

ANNUAL REPORT 2020



Report of the Chairman and CEO

The Board of Directors and Senior Management are pleased to report a year of strong financial performance even in a year of great uncertainty.

Here are some highlights of what we accomplished in 2020:

- Welcomed 418 new members reaching 7,719 total members
- Produced 1,362 new loans for a total of \$10,038,050
- Added 287 new checking accounts
- Ended 2020 with a net worth ratio of 14.57% (more than double the regulator's requirement to be well-capitalized)
- Controlled delinquency at 0.24%
- Ended 2020 with a 0.78% Return on Assets
- Continue to offer competitive loan interest rates and deposit dividend rates
- Increased Internet Teller and Mobile App usage to 3,778 members – 49% of the membership
- Continued to promote Shazam Brella as a way to help mitigate debit card fraud for our members
- Implemented Remote Deposit Capture as a convenience to our members
- Our Credit Union employees were involved in making our community a better place to live by volunteering time and donating money to various causes

We are excited to continue the following plans to strengthen your credit union in 2021.

- Continue to provide our members with the best possible products and services through the difficult times of 2021
- Upgrade Internet Teller platform
- Upgrade Bossier Branch drive-thru system
- Consider e-Signature and on-line loans for lending
- Consider a rewards program for both our debit cards and credit cards

On behalf of the Board of Directors, Management, and each of our employees, we would like to extend our most sincere appreciation for your continued trust and loyalty. Willis-Knighton Federal Credit Union remains safe and strong and we continue to serve you in new and exciting ways. We continue our commitment to be the answer for your financial needs and to provide you exceptional service with every interaction. WE ARE HERE FOR YOU!

Today – we celebrate YOU! Thank you for being our member!

Jaf Fielder, Chairman-Board of Directors

Courtney Barrett, CEO

Balance Sheets
December 31, 2020 and 2019

Assets

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$14,418,042	\$8,450,055
Time Deposits	997,000	1,943,000
Loans receivable, net of ALL	21,563,172	21,585,602
Capital share deposits in corporate credit unions	63,292	63,292
Property and equipment,	546,224	577,430
Accrued interest receivable	49,605	46,741
NCUSIF deposit	272,631	257,577
Other assets	<u>108,877</u>	<u>138,336</u>
Total Assets	<u>\$38,018,842</u>	<u>\$33,062,033</u>

Liabilities and Members' Equity

Members' share accounts	\$32,222,451	\$27,620,098
Official checks outstanding	205,846	117,091
Accrued interest payable	26,374	37,272
Accounts payable and other liabilities	<u>26,417</u>	<u>25,333</u>
Total Liabilities	<u>32,481,088</u>	<u>27,799,794</u>
Regular reserve	464,674	464,674
Undivided Earnings	<u>5,073,080</u>	<u>4,797,565</u>
Total members' equity	<u>5,537,754</u>	<u>5,262,239</u>
Total Liabilities and Members' Equity	<u>\$ 38,018,842</u>	<u>\$33,062,033</u>

Statements of Income
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Interest Income		
Loans	\$1,118,391	\$1,096,221
Investments	50,672	110,041
Total interest income	<u>1,169,063</u>	<u>1,206,262</u>
Interest Expense		
Members' share accounts	156,415	185,053
Other borrowed funds	0	0
Total interest expense	<u>156,415</u>	<u>185,053</u>
Net interest income	1,012,648	1,021,209
Provision for loan losses	<u>20,000</u>	<u>95,000</u>
Net interest income after provision for loan losses	<u>992,648</u>	<u>926,209</u>
Non-interest Income		
Share account fees	258,597	335,563
Other fees and income	<u>249,404</u>	<u>231,152</u>
Total non-interest income	<u>508,001</u>	<u>566,715</u>
General and administrative expenses		
Compensation and benefits	729,777	682,442
Occupancy and maintenance	117,675	125,238
Office and operations	<u>377,682</u>	<u>465,859</u>
Total general and admin exp	<u>1,225,134</u>	<u>1,273,539</u>
Net Income	<u>\$275,515</u>	<u>\$219,385</u>

Report of the Supervisory Committee

The Supervisory Committee is appointed by the Board of Directors, but works independently of the Board for the purpose of ensuring accurate records and protection of members' funds. We ensure that a quality system of checks and balances is maintained. The committee also utilizes the support of management to review selected areas of the credit union operations on an on-going basis.

The Supervisory Committee acts as a guardian of the credit union by ensuring that operations are conducted in accordance with governing rules and regulations and assets are properly administered. The committee retained the services of a professional outside Certified Public Accountant firm - Silas Simmons LLP - to perform a comprehensive annual audit. Additionally, the National Credit Union Administration, our regulatory agency, has conducted a thorough examination of the credit union's operations.

Based on the Supervisory Committee's interaction with the Board of Director and management of the credit union, it is the opinion of the Supervisory Committee that Willis-Knighton Federal Credit Union is conducting its affairs in a safe manner and that the financial statements presented in this annual report fairly represent the condition of Willis-Knighton Federal Credit Union at yearend 2020.

Terri Smith – Supervisory Committee Chairman

Report of the Nominating Committee

The Board of Directors of Willis-Knighton Federal Credit Union appointed Terri Smith, Edward Rafferty and Brandon Marrs to serve as the Nominating Committee for the elections to be held at the Annual Meeting on May 13, 2021. Terri Smith served the committee as Chairperson.

The Nominating Committee is placing into nomination the following individuals to serve a three-year term expiring 2024:

Patricia Koopman
Kelly Elrod
Joshua Mason

Minutes of the 67th Annual Meeting

The 66th Annual Meeting of Willis-Knighton Federal Credit Union took place at the WKFCU Loan Center on September 17, 2020.

The Annual Meeting was a Drive-thru Open House event, but a quorum was present.

The minutes of the 2019 Annual Meeting were presented in the Annual Report for review.

The Annual Report included statistics about the credit union, several officers' reports, our 2019 accomplishments as well as our 2020 goals.

The Nominating Committee placed in nominations for three-year terms to expire in 2023 the following: Jerry A Fielder, II, Aljay Foreman, and Lou Trosclair. All nominees were accepted by acclamation.

Door prizes were given out at the end of the event.