



Destinations
CREDIT UNION

Moving forward, banking smarter.



2021 Annual Report

Serving our Members Since 1935



President & Chairman's Report

As the Board of Directors, Committee Members, and staff of Destinations Credit Union enter our 87th year of dedicated service to our members, we are pleased to report another year of upholding our commitment to the ideals of the credit union movement. While we provide you, our members, a secure financial institution as a local banking alternative, we want to express our sincerest gratitude for your trust and loyalty to serve as your financial partner.

Despite the many obstacles we continue to face during the pandemic, Destinations Credit Union has managed a successful year while returning a modest net income in remaining healthy and stable. As of December 2021, Destinations had a capital-to-asset ratio of 12.55%. In comparison, to be considered well-capitalized by our federal insurer, the National Credit Union Administration (NCUA), credit unions must have a net worth to assets ratio of 7%. We have nearly twice the required ratio based on NCUA guidelines. Annually, credit unions provide \$18.9 billion in total financial benefits across the country through higher returns, lower rates, and fewer fees.

Our Total Assets at year-end were a little over \$70 million as we generated a Total Net Income for the year of \$23,851. As the Covid-19 pandemic continued to force the necessity to periodically close our lobby at Satyr Hill Road and our hospital branch location throughout 2021, our drive-thru and ATM access lanes remained open with regular business hours during the course of the year. These unprecedented events posed difficult challenges for all of us, however, Destinations CU moved swiftly and surely to adapt, having processes and services in place before the pandemic hit, allowing us to continue to serve you.

As we pivoted to offer and enhance our ability to serve you through a combination of online and mobile banking options, we maintained consistent drive-thru and ATM accesses in addition to offering the ease of electronic signing for both membership and loan document forms. Expanding convenience and accessibility while maintaining high standards of security and privacy are of the highest importance in providing exceptional service.

Last year, between both locations, we processed approximately 48,000 teller transactions for our members. We value each one of you — and we count on your participation as part of the cooperative that makes us who we are. Destinations CU's commitment is to provide you with the best member service experience possible, whether that's through our personal service or through more high-tech conveniences. We appreciate the faith you place in us in allowing us to improve your overall financial well-being and to meet all of your financial needs. We will continue to work diligently to make Destinations Credit Union worthy of being your trusted financial partner for years to come.

I am proud of our entire team and would like to personally thank them for all of their hard work, not only every year, but especially this year. They showed empathy and resilience as we navigated and continue to navigate the ongoing changes in credit union processes. Thank you all so much for what you do every day for our members.

To you, the members, we appreciate your kindness and patience as we continue to serve you. We know that Destinations Credit Union is a choice for you, and we appreciate you choosing us as your trusted financial partner.

Respectfully submitted,



Reid Kreider
Chairman



Brian Vittek
President/CEO

Nominating Committee Report

The Nominating Committee has nominated the following individuals to run for the three available seats on the 2022 Board of Directors:

Lorenz Birkenbach

Sherman Hope

Reid Kreider

Joan Montgomery

As there were four candidates for the three open seats on the Board, the election was held by ballot. The results will be presented at the Annual Meeting.

Respectfully Submitted,

John Smolenski
Supervisory Chairman / Board Director

William Lovelace
Board Director

Brian Vittek
President/CEO

Treasurer's Report

In 2021, despite the ongoing pandemic, Destinations Credit Union continued to grow its Balance Sheet by nearly 6%, or \$3.9M compared to 2020. Loans grew almost \$500k, while investments increased \$5.4M, offsetting funds generated by member deposits.

Member shares increased 7.6%, or \$4.3M year over year, and nearly \$11.5M since the end of Fiscal Year 2019.

Gross income positively increased by 155% compared to 2020. Despite declining income from lower rates on interest earning assets, the Credit Union was able to reduce some of its operating expenses and generate nearly \$24k in Net Income for Fiscal Year 2021, compared to the \$43k Net Loss incurred in 2020.

The Credit Union's capital position decreased slightly in 2021, but remained strong at 12.55% by year-end, still well above the regulatory requirement of 7%.

Thank you for your continued trust and confidence in Destinations Credit Union.

Respectfully submitted,

John F. Davidson
Treasurer

Supervisory Committee Report

The Supervisory Committee, which is appointed by the Board, holds six 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's practices and procedures are sufficient to safeguard members' assets. For those reasons, the Committee hired YHB, CPAs & Consultants (formerly 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, 2021 and 2020, 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.

In 2021, Destinations Credit Union established an Enterprise Risk Management (ERM) Committee comprised of President Vittek and three additional Senior Staff members to oversee the development and implementation of the ERM Plan. This plan encompasses all aspects of identifying, analyzing, and monitoring areas of risk for the Credit Union. The ERM Committee reports directly to the Supervisory Committee to provide regular updates on reviews. The inclusion of overseeing the ERM Plan as a part of the Supervisory Committee's responsibilities prompted increasing the quarterly meetings to six, annually.

The Committee is composed of four members who meet with the Credit Union on the third Tuesday of the month, six times annually, 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,

John Smolenski
Chairman

Frank Fertitta

Lauren Hill

Elizabeth Kreider

Visit Us Today

Destinations CU Main Branch

8767 Satyr Hill Road
Parkville, MD 21234

Phone: (410) 663-2500

Fax 1st Floor: Member Services, Lending: (410) 663-1950

Fax 2nd Floor: Management, Collections, Call Center: (410) 663-2150

Hours

Monday – Thursday: 8:30am–3pm

Friday: 8:30am–4:30pm

Saturday: 8:30am–1pm

Northwest Hospital Branch

5401 Old Court Road
Randallstown, MD 21133

Phone: (410) 521-2200 x55683

Fax: (410) 496-2526

Hours

Monday, Tuesday: 8am–3pm

Wednesday: 8am–2pm

Thursday, Friday: 7:30am–3pm

Summary Balance Sheets

December 31, 2021 & 2020

	2021	2020
Assets		
Cash and cash equivalents	\$2,601,864	\$ 4,411,198
Loans to members, net	30,244,971	29,628,264
Investment securities available for sale	23,893,455	14,017,678
Investment securities held to maturity	2,963	5,475
Certificates of deposit in other financial institutions	7,103,000	12,020,000
National Credit Union Share Insurance Fund deposit	601,665	535,106
Perpetual contributed capital	371,697	371,697
Credit Union owned life insurance	2,192,070	2,142,693
Accrued interest receivable	96,527	98,091
Property and equipment	2,571,828	2,676,942
Repossessed vehicles	- -	20,500
Core deposit intangible	1,666	4,524
Prepaid expenses and other assets	308,661	220,403
Total assets	\$69,990,367	\$66,152,571
Liabilities and Members' Equity		
Members' share accounts	\$61,240,192	\$56,919,402
Deferred revenue	4,167	1,852
Accrued expenses and other liabilities	456,060	506,022
Total liabilities	61,700,419	57,427,276
Reserve fund	1,744,657	1,744,657
Surplus	6,418,032	6,394,181
Equity of merged credit unions	373,804	373,804
Accumulated other comprehensive income	(246,545)	212,653
Total members' equity	8,289,948	8,725,295
TOTAL LIABILITIES & MEMBERS EQUITY	\$69,990,367	\$66,152,571

Statements of Income

Years Ended December 31, 2021 & 2020

	2021	2020
Interest Income		
Interest on Loans	\$1,674,826	\$1,843,845
Income from Investments	353,238	441,925
	2,028,064	2,285,770
Interest Expense		
Dividends on members' shares	187,664	256,464
Net interest income	1,840,400	2,029,306
Provision for loan losses	188,210	196,020
Net interest income after provision for loan losses	1,652,190	1,833,286
Noninterest income		
Share account and card fees	780,269	728,815
Insurance commissions and fees	225,558	211,891
Gain on sale of investment securities	19,224	- -
Gain on sale of Credit Union owned vehicle	6,614	- -
Loss on sale of repossessed vehicles	(755)	- -
Credit Union owned life insurance income	49,377	52,907
Other	133,352	134,117
	1,213,639	1,127,730
Noninterest expense		
Compensation and benefits	1,287,994	1,384,842
Office occupancy	190,037	180,054
Office operations	584,033	594,570
Data processing	138,479	113,016
Education and promotion	103,126	69,358
Loan servicing	186,141	180,218
Professional and outside services	262,523	371,766
Meeting and committee expenses	37,041	39,260
Other	52,604	71,326
	2,841,978	3,004,410
NET INCOME/LOSS	\$23,851	(\$43,394)

These summary financial statements do not constitute a complete presentation. The complete set of audited financial statements, including the statements of comprehensive income, changes in members' equity, and cash flows, and the notes to the financial statements, are available at the Credit Union office during normal hours of operation.

