



AFFINITY

CREDIT UNION

2021
ANNUAL REPORT

MEET THE CANDIDATES

As a member of Affinity Credit Union, you have a voice in who serves on your Board of Directors.

This year, the Board of Directors has FOUR (4) open positions. We encourage you to read the biographies of the FIVE (5) nominees and vote for the candidates you feel will best serve the members of Affinity Credit Union.

JIM MARTENS



Jim Martens has worked at Bridgestone (Firestone) for 33 years and is a member of USW Local 310L.

Jim has served on the Affinity Credit Union Board since 2006, serving as Chairman from 2009-2017. During his time as a board member, he has become knowledgeable about financial statements, budgets, strategic planning, and the importance of a diversified membership. He has served on numerous committees at USW Local 310L, currently sitting on the by-laws committee.

Jim feels as if he can continue to be an asset on the board, utilizing the experience he has gained as a volunteer board member for nearly 15 years, as well as an active member of the credit union for over 30 years. He is passionate about the credit union philosophy and enjoys promoting the benefits of Affinity at his workplace and within the community.

Jim and his wife Suzanne share 3 children and 7 grandchildren. In his spare time, Jim enjoys gardening, fishing, and spending time with his family.

CHRISTIAN QUIJANO



Christian Quijano has been in Environmental Risk Management for 8 years and is currently employed at R&A Risk Professionals, where he manages compliance inspection staff, logistics, and client development. He also is a licensing/training instructor.

Christian served on the Affinity Credit Union Board of Directors from 2014-2018, where he held the title of Chairman prior to his family relocating from the area. While Chairman, he participated in multiple leadership programs and conferences. In addition to serving on the Affinity board, he was board president for the Environmental Professionals of Iowa from 2012-2018.

Christian has been a member of Affinity his entire life. His goal is to rejoin the board of directors to promote Affinity's mission statement of Building Better Lives through community involvement, financial education, and providing the best possible experience for all members.

Christian resides in Des Moines with his wife and two young children. He volunteers as an assistant coach with the DSM Soccer Club and as head coach for the West Des Moines Open Baseball League.

HEATHER CAMPBELL



Heather Campbell is employed as the Chief Legal Officer at MercyOne, a statewide healthcare system.

Heather has been an attorney for almost 20 years. Prior to joining MercyOne, she was an attorney in private practice, representing clients in a variety of industries, including financial services. This experience provided her with an understanding of corporate law, including governance. She has significant experience with highly regulated industries, which is a strength she would like to bring to the Affinity Credit Union Board.

Heather strongly believes in the value proposition of credit unions, as she has always done her banking with a credit union and has been a member of Affinity for over 20 years. She also believes that significant advocacy efforts at the Capitol are necessary to maintain the health and viability of credit unions, in the midst of attempts by others in the industry to pass legislation that would harm credit unions.

Outside of the office you will find Heather spending time with her family, reading, watching sports and camping.

MEET THE CANDIDATES

MARGE RAMSEY



Marge Ramsey is currently retired, previously working in the fields of accounting and administration.

Marge has served on the Affinity Credit Union Board of Directors since 1996 and currently holds the title of Secretary. She is an active volunteer in the community, serving on the Neighborhood Revitalization Board (NRB) and Neighborhood Finance Corporation Board of Directors, and is a member of Northeast Neighbors and Friends, Capitol Park Neighborhood Association, Fairmount Park Neighborhood, and VIVA East Bank.

Marge would like to remain on the board so she can continue to act within the best interests of the members of the credit union. Her vision is for the credit union to provide services and products necessary to promote growth and maintain policies needed to ensure a bright future for Affinity and its members.

When not serving her community, Marge enjoys staying active, often exploring and traveling alongside her Shih-Tzu, Chase.

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 nearly 10 years, currently holding the title of Treasurer.

Lee Roy is seeking reelection as he enjoys serving on the board and being able to represent the best interests of Affinity's member-owners.

One of Affinity's four 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 2020, we were blessed to provide over



\$56,000

in charitable contributions to our community.

CONTENTS

- 01 BOARD OF DIRECTORS
- 02 CHAIRMAN REPORT
- 03 CEO REPORT
- 04 FINANCIAL REPORT
- 05 CREDIT COMMITTEE REPORT
- 06 AUDIT COMMITTEE REPORT
- 07 AFFINITY IN THE COMMUNITY

At Affinity, our mission is to “build better lives”, but what does that mean?

As a credit union, our not-for-profit model allows us to truly focus on the best interest of our members and community, by offering lower loan rates, greater deposit yields and less fees than you’ll find at the megabanks.

We are guided by our brand promises and always striving to:

Work in your best interest

Simplify your life

Provide solutions to help you achieve financial success

Enrich our communities

BOARD OF DIRECTORS

As a not-for-profit cooperative, Affinity is owned by you, our members, with a volunteer board of directors who oversee the operations...not a highly paid outside group of stockholders. This unique philosophy is what sets your credit union apart from other financial institutions.

In addition, the board of Directors take on multiple responsibilities such as overseeing Affinity's policies, monitoring Affinity's strategic plan and ensuring Affinity operates in the best interest of its membership.



DAVID BUSCH
CHAIR



CINDI SUMMERS
VICE CHAIR



LEE ROY PORTER
TREASURER



MARGE RAMSEY
SECRETARY



JIM MARTENS



CARA HARRIS



JESSICA SCOTT



JOHN STONE

YOUR CREDIT UNION'S CHAIRMAN

DAVID BUSCH

CHAIRMAN OF THE BOARD OF DIRECTORS



Welcome to the 71st Annual Meeting of Affinity Credit Union. This meeting is just one of the opportunities for you to have a voice in the direction of your credit union. You, our member/owners, are the reason Affinity Credit Union exists.

As I'm writing this we are still in the midst of a pandemic, although we are starting to see light at the end of the tunnel. We are pleased and excited that Affinity lobbies reopened for in-person service on April 5th, as both our members and staff were eager for the opportunity to interact in a more personal environment. There continues to be board and management discussion on this topic, as we work towards providing the best possible service while continuing to protect the health and safety of our members and staff. Needless to say that 2020 was a trying year for us all, I'd like to extend a heartfelt thank you to our members for your patience and understanding.

The board has met via Zoom since last March - no face-to-face interaction. This has made it more difficult at times but I'm proud of numerous initiatives that have been accomplished.

- After many meetings and review, we have adopted a new governance policy that more clearly defines the reasons things are to be done in a certain way and why.
- An evolving data driven process for reviewing and rewarding our CEO.
- The nominating committee is better focused on reviewing the qualifications of all applicants for the board - all applicants are being interviewed.
- A new Emeritus policy was created that will allow some board members to retire from active board service but still be involved and contribute their knowledge and experience to the board in a reduced capacity.

Finally, I would like to sincerely thank my fellow board members (and spouses/significant others) for their voluntary service and dedication, the management and staff for making Affinity Credit Union the best choice for your finances, and lastly, but not least, you the members for your continued loyalty and support. Our commitment to excellent service for our members remains the same. Affinity employees take pride in providing members with professional guidance regarding loans, products and services.

YOUR CREDIT UNION'S CEO

JIM DEAN

CHIEF EXECUTIVE OFFICER



In a year filled with much adversity, Affinity Credit Union managed a very strong financial performance. Assets increased 7% to nearly \$131 million and loans grew to nearly \$104 million. Member's equity ended the year at \$12.4 million and net income for 2020 was \$843,916. Since my arrival in August 2018 we have battled problem loans that built up from 2014 through 2018. We have finally turned the corner on this issue and entered 2021 feeling the worst is behind us. Since 2018 member's equity has grown \$2.4 million while we have funded \$4.7 million through the provision expense. The allowance for loan losses balance has built up to \$1,590,436, equating to 1.53% of total loans reserved for potential losses.

Affinity Credit Union is a member-owned cooperative, and it would be difficult to name a time in our history when members needed this assistance more. From mid-March, the point where COVID officially shut the world as we know it down, and throughout the entire month of April, all fees were waived for the entirety of our membership. Additionally, fees continued to be waived on a case-by-case basis to assist members throughout a difficult year, resulting in a member benefit of over \$150,000. All members with loans (other than real estate or business) were offered the opportunity to skip two payments free of charge, in order to help manage financial challenges and uncertainty. Over 1,200 members accepted our offer, and those with home or business loans were assisted on an individual basis. When the payroll protection program was introduced as part of COVID relief, we found an SBA lender to partner with and were able to help 19 businesses obtain \$784,325 in PPP loans. These loans have all been forgiven, providing tremendous assistance to our small business owners.

With the closure of our lobbies in mid-March, our members and staff adapted to COVID. We did reopen the lobbies by appointment only by late summer, but repeated surges in positive tests in the area slowed our aspirations to reopen fully. Recognizing that a spread in our two branches would be catastrophic, we needed to manage through until the vaccines announced with promise last November were readily available. During this past year we have focused on helping our members use the many self-service tools available free of charge to do business with Affinity in many ways other than visiting our lobbies. We saw much higher use of mobile banking, mobile text and other convenience services throughout the pandemic, and in addition, generated over 1,200 first time users of our remote check deposit service through a successful mail marketing campaign.

As if COVID-19 was not enough adversity to face in 2020, August brought us another disaster in the form of a derecho. This was a term most of us were not familiar with, but we are certain to never forget it. The storm caused major damage across Iowa and severed our data lines and power, putting us out of service for a week. However, this experience has resulted in adjustments and improvements to our disaster recovery plan that will pay future benefits.

In closing, I would like to thank our management team and staff, who worked tirelessly through a very trying year. Thank you to our volunteer leaders, who made the unfamiliar switch to virtual meetings and learning while supporting staff and members throughout the year. Most important, I thank our members who waited in long drive-thru lines and on hold by phone to conduct business with their credit union. At times we were not perfect but there was no playbook for how to navigate what we've all gone through over the last 15 months. Thankfully, the end is in site and we remain very optimistic about the future.

BALANCE SHEET

ASSETS

	2020	2019
CASH/CASH EQUIVALENTS	\$16,219,523	\$18,473,000
INTEREST BEARING DEPOSITS IN FINANCIAL INSTITUTIONS	\$5,491,746	\$1,996,021
AVAILABLE FOR SALE INVESTMENTS	-	\$993,677
RESTRICTED INVESTMENTS	\$1,534,855	\$1,025,655
LOANS TO MEMBERS, NET OF ALLOWANCE FOR LOAN LOSS	\$102,306,014	\$94,851,140
ACCRUED INTEREST RECEIVABLE	\$257,960	\$260,990
PROPERTY/EQUIPMENT	\$2,974,000	\$3,038,074
NCUSIF DEPOSIT	\$1,177,818	\$1,118,093
FORECLOSED AND REPOSSESSED ASSETS	\$97,811	-
OTHER ASSETS	\$796,299	\$553,403
TOTAL ASSETS	\$130,856,026	\$122,310,053

LIABILITIES

MEMBERS' SHARES/SAVINGS ACCOUNTS	\$115,039,418	\$108,122,381
ACCRUED EXPENSES/OTHER LIABILITIES	\$3,346,210	\$2,539,611
INTEREST PAYABLE	\$63,511	\$91,413
TOTAL LIABILITIES	\$118,449,139	\$110,753,405

MEMBERS EQUITY

REGULAR RESERVES	\$5,269,727	\$5,269,727
UNDIVIDED EARNINGS	\$6,844,911	\$6,000,995
MEMBERS' EQUITY, SUBSTANTIALLY RESTRICTED	\$292,249	\$292,249
ACCUMULATED OTHER COMPREHENSIVE LOSS	-	(\$6,323)
TOTAL MEMBERS' EQUITY	\$12,406,887	\$11,556,648
TOTAL LIABILITIES/MEMBERS' EQUITY	\$130,856,026	\$122,310,053

INCOME STATEMENT

INTEREST INCOME	\$5,535,623	\$6,083,356
INTEREST EXPENSE	\$587,392	\$1,035,357
PROVISION FOR LOAN LOSSES	\$1,282,019	\$1,356,354
NON-INTEREST INCOME	\$3,336,842	\$3,478,538
NON-INTEREST EXPENSE	\$6,159,138	\$6,004,362
NET INCOME	\$843,916	\$1,165,821

2020 HIGHLIGHTS

- Total assets increased \$8,545,973, 7.0%
- Total loans were \$102,306,014, an increase of 7.9%
- Member savings grew to \$115,039,418, an increase of 6.4%
- Outstanding loans as % of member savings totaled 88.9%
- Loan delinquencies as % of loans outstanding were 0.5%
- Net worth to assets remains strong at 9.48%
- Waived more than \$150,000 in fees for members during COVID-19
- Provided \$56,000 in financial support to 24 local non-profit and community organizations



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 2020, more than 1900 loans were granted to members totaling more than \$39 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.

We launched two new loan products in 2020:

1. A home equity line of credit with an introductory rate of 0.99% APR for 6 months and a payment of 1% of the balance owed. Home improvements, dream vacations and debt consolidation were some of common uses among our members for this product.
2. Our auto loan promotion featuring rates as low as 1.99% APR with no payments for up to 90 days.

Remember to check with Affinity Credit Union first when you're in the market for an auto, boat, mortgage or line of credit - 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:

Cara Harris, Cindi Summers, & Lee Roy Porter



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:

Jim Martens, Jessica Scott & John Stone



"I have been doing business with Affinity 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 every one at Affinity for all that you do. Even in these troubled times of Covid-19. You're the best!"

– RICHARD H. –

YOUR CREDIT UNION IN THE COMMUNITY



