



# President & Chairman's Report

2019 brought clear focus to our mission of helping members achieve financial freedom through control of their financial future. Quoting from our mission statement, "In essence, our only reason for being is to help our members do better financially."

This year was our first full year offering HOPE Inside through a partnership with Operation HOPE. HOPE Inside provides access to a full-time financial well-being coach at no cost to the individual. Active participants in HOPE Inside have seen significant improvement in credit scores, debt reduction and increased savings. In addition, we created a new checking account that meets the national Bank On standards. This checking account is designed to assist members learn how to manage their account without fear of unexpected fees.

Fraud and identity theft continues to rise. Destinations aggressively educates members on the latest scams and ways to protect yourself through blog posts, social media and website posts. During 2019, we introduced ID Shield/Legal Shield to enable members to purchase protection at a low group price.

We continue to reduce back office expenses through our collaboration with 5 other credit unions and signed on 3 new additional credit unions in 2019. With the addition of these credit unions, we will be able to gain further economies of scale – as a group we now represent over \$1 billion in aggregate assets.

During the year, we put in place a new mortgage underwriting partnership which has made it easier for members to go through the first mortgage process – from research and application through closing.

The branch at Northwest Hospital underwent a complete renovation this year. In addition, several improvements were made to the main office, including repaving the parking lot after 10 years. We began the process of upgrading all computer equipment, which will be completed in 2020.

In 2020, we plan to focus on improving member experience through technology. We are actively researching easier ways for members to apply for loans and potential members to apply for membership. Improvements will be made to the mobile app, currently in beta testing.

Destinations Credit Union is here as a resource to assist you in finding your path to financial freedom. Thank you for your continuing trust in your Credit Union!

Respectfully submitted,



Reid Kreider  
Chairman



Brian Vittek  
President/CEO

real estate  
planning hope

## Nominating Committee Report

The Nominating Committee has nominated the following individuals to run for the three (3) available seats on the 2020 Board of Directors:

William Lovelace

Sherwood Ramsey

Leonidas Session

As there are only three candidates for the three open seats on the Board, the election will be by acclamation at the Annual Meeting.

Respectfully Submitted,

Brian Vittek  
Jack Sturgill  
Joan Montgomery

Financial  
Freedom

# Treasurer's Report

In 2019, Destinations continued to experience strong income. Operating income was up by 4.75%. The increase in income allowed us to increase our base share rates, hold loan rates low and fund initiatives such as Operation HOPE Inside.

Loans to members increased by more than 7%, largely due to a robust mortgage market. Net income decreased by almost 37% compared to 2018. Reasons for the decrease included adding call center staff and a call center manager, distributing more of the income to members through higher dividends, and continued high loan charge-offs. In addition, several capital improvements were made during the year.

Assets decreased slightly over year-end 2018. Our capital position remains strong at over 14%, more than double the regulatory requirement of 7%.

Thank you for your continued trust in Destinations Credit Union to serve your financial needs.

Respectfully submitted,  
John F. Davidson, Treasurer

loans  
money  
deposits  
assets  
dividend  
Trust  
Accounts

# Supervisory Committee Report

The Supervisory Committee, which is appointed by the Board, holds regular quarterly meetings throughout the year. The main function of the Committee is to ensure the Credit Union's financial statements are presented fairly and accurately. The Supervisory Committee also ensures that management practices and procedures are sufficient to safeguard members' assets. For those reasons, the Committee hired Rowles & Company, LLP, an independent, licensed certified public accounting firm, to perform an opinion audit of the Credit Union's financial statements. The Committee concludes that, in their opinion, the financial statements present fairly, in all material respects, the financial position of Destinations Credit Union as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

All loan exceptions were reviewed by the Lending Audit Committee and forwarded to the Supervisory Committee for inspection. The Committee is composed of three members who meet at the Credit Union on the third Thursday of each quarter to carry out their responsibilities to the membership.

We are proud to be part of a Credit Union that is so committed to excellence and thank the management and staff for all of their hard work.

Respectfully submitted,

Jack Sturgill, Chairman  
Frank Fertitta  
Ralph Schissler  
John Smolinski

# Destinations Credit Union

## Statements of Financial Condition

December 31,	2019	2018
<b>Assets:</b>		
Cash	\$2,372,753	\$2,942,743
Loans to Members - Net	32,591,465	30,349,425
Investments held for sale	1,657,639	738,491
Investments held to maturity	7,953	10,283
Certificates of deposit in other financial institutions	16,043,000	19,230,114
NCUA Insurance Deposit	496,222	509,563
Perpetual Contributed Capital	371,697	371,697
Interest Receivable	100,712	96,589
Property and Equipment	2,714,577	2,807,881
Core Deposit Intangible	7,381	10,238
Insurance Contracts	2,089,786	2,035,441
Prepaid Expenses and Other Assets	270,665	344,743
<b>Total Assets:</b>	<b><u>\$58,723,850</u></b>	<b><u>\$59,447,208</u></b>
<b>Liabilities and Members' Equity:</b>		
Members' Share Accounts	\$49,705,498	\$50,733,927
Accrued Expenses and other liabilities	435,482	424,670
<b>Total Liabilities</b>	<b><u>\$50,140,980</u></b>	<b><u>\$51,158,597</u></b>
<b>Members' Equity:</b>		
Regular Reserve	\$1,744,657	\$1,744,657
Equity Acquired in Merger	373,804	373,804
Undivided Earnings	6,172,660	5,754,439
Gain/(Loss) on AFS CD's	26,833	(2,509)
Current Net Earnings (Loss)	264,916	418,220
<b>Total Members' Equity:</b>	<b><u>8,582,870</u></b>	<b><u>8,288,611</u></b>
<b>Total Liabilities &amp; Equity:</b>	<b><u>\$58,723,850</u></b>	<b><u>\$59,447,208</u></b>

## Statements of Income

Years Ended December 31,	2019	2018
<b>Interest Income</b>		
Interest on Loans	\$1,899,608	\$1,859,534
Investment Interest	512,017	431,272
	<u>2,411,625</u>	<u>2,290,806</u>
<b>Interest Expense</b>		
Dividends on Members' Shares	262,774	183,530
Interest on Borrowed Funds	1,907	0
	<u>264,681</u>	<u>183,530</u>
<b>Net Interest Income</b>	<b>2,146,944</b>	<b>2,107,276</b>
<b>Provision for Loan Losses</b>	<b>172,285</b>	<b>138,245</b>
<b>Net Interest Income after Provision for Loan Losses</b>	<b>1,974,659</b>	<b>1,969,031</b>
<b>Non Interest Income</b>	<b>1,376,090</b>	<b>1,324,986</b>
<b>Noninterest expense</b>		
Compensation and Benefits	1,410,629	1,314,019
Office Occupancy	175,402	171,647
Office Operations	776,892	755,031
Education & Promotion	96,834	97,971
Loan Servicing	173,198	155,947
Professional Services	333,838	279,324
Other	119,040	101,858
	<u>3,085,833</u>	<u>2,875,797</u>
<b>NET INCOME (LOSS)</b>	<b><u>\$264,916</u></b>	<b><u>\$418,220</u></b>

income  
liabilities  
assets equity  
Expenses

Federally Insured by NCUA.

*The above statements are unaudited. The complete set of audited financial statements, including the statements of cash flows and changes in members' equity, and notes to the financial statements, are available at the Credit Union office during normal hours of operation.*