

2020 ANNUAL REPORT

HERE FOR YOU LIMITED CAPACITY VIRTUAL UNPRECEDENTED VOLUMES SIX FEET APART SOCIAL MASKS REQUIRED FLATTEN THE CURVE DISTANCE QUARANTINE FRONTLINE WORK FROM HOME WORKERS SHELTER DRIVE-THRU ONLY UNCERTAIN TIMES LIMITED DEDICATED TEAM MEMBERS IN PLACE CAPACITY HERE FOR YOU

R LEADING THROUGH L
E UNPRECEDENTED TIMES C

TEAM UNCERTAIN TIMES LIMITED CAPA SPIRIT DEDICATED TEAM MEMBERS SIX FEET APART SOCIAL HERE FOR YOU DRIVE-THRU ON DISTANCE MASKS REQUIRED VIRTUAL LIMIT FLATTEN FRONTLINE WORKERS CAPA THE CURVE UNCERTAIN TIMES SHELTER LIMITED CAPACITY VIRTUAL IN PLACE DRIVE-THRU ONLY DEDICATED TEAM MEMBERS



**SPACE COAST
CREDIT UNION**

Your life. Your financial watchdog.

Federally insured by NCUA



Chairman's and President's Report



John G. Oertel
Chairman

2020 presented many challenges for all of our members and Space Coast Credit Union Team Members. As a credit union, we were faced with decisions and situations that none of us have ever experienced, and we had to make decisions very quickly, at times with little or changing information. The Team Members here at SCCU rose to the challenge, and you, our members, provided much-needed support. We personally thank you for this support and the encouragement we received through many surveys, letters, calls, and in our branch locations.



Timothy M. Antonition
President, CEO

Despite the impact that COVID-19 had on the economy and our operations, we decided early on in the pandemic that we were going to stay open and serve members, taking as many applications for loans and memberships as we could. Unlike some other financial institutions, we did not slow production by raising rates or discontinuing services. We felt it was in the best interest of the membership to do as much production

as possible, to better position SCCU, so we could weather the pandemic and an uncertain economy ahead. We are proud to report that as a Team we were able to produce record numbers, with 44,326 new accounts, \$1,424,212,050 in auto loans, \$1,032,510,313 in mortgage loans and 9,947 credit cards. However, these record-breaking volumes of work meant that at times our service was not always up to SCCU standards, and on behalf of the Board and Management, we thank you for your patience and understanding.

We modified both member-facing and behind-the-scenes processes to keep up with member demand, and still, we struggled to keep up. At peak times, our Member Service Center experienced call volumes at 180% above normal, our mortgage applications increased 241.67% beyond historical averages, and the consumer loan area also experienced a 23.62% increase in new applications and requests.

We are fortunate that decisions made many years ago to centralize service delivery of new accounts and loans by phone or online served us well during the pandemic. We were able to continue to serve members because of these past decisions. Members were able to apply online and over the phone without ever visiting one of our locations. However, that is not suggesting branches are going away. Branches are a vital part of our service delivery and we will continue to have a branch presence. In 2020, we opened two new locations, and relocated one branch to increase convenience.

Our ability to serve members throughout the pandemic and keep up with record-breaking production was made possible by the almost 1,000 dedicated Team Members from around the credit union, not just performing the functions of their *normal* jobs but also assisting in areas of our operation where they do not normally work. This dedication and support we call the ONE SCCU spirit, and it allows us to compete in a very competitive market. We are forever grateful for this ONE SCCU Team spirit.

We experienced a lot in 2020 and the challenges we faced have served as a learning platform. What we learned is too lengthy to list, but the crisis of 2020 made SCCU stronger, it made our Team Members stronger, and it made our cooperative stronger. Our Team faced the challenges of the pandemic head on, and we prevailed.

John G. Oertel
Chairman

Timothy M. Antonition
President and CEO

Credit Manager's Report

SCCU has enjoyed another very strong year in lending. As our Members' Watchdog, we continued our focus on our brand promise of delivering trusted loan products that are priced fairly and meet the growing needs of our membership.

Our mission is to provide timely delivery of products our members can trust. This past year, we originated over *one billion* dollars in vehicle loans purchased through dealerships for our members. As a result of these efforts, dealership lending added 22,870 new members to the credit union.

We continue to assist our members in improving their financial position by refinancing vehicle loans that originated elsewhere. In 2020, we refinanced over \$193 million in automobile loans. We also continue to see loans originating through our online application channel with over \$134 million in loans originated in 2020.

Residential lending had a year of very strong performance and growth in lending activity where we closed more than *one billion* dollars in first mortgages and over \$173 million in home equity loans. Our ongoing partnership with HomeAdvantage returned \$192,077 to our members who took advantage of the program and the commission rebates it offers.

We continued our focus on mortgage lending through Conventional, VA, Construction and Condominium lending products as we are proud to assist our members in buying or building their dream homes. We remain diligently focused on finding new ways to be even more competitive and efficient in delivering our mortgage loan product offerings.

In 2021, we will continue to seek new opportunities and additional ways to serve our membership by efficiently and conveniently delivering trusted lending products.

J. Alan Lewis
Executive Vice President, Chief Operating Officer
Credit Manager

Audit Committee Report

The Audit Committee is appointed by the Space Coast Credit Union (SCCU) Board of Directors. The Audit Committee operates under the rules and regulations of the Florida Office of Financial Regulation, Division of Financial Institutions, and the National Credit Union Administration (NCUA). It's charged with determining that the financial condition of SCCU is accurately and fairly presented in the financial statements, and that management practices are in place to safeguard members' assets.

The primary functions of the Audit Committee are (1) to direct the Internal Audit Department, which monitors credit union operations through the development of a risk-based audit plan, scheduling and conducting a continuing program of reviews of credit union processes and procedures; and (2) contracting for an independent, external audit of the credit union's financial statements.

The combined skills of the Certified Public Accounting Firm of CliftonLarsonAllen LLP, with that of our in-house Internal Audit staff, have proven to be effective in maintaining an efficient and effective internal audit function for the credit union. The Internal Audit Department has unlimited access to all credit union Team Members and operations. It has developed a risk-based audit plan for the credit union, which is revised as credit union operations and controls change during the year. The Annual Audit Plan, approved by the Audit Committee, is updated during the year as processes, controls, and events change. All audits on the updated 2020 Audit Plan were successfully completed by the end of the calendar year.

The Certified Public Accounting Firm of Warren Averett, LLC was retained for the purpose of conducting the annual external audit of financial condition. In March 2020, Warren Averett's audit of the 2019 Financial Statements for SCCU resulted in an "unmodified opinion," which, in layman's terms, means everything went well and no irregularities were discovered. The financial information presented in this report for 2020 is unaudited, as the annual audit was not completed at the time of printing.

The Audit Committee reports the results of all internal and external audits to the Board of Directors.

Based on the results of the above-referenced activities and related reports, it is the Audit Committee's opinion that the books and records of Space Coast Credit Union are in order. The Audit Committee would like to thank the SCCU Board of Directors, Management, and all SCCU Team Members for their support and cooperation during this past year.

Respectfully submitted by,
The Audit Committee



Stephen J. Bailey
Chairman

Donna M. Banta
Dr. Patricia Fontan
Dr. Karen O. Palladino
Julie O. Robbins

Condensed Financial Information*

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION		
	As of December 31, 2020	As of December 31, 2019
ASSETS		
Cash and cash equivalents	\$393,092,287	\$650,108,655
Investments		
Securities purchased under agreements to resell	225,000,000	150,000,000
Available for sale	671,232,739	165,728,288
Other	4,534,881	4,255,735
Loans held for sale	-	-
Loans to members - net of allowance for loan losses	4,325,147,738	3,715,337,673
Accrued interest receivable	9,954,616	9,974,943
Prepaid and other assets	128,372,933	32,631,512
Property and equipment - net of accumulated depreciation	90,230,463	91,356,428
Other real estate owned	474,020	1,175,366
Goodwill	64,592,669	64,592,669
National Credit Union Share Insurance Fund deposit	46,370,950	37,156,954
TOTAL ASSETS	\$5,959,003,296	\$4,922,318,223
LIABILITIES AND MEMBERS' EQUITY		
	As of December 31, 2020	As of December 31, 2019
LIABILITIES		
Members' shares and savings accounts	\$5,186,767,702	\$4,215,023,029
Borrowed funds	-	-
Dividends and interest payable	59,301	319,218
Other accrued liabilities	75,203,899	62,426,555
Total liabilities	5,262,030,902	4,277,768,802
MEMBERS' EQUITY	696,972,394	644,549,421
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$5,959,003,296	\$4,922,318,223
CONSOLIDATED STATEMENTS OF INCOME		
	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
INTEREST INCOME		
Loans	\$151,651,677	\$145,113,201
Investments	8,245,647	15,315,275
Total interest income	159,897,324	160,428,476
INTEREST EXPENSE		
Members' share and savings accounts	27,572,908	30,661,986
Borrowed funds	249	-
Total interest expense	27,573,157	30,661,986
Net interest income	132,324,167	129,766,490
PROVISION FOR LOAN LOSSES	26,920,297	7,419,568
Net interest income after provision for loan losses	105,403,870	122,346,922
NON-INTEREST INCOME		
Fees and service charges	25,470,291	32,327,371
Other	60,898,284	36,720,172
Total non-interest income	86,368,575	69,047,543
NON-INTEREST EXPENSE		
Compensation and employee benefits	71,755,152	63,032,780
Office operating and occupancy costs	66,876,563	58,511,451
Other	7,493,852	12,019,512
Total non-interest expense	146,125,567	133,563,743
NET INCOME	\$45,646,878	\$57,830,722
	<i>*Unaudited</i>	<i>*Audited</i>

2020 ANNUAL REPORT

Board of Directors

Executive Committee

John G. Oertel
Chairman

Thomas J. Myers
Vice Chairman

A. Desmond Almarales
Treasurer

Dale B. Neubert
Secretary

Board Members

A. Desmond Almarales
Herbert A. Fisher
Willie Howard
Kevin R. McKeown
Thomas J. Myers
Dale B. Neubert
John G. Oertel
Dr. Karen O. Palladino
Julie O. Robbins

Director Emeritus

William H. Paine, Sr.

In Memoriam

Martha E. Frasier
Director Emeritus

Management Team

Timothy M. Antonition
President, CEO

Heather E. Hickman
Executive Vice President,
Chief of Retail Delivery

J. Alan Lewis
Executive Vice President,
Chief Operating Officer

Hilary A. Eisbrenner
Senior Vice President,
Chief Financial Officer

Laura L. Richard
Senior Vice President,
Marketing

Daniel J. Chiappone
Vice President,
Credit Solutions

Gregory E. DeRoy
Vice President,
VP Member Services and
E-Banking

Linda A. Hart
Vice President,
Human Resources

Shane W. Hoyle
Vice President,
Member Experience
and Business Services

Kim M. Lynn
Vice President,
Operations

Christopher A. Matthews
Vice President,
Card Services

Gary A. Prager
Vice President,
Consumer Sales

Carmen M. Tapanes
Vice President,
Retail Services,
South Florida

Kimberly K. Tyree
Vice President,
Retail Services,
Central Florida

Nicole E. Williams
Vice President,
Information Technology

Audit Committee

Stephen J. Bailey
Chairman

Donna M. Banta
Dr. Patricia Fontan
Dr. Karen O. Palladino
Julie O. Robbins

General Information

Headquarters Address
8045 N. Wickham Road
Melbourne, FL 32940-7920

Phone:
321.752.2222

E-mail
info@sccu.com

Web Address
www.SCCU.com

Branch Locations

Brevard County (20)
Broward County (12)
Flagler County (1)
Indian River County (4)
Miami-Dade County (14)
Palm Beach County (1)
Volusia County (9)



Your Life. Your Financial Watchdog.