



2020

ANNUAL REPORT

The 68th Annual Membership Meeting
For the period ending December 31, 2020

— *Members Helping Members Since 1954* —

Board of Directors

- Chairman** Wallace Dorning
- Vice-Chairman**.....Larry Smith*
- Secretary/Treasurer** Gary Sparks
- Director** Ronnie Dodson
- Director** Kerry Phillips*
- Director** Lesley Easter
- Director** Vince Dauro
- Director** Ron McLeroy*
- Director** John “Doc” Holladay

Supervisory Committee

- Committee Chairman** Jim Smith
- Committee Secretary** Janis Swaim
- Committee Member** Jane Brewer

President/CEO Interim

Leslie Stone

* Incumbent directors whose terms of office expire with this meeting and who have chosen to seek re-election

**2200 Clinton Avenue
 Huntsville, AL 35805
 (256) 533-0541**

Rocket City Federal Credit Union

68th Annual Membership Meeting Agenda

- Call to Order Wallace Dorning
- Invocation..... Larry Smith
- Ascertain a Quorum Present..... Gary Sparks
- Minutes of Previous Meeting..... Gary Sparks
- Chairman’s Report Wallace Dorning
- President/CEO’s Report.....Leslie Stone
- Supervisory Committee Report Jim Smith
- Nominating Committee Talley Fanning
- Old Business
- New Business
- Adjournment

Minutes of the 67th Annual Membership Meeting Held September 17, 2020

The meeting was called to order by the Board Chairman, Wallace Dorning, virtually at 2200 Clinton Ave. at 6:00 pm on September 17, 2020. This was the first virtual annual meeting held due to the impact of the COVID-19 pandemic.

The following directors were present physically: Larry Smith, Wallace Dorning, Kerry Phillips, Gary Sparks, Ronnie Dodson, Tenya Greene

The following Supervisory Committee members were present physically: Jim Smith, Jane Brewer, Janis Swaim

Others present included: Leslie Stone, Credit Union Acting President/CEO: Talley Fanning, Nominating Committee

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Minutes of the 67th Annual Membership Meeting (cont.)

Larry Smith gave the invocation.

Wallace Dorning asked Gary Sparks, Secretary/Treasurer, to ascertain that a quorum was present. The by-laws require a minimum of 15 members be present to constitute a quorum. Mr. Sparks advised the board chairman that a quorum was present.

- Motion was made by Ronnie Dodson and seconded by Kerry Phillips to dispense with the reading of the minutes from the previous meeting and to approve as presented. Motion carried unanimously

Board Chairman Wallace Dorning presented the Chairman's report.

Acting President/CEO Leslie Stone gave the President's report.

Supervisory Committee Chairman Jim Smith gave the Supervisory Committee report.

Wallace Dorning asked Talley Fanning of the nominating committee, to address the membership. The nominating committee consisted of Tom Dozier, Talley Fanning and Gary Bradford. Talley Fanning reported that three (3) openings existed on the Board of Directors. All were for the existing term expirations of Wallace Dorning, Doc Holladay, and Ronnie Dodson. Mr. Fanning further advised that no other petitions for election were received other than from the existing Board members.

- Motion was made by Larry Smith and seconded by Talley Fanning to accept and approve the nominations of Wallace Dorning, Doc Holladay, and Ronnie Dodson for the open positions on the Board of Directors.

Motion carried unanimously with Wallace Dorning and Ronnie Dodson abstaining.

- Wallace Dorning, Doc Holladay, and Ronnie Dodson were elected to fill the open positions on the Board through acclamation.

There was no old business to discuss.

New Business

Wallace Dorning reported to the membership to be watching for information from the Credit Union about updates to Virtual Branch and Bill Pay. Also be watching for information about Zelle, a new person to person payment option that will replace Popmoney. If you have not signed up for email and text alerts, please contact the Credit Union for instructions on how to do that.

Door prizes were drawn earlier today from everyone registered for the meeting. Winners will be contacted by email tomorrow and the funds will be deposited into the winner's share account by the close of business tomorrow.

- Grand Prize winner of \$500.00 was Emily Cantrell.
- Eight \$100.00 cash prizes won by Jeffrey Parks, Mark Hardiman, George Coffell, Alfreda Williams, Amu Collier, Kathy Douglas, Jennifer Evans, and Mary Bradley.
- One \$100.00 cash prize (donated by FOP) won by Kelly Johnson.
- One \$100.00 cash prize (donated by Fire Fighters Local 1833) won by Kory Hopkins.
- Five \$50.00 cash prizes won by Janice Crumrine, Drea Cantrell, Lyla Vandiver,

Lynn Wright, and Billie June Henley.

- Ten \$25.00 cash prizes won by Sam McCord, Eric McCord, Cindy Nazzario, Sheila Dodson, Sophia Parks, Richard Henley, Jacob Lamb, Gary Sparks, Sandra Hardiman and Aaron Nazzario.

- Motion was made by Ronnie Dodson and seconded by Doc Holladay to adjourn.

Motion carried unanimously.

The meeting was adjourned at 6:17pm.

There were 20 members in person registered at this meeting.

There were 24 members via zoom/ phone registered at this meeting.

President/CEO's Report

Leslie Stone, Interim CEO/CFO

As we all know, 2020 was a truly unique year. The ongoing Coronavirus pandemic changed the way we live, work and conduct business. The Credit Union has had a pandemic plan in place for a number of years. For the first time, however, we had to put parts of that plan into action. I would like to thank our members for adapting and having patience as we worked together to do business in the safest manner possible. We stayed in contact through Constant Contact emails, text alerts, social media and our website. Members relied more on our electronic services such as our mobile app, Virtual Branch and remote deposit. I would also like to thank our employees and commend them for their outstanding effort and dedication during this stressful time. They continued to come to work and provide excellent member service in the face of concerns over their own health and safety.

For the fiscal year ending December 31, 2020, the Credit Union continued to show a strong and secure financial statement. In the past year, we had a very slight decrease in loan volume but a 20% increase in shares, contributing to a 17% increase in total assets. Our delinquency rate was a very low .29%, which reflects the diligence and loyalty of our members in repaying their loans. The NCUA defines a well-capitalized credit union as one having a net worth ratio of 7% or higher. As of December 31, Rocket City's net worth ratio was 14.04%, so we are very financially sound according to the NCUA's standards.

Membership increased and so did our field of membership. We would like to extend a warm welcome to all new members, as well as our new sponsor groups.

In November 2020, we upgraded our Virtual Branch and Bill Payment networks. We also upgraded our Person-to-Person payment option to Zelle, which offers payment transfers usually within minutes. If you have any questions about these services or any of our other services, I encourage you to contact us at the Credit Union.

We, at Rocket City, are looking forward to more exciting changes going forward and the continued success of our Credit Union and its members.

Supervisory Report

Jim Smith, CPA, Chairman
Supervisory Committee

The Supervisory Committee of the Rocket City Federal Credit Union would like to thank the Board of Directors for their ongoing support during 2020 and insure the members that the credit union continues to be financially secured. Results of audits performed during the year by the Supervisory Committee, the League of Southeastern Credit Unions, Kudulis, Reisinger, and Price Law Firm, and the NCUA all support this statement.

Our primary responsibility and concern is to safe guard the assets of the credit union. Examinations including cashier activities, new and closed accounts, cash reconciliation, vault logs, credit card transactions, delinquent loans, verification of member accounts, dormant account activity, corporate statements, and other items revealed little or no abnormalities. By the performance of these activities, and especially by the results noted, the credit union membership can be assured that their funds, loans and other financial instruments are being handled in an excellent manner by the credit union staff and management.

The Supervisory Committee appreciated being allowed to be involved in monthly board meetings in 2020. We experienced that board members and credit union management are fully supportive and aggressive in improving member services and increasing membership in the credit union without compromising existing member benefits. We also saw that credit union management is committed to overseeing development in the pursuit of excellence.

The Supervisory Committee looks forward to a prosperous and productive 2021 and expects that the credit union's financial strength, member services and membership will continue to grow not only during 2021, but also well into the future.

Chairman's Report

Wallace Dorning, Chairman
Board of Directors

Welcome to the 68th Annual Membership Meeting of Rocket City Federal Credit Union.

As Chairman of the Board, I greatly appreciate the members for their loyalty to this credit union. Any financial institution is only as good as the people who use its services. I believe that the sponsor groups of Rocket City Federal Credit Union are among the finest in Huntsville, Alabama.

Your Board of Directors meets monthly to discuss the progression of the credit union. This group is comprised of volunteers voted for by the members to represent them in making sound business decisions. In regards to approving policy and procedure, guidelines are established by the National Credit Union Association, the Consumer Financial Protection Bureau, and other government entities. Our best interest is to continue to approve financial and technical solutions to better serve our members within our permissible guidelines.

Audits that were performed during 2020, provided confirmation of the credit union's safety and soundness. Management and employees are to be highly commended for continuing to receive clean audits.

The credit union had steady membership growth in 2020. I challenge each of you to talk to family members and co-workers who are not members of Rocket City FCU and encourage them to come join us. We can help make dreams come true.

I encourage each of you to contact any board member, at any time with concerns or suggestions you may have.

The Board of Directors, along with the Supervisory Committee and Management of Rocket City Federal Credit Union, looks forward to an ever growing, bright, and successful future.





ROCKET CITY FEDERAL CREDIT UNION

Financial Statements (Snapshot)

COMPARATIVE BALANCE SHEET

<u>ASSETS</u>	<u>12/31/20</u>	<u>12/31/19</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Loans	\$22,009,773.63	\$22,393,492.29	(\$383,718.66)	-2%
Allowance for Loan Losses	(154,990.75)	(138,691.43)	(16,299.32)	12%
Cash	760,757.12	680,542.25	80,214.87	12%
Investments	33,403,010.13	24,328,768.18	9,074,241.95	37%
Accounts Receivable	190.05	1,992.05	(1,802.00)	-90%
Prepaid and Deferred Expense	72,353.16	74,131.46	(1,778.30)	-2%
Fixed Assets	2,878,001.05	2,644,640.78	233,360.27	9%
Other Assets	139,583.32	464,832.35	(325,249.03)	-70%
NCUSIF Deposit	474,680.25	423,963.37	50,716.88	12%
Total Assets	\$59,583,357.96	\$50,873,671.30	\$8,709,686.66	17%
<u>LIABILITIES AND CAPITAL</u>				
Other Liabilities	986,396.11	774,610.43	211,785.68	27%
Shares	50,923,381.09	42,360,562.38	8,562,818.71	20%
Other Comprehensive Income	(686,133.04)	(442,585.96)	(243,547.08)	55%
Regular Reserves	1,353,276.36	1,353,276.36	0.00	0%
Undivided Earnings	6,973,927.20	6,787,390.94	186,536.26	3%
Net Income	32,510.24	40,417.15	(7,906.91)	-20%
Total Liabilities & Capital	\$59,583,357.96	\$50,873,671.30	\$8,709,686.66	17%
	\$0.00	\$0.00	\$0.00	

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

	<u>01/01/20 to 12/31/20</u>	<u>01/01/19 to 12/31/19</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
<u>OPERATING INCOME</u>				
Interest on Loans	\$1,370,581.29	\$1,339,574.40	31,006.89	2%
Income from Investments	387,000.04	514,142.67	(127,142.63)	-25%
Other Operating Income	748,200.81	845,063.21	(96,862.40)	-11%
Total Operating Income	2,505,782.14	2,698,780.28	(192,998.14)	-7%
<u>OPERATING EXPENSE</u>				
Employee Compensation & Benefits	898,134.21	796,245.04	101,889.17	13%
Association Dues	15,871.03	15,156.80	714.23	5%
Office Occupancy & Operations	700,020.26	663,165.59	36,854.67	6%
Loan Servicing	145,554.77	146,908.84	(1,354.07)	-1%
Professional and Outside Services	158,247.00	137,799.42	20,447.58	15%
Member' Insurance	13,870.86	13,389.20	481.66	4%
Provision for Loan Loss	80,952.47	56,000.00	24,952.47	45%
Other Expenses	137,495.44	219,597.71	(82,102.27)	-37%
Total Operating Expense	2,150,146.04	2,048,262.60	101,883.44	5%
Net Income Before Dividends	355,636.10	650,517.77	(294,881.58)	-45%
Non-Operating Income	0.00	0.00	0.00	0%
Cost of Funds	177,006.75	265,870.98	(88,864.23)	-33%
Net Income	\$178,629.35	\$384,646.79	(\$206,017.35)	-54%