

THE ANNUAL REPORT




SOUTHERN LAKES
credit union 
Life is better at the Lakes

01.

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OUR STORY

It all started in 1935 when a group of 10 individuals pooled their resources to help each other succeed financially by starting a Credit Union. Southern Lakes Credit Union is a member owned financial cooperative. With our Home Office in Kenosha, WI we are a Community Chartered Credit Union serving all individuals living or working in Kenosha, Racine, Walworth, Milwaukee, Rock and Waukesha counties in Wisconsin and Lake and McHenry counties in Illinois.

Board & Team

BOARD OF DIRECTORS

HELEN SCHUMACHER

Chairperson

ALAN GOSSELIN

Vice Chairperson

MONICA YUHAS

Secretary

JOHN MORRISSEY

Treasurer

RICHARD DARULA

Director

THOMAS GENTHNER

Director

PETER JOHNSON

Director

CREDIT UNION TEAM

LEADERSHIP TEAM

Tim Barthel, *President/CEO*

John Lyon, *Chief Operations Officer*

Duane Aldrich, *VP of Accounting*

Michael Walker, *VP of Marketing*

AUDIT/ACCOUNTING/SYSTEMS TEAM

Denise Cummings, Sr. *Information System Specialist*

Melanie Derksen, *Computer Support Specialist*

Donna Ward, *Account Operations Specialist*

Crystal Tabar, *Compliance Specialist*

Silvana Vranak, *Accounting Clerk*

HUMAN RESOURCES/MARKETING TEAM

Terese Daniels, *HR Generalist*

Sara Cornelius, *Marketing Assistant*

MORTGAGE LENDING TEAM

Deanna Bardwell, *Mortgage Loan Processing Supervisor*

Joseph Riesterer, *Mortgage Loan Officer*

Jasmin Sims, *Mortgage Loan Processor*

BRANCH OPERATIONS TEAM

Meghan Loch, *Branch Manager*

Cathy Massoglia, *Branch Manager*

Megan Moncher, *Branch Manager*

Teresa Strunk, *Teller Supervisor*

Sara Cook, *Teller Supervisor*

Sara Schwank, *Senior Teller*

Shelly Lloyd, *Senior Teller*

Anna Matthews, *Teller*

George Nieves, *Teller*

Jose Lopez, *Teller*

Justin Rummelhart, *Teller*

Maria Lora, *Teller*

Adriana Rodriguez, *Teller*

Jasmin Morris, *Teller*

Christina Lightsey, *Teller*

JT Whitmire, *Teller*

Yvonne MacAllister, *Teller*

Katy Stanton, *Lending MSR*

Tammy Franckowiak, *Lending MSR*

Jamie Marion, *Lending MSR*

Randy Aulwes, *Lending MSR*

Goreti Villegas, *Lending Processor*

Our History

85 YEARS OF SERVING YOU, OUR MEMBERS

MARCH 19, 1935

The Credit Union was founded by 10 individuals as the Kenosha Teacher's Credit Union.

1960

We celebrated 25 years of serving our members financial needs.

1969

Our charter was expanded to allow us to serve anyone living in the Kenosha Unified School District.

1981

Our charter was expanded to allow us to serve Walworth County school employees.

JULY 2, 1982

The Kenosha Teacher's Credit Union partnered with WAL-CO Credit Union and became Southern Lakes Credit Union.

AUGUST 25, 1985

We celebrated 50 years of serving our members financial needs.

We also became a Community Chartered Credit Union to allow us to serve anyone who lives or works in Kenosha and Walworth counties.

1989

Sunnyside Credit Union (formerly the Snap-on Employees Credit Union) partnered with Southern Lakes Credit Union.

1992

Our charter was expanded to enable us the opportunity to serve anyone who lives or works in Racine County.

1993

Victory Credit Union partnered with Southern Lakes Credit Union.

1994

Kenosha News Credit Union partnered with Southern Lakes Credit Union.

2003

Our charter was expanded to allow us to serve anyone who lives or works in Milwaukee, Rock, and Waukesha Counties in Wisconsin and Lake and McHenry Counties in Illinois.

2005

Our Charter was expanded to allow us to serve anyone who is a member of the Harley Owners Group in Wisconsin or Illinois.

2010

We celebrated 75 years of serving our members financial needs.

2018

We became a Low Income designated Credit Union to help us better serve the under-served in our communities





OUR MISSION

At Southern Lakes we are “Dedicated to Making a Difference in our Members Lives”.

We do this by following the 7 Cooperative principals:

- Voluntary and Open Membership
- Democratic Member Control
- Member Economic Participation
- Autonomy and Independence
- Financial Education, Training, and Information
- Cooperation Among Cooperatives
- Concern for the Community

It is our mission at Southern Lakes Credit Union to continue the dream of our founding members by providing opportunity for all our members to improve their economic and social condition. Every person has a unique financial situation so we are dedicated to getting to know you as an individual. Join us to experience the Southern Lakes difference.

Secretary's Report

05.

85th Annual Meeting

Virtual Meeting

Kenosha, Wisconsin

September 17, 2020

Call to Order

Chairperson Schumacher called the 85th Annual Meeting of Southern Lakes Credit Union to order at 6:30 pm. She welcomed all the members and thanked them for attending the meeting.

Establishment of a Quorum

Chairperson Schumacher asked Secretary Yuhas, to certify that a 15 member quorum was present. Secretary Yuhas confirmed that a quorum was present. The attendance was 40 members.

Introduction of Board Members and Officers

Chairperson Schumacher introduced Board Members Alan Gosselin – Vice Chairperson, Monica Yuhas – Secretary, John Morrissey – Treasurer, Dick Darula – Director, Peter Johnson – Director, and Thomas Genthner – Director. She then introduced officers Tim Barthel – President/Chief Executive Officer, Michael Walker – VP of Marketing, Duane Aldrich – VP of Accounting, and John Lyon – Chief Operations Officer.

Approval of the 84th Annual Meeting Minutes

The minutes were preprinted in Secretary's Report in the Annual Report. There were no corrections or amendments. The minutes stood as printed.

Report of the Chairperson

Chairperson Schumacher passed the gavel to Vice Chairperson Gosselin. Chairperson Schumacher began her report by stepping back in time to 2019. She reported on the various

activities the Credit Union and the Board of Directors were involved in during the past year. She shared community involvement highlights and about those activities over the past year. She then came back to the present. She spoke about some of the activities of 2020 and the efforts the Credit Union has made to serve our members through the Pandemic and unrest in Kenosha. She shared that through this all the Credit Union has remained financially strong. She closed by thanking the membership for their trust and support. There were no questions. The report stood as presented. Vice Chairperson Gosselin passed the gavel back to Chairperson Schumacher.

Report of the President

Chairperson Schumacher introduced Tim Barthel the President/CEO of Southern Lakes Credit Union. He began by thanking the membership for their attendance and commitment to Southern Lakes. He shared some of the highlights of the past year. He then shared stories about how Southern Lakes was able to make a difference in many of our members' lives through the Pandemic and unrest in Kenosha. He spoke about the Credit Union's focus on financial education to help save our members money on their loans and plan for their future as a key to making a difference in our member's lives as well as our communities. He closed by thanking the membership, the Board of Directors and the team members for the contributions they made over the past year. A question was asked about the reserve amounts of the Credit Union. Tim shared the activities of the Board and team to ensure stable reserves in 2020 this includes a solid net income performance of the Credit Union in 2020.

Elections

Chairperson Schumacher passed the gavel to Vice Chairperson Gosselin. Vice Chairperson Gosselin explained that there were two open seats on the Board and asked Director Yuhas, the Chairperson of the Nominating Committee, if there were any new candidates. Director Yuhas introduced the members of the Nominating Committee and reported

that no other candidates had chosen to run for the open seats. She then read a list of nominees on the ballot John Morrissey and Helen Schumacher. Vice Chairperson Gosselin explained that the bylaws do not allow nominations from the floor. Having explained these items, Vice Chairperson Gosselin recommended a motion from the floor to direct the Secretary to cast one unanimous vote to elect John Morrissey and Helen Schumacher as Directors of Southern Lakes Credit Union. It was moved and seconded to concur with the recommended motion. Motion passed unanimously.

Old Business

Chairperson Schumacher asked Secretary Yuhas to review the minutes of the previous Annual Meeting for any old business. Secretary Yuhas stated that there were no items of old business.

New Business

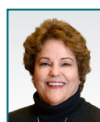
Chairperson Schumacher asked if there was any new business to be brought before the membership. There was no new business discussed.

Team Member Recognition

Chairperson Schumacher recognized team members that have reached milestones in their service to the Credit Union and members. The following team members were recognized; Pat Stritchko – 25 years (recently retired), Terese Daniels – 25 years, Meghan Loch – 20 years, Teresa Strunk – 20 years, Cathy Massoglia – 20 years, Shelly Floreani – 5 years, Goreti Villegas – 5 years.

Adjournment

Chairperson Schumacher entertained a motion to adjourn the meeting. A motion was made and seconded to adjourn. Motion passed unanimously. The meeting was adjourned at 6:55 pm.



Helen Schumacher

HELEN SCHUMACHER

Chairperson



Monica Yuhas

MONICA YUHAS

Secretary

Chairperson's Report

It is certainly good that 2020 is now in the rear-view mirror. We can all breathe a sigh of relief – if at least a little one.

While the breadth of the pandemic and the length of the ensuing shutdown knocked all of us for a loop, the officers and staff of Southern Lakes Credit Union did a phenomenal job of pivoting and adjusting our business and work environment to continue to provide personal service to our members and our community, all while following ever changing protocols for the safety of everyone. The Board and I would like to thank you, our members, for your patience, cooperation and continued loyalty.

While all of this was happening, we were able to initiate and/or complete many capital improvement projects to include: repairing the drive-through exit and east steps at 60th Street; repairing the 80th Street parking lot; improving the downstairs office space and replacing the ATM which was damaged during the civil unrest in August; repairing the roof at Elkhorn; and upgrading ATMs and servers to better serve our members.

As permitted during the quarantine, team members continued to support the community (mostly virtual) and expand our online media presence with Weekly Wednesday videos and updates on COVID-19 related issues. From March through June we offered special low rate/affordable terms "Helping Hands" loans as a way to help members and neighbors adversely affected by shut downs and/or by loss of income.

2020 marked our 8th consecutive year of positive net income ending the year with a net income of \$403,415. While this is slightly down from 2019, we are pleased with it considering the pandemic. Our assets reached \$105 million partially due to members spending less and saving more. While this can be a double-edged sword, it does show growth. Our Net Worth is under our goal but still acceptable. It is important to note that most credit unions our size are also hurting and the regulators anticipate that this will continue through 2021 and probably into 2022. That being said, we are working very hard and hope to raise this number again in 2021.

None of this would be possible without the loyalty and support of you, our members, for which the Board of Directors thanks you. The Board also thanks our entire team of employees and volunteers for their continued efforts to keep Southern Lakes Credit Union involved in our community. We encourage you to call or stop by any of our branches for assistance with your financial needs, and we look forward to some exciting changes in 2021.



Helen Schumacher

HELEN SCHUMACHER

Chairperson

President's Report

08.

2020 was a year full of unexpected twists and turns. Through all of these challenges your Credit Union team worked hard to offer you uninterrupted service. A specific area of service focus last year was to provide loan payment assistance for members when possible. These assistance efforts allowed your Credit Union to help numerous members during the tough times of 2020. Your Credit Union was not immune to the effects of the COVID-19 virus. We had a couple of times where we had to suspend member service at locations for the health and safety of you our members and the Credit Union team. We thank you for your patience and understanding when this occurred. Our Marketing team makes continuous efforts to provide information to you our members through all of our electronic channels. Please follow us on social media @solakescu on Facebook, Instagram, and Twitter to stay up to date on your Credit Union.

In 2020 we welcomed some new faces in our consumer and mortgage lending teams. We are excited to see them grow in their service to you. We also added some support in our back office teams. While you don't usually see their faces, their added support helps to improve our processes which in turn adds to overall service. With a New Year comes new initiatives. We are looking for ways to provide more information to our members with mortgage loans via our online account access. We continue to look for products to serve your financial needs. Watch for loan specials and more.

You Credit Union team wants to thank our Board of Directors who have supported us throughout this unusual year. Your Volunteer Board gives of their time to ensure the strategic direction of the Credit Union in serving you our members. Their dedication to service keeps your Credit Union strong.

The year 2021 marks our 86th year of serving you, our members. If you are struggling from the effects of the pandemic, please reach out to the Credit Union to see what options may be available to provide some relief. All situations are unique so we look for different ways to help. Thank you for continuing to be a member of Southern Lakes. We are your member owned financial cooperative. We are here to serve your financial needs and will continue to bring value to your Southern Lakes Membership. At Southern Lakes Credit YoUnion we have been putting "You" our members first since 1935.

In Service,



Tim Barthel

TIM BARTHEL
President & CEO

Treasurer's Report

09.

STATEMENT OF CONDITION

ASSETS	2020	2019
First Mortgage Loans	\$13,610,783	\$14,536,545
Home Equity Loans	\$1,997,145	\$2,348,764
Personal Loans	\$40,960,914	\$40,016,055
All Other Loans	\$3,062,646	\$3,667,841
Allowance for Loan Loss	\$(223,651)	\$(203,854)
Net Loans to Members	\$59,407,837	\$60,365,351
Cash & Investments	\$43,210,166	\$27,720,895
Fixed Assets	\$2,903,296	\$2,383,117
Other Assets	\$298,002	\$204,709
Total Assets	\$105,819,301	\$90,674,072
LIABILITIES		
Payable & Other Liabilities	\$973,442	\$550,451
Total Liabilities	\$973,442	\$550,451
EQUITY		
Regular Shares	\$38,713,093	\$30,950,499
Share Drafts	\$20,135,772	\$15,973,017
CD's / IRA's / Money Markets	\$37,699,076	\$35,412,034
Statutory Reserves	\$3,385,871	\$3,385,871
Other Reserves	\$4,912,047	\$4,402,200
Total Equity	\$104,845,859	\$90,123,621
Total Liabilities & Equity	\$105,819,301	\$90,674,072



STATEMENT OF INCOME

INCOME	2020	2019
Investment Income	\$458,580	\$589,534
Loan Income	\$2,597,692	\$2,515,430
Other Income	\$1,020,393	\$816,627
Non-Operating Income	—	—
Total Income	\$4,076,665	\$3,921,591

EXPENSES

Dividend Expense	\$228,395	\$217,188
Reserve / Loan Expense	\$96,159	\$87,758
Operating Expense	\$3,330,866	\$3,102,070
Non-Operating Expense	\$23,253	\$28,553
Total Expense	\$3,678,673	\$3,435,569

Gain/Loss on Assets	\$5,423	—
Net Income	\$403,415	\$486,022

KEY RATIOS

	2020	2019
Net Worth	7.77%	8.62%
Delinquent Loans	0.64%	0.49%
Loans to Savings	62.08%	74.00%
Return on Average Assets	0.40%	0.54%

THANK YOU.

Since 1935, we have followed the Credit Union philosophy of "People helping People". Through all of our growth and changes, there has been one constant. That constant is that we are here to serve you, our members. Thank you for all your support throughout the years.



Home Office Branch

3000 80th Street
Kenosha, WI 53142
Phone: 262.694.1600
Fax: 262.694.3358

Westside Branch

5001 60th Street
Kenosha, WI 53144
Phone: 262.694.1600
Fax: 262.654.3531

Elkhorn Branch

17 N Washington Street
Elkhorn, WI 53121
Phone: 262.723.4888
Fax: 262.723.4988



24/7 Telephone Network (TNT)
800.924.1868



Online Banking
www.southernlakescu.org