

SOLARITY

CREDIT UNION

2021

ANNUAL REPORT



Federally insured by NCUA

Report to the Membership

Solarity Credit Union celebrated its 10th anniversary in 2021, following a merger of two legacy credit unions in 2011 - a humble and momentous achievement for your hometown credit union. Throughout the disruptions of the previous two years caused by the ongoing global pandemic, we're pleased to say that we continued to make great strides in many areas thanks to the continued efforts and support of our staff, our Board of Directors and our members.

We made many small enhancements throughout the year to improve efficiencies and provide better service; however, it is the large, physical transformations that are most apparent. Our remodeled branch locations emphasized a new way of doing business, one with our members' experiences and banking needs in mind. Lobbies were redesigned to support consultative interactions with our branch staff, displaying a fresh new look and improving the effectiveness and efficiency of the way that you do business with us, both in the lobbies and the drive-ups.

Supporting this shift in our physical locations was the simultaneous transformation of our Member Contact Center, which underwent an expansive operational review. This resulted in process improvements, decreased member wait times and faster resolutions, which directly support your questions and needs, both digitally and over the phone.

The transformative experiences of 2021 didn't stop in our branch lobbies or Member Contact Center. Solarity was a forerunner in launching a completely remote home loan closing process, allowing home loan borrowers to sign their closing documents wherever and whenever it works for them. In 2021, Solarity's home lending experts assisted 889 families with home loan refinances or new home loans. Furthermore, we partnered with 37 different investment real estate professionals to finance



Mina Worthington
President and CEO



Terry Morgan
Board Chair

a record-breaking year in multi-family rental income property loans, which provided 864 more families with a place to call home.

While many of you faced your own challenges, thousands of you turned to us to help achieve a brighter financial future. We helped members purchase vehicles, establish credit, pay down debt and complete home improvements by funding 2,334 auto and RV loans, 392 credit cards, 102 personal loans and 94 home equity loans.

In a year constrained by the impacts of the global pandemic and economic turmoil, we are pleased to report that Solarity Credit Union continued to grow, with more than 54,000 members and \$814 million in assets. Net income for the year ending 2021 was \$3.93 million with a return on assets of 0.49%, reflecting a year-over-year increase of 23% in earnings.

As we enter 2022, we're optimistic for the future. We are focused on providing new and innovative ways for you to bank, making it easier for you to spend more time doing the things you love. We thank our Board of Directors for their service and unwavering commitment to looking out for the best interests of our members. We'd also like to thank our staff, who serve as passionate advocates for our members. And most importantly, we want to thank our members for your ongoing loyalty, support and understanding in this new world we are all facing together.

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In 2021, Solarity's home lending experts assisted 889 families with home loan refinances or new home loans.





Audit Committee Report

The Audit Committee is elected by the membership as the acting stewards responsible for ensuring the financial stability and operational soundness of the credit union, as well as compliance with various financial and regulatory requirements. These include reviewing quality practices and internal controls to protect against theft and fraud and continuously safeguarding the membership's collective assets. Our committee meets regularly, working closely with Solarity's Executive team, Risk Management team and external auditors to provide review and oversight of operations on behalf of every member.

In fulfilling our responsibilities, the committee engaged independent auditors to conduct the annual audit of Solarity's financial statements. In 2021, our independent auditors, Eide Bailly,

audited the financial statements of Solarity for the 12 months ending March 31, 2021, and completed verification of member accounts. They formally rendered their opinion indicating that our financial statements accurately reflect the financial condition of Solarity Credit Union. We extend our thanks to the members, the Board of Directors and employees of the credit union for their cooperation in allowing us to carry out our duties and responsibilities that ensure an effective audit program.

Jim Hurley
Board Director, Audit Committee Chair

Board of Directors



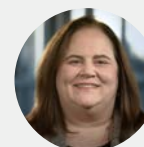
Terry Morgan
Board Chair



Merrilou Harrison
Vice Chair



Regan Myers
Secretary



Angela Gonzalez
Board Director



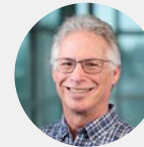
Jim Hurley
Board Director



Victoria Larios
Board Director



Michael Meyer
Board Director



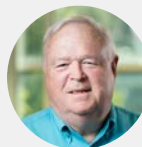
Doug Nicholson
Board Director



Ryan Smith
Board Director



Angela Von Esson
Board Director



Gary Kissling
Director Emeritus

SOLARITY CREDIT UNION



290,348

SMART ATM TRANSACTIONS

6,768

IN-BRANCH VIDEO CONSULTATIONS

Audit Committee



Jim Hurley
Chair



Ryan Smith
Committee Member



Victoria Larios
Committee Member



Paul Garrigues
CFO &
Staff Liaison



Tina Torres
VP of Risk Management
& Staff Liaison

What our members have to say about our enhanced branch experience...



I like the option of automated transactions but with the extra security that someone is there if you need anything.

Your mobile and in-person banking experiences and your employees are helpful and quick. Your ATMs are big and easy to use.

I like the new lobby and if you need help, someone is right there to help you. You have made the lobby a very nice experience.

It is very easy to use the Smart ATMs. I don't have to wait in line to make a deposit.

The staff listened to my concern, then explained what was best to do and facilitated doing it. Easy peasy, what more could you ask?

The folks were friendly and helpful. Using the Smart ATM was a breeze.



Financial Statement

Statement of Income

| Income | 2020 | 2021 |
|------------------------------|-------------------|-------------------|
| Interest on Loans | 22,669,029 | 22,541,628 |
| Investment Income | 993,149 | 584,408 |
| Fee & Other Operating Income | 12,319,536 | 11,829,014 |
| Total Income | 35,981,714 | 34,955,050 |

| Expenses | 2020 | 2021 |
|---------------------------------|-------------------|-------------------|
| Compensation | 14,126,760 | 15,228,495 |
| Travel & Conference | 207,131 | 317,691 |
| Office Occupancy | 1,190,245 | 1,187,792 |
| Office Operations | 5,225,126 | 5,886,620 |
| Marketing | 905,499 | 1,149,602 |
| Loan Servicing | 1,916,596 | 1,710,734 |
| Professional & Outside | 2,902,882 | 3,371,722 |
| Provision for Loan Losses | 2,478,000 | - |
| Cost of Borrowed Money | 594,114 | 448,626 |
| Misc Operating Expenses | 554,420 | 647,983 |
| Total Operating Expenses | 30,100,773 | 29,949,265 |

| | | |
|-------------------------------------|------------------|------------------|
| Non-Operational (Income) or Expense | 845,555 | 145,661 |
| Dividends | 1,833,303 | 931,934 |
| Total Expenses | 32,779,631 | 31,026,860 |
| Net Income | 3,202,083 | 3,928,190 |

Unaudited financials as of Dec 31, 2021. Certain prior year amounts have been reclassified for consistency with the current year's report. These reclassifications had no effect on the reported results of operations.

Statement of Financial Condition

| Assets | 2020 | 2021 |
|--|--------------------|--------------------|
| Loans | 465,665,222 | 547,460,222 |
| Allowance for Loan Loss | (3,184,984) | (2,638,245) |
| Loans Held for Sale | 114,289,694 | 55,334,146 |
| Cash and Deposit | 137,792,748 | 116,032,636 |
| Investments | 32,809,901 | 55,422,083 |
| Land-Building (Net of Depreciation) | 10,364,378 | 10,697,632 |
| Furniture & Fixtures (Net of Depreciation) | 3,015,911 | 3,385,510 |
| Other Assets | 22,106,682 | 22,849,860 |
| Accounts Receivable | 13,547,130 | 5,227,315 |
| Total Assets | 796,406,682 | 813,771,159 |

| | | |
|--------------------------------------|----------------------|----------------------|
| Assets Serviced for Others | 565,737,604 | 553,183,368 |
| Total Assets Under Management | 1,362,144,286 | 1,366,954,527 |

| Liabilities | 2020 | 2021 |
|--------------------------|-------------------|-------------------|
| Accrued Liabilities | 3,102,658 | 1,925,983 |
| Accounts Payable | 18,834,013 | 16,630,767 |
| Borrowings | 20,000,000 | 10,000,000 |
| Total Liabilities | 41,936,671 | 28,556,750 |

| Equity | 2020 | 2021 |
|--------------------------------|--------------------|--------------------|
| Membership Shares | 258,282,545 | 300,137,353 |
| Share Checking | 152,881,128 | 162,924,308 |
| Certificates | 53,114,395 | 41,308,151 |
| IRAs | 10,398,177 | 9,387,724 |
| Money Market Accounts | 158,314,783 | 152,666,378 |
| Non-Member Deposits | 6,272,058 | 1,094 |
| Total Membership Equity | 639,263,086 | 666,425,008 |

| | | |
|---|--------------------|--------------------|
| Equity Acquired in Merger | 20,445,000 | 20,445,000 |
| Regular Reserve | 2,771,120 | 2,771,120 |
| Unrealized Gain or Losses on AFS Securities | 93,569 | (252,145) |
| Retained Earnings | 91,897,236 | 95,825,426 |
| Total Reserve Equity | 115,206,925 | 118,789,401 |

| | | |
|-------------------------------------|--------------------|--------------------|
| Total Liability & Equity | 796,406,682 | 813,771,159 |
|-------------------------------------|--------------------|--------------------|

