



EXPLORERS

CREDIT UNION

June 26, 2021



Annual Report

CHIEF EXECUTIVE OFFICER'S REPORT

Looking back on 2020, the one thing that stands out is how proud I am of our team and members for navigating through the COVID-19 Pandemic. Putting people first remained a top priority for us. As essential workers, our team was here every day during the last year with a smile on their face and happy to serve our members. Our members were understanding of the new precautions we put into place (even briefly closing our lobbies and moving to virtual channels).

Despite the challenges of a pandemic, we continued to grow to over 8,700 memberships, \$61.9 million in loans, and \$80 million in shares. Throughout 2020, we granted 436 Skip A Payments to our members, including a COVID-19 Skip A Payment program in the spring that allowed complimentary skips. We offered a record-breaking loan promotion in the fall of 2020 that allowed us to refinance auto and rec loans at an incredibly low rate.

I want to extend a heartfelt THANK YOU to all of our members and staff. Some of the exploring we did last year was challenging, but together we came out stronger and more resilient than ever.



April Tompkins, CEO

BOARD OF DIRECTORS REPORT

"Welcome" new member-owners and "Thank You" all member-owners for choosing Explorers Credit Union as your place for financial business.

In March 2020, our Credit Union transitioned to EXPLORERS CREDIT UNION, a new name, a new look; broadening services and continuing focus on our members along with their financial paths and destinations. In spite of the COVID-19 pandemic and the accompanying challenges and alterations to our typical operations and activities, 2020 also brought a new branch opening in Tea, SD, increased overall membership and gains in both loan growth and assets. Explorers CU continues to thrive. Examiners from the National Credit Union Association (NCUA), our federal governing agency, completed an audit of Explorers CU in 2020 and we rated well.

The Board met on a monthly basis to review previous month performance and to plan for the future. In October 2020, the Board and senior staff were guided through a virtual strategic planning session to review 2020's accomplishments and to plan for 2021 and beyond. "Thank you" Explorers CU staff and members for keeping us on course in 2020 and into 2021. You have helped us to be impactful and successful on this financial journey we are traveling together.

Your Board of Directors:

Pictured from left to right -

Brendan Gramkow, Director
Michele Gordon, Director
Cheryl Slowey, Treasurer
Annette Kohoutek, Director
(Appointed January 2021)
Michelle Schulte, Secretary
Mary Malchow, Chair
Mark Brannen, Vice Chair

Not pictured -

Coreen Simonsen Director
(Through January 2021)



LOCATIONS:

YANKTON:

609 West 21st Street
Yankton, SD 57078
(605) 665-4309

Lobby Hours:

Mon – Fri: 8:30 AM – 5:00 PM
Sat: 8:30 AM – 12:00 PM

Drive-up Hours:

Mon – Fri: 7:30 AM – 5:30 PM
Sat: 8:30 AM – 12:00 PM

SPRINGFIELD

1501 Walnut Street
Springfield, SD 57062
(605) 369-2909

Lobby Hours:

Mon – Fri: 9:00 AM – 1:00 PM
1:30 PM – 5:00 PM

Drive-up Hours:

Mon – Fri: 9:00 AM – 1:00 PM
1:30 PM – 5:00 PM
Sat: 9:00 AM – 12:00 PM

PARKSTON:

302 SD HWY 37
Parkston, SD 57366
(605) 928-7520

Lobby Hours:

Mon: 9:00 AM – 1:15 PM
1:45 PM – 5:00 PM
Sat: 9:00 AM – 12:00 PM

TEA:

730 East 1st Street
Tea, SD 57064
(605) 213-7520

Lobby Hours:

Mon – Fri: 8:30 AM – 5:00 PM

Drive-up Hours:

Mon – Fri: 7:30 AM – 5:30 PM
Sat: 8:30 AM – 12:00 PM

STATEMENT OF FINANCIAL CONDITION

| | 2019 | 2020 |
|----------------------|----------------------|----------------------|
| ASSETS | | |
| Total Loans | \$ 50,237,474 | \$ 61,997,338 |
| Allowance for Losses | \$ (124,038) | \$ (128,887) |
| Accounts Receivable | \$ 5,158,687 | \$ 8,460,290 |
| Total Investments | \$ 12,167,937 | \$ 11,739,404 |
| Other Assets | \$ 5,269,062 | \$ 5,895,559 |
| Total Assets | \$ 72,709,122 | \$ 87,963,704 |

| | | |
|-------------------------------------|----------------------|----------------------|
| LIABILITIES | | |
| Total Liabilities | \$ 623,805 | \$ 1,013,887 |
| Share Drafts | \$ 14,614,191 | \$ 19,575,233 |
| Regular Shares | \$ 34,348,809 | \$ 44,717,998 |
| All Other Shares | \$ 16,773,407 | \$ 15,923,242 |
| Total Reserves | \$ 6,348,911 | \$ 6,733,344 |
| Total Liability & Equity | \$ 72,709,122 | \$ 87,963,704 |

| | | |
|-------------------------------|---------------------|---------------------|
| INCOME | | |
| Interest on Loans | \$ 2,085,320 | \$ 2,385,536 |
| Investment Income | \$ 409,595 | \$ 330,357 |
| Other Operating Income | \$ 1,004,817 | \$ 1,054,016 |
| Total Operating Income | \$ 3,499,732 | \$ 3,769,908 |
| Non-Operating Income | \$ 658,915 | \$ 2,607 |

| | | |
|--------------------------------|---------------------|---------------------|
| OPERATING EXPENSES | | |
| Total Operating Expense | \$ 2,840,818 | \$ 3,213,817 |
| Total Dividends | \$ 245,252 | \$ 159,324 |

| | | |
|-------------------|-------------------|-------------------|
| NET INCOME | | |
| | \$ 452,446 | \$ 339,374 |

SUPERVISORY COMMITTEE REPORT

The year 2020 saw us begin the year as Services Center Federal Credit Union and transition into Explorers Credit Union. As some things changed, others remained the same. We are still a federally chartered credit union, therefore there are many regulations that your credit union must follow. The Supervisory Committee checks to make sure that Explorers CU is compliant in these areas. It has been said that this committee is the “watch dog of the credit union”.

One of the perhaps lesser known responsibilities that the Supervisory Committee performs is the “hiring” of an auditing firm to conduct an audit of our credit union. In 2020, we had a firm that looked in depth into many of the policies in place along with the procedures our staff perform daily to ensure we are compliant with these policies and the federal regulations.

Our committee is also on hand to talk to the National Credit Union Association (NCUA) examiner when they periodically examine things such as asset growth, net worth and a multitude of ratios that let the management and staff know how we are doing. History has shown us that our credit union has received very high ratings from NCUA over the past years.

On a monthly basis, the committee performs various audits of procedures performed by the staff of Explorers Credit Union. They include ATM cash verifications, coin machine accuracy and random counts of the drawers of the Member Services Representatives at our front line. Although COVID-19 put a temporary halt to some of these auditing functions in 2020, we are looking forward to 2021 to be a better year for all of us.

These are just a few of the things that the supervisory committee does throughout the year. Most are “behind the scenes” things that we look into for reporting, etc. The Supervisory Committee membership is appointed by the Board of Directors at their July meeting and the Committee reports to this governing board.

Your Supervisory Committee:

Don Fiedler, Committee Chair
Michelle Boese
Denise Hepper
Doug Urness
Annette Kohoutek (Through January 2021)
Michael Scheuring (Appointed January 2021)

At Explorers CU, we care about relationships with our members and our communities.

Since the best relationships start with a conversation, we invite you to tell us about your member experience, ask us questions and learn more about what is happening at Explorers CU.

You can get the latest Explorers CU news and read what we are up to in your community by:

- Joining our Social Media Community on Facebook, Instagram and LinkedIn.
- Visiting ExplorersCU.com/news or ExplorersCU.com/contact-us/member-feedback.
- Checking out your member statements.
- Giving us a call at 800.491.4309.

