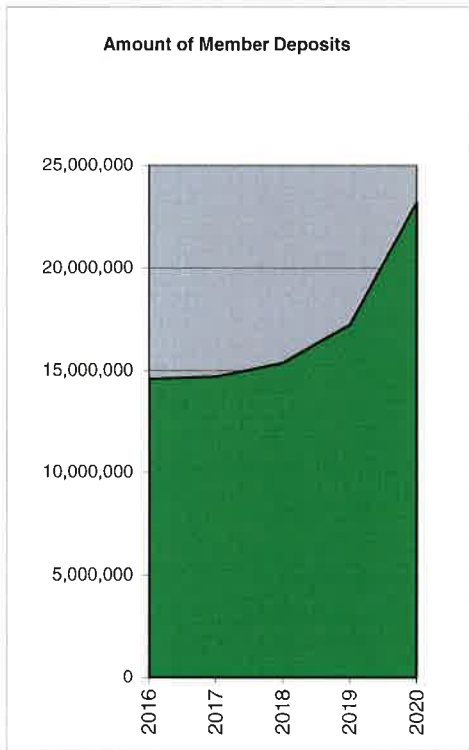
12-31-2020      Members = 2,656
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## Income, Expense, Profit

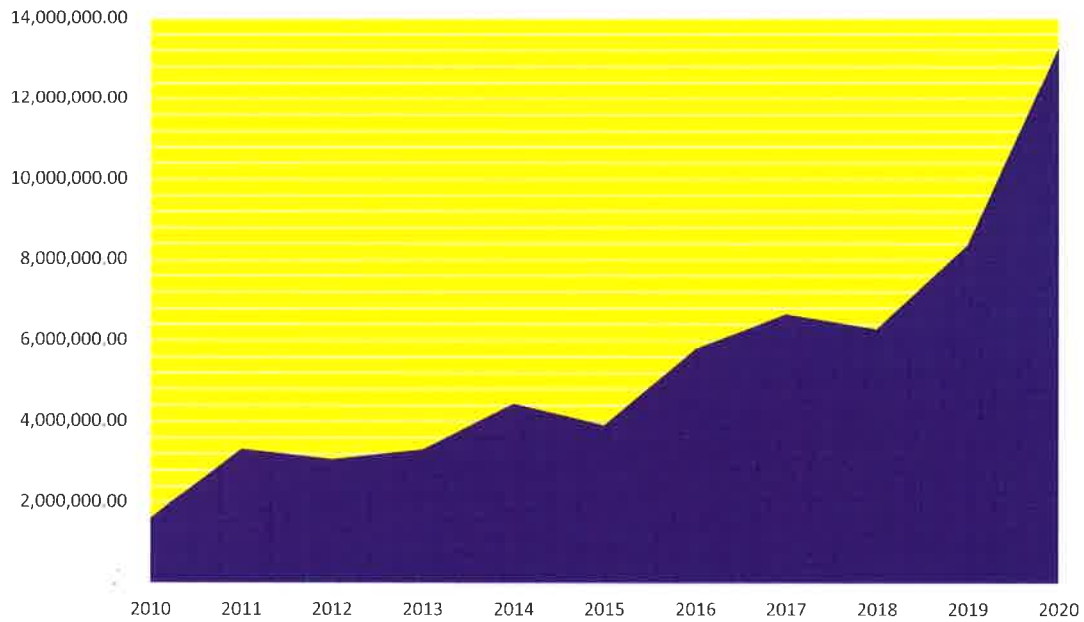


## Income

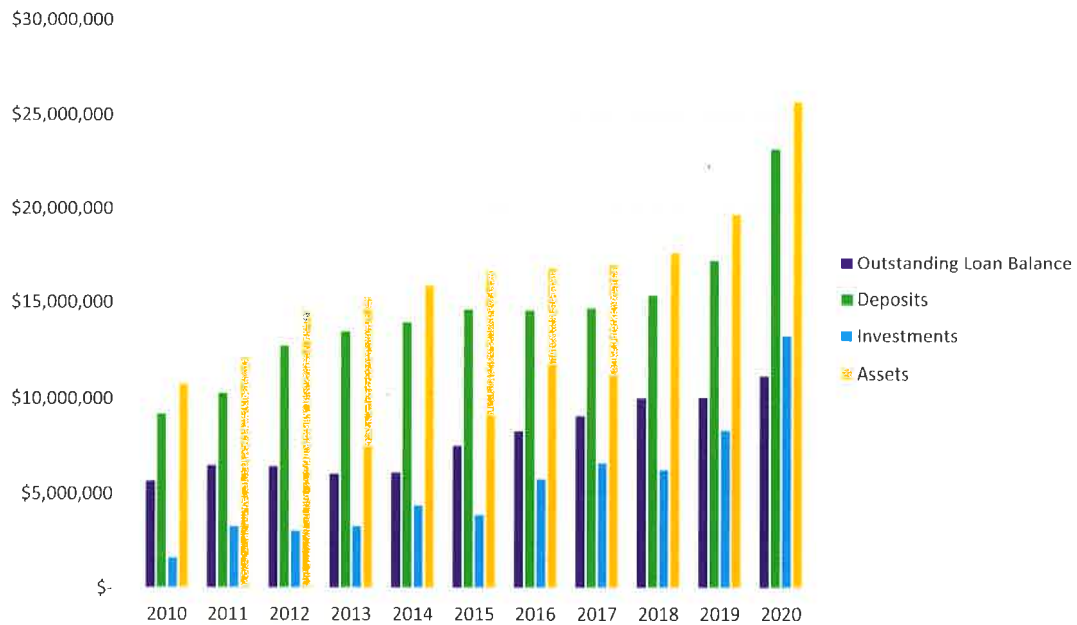




## CD Investments



## Loans, Investments, Assets, Deposits



## Supervisory Committee Report

The duty of the Supervisory Committee is to act as an independent auditor. The committee is made up of three individuals. On the committee is Kevin Loftus who has volunteered since June 2009, Teresa Chasing Hawk who has volunteered beginning in February 2015, and I have been on since 1995.

Members having concerns regarding their account balances may direct comments to the Supervisory Committee for review and action. The committee then reports to the Board of Directors. The Board of Directors keeps the Supervisory Committee informed on action taken.

The Supervisory Committee met for 6 regular monthly meetings during 2020, including once with the CPA firm. Vermillion FCU's NCUA audit was for the period ending March 2020. It had been 21 months since their last exam. There were no documents of resolution reported.

A partial list of agendas for meetings included:

- Verifying member account balances (including staff and volunteers)
- Count cash
- Review loan files
- Verifying dividends paid
- Verifying credit union balances with statements
- Analysis of paid ahead loan reports
- Verifying fixed assets for proper reporting
- Verifying delinquency or charged-off accounts to assure regulation compliance
- Review any Currency Transaction or Suspicious Activity Reports filed.

In January 2021, the CPA firm of Quam, Berglin and Post performed their onsite portion of the audit as of the end of year 2020. It was an unmodified opinion audit performed to GAAP standards. There were no significant findings. The firm was also here on December 31, 2020 to count cash.

The ACH audit was done in July 2020 by Vantage Point Solutions. There were no significant findings.

A Bank Secrecy/Anti-Money laundering audit was conducted in September 2020 by Covered Bases from Sioux Falls. A copy of the final report was given to the supervisory committee and the CPA firm. There is always a need to stay up to date on laws and regulations concerning bank secrecy and anti-money laundering. There were a few record keeping recommendations, but the credit union is doing everything necessary to fulfill their compliance obligations.

The annual SAFE audit was done by the Supervisory Committee in December.

Overall, Vermillion Federal Credit Union is doing well. The financial statements show a strong financial position with continuing strong, safe and sound practices.

Respectfully submitted,

Deborah Larson  
Supervisory Chair

## Loan Officer Report

In the year 2020, Vermillion Federal Credit Union experienced a decrease in the number of loans written, but an increase in the total dollar amount of new loans. We wrote 585 new loans for a total of \$6.37 million, compared to 632 new loans for \$5.35 million in 2019. The balance of loans outstanding in 2020 was \$11.19 million, up \$1.1 million from 2019. The loan category that saw the largest increase was automobiles; which rose over \$413,000 from the prior year. First and second mortgages saw the second largest increase, up nearly \$200,000 from 2019.

We are continuing to utilize the indirect lending option through a local dealer. In 2020 we wrote 26 indirect loans for \$386,976. In 2019 we wrote 52 indirect loans for \$812,173. We are hoping to boost our indirect lending portfolio through the addition of a second dealer. In March 2021, we signed an agreement with Vermillion Ford. We are open to adding more indirect lending options and will continue to survey the market for opportunities that align with our overall mission.

The Board of Directors approved the Holiday Loan and Holiday Loan Skip program from November through January again this year. We had 43 members take out a Holiday Loan for a total amount of \$73,242, and 143 members took advantage of the Holiday Loan Skip.

We are also continuing our relationship with CU Mortgage Direct. In 2020 we were able to participate in mortgage loans of over \$3.68 million for our members. This was up from \$835,000 in 2019. This program allows us to earn some interest for our members that are financing their mortgage with CU Mortgage Direct. It continues to be a great program for both Vermillion FCU and our members.

2020 was a difficult time for everyone dealing with the uncertainty of the COVID pandemic. We were privileged to be able to come to the aid of our members during the past year with offering additional loan skips when necessary.

We were also able to participate in the SBA's Paycheck Protection Program. This was part of the CARES Act passed in 2020 to provide relief to small businesses impacted by COVID-19. The concept of the program was to help businesses keep their workforce employed during the pandemic. Many different business entities were eligible, ranging from LLCs to partnerships and even sole proprietors. In 2020, we were able to help 25 businesses be granted fully forgivable loans of \$264,995. The Credit Union was reimbursed \$13,250 by the SBA for participating in the program. Congress again extended the program for 2021, and we have been busy submitting applications for existing members who participated last year, as well as many new businesses who are taking advantage of the funding in 2021. We anticipate the total aid given to our members throughout the entirety of the program to approach \$1 million, with a reimbursement to the Credit Union of over \$100,000.

Overall, we are honored to have our members place their trust in us to serve their lending needs. We will continue to strive to offer competitive loan products and services that our members have come to expect of us over the years. We look forward to all 2021 has to offer as we slowly return to normalcy.

Respectfully submitted,

Andrew Goeden  
Loan Officer

Vermillion Federal Credit Union  
Loan Officer Report  
January 1, 2020 through December 31, 2020

2020 YEAR TO DATE APPROVED			2019 YTD APPROVED		
# LOANS	TYPE OF LOANS	\$ IN LOANS	# LOANS	\$ IN LOANS	
143	SIGNATURE	\$ 660,164.02	188	\$ 565,550.96	
194	USED VEHICLE	\$ 1,981,824.94	243	\$ 2,509,575.56	
67	NEW VEHICLE	\$ 1,877,709.67	39	\$ 936,076.10	
3	SHARE SECURED	\$ 14,000.00	7	\$ 26,356.00	
64	RECREATIONAL	\$ 666,401.00	46	\$ 555,557.88	
5	OVERDRAFT	\$ 1,500.00	4	\$ 1,300.00	
48	HOLIDAY/CHRISTMAS	\$ 91,438.00	72	\$ 102,868.00	
9	FIRST MORTGAGES	\$ 685,125.00	4	\$ 421,500.00	
2	SECOND MORTGAGES	\$ 90,000.00	6	\$ 158,000.00	
0	REAL ESTATE - COMMERICAL	\$ -	0	\$ -	
1	BUSINESS - NON-REAL ESTATE	\$ 34,000.00	2	\$ 33,700.00	
0	MOBILE HOME	\$ -	2	\$ 33,665.00	
25	PPP	\$ 264,995.00			
25	CREDIT CARDS	\$ 46,400.00	19	\$ 11,600.00	
=====					
586	Subtotal	\$ 6,413,557.63	632	\$ 5,355,749.50	
	STUDENT LOANS				
586	Grand Total	\$ 6,413,557.63	632	\$ 5,355,749.50	

125	TURNDOWNS	
255	EXTENTIONS	
37	LOAN MODIFICATIONS	
26	PARTICIPATION MORTGAGES	\$3,685,712.85
0	PARTICIPATION MTGS REPAID	\$0.00
26	INDIRECT LOANS	\$386,976.14
	LOANS WRITTEN OFF	\$13,019.25
	LOANS RECOVERED	\$4,853.45

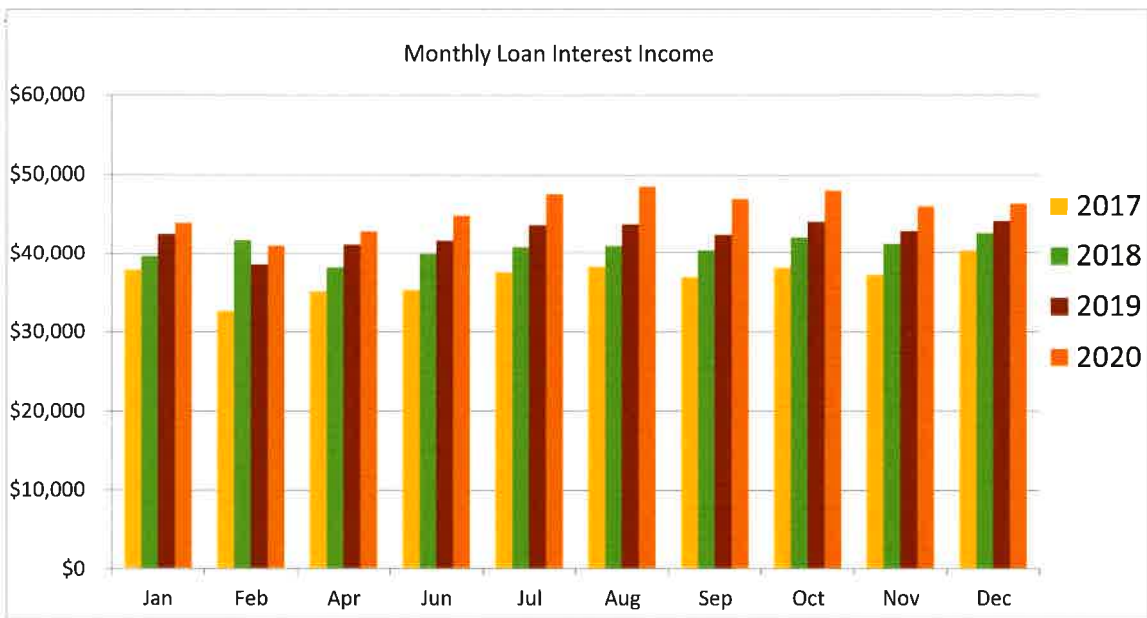
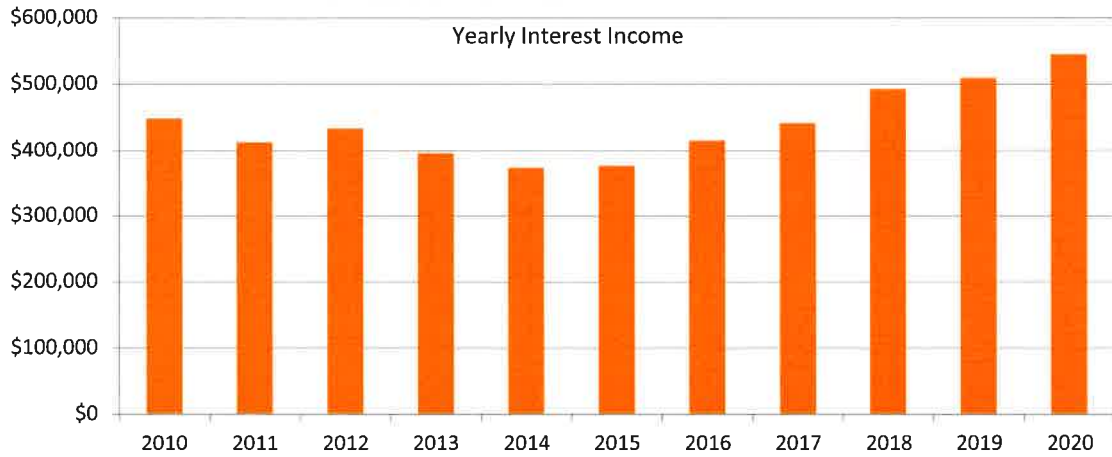
586	Written in 2020	\$6,413,557.63
632	Written in 2019	\$5,355,749.50
642	Written in 2018	\$6,513,007.31
616	Written in 2017	\$5,705,109.18
629	Written in 2016	\$4,800,376.72
569	Written in 2015	\$5,393,896.88
529	Written in 2014	\$4,237,358.56

(Does not include student loans)

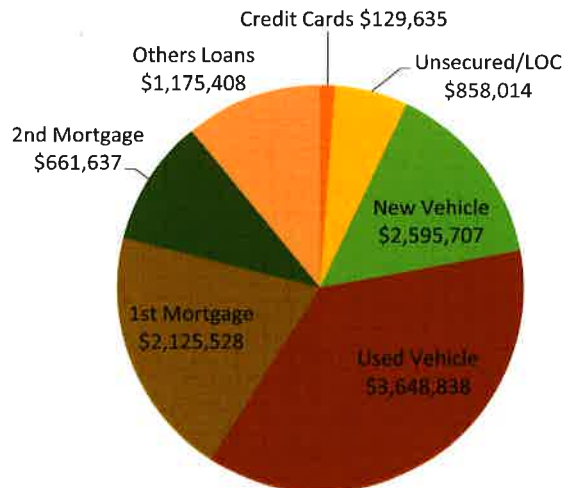
Loans written since origination	\$104,907,140.16
Loans charged off since origination	\$358,531.92
Recoveries since origination	\$115,015.09
Net charge offs since origination	\$243,516.83

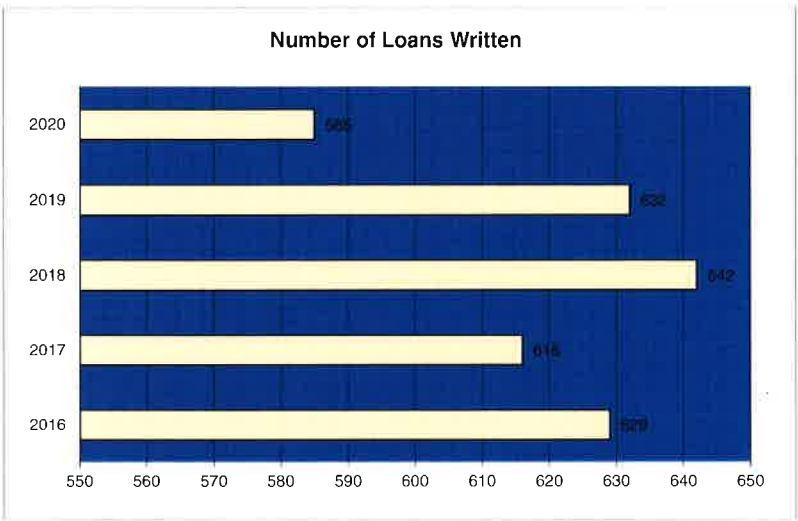
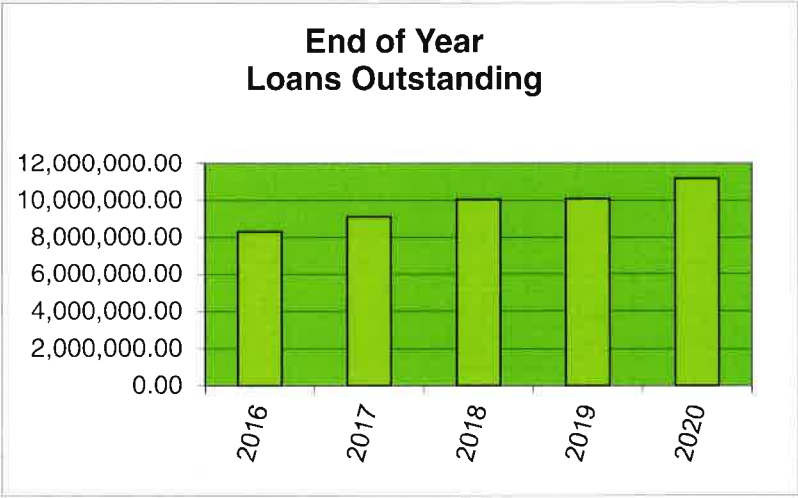
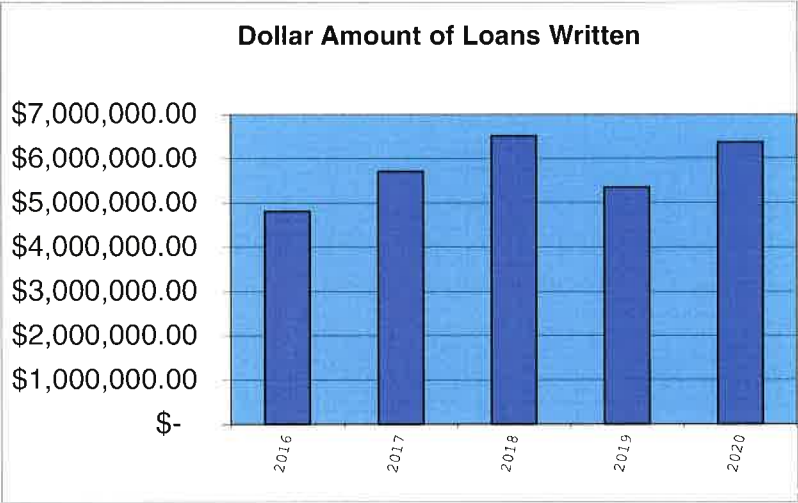
Delinquent on 12/31/20	\$6,953.81
Current on 12/31/20	\$11,184,520.51
	<u>\$11,191,474.32</u>





### Type of Loan Outstanding by Dollar Amount





## President's Report

2021 is the 61st annual meeting of Vermillion Federal Credit Union. The charter was granted 62 years ago on April 29, 1959 by the Department of Health Education and Welfare, Social Security Administration. It was granted to SUSU (State University of South Dakota) and had its office in Julian Hall on campus. The first annual meeting was on February 2, 1960. At that time there were 56 members and had suffered only a small loss of \$34.34 since it opened. Through a series of expansions and mergers today we have 2656 members, assets of nearly \$26 million.

Growth does not happen overnight. It takes volunteers on the Board of Directors and the Supervisory Committee to oversee the direction of the credit union. It takes the staff working together with the volunteers to assure success. That is exactly what has happened over the past 61 years.

Memberships include: The National Association of Federal Credit Union (NAFCU) and to the Credit Union Association of the Dakotas (CUAD), the Upper Midwest Clearing Automated House Association (UMACHA), Vermillion Chamber of Commerce, WH Over Museum, Federal Home Loan Bank, CU Mortgage Direct, Alloya Corporate FCU, SD Retailers, Pactola, Vermillion Chamber and Development Company (VDCD) and Corporate Central FCU. Another relationship is Explorers Credit Union shared branching. The very low mortgage rates prompted an onslaught of refinance loans. Because the relationship with CUMD was already in place, processing applications went smoothly.

One of the primary jobs of the Board of Directors is to set the rates and fees while balancing member needs with the financial stability of the credit union. Rates are reviewed monthly and can be adjusted as needed. It becomes more difficult when unexpected events happen.

Arriving in 2020 was COVID 19. There was plenty of anxiety to go around. Due to the ongoing planning the Board undertakes each month as we navigate the financial services field, our service was shifted but not shut down. Members were forced to become much more familiar with such things as online banking, remote deposit capture, ATM's and simply using the drive-up lanes. All of our services were already in place to access remotely. There was some training for members on how to get signed up, but due to VFCU's endless planning everything was already in place for members to quickly make the switch. During the entire time of the pandemic, the lobby was only completely closed for about 10 days which was due to an employee testing positive. There were other times when there was rapid community spread that the lobby would be locked, but a simple knock would get you in. Saturday morning continues to be a time for more deep cleaning and so for now the lobby is remaining closed that day. Meetings, including the 2020 annual meeting went from in person to virtual. No full-time employees even had their hours cut. The task of ensuring our members finances are safe did not stop because of the virus. In an attempt to do what we could to help our members, the Board approved such things as an extra loan skip, having many fees forgiven, and offering small amount loans to name a few.

In June \$2,500 was set aside and each week with the help of nominations from our membership five people in the community were given \$50. There were and are many heroes in our field of membership areas. Money was given to those working in the medical field, restaurant workers, convenience store employees, grocery personnel, musicians, artists, teachers - the list goes

on. So many went to work each day which enabled everyone in our communities to breathe a bit easier. The list could have included many many many more. It could include each of our members for their patience and commitment as everyone worked through the daily task of taking care of each other.

We again made the holidays a bit brighter this year with extra money in the ATM machines the week before Christmas. Instead of getting a \$20 bill, you may have gotten a \$50 bill when your cash was disbursed to you. SURPRISE AND HAPPY HOLIDAYS to those lucky enough to get a little extra money. Then if you got one, you could bring it into the credit union and if you allowed us to take your picture and post on Facebook, we would give you an extra \$20.

This year the credit union was only able to support Junior Achievement with a financial contribution. One of the main areas of focus for JA is financial literacy which fits nicely into what we do as a credit union, but the pandemic made in person classroom classes impossible. Other usual volunteering and donations were put on hold at least for a year.

Since 2010 VFCU has been able to give back to the members in the form of an extra dividend and an interest rebate. A total bonus dividend of almost \$20,000 was paid to qualifying members for savings/CD's and an interest rebate by way of a deposit to their savings account. It is a very small way we can say thanks for being a member and that we are here to help you succeed. While not guaranteed annually, in 2020 it was again possible because of our financial stability.

We are still offering no cost to you Reward Points. They never expire. You earn them simply by using the credit union products. Do you have a debit card? That's just an example of an opportunity for you to get points, and you get more points when you use it. Most of our services will give you points just for using them in your everyday routine. Last year it is estimated the credit union saved members about \$10,000 in forgiven fees or getting products, all by just redeeming the points they had earned for free.

Even though the credit union has existed for over 61 years, the Board of Directors, the Supervisory Committee and the staff think this is just the beginning. Thanks to each of them and thank you to our members, who are the reason we spend the money, time and energy to offer to them a choice in financial services to help them meet their financial goals. With everyone working together we are confident the Vermillion Federal Credit Union will be able to succeed and meet the needs of our members far into the future.

Respectfully submitted,

Cathi Powell  
President, Board of Directors

## CEO Report

Good riddance to 2020. I sincerely hope that we get through covid soon and do not have to do anything like it again. Reflecting on such things as the worldwide loss of life and the families left behind because of it, the switch to at home school and religious observations, the mental health of everyone, and the economy doesn't even scratch the surface of what became required changes in 2020. The loss really hit home when we lost members to covid. Our deepest sympathy goes out to their families. However, it was also a year of thinking outside the box. Birthdays, anniversaries, graduations, weddings became drive by events, perhaps delayed a bit, but a way was found to celebrate. So many became heroes. The medical personnel who walked into danger every day, the grocery store employee who gathered and brought items to your car, friends and neighbors who stepped in to give rides or deliver food or prescriptions, and the truck drivers still brought supplies (eventually it even included TP and disinfectant spray) are those who immediately come to my mind. Even in what seemed like the worst of times, they and many others were shining stars. The credit union staff and volunteers were shining too. Please recognize that so much thanks go to Julie, Kathy, Carolyn, Geoffrey, Andrew, Kylee and Trevor for their everyday commitment to members for whatever is needed even when there is panic around us. Big thanks also to the Board and Supervisory volunteers who accommodated the changes to keep things running smoothly, and for their tremendous support of doing whatever was needed to meet the needs of the credit union staff and members without hesitation.

When the pandemic started, VFCU made some policy changes to become more accommodating to help our members. Waived fees, loan skips, small loans with flexibility because of unemployment, and increased reward points happened immediately. We also became an SBA lender for PPP (Payroll Protection Plan) loans. This was a fantastic Government program to help businesses deal with their loss of income from normal business practices, but gives them the ability to pay their employees and some other expenses that helped save their business. Then when the criteria for it was met, the Federal Government pays the loan off. The first round of funding in 2020 was depleted within a few weeks. Congress then allotted more money and opened the applications up again. VFCU granted a total of \$264,995 helping to save 25 businesses in 2020 through this program. The second round of PPP funding was opened in 2021, and we have been able to facilitate helping even more small businesses to survive with the use of this program.

No matter what is going on outside the building, inside the building it is pretty close to business as usual. Our goal was to not ever close the lobby or to make you have an appointment to come in. After all, you do own the credit union! Everyone knows that there could be a disaster at any time. There are always threats of business interruption. Tornado's (we do live in South Dakota), fire, some kind of building collapse, or loss of power to name a few. We have a plan that is reviewed annually which addresses what happens in the event of a disaster. This plan was easily adaptable to the pandemic. We put up plexi glass and started a rigid cleaning routine. There was a period of time after one of the employees tested positive that we needed to close the doors to make sure there was no risk of others becoming ill. The staff was divided. Half worked from home and half were in the office. The lobby was closed not only to avoid the risk of spreading covid, but for the safety of those inside. Remember - There are opportunists who might see it as a chance to take advantage of a situation such as only a few employees in the office with access to cash. Although not required to do so, VFCU sent out a message to our membership that there was no lobby access because of a positive test. The last thing we wanted to cause was a panic if someone could not get in. We think it is better to be transparent even when it comes to things, including covid, then to try and downplay it. When things happen, we should deal with whatever it is and not try to cover it up. Since no other employees were infected, nor do we know of any members who were infected because of it, the steps we were taking to avoid the spread worked!

When a thorough cleaning was done and enough time had passed since the positive test, it was safe to allow members back into the lobby. However, we needed to maintain social distancing. In order to do that, members had to knock to get in. That way we could control the number of people in the lobby at a time to maintain that 6-foot spread. The drive thru was always open regular hours. Already in place was online banking and remote deposit capture. We were also only a phone call away. Thank you for

your patience as the drive-up line may have required more of your time and for your patience when we worked through those couple things that came up. We now even have a nice plan in place for notarizing documents through the drive-up. I'm guessing like always there may even be a few more that come along that may or may not have anything to do with the pandemic, and we will work through them too.

As I looked around not only at other businesses and their employees but at our credit union, I came to appreciate each of them a little more. Let's face it, no one wanted to go to work and possibly become exposed. In many cases employees deal with the public daily, and we do not know where the public has been or what their exposure has been. Yet everyone did come/go to work. Front line workers not only included our fabulous medical personnel, law enforcement and firefighters, but also the guy who checked me out at the hardware store when I purchased something. We could not possibly recognize everyone that we were grateful for, but we did recognize 50 of them with a \$50 bill. Check it out on our Facebook page during the month of June 2020 for the rest of the story.

Audits became virtual. I spent much time uploading documents for one audit or another. The results, although time consuming, were that things were going as smoothly as they always had been. Some training was cancelled, postponed or became virtual. It is fabulous that the use of technology does allow events to happen while sitting at your desk. I do need more practice on not becoming distracted though.

It seems like every month is National something or other month. April is Financial Literacy month. I hope members remember to take advantage of our Knowledge of Financial Education (KOFE) program that is available online. You can also talk to a real person who can help you with a budget. It is free. Go to the website to access it.

October has International Credit Union week. Typically, we have an outdoor lunch with a grill, a tent is set up, there are tables etc. This year Dale Himes cooked his famous pulled pork, and we did a drive by lunch. Thanks to Kathy's husband Mike and Carolyn's husband Anthony who helped bring you a sack lunch when you drove up. Thanks to Karen from the board for helping by filling bags with food. It worked pretty darn well. I think we will do that again-this time because we want to and not because we have to!

In December, VFCU employees prepared addressed and stamped Christmas cards to residents in area Care facilities. Our parents, grandparents, friends and neighbors living in long term care buildings felt the stress of the pandemic as much as anyone, but the risk of exposure was so great that they had to make it through without the visits from their families. Nothing can replace that. We wanted to help and would give a few cards to members who stopped in for one thing or another, and we asked them to write a note and drop it in the mail to a resident. For the most part, our members did not know the person they were sending the card to, but they happily sent them. Many members came back asking for more cards that they could write and send out. What a joy to be part of something that does not take much time or expense but can bring joy to so many.

I will say it again as I think I mention every year, but it may never have been as relevant as it is now. It's a challenging environment for everyone these days to say the least, but your credit union will take it as it comes without skipping a beat. Interest rates are down which is great for members borrowing but means less income for members who are saving. Additionally, because the credit union often invests in CD's when investment rates are low it affects our bottom line too. However, it has happened before and will happen again. VFCU recognizes this and because of careful planning and a lifetime of safe and secure business practices, we are very well positioned to continue to meet the needs of our membership. Members helping Members. That is what we have always done and will continue to do for years and years to come.

Sincerely,

Janet Mount

## BOARD OF DIRECTORS CANDIDATES

**Cathi Powell** has been volunteering on the credit union's Board of Directors since 1996. She retired from her full time career as County Treasurer in 2019. She has been a VFCU member since 1972. Cathi brings a wealth of knowledge and commitment to keeping the credit union thriving. She would like to continue to serve on the Board of Directors and continue her work of keeping the credit union strong and available to our community.

**Phil Terwilliger** is local general practice attorney. He and his wife Lisa (Clay County Register of Deeds) have two children: Maggie and Fred. Following his graduation from the University of Iowa in 2005, Phil and Lisa moved to Vermillion for Phil to attend USD School of Law. Phil worked for Goosmann Law Firm in Sioux City before working for SECOG in Sioux Falls. He joined the law firm of Stickney and Groe and practiced for a year before joining the Clay County State's Attorney's Office. He prosecuted for 7 ½ years. He opened his solo practice in June of 2020 and loves every minute of it. Phil has volunteered on several boards, including VADO, Vermillion Food Pantry (current), and SESDAC (current). Phil enjoys music, cooking, sports (particularly anything Iowa Hawkeyes), and traveling. Above everything, Phil loves spending time with his family.

