



AFFINITY

CREDIT UNION

BUILDING BETTER LIVES

2021 ANNUAL REPORT

AGENDA

Call to Order

Cindi Summers, Chair

Determination of Quorum

Cindi Summers, Chair

Reading of the 2021 Annual Meeting Minutes

Marge Ramsey, Secretary

Reading of the Chair Report

Cindi Summers, Chair

Reading of the CEO's Report

Jim Dean, CEO

Affinity Training and Culture

Adam Carroll , Author & Speaker

Recognition of Affinity Credit Union Scholarship Recipients

Jim Dean, CEO

Invest DSM

Amber Lynch, Executive Director

Acceptance of Committee Reports

Cindi Summers, Chair

Unfinished Business

Cindi Summers, Chair

New Business

Cindi Summers, Chair

Recognition of Board of Directors

Cindi Summers, Chair

Introduction of Board Nominees & Election Results

Christian Quijano, Board

Adjournment

Cindi Summers, Chair

Following adjournment, there will be a presentation of prizes selected at random from registered members.

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Vision/Mission

Building Better Lives

Brand Promises

- Starts With Employees
- Work In Members Best Interest
- Simplify Your Life
- Enrich The Community
- Provide Solutions To Achieve Financial Success

MEET THE CANDIDATES

As this year's election is uncontested, membership will not be asked to cast ballots.

The chair of the nominating committee will seek consent from the floor during the annual meeting to approve candidates by acclamation.



Aaron Olson

Aaron Olson has worked at Bridgestone (Firestone) for 22 years and is a member of USW Local 310L. He also works as a licensed electrician and HVAC repairman on the evenings and weekends.

Aaron has utilized many services and consumer loans over his three decades of membership, including his first car loan from Affinity (then 310 Credit Union) in 1991. He strongly advocates a focus on savings and minimal discretionary consumer spending.

Aaron believes that financial literacy and knowledge is power. He is the guy at work that preaches the importance of starting a 401k at a very young age, and if he can find an idle ear, strives to educate anyone who will listen.

Aaron resides in Ankeny and is married with four children, ages 28, 22, 9 and 7.



Cindi Summers

Cindi Summers is the Chief HR Officer at Baker Group, a proud union supportive employer. She holds a Master's Degree in Business Leadership, as well as a B.A. in Management and A.S. for Paralegal Studies. Cindi has extensive board and committee experience through her employers and several other non-profits, schools and associations.

Cindi and her husband purchased their first home together in the Oak Park neighborhood and became members of the 310 Credit Union in the early 90's. "I feel a real connection to the credit union and its members given my own life experiences. The credit union has always been there for me and my family through thick and thin, especially when we needed a home or car loan or to just make ends meet. The personal service and support we've received over the years is genuine and I'm so proud of how the credit union supports its members and communities."



Lee Roy Porter

Lee Roy Porter has been self-employed for over 20 years, owning various successful businesses along the way. He currently owns and operates the Vintage Vault, Inc., as well as A House Full, LLC, a company specializing in estate sales. Previously, Lee Roy owned and operated Essential Mortgage, Inc., loaning more than \$200 million to lowans each year.

Lee Roy has served on the Affinity Board of Directors for over 10 years, currently holding the title of Treasurer.



Terry Jones

Terry Jones has been employed at Bridgestone (Firestone) for 23 years and is a member of USW Local 310L. Terry has a bachelor's degree in International Business from the University of Arizona Global Campus (FKA Ashford University). He also served in the military for over 24 years, with the majority of his service in the Air National Guard, before retiring in 2018.

Terry has been a member of Affinity Credit Union for 20 years. Terry has a passion for learning, and would like to serve on Affinity's Board of Directors to help facilitate growth for both the credit union and his personal development.

YOUR CREDIT UNION'S CHAIR



Welcome and thank you so much for taking the time to join us in person for the annual meeting of your credit union. I am delighted that we can engage in a more personalized experience versus a strictly digital interaction. It's so refreshing to see your faces and be around good company.

I want to first acknowledge how much of a toll the pandemic has had on some of you and your families. Covid-19 was certainly an intrusion and I doubt there is any member that doesn't personally know someone who was ill with the virus or even perished too soon because of it. We were all in this fight together the last few years and we are truly blessed to be at this meeting together today.

As you know, the continued change in environment and circumstances also meant some adjustment and pivoting for our credit union in the last year. One of the most impactful was that we reduced all overdraft fees to \$15 and eliminated overdraft fees for transactions of \$5 and less. We also rolled out a new and improved mobile app/online banking platform and continued to evolve our social media presence, receiving over 200 five-star recommendations on Google and Facebook.

Our philanthropic efforts continue to have a tremendous impact on our community, as Affinity provided over \$70,000 in financial assistance to local charities and non-profits in 2021. Notable efforts include our \$20,000 donation to Ellipsis (formerly Youth Emergency Shelter and Services) as part of our 27th annual charity golf outing, \$12,000 in donations made to local charities as part of our Building Better Holidays giving campaign, awarding nearly \$5,000 in scholarships to students from Saydel, Lincoln and North High Schools, as well as other contributions made to the Food Bank of Iowa, Make-a-Wish Iowa's "Jolly Holiday Lights", Iowa's Latino Heritage Festival, and presenting sponsorship of the Iowa Wild's "Tame the Hunger" food drive. Affinity employees also volunteered over 200 hours of their time through the company's voluntary time off policy. Each of these accomplishments are directly related to our mission of Building Better Lives, whether for our members, our neighbors or the expanded community.

There has never been a better time to be part of a credit union, especially with the extremely qualified and passionate leaders who are serving behind the scenes. I'd like to personally thank Jim Dean, our CEO, for his ongoing dedication and perseverance in leading our credit union. Jim's tireless focus and vision have driven our growth and success since his arrival in 2018. Moreover, I'd like to thank the staff and management team for their professionalism and execution. This group is truly functioning as one of the more cohesive teams I've ever had the pleasure of working with.

Finally, I'd like to recognize our current Directors, as well as Cara Harris, Heather Campbell, David Busch and Jim Martens for their volunteerism as they step away. Dave and Jim are longtime Firestone employees who have served the credit union for many years, both holding the position of Chair as well. The presence and leadership of these individuals will certainly be missed as the torch is passed to new Directors to serve you in the future.

In closing, I want to thank you for trusting Affinity Credit Union with your financial future. I wish to leave you with a commitment that we will continue to serve you the best way that we know how. The bar is set high because we know our members deserve nothing less.

Cindi Summers
Board Chair

YOUR CREDIT UNION'S CEO



If 2020 was memorable for COVID-19, 2021 may best be remembered for supply chain issues and The Great Resignation. While vaccines became readily available by mid-year, unfortunately COVID continued to present a significant challenge in our personal and professional lives.

Despite these challenges, 2021 was a year of growth and success for Affinity, as we achieved nearly every performance goal established in our Fall 2020 planning session. While this may not get people excited, I believe there is a why question to ask that will. The management team and board of directors spend a lot of time talking and acting on what Building Better Lives actually means. But better for who, exactly? Our members, our employees, and our community are the three areas of focus. Today fewer than 5,000 credit unions remain in the United States. That's 10,000 less than when I accepted my first job at a credit union in 1985. Hundreds of credit unions merge each year, citing lack of services and the need to achieve economies of scale to be viable. Today a credit union is considered large when its asset size eclipses \$1 billion. Our performance goal achievements are important because \$1 billion is nearly ten times larger than our assets, yet we measure up very competitively against those much larger credit unions. Merger as a growth strategy is not in our business plan, nor is giving up the charter Affinity has held for 73 years simply to gain scale.

As with many employers, we have been impacted by high turnover rates, also referred to as The Great Resignation. The need to revert to remote work, social distancing and other factors contribute to turnover. We raised our minimum starting wage to \$16 an hour and provide a strong benefits package to attract and retain employees. We have performance expectations for our employees, whose performance is critical in attaining the goals set at our planning session each year. Professional development is important to us and while turnover is inevitable, many employees who began as tellers (who we title as Financial Services Associates) have advanced to other positions within Affinity.

Affinity is a low-income designated credit union, meaning that we serve a high concentration of people whose income is at or below the U.S. poverty level. In 2021, we applied to become certified as a Community Development Financial Institution (CDFI), with the intention of better serving those who struggle to receive fair and affordable financial products and services. The certification process to become a CDFI has been tedious, as we continue to work with the bureaucracy to obtain grants to lend and provide other services that few are willing to offer. We already do those things and if the process proves too burdensome, we'll continue serving our members and community without additional CDFI support.

In November, we became the first and only Iowa credit union to lower our overdraft fees for debit transactions to \$15. We were already tied for the lowest fee of \$25 before this change, and by February of this year, chose to lower all overdraft and NSF fees to \$15. While interest rates remained at historical lows, this change was much more impactful than a .10% increase in savings rates.

As I write this, Congress is on the verge of passing further revisions to the Durbin Amendment. The original was passed in 2010 and heavily shifted the retail payments system in favor of major retailers. If passed, this next step is sure to impact smaller financial institutions including credit unions and community banks. This legislation literally will take money from issuers (credit unions and banks) and reduce the cost to retailers, with large retail corporations reaping the bulk of the benefit. Most of all, no benefit will trickle down to you, the consumer. I arrived here in 2018 to steady the ship and chart a course for continued prosperity of this member-owned cooperative chartered in 1949. We're doing the necessary things to remain relevant by being resilient. We don't do the same things our traditional competitors do; we do what's right for Affinity. We innovate, improvise, and initiate rather than imitate others. This is a team effort, and our leadership team includes CFO Heidi Shaw, CMO Kris Laufer, VP of Member Services Lindsay Slack, and VP of Lending Jeremy Smith.

As a member-owned cooperative, I encourage every member to understand why and how Affinity is different than a bank. Voluntary open membership and democratic member control are on display this evening along with autonomy, independence and members' economic participation. The other of our seven guiding principles are education, training and information, cooperation among cooperatives, and concern for community. Cindi highlights this last principle in her report. Affinity collaborates with at least 14 different credit union service organizations and associations to deliver products and services that would not be possible on our own. Cooperation amongst cooperatives could be much better among Iowa credit unions but we are living up to the expectations of a cooperative.

I thank Cindi Summers for her leadership as chairperson this past year, as well as all of our volunteer directors. This year we honor the 24 years of volunteer service of David Busch, who served as chair from late 2018 through 2021, and Jim Martens, a director since 2005, and board chair for several years. Both end their long tenure of service for you. We also honor Cara Harris, who began as an associate director in 2017 and joined the board in 2018, leaving in 2021. These people have a passion for making Affinity the best credit union it can be, and we thank them for their contributions.

Consider volunteering to serve on our board, a committee, or at least stay informed. We will educate, train, and inform you if you have time to dedicate and talent to share with your fellow members. Together, we'll keep improving this wonderful credit union for years to come.

JIM DEAN
CEO

BALANCE SHEET

ASSETS	2021*	2020
CASH/CASH EQUIVALENTS	\$11,247,530	\$16,219,523
INTEREST BEARING DEPOSITS IN FINANCIAL INSTITUTIONS	\$2,494,605	\$5,491,746
AVAILABLE FOR SALE INVESTMENTS	\$16,514,251	-
EQUITY SECURITIES	\$1,089,482	-
RESTRICTED INVESTMENTS	\$1,585,155	\$1,534,855
LOANS TO MEMBERS, NET OF ALLOWANCE FOR LOAN LOSS	\$100,606,469	\$102,306,014
ACCRUED INTEREST RECEIVABLE	\$253,309	\$257,960
PROPERTY/EQUIPMENT	\$2,865,931	\$2,974,000
NCUSIF DEPOSIT	\$1,216,600	\$1,177,818
FORECLOSED AND REPOSSESSED ASSETS	-	\$97,811
OTHER ASSETS	\$1,056,215	\$796,299
TOTAL ASSETS	\$138,929,547	\$130,856,026
LIABILITIES		
MEMBERS' SHARES/SAVINGS ACCOUNTS	\$121,025,191	\$115,039,418
ACCRUED EXPENSES/OTHER LIABILITIES	\$3,020,008	\$3,346,210
BORROWINGS	\$1,000,000	-
INTEREST PAYABLE	\$39,898	\$63,511
TOTAL LIABILITIES	\$125,085,097	\$118,449,139
MEMBERS EQUITY		
REGULAR RESERVES	\$5,339,463	\$5,269,727
UNDIVIDED EARNINGS	\$8,443,539	\$6,844,911
MEMBERS' EQUITY, SUBSTANTIALLY RESTRICTED	\$292,249	\$292,249
ACCUMULATED OTHER COMPREHENSIVE LOSS	(\$230,801)	-
TOTAL MEMBERS' EQUITY	\$13,844,450	\$12,406,887
TOTAL LIABILITIES/MEMBERS' EQUITY	\$138,929,547	\$130,856,026

INCOME STATEMENT

INTEREST INCOME	\$4,965,291	\$5,535,623
INTEREST EXPENSE	\$265,878	\$587,392
PROVISION FOR LOAN LOSSES	\$115,010	\$1,282,019
NON-INTEREST INCOME	\$3,573,551	\$3,336,842
NON-INTEREST EXPENSE	\$6,489,591	\$6,159,138
NET INCOME	\$1,668,363	\$843,916

2021 HIGHLIGHTS

- Total assets increased to \$138,929,547, an increase of 6.2%
- Loans to members totaled \$100,606,469, a decrease of 1.7%
- Member savings grew to \$121,025,191, an increase of 5.2%
- Outstanding loans as % of member savings totaled 84.1%
- Loan delinquencies as % of loans outstanding were 0.37%
- Affinity capital reserves remains strong at 10.13%
- Funded over \$48 millions in loans
- Number of members that Affinity Credit Union serves increased to 13,487
- 178 members saved \$225,000 for holiday spending through the Holiday Club

YOUR CREDIT UNION'S CREDIT COMMITTEE

Your Credit Committee is responsible for ensuring Affinity Credit Union's sound credit policies are maintained and loans are processed in an efficient manner. Most loans to members are granted by Financial Services Officers in the loan department. The Credit Committee, however, meets to process applications for persons in difficult or unusual borrowing situations.

In 2021, 2,153 loans were granted to members totaling more than \$48 million. This is attributed to a number of factors which include our members refinancing debt, our competitive interest rates and our board of directors ensuring we have sound credit policies.

Remember to check with Affinity Credit Union for all your lending needs - you'll be glad you did! The Credit Committee would like to commend the staff for their dedication and service to our membership.

CREDIT COMMITTEE MEMBERS

David Busch, Marge Ramsey & Christian Quijano



"I have been doing business with this credit union since I moved to Des Moines over 30 years ago. Always helpful, treat you like family and a person. I won't be going anywhere else. Thank you everyone at Affinity for all you do. Even in these trouble times of the Covid-19. You're the best!!"

—RICHARD H. —

YOUR CREDIT UNION'S AUDIT COMMITTEE

The summarized financial statement information included in this annual report was prepared by Affinity Credit Union's management team. The Audit Committee monitors the accounting system on behalf of you, members of Affinity.

As part of its duties, the Committee engages the independent accounting firm, CliftonLarsenAllen LLP, to conduct an annual audit of the credit union and provide an opinion of the financial statements as a whole. A copy of the report is available for review by interested members upon request.

We retained the services of PolicyWorks LLC, who conducted an audit of the Bank Secrecy Act. Recommendations were made and subsequently corrected by the credit union.

It is the Committee's opinion, the credit union's daily practices remain in compliance with the credit union's policies, state and federal regulations and acceptable accounting procedures.

AUDIT COMMITTEE MEMBERS

Jessica Scott, James Martens & John Stone



"I've been a member of Affinity Credit Union for the past 14 years. They are always welcoming, dependable and greet you with a welcoming smile or a warm hello.

Looking for a credit card or loan? Their rates are spot on and very competitive on a national level. Their Loan Department, hands down the best and easiest I've ever dealt with. Specifically, Tania De La Cruz, is the consummate professional who knows her stuff and makes sometimes stressful situations much more easy and flow seamlessly.

Banking, online banking, website, virtual deposits, internal transfers... spot on and easy to navigate."

—STEVE R. —

YOUR CREDIT UNION IN THE COMMUNITY



One of Affinity's five brand promises is to enrich our communities, and it is a promise we are passionate in fulfilling. When the needs of those around us have never been greater, in 2021, we were blessed to provide over



\$70,000

in financial support to our community.

