

# 2019

## ANNUAL REPORT



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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, *Information System Specialist*  
Donna Ward, *Account Operations Specialist*  
Pat Stritchko, *Compliance Auditor*  
Silvana Vranak, *Accounting Clerk*

### HUMAN RESOURCES/MARKETING TEAM

Terese Daniels, *HR Generalist*  
Sara Cornelius, *Marketing Assistant*

### MORTGAGE LENDING TEAM

Shelly Floreani, *Mortgage Loan Officer*  
Jasmin Sims, *Mortgage Loan Processor*

### BRANCH OPERATIONS TEAM

Barbara Pajor, *Branch Manager*  
Cathy Massoglia, *Branch Manager*  
Trenton Pugh, *Branch Manager*  
Meghan Loch, *Assistant Branch Manager*  
Megan Moncher, *Teller Supervisor*  
Teresa Strunk, *Teller Supervisor*  
Katy Stanton, *Senior Teller*  
Sara Cook, *Senior Teller*  
Shelly Lloyd, *Senior Teller*  
Anna Matthews, *Teller*  
George Nieves, *Teller*  
Jose Lopez, *Teller*  
Justin Rummelhart, *Teller*  
Kim Nelson, *Teller*  
Maria Lora, *Teller*  
Tyler Dempksi, *Teller*  
Yvonne MacAllister, *Teller*  
Melanie Derksen, *Teller*  
Jasmine Morris, *Teller*  
Randy Aulwes, *Lending MSR*  
Goreti Villegas, *Lending Processor*

## 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.*

# 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.

*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.*

# SECRETARY'S REPORT

84th ANNUAL MEETING  
Italian American Society  
Kenosha, Wisconsin  
Saturday, May 4, 2019

## CALL TO ORDER

Chairman Schumacher called the 84th Annual Meeting of Southern Lakes Credit Union to order at 4:00 PM. She welcomed all the members and thanked them for attending the meeting.

## ESTABLISHMENT OF A QUORUM

Chairman Schumacher asked Secretary Yuhas, to certify that a 15 member quorum was present. Secretary Yuhas confirmed that a quorum was present with the attendance of 56 members.

## INTRODUCTION OF BOARD MEMBERS AND OFFICERS

Chairman Schumacher introduced Board Members Alan Gosselin – Vice Chairman, Monica Yuhas – Secretary, Thomas Genthner – Treasurer, Dick Darula – Director, Peter Johnson – Director, and John Morrissey – 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 83rd ANNUAL MEETING MINUTES

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

## REPORT OF THE TREASURER/AUDIT REPORT

A printed audit report from the firm of Hawkins and Ash CPAs was included in the Annual Report. There were no questions regarding the audit report. The report will be filed for the audit. The Treasurer's Report for 2018 was also presented and discussed. Both reports were approved as presented.

## REPORT OF THE CHAIRMAN

Chairman Schumacher passed the gavel to Vice Chairman Gosselin. Chairman Schumacher began her report by focusing on the positive financial position of the Credit Union. She then reported on the various activities the Credit Union and the Board of Directors were involved in during the past year. Community involvement was a priority and she gave highlights of those activities over the past year. Chairman Schumacher also talked about the product expansions over the past year to support member needs. She closed by thanking the membership for their trust and support. There were no questions. The report stood as presented. Vice Chairman Gosselin passed the gavel back to Chairman Schumacher.

## REPORT OF THE PRESIDENT

Chairman Schumacher introduced Tim Barthel the President/CEO of Southern Lakes Credit Union. Tim began by thanking the membership for their attendance and commitment to Southern Lakes. He shared some of the highlights of the past year as well as stories about how Southern Lakes was able to make a difference in many of our members' lives. The Credit Union's focus on financial education was shared as we continue to be dedicated to making a Difference in our member's lives as well as our communities. Tim closed by once again thanking the membership, the Board of Directors and especially his fellow team members for the contributions they made over the past year.

## ELECTIONS

Chairman Schumacher explained that there were two open seats on the Board seat and asked Director Yuhas, the Chairman 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. Chairman Schumacher explained that the bylaws do not allow nominations from the floor. Having explained these items, Chairman Schumacher recommended a motion from the floor to direct the Secretary to cast one unanimous vote to elect Al Gosselin and Richard Darula as Directors of Southern Lakes Credit Union. It was moved and seconded to concur with the recommended motion. Motion passed unanimously.

## OLD BUSINESS

Chairman 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

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

## ADJOURNMENT

Chairman Schumacher entertained a motion to adjourn the meeting. A motion was made and seconded to adjourn. Motion passed unanimously. The meeting was adjourned at 4:20pm.

*Helen Schumacher*  
**Helen Schumacher**  
Chairperson

*Monica Yuhas*  
**Monica Yuhas**  
Secretary



# CHAIRPERSON'S REPORT

As we begin the promise of a new decade, I'd like to take a moment to reflect on the one just ended. It was a pretty traumatic one for Southern Lakes and its employees with many personal losses as well as professional ones. Yet, through it all, we have survived and are beginning to thrive.

Southern Lakes Credit Union continues to be the only locally based financial institution in Southeastern Wisconsin and we continue to expand our footprint in the community and adapt to changes in that community as well as changes in state/federal financial circumstances and regulations.

We have an entirely new executive staff which now includes Michael Walker who joined us in February of 2019 as Vice President for Marketing. He has extensive experience in marketing and included training, customer support, event planning as well as human resources. He is working with a local company to expand the Southern Lakes brand. The executives continue to spend substantial time in each of our branches and work closely with managers and team members in developing better ways to serve you, our members.

Internally, we saw our Mortgage Team expanded with a new Mortgage Officer and Mortgage Processor to better serve our members' mortgage needs and one of our loan officers obtained the Credit Union Development Education Certification from the National Credit Union Foundation. In addition to improving our website, improvements were made to our physical assets by repaving Elkhorn's parking and drive up to repair the deteriorating condition of the lot and sink hole issues. We also upgraded 80th Street's drive up to a new tube system which includes full video two way communication. The better to serve you, our members.

Team members continue to provide financial education at High School Reality Checks at Indian Trail, Tremper, and Elkhorn; taught the Junior Achievement financial education at KTEC, Giese Elementary, and Trevor-Wilmot School; volunteered at the High School Finance and Investment Challenge bowl at Carthage; and, are active in the Kenosha and Elkhorn Chambers of Commerce, as well as Kiwanis, Rotary and Lions service clubs. Mortgage Loan Officers conducted a number of home buyers education seminars throughout the year. We continue our community involvement supporting organizations with donations and/or by volunteering such as Boys and Girls Club, Kenosha Christmas Charities, the Mahone Fund, the Kenosha Kingfish Doubles for Charity, the Shalom Center and now sponsor a baseball field for Elkhorn's little league.

2019 marked our 7th consecutive year of positive net income ending the year with a net profit of \$486,022 and our assets hit \$90 million. 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 involved in our community. We encourage you to call or stop by any of the branches for assistance with your financial needs, and we look forward to some exciting changes in 2020.

Sincerely,

*Helen Schumacher*

**Helen Schumacher**

Chairperson

# PRESIDENT'S REPORT

Thank you to all of our valued members who made 2019 a year filled with opportunities to serve. Your Credit Union continued its strong financial performance with steady growth in share draft accounts, mortgage loans, direct consumer loans, and other key deposits. Our net income for 2019 achieved a record level, posting the 2nd highest net income for this century. Our net worth ratio ended the year at 8.62%. This ratio is considered well capitalized by the National Credit Union Administration (NCUA). Our strong net income and solid net worth ratio allows for your Credit Union to be a reliable source of borrowing and savings for you our members. During 2019, we disbursed over \$25 million in loans to you our members. These loans helped in the purchase of vehicles and homes, helped to refinance existing higher rate mortgage loans, and helped to consolidate high interest rate debt. In 2019 we saw our net deposits grow by over \$4 million. This growth in savings shows that you, our members, are preparing for your future successes with sound financial decisions. We are honored to be your institution of choice for your hard earned savings.

This great year of service is only possible because of the work done by the entire team here at your Credit Union. I would like to personally recognize the team for their contributions in making it a great year. To our Accounting and Systems team, who ensured the computer systems were up and running, automatic transactions ran smoothly, and for the care they show when they have the opportunity to work with you, our members. To our Human Resources team, who ensured that the entire team at the Credit Union was cared for on a personal level and for finding the new talented individuals who joined the Credit Union team during this past year. To our Audit team, who ensured we were compliant and following regulations. To our Marketing team, who kept our messaging current and put on display what we are doing to serve our community (to stay up to date follow us on social media @solakescu). To our Branch and Mortgage team, who had the pleasure of working every day with you our members, ensuring your needs were met. Your Credit Union team is small yet mighty. With the many hats that they wear and the work they complete across disciplines, they stay focused on serving you, our members.

The year 2020 marks our 85th year of serving you, our members. As your member owned financial cooperative our goal is to maintain a clear vision to serve you into the future. Thank you for your membership. You continually inspire us to give the very best of ourselves each day. We always remember that you are the reason for this financial cooperative. We look forward to the difference that we can continue to make for you, our member owners.

In Service,

*Tim Barthel*

**Tim Barthel**

President & CEO

October 9, 2019

To the Membership of  
Southern Lakes Credit Union  
Kenosha, Wisconsin

Dear Members:

We performed a financial statement audit of Southern Lakes Credit Union (the "Credit Union") as of June 30, 2019. The audited financial statements, including the independent auditors' report, were issued subsequent to the audit and are on file at the Credit Union. Based on the audit evidence we obtained, our opinion was the financial statements present fairly, in all material respects, the financial position of the Credit Union as of June 30, 2019 as well as the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A financial statement audit is one of the audit options available to federally insured credit unions under Section 715 of the NCUA Rules and Regulations, and Chapter DFI-CU73 of the Wisconsin Administrative Code. The audit was performed in accordance with generally accepted auditing standards.

Sincerely,  
HAWKINS ASH CPAs, LLP

*Hawkins Ash CPAs, LLP*

By Jeffrey Danen, Partner

# TREASURER'S REPORT

## STATEMENT OF CONDITION

|                                       | 2019                | 2018                |
|---------------------------------------|---------------------|---------------------|
| <b>ASSETS</b>                         |                     |                     |
| First Mortgage Loans                  | \$14,536,545        | \$12,938,839        |
| Home Equity Loans                     | \$2,348,764         | \$2,434,755         |
| Personal Loans                        | \$40,016,055        | \$41,924,158        |
| All Other Loans                       | \$3,667,841         | \$3,425,015         |
| Allowance for Loan Loss               | \$(203,854)         | \$(225,143)         |
| <b>Net Loans to Members</b>           | <b>\$60,365,351</b> | <b>\$60,497,624</b> |
| Cash & Investments                    | \$27,720,895        | \$23,935,068        |
| Fixed Assets                          | \$2,383,117         | \$2,517,324         |
| Other Assets                          | \$204,709           | \$198,466           |
| <b>Total Assets</b>                   | <b>\$90,674,072</b> | <b>\$87,148,482</b> |
| <b>LIABILITIES</b>                    |                     |                     |
| Payable & Other Liabilities           | \$550,451           | \$1,711,558         |
| <b>Total Liabilities</b>              | <b>\$550,451</b>    | <b>\$1,711,558</b>  |
| <b>EQUITY</b>                         |                     |                     |
| Regular Shares                        | \$30,950,499        | \$27,138,616        |
| Share Drafts                          | \$15,973,017        | \$14,583,876        |
| CD's / IRA's / Money Markets          | \$35,412,034        | \$36,676,253        |
| Statutory Reserves                    | \$3,385,871         | \$3,385,871         |
| Other Reserves                        | \$4,402,200         | \$3,652,308         |
| <b>Total Equity</b>                   | <b>\$90,123,621</b> | <b>\$85,436,924</b> |
| <b>Total Liabilities &amp; Equity</b> | <b>\$90,674,072</b> | <b>\$87,148,482</b> |

## STATEMENT OF INCOME

|                        | 2019               | 2018               |
|------------------------|--------------------|--------------------|
| <b>INCOME</b>          |                    |                    |
| Investment Income      | \$589,534          | \$400,821          |
| Loan Income            | \$2,515,430        | \$2,265,069        |
| Other Income           | \$816,627          | \$826,816          |
| Non-Operating Income   | —                  | —                  |
| <b>Total Income</b>    | <b>\$3,921,591</b> | <b>\$3,492,706</b> |
| <b>EXPENSES</b>        |                    |                    |
| Dividend Expense       | \$217,188          | \$158,995          |
| Reserve / Loan Expense | \$87,758           | \$84,724           |
| Operating Expense      | \$3,102,070        | \$3,072,560        |
| Non-Operating Expense  | \$28,553           | \$24,657           |
| <b>Total Expense</b>   | <b>\$3,435,569</b> | <b>\$3,340,936</b> |
| <b>Net Income</b>      | <b>\$486,022</b>   | <b>\$151,770</b>   |







#### **HOME OFFICE**

3000 80th Street  
Kenosha, Wisconsin 53142  
Phone: 262-694-1600  
Fax: 262-694-5546  
Toll Free: 800-924-6373

#### **TELEPHONE NETWORK TELLER**

262-697-9999  
800-924-1868

#### **WESTSIDE OFFICE**

5001 60th Street  
Kenosha, Wisconsin 53144  
Phone: 262-694-1600  
Fax: 262-654-3531  
Toll Free: 800-924-6373

#### **ONLINE**

[www.southernlakescu.org](http://www.southernlakescu.org)

#### **WALWORTH COUNTY OFFICE**

17 N. Washington Street  
Elkhorn, Wisconsin 53121  
Phone: 262-723-4888  
Fax: 262-723-4988  
Toll Free: 800-924-6373

#### **SOCIAL MEDIA**

@solakescu