

# MOVING FORWARD:

## *Maintaining Capstone's Strength*



*Built from a strong foundation*

# Moving Forward:

## Capstone Stays Strong During Challenging Times

### 2020 Executive Report

In 2020, President Candice Landeros' eighth year leading Capstone FCU, we experienced a global pandemic and changes to many of our ways of doing business. We are delighted to report that despite 2020's many challenges, Capstone FCU experienced a year of financial growth.

The success of our mission is evident in the numbers. Our total assets grew 13%, increasing by \$4,643,682 to a total of \$39,489,765 in 2020—their highest rate in the past 5 years. Our capital is also the highest it has been in 5 years. Shares grew by \$4,389,491 to a total of \$35,009,846, almost as high as they were in 2016. Our cash reserves grew 68%, and our investments grew 23%. Total liabilities grew by \$13,959, and our equity grew by \$4,609,722. Net loans decreased just slightly, by 3%. We believe our growth is due to our unparalleled member support and our members' knowledge that their money is safe with us, even during unprecedented times.

Our net income increased by \$54,532 from \$103,608 to \$158,140 in comparison to 2019's smaller increase of \$2,037. Operating expenses were reduced by \$91,310, from \$1,015,043 to \$923,733. We believe these numbers reflect our thriftiness and our commitment to focus on member support and services, while spending carefully on operations.

These numbers demonstrate that Capstone Federal Credit Union is *"built from a strong foundation,"* capable of thriving, even during a global pandemic. As we move into 2021, we see a year full of positive changes and continuous improvements that will allow us to provide our members with exceptional quality service while delivering superior financial products.

We look forward to proving ourselves to you and enjoying a prosperous year.

Respectfully submitted,

**Candice Landeros**  
President/CEO

**Sherry Fordham**  
Chairperson, Board of Directors

### Supervisory Committee Report

The Supervisory Committee of Capstone Federal Credit Union works in conjunction with the Board of Directors to monitor and review the Credit Union's accounting procedures. Our goal is to ensure that all fiscal operations are performed accurately and in compliance with the Credit Union's charter and federal regulations. Additionally, a Supervisory Committee representative is present at the monthly Board of Directors meetings and at special planning meetings called by the chairperson.

To assist us in monitoring the Credit Union's fiscal activities, we retained the services of **Debbra Jacobs-Robinson, a certified public accountant, for the audit period from September 30, 2019 - September 30, 2020.**

After carefully reviewing the audit examination reports, as well as the financial and accounting records of Capstone Federal Credit Union, the Supervisory Committee is pleased to report that the Credit Union is financially strong, and its fiscal operations are performed accurately. The Credit Union is also in compliance with the Credit Union's charter, federal regulations, and sound business practices.

The Supervisory Committee and members of the Credit Union staff are following up on recommendations from each of the above reports.

On behalf of the Supervisory Committee, it has been a pleasure to serve the membership this past year.

Respectfully submitted,

**Tim Albright**  
Supervisory Committee Chairman



# Moving Forward: Capstone Maintains Financial Strength

ASSETS	2020	2019	<span style="color: black;">■</span> Increase <span style="color: red;">■</span> Decrease
Loans to Members	\$12,823,837	\$13,321,080	497,243
Less: Allowance for Loan Losses	66,892	129,435	62,543
Net Loans	\$12,756,945	\$13,191,645	-434,700
Receivables	58	414	-356
Cash	253,777	150,987	102,790
Investments	24,844,857	20,085,881	4,758,976
Prepaid and Deferred Expenses	126,053	131,546	5,494
Fixed Assets (Net)	24,701	41,441	16,740
Accrued Income	88,682	79,090	9,592
Deposit: National CU Share Insurance Fund	292,166	313,609	21,443
Other Assets	1,102,527	851,470	251,057
<b>Total Assets</b>	<b>\$39,489,765</b>	<b>\$34,846,083</b>	<b>\$4,643,682</b>

## LIABILITIES AND EQUITY

### LIABILITIES

Accounts Payable	\$122,354	\$75,355	\$46,999
Taxes Payable	212	3,270	3,058
Accrued Expenses	19,832	29,814	9,982
Other Liabilities	0	0	0
<b>Total Liabilities</b>	<b>\$142,398</b>	<b>\$108,439</b>	<b>\$33,959</b>

### EQUITY

Shares of Members	\$35,009,846	\$30,620,355	\$4,389,491
Regular Reserve	1,328,218	1,328,218	0
Undivided Earnings	3,009,303	2,789,071	220,232
<b>Total Equity</b>	<b>\$39,347,367</b>	<b>\$34,737,645</b>	<b>\$4,609,722</b>
<b>Total Liabilities &amp; Equity</b>	<b>\$39,489,765</b>	<b>\$34,846,083</b>	<b>\$4,643,682</b>



# Moving Forward: Capstone Demonstrates Its Resilience

<b>OPERATING INCOME</b>	<b>2020</b>	<b>2019</b>	<span style="color: black;">■</span> Increase <span style="color: red;">■</span> Decrease
Interest on Loans	\$535,168	\$582,841	\$47,674
Investment Income	512,027	518,137	6,109
Fees and Charges	33,372	47,942	14,570
Miscellaneous Income	103,323	90,759	12,564
<b>Total Operating Income</b>	<b>\$1,183,890</b>	<b>\$1,239,678</b>	<b>\$55,789</b>
<b>EXPENSES</b>			
Compensation and Benefits	\$379,287	\$413,413	\$34,126
Travel and Conference	1,956	5,828	3,872
Association Dues	9,757	8,274	1,483
Office Occupancy	31,840	32,997	1,157
Office Operations	344,929	316,067	28,863
Education and Promotion	16,786	10,707	6,078
Loan Servicing	50,999	41,785	9,214
Professional and Outside Services	88,755	65,731	23,023
Provision for Loan Losses	14,997	104,412	119,409
Miscellaneous	14,422	15,829	1,407
<b>Total Operating Expenses</b>	<b>\$923,733</b>	<b>\$1,015,043</b>	<b>\$91,310</b>
Dividends	\$101,920	119,845	17,925
Interest on Borrowed Funds	97	1,183	1,085
<b>Total Expenses</b>	<b>\$1,025,750</b>	<b>\$1,136,070</b>	<b>\$110,321</b>
Non-operating Gain (Loss)	0	0	0
<b>Net Income</b>	<b>\$158,140</b>	<b>\$103,608</b>	<b>\$54,532</b>



*Built from a strong foundation*