

HOPEWELL FEDERAL

CREDIT UNION

2 0 2 1

60th
1962-2022
Anniversary

Your
Community
Credit Union

ANNUAL REPORT

YEAR IN REVIEW

Thank you and congratulations to Hopewell Federal Credit Union on another successful year in 2021 with outstanding deposit, asset, and member growth! As you may know, your credit union was founded in October 1962 originally serving the men and women at the Newark Air Force Base. In 2022, we will be celebrating our 60-year anniversary. A big thank you to all our member-owners that have contributed to our success over the years.

As we navigated the challenges of this past year, the only clear certainty was that the pandemic continued to affect every member of the community in some way. Hopewell's members and staff faced significant and unique challenges. Throughout the pandemic we identified three goals to be our guide to remain a pillar for those we serve and employ.

- Keep staff and members safe and healthy
- Continue to deliver a strong member experience
- Build and continue to grow Hopewell for the future

As a member-owned cooperative, our success is completely dependent on whether or not you, our members, chose to do business with us. Here are some highlights:

- Significant asset and share growth
 - As you will see in the financial reports, total assets grew by over 15% ending the year at just under \$138 million in assets. Thank you for trusting your credit union with your hard-earned savings.
- Continuing history of giving back to our communities
 - In 2021, we were able to make monetary and food donations to the local food pantries, brought back our annual car show that benefited the Licking County Humane Society, provided our annual scholarship, and collected funds for a donation of hats, gloves, and blankets to the Salvation Army.

In 2022 look for:

- 60th Anniversary Celebration – Look for various activities throughout the year and join us to help celebrate this important milestone.
- Increased investments in digital technology – We want to make it easier to conduct business with Hopewell, whether that's opening up a new account or applying for a loan.
- Continued community involvement – Here at Hopewell, we will continue to find ways to help improve the communities we have the privilege of serving.

Our goal is to continue to the tradition of meeting your financial needs from first cars to IRA certificates. We also want to be the first place you go to when you need or a loan or helping save for the future. If we are not, then we need to talk...we can do better! The Board and Management team at Hopewell has an open-door policy. Feel free to reach out to us. After all, you own the place, so you should have access to all of us.

In closing, we are confident we have the right Associates to be a strong and effective credit union to serve the unique needs of our member-owners. Thank you for your membership. We remain committed to serving and rewarding our members who place their trust in us. We look forward to celebrating our 60-year anniversary with you throughout the year.

CHRISTOPHER SIMMONS
President
Chief Executive Officer



President's Report

*A*s we reflect on 2021, I am delighted to witness the growth and progress of Hopewell Federal Credit Union. These past years have been challenging on our communities; however, this organization has continued to prosper. I have enjoyed watching the exciting transformation our new President and CEO, Chris Simmons, is bringing to our organization.

Marvin Oneson's, Financial report is a testament to the leadership of this organization, piloting the unique times we live. Improvements and quality continue to prevail. In addition, Nancy Barker's, report provides excellent examples of ways the organization continues to keep its strategy fluid to embrace industry change.

Community has been a driving force in our organization, and I love to see all the wonderful ways that HFCU has been instrumental in helping each community we share. Hopewell is not just a financial institution, but a community partner dedicated to the lives of others.

As we recap 2021, I am encouraged by everything Hopewell Federal continues to do to pioneer growth. I am in awe that we will celebrate our 60th year as part of this community and helping our members get ahead financially. Along with my fellow board of directors, I want to thank you for your continued support and look forward to celebrating this milestone year.

NASIE GALLAGHER
Chairman of the Board



Chairman's Report

Financial Report

Net income for 2021 was \$259,182, a decrease from \$357,002 for 2020. Excluding non-operating expenses, net operating income increased from \$368,398 in 2020 to \$659,583 in 2021. The large non-operating expense of \$400,401 was a one-time entry we were required to record by our pension actuary. Otherwise, 2021 was a nice rebound year after the COVID-19 effected year of 2020. Net interest income after the provision for loan losses was up \$256,683. Fee income and other operating income was up \$179,092. Additionally, operating expenses were up \$210,229. Total assets on December 31, 2021 were \$137.9 million, an increase of \$18.3 million or 15.3% from year-end 2020. Total loans outstanding were relatively unchanged, a decrease of \$0.6 million from December 31, 2020. All loan categories were relatively unchanged from year-end 2020.

The balance of total shares and deposits on December 31, 2021 was \$128.6 million, an increase of \$18.3 million or 16.6%. As was the case in 2020, much of this was due to our members receiving and keeping their stimulus money. We also seem to be seeing a lot of new members joining the credit union with relatively large deposits.

With our large deposit and asset growth the last two years, management is closely monitoring the credit union's capital adequacy. On December 31, 2021, total Regulatory Net Worth was \$9.4 million. Our average total assets in 2021 was \$131.1 million, giving us a Net Worth ratio 7.22% which still qualifies us as "Well Capitalized" per the NCUA. Our risk based capital was also over 7% at 7.1%.

We again had positive membership growth in 2021. We grew from 8,158 members at year-end 2020 to 8,278 members at year-end 2021, an increase of 120 members.

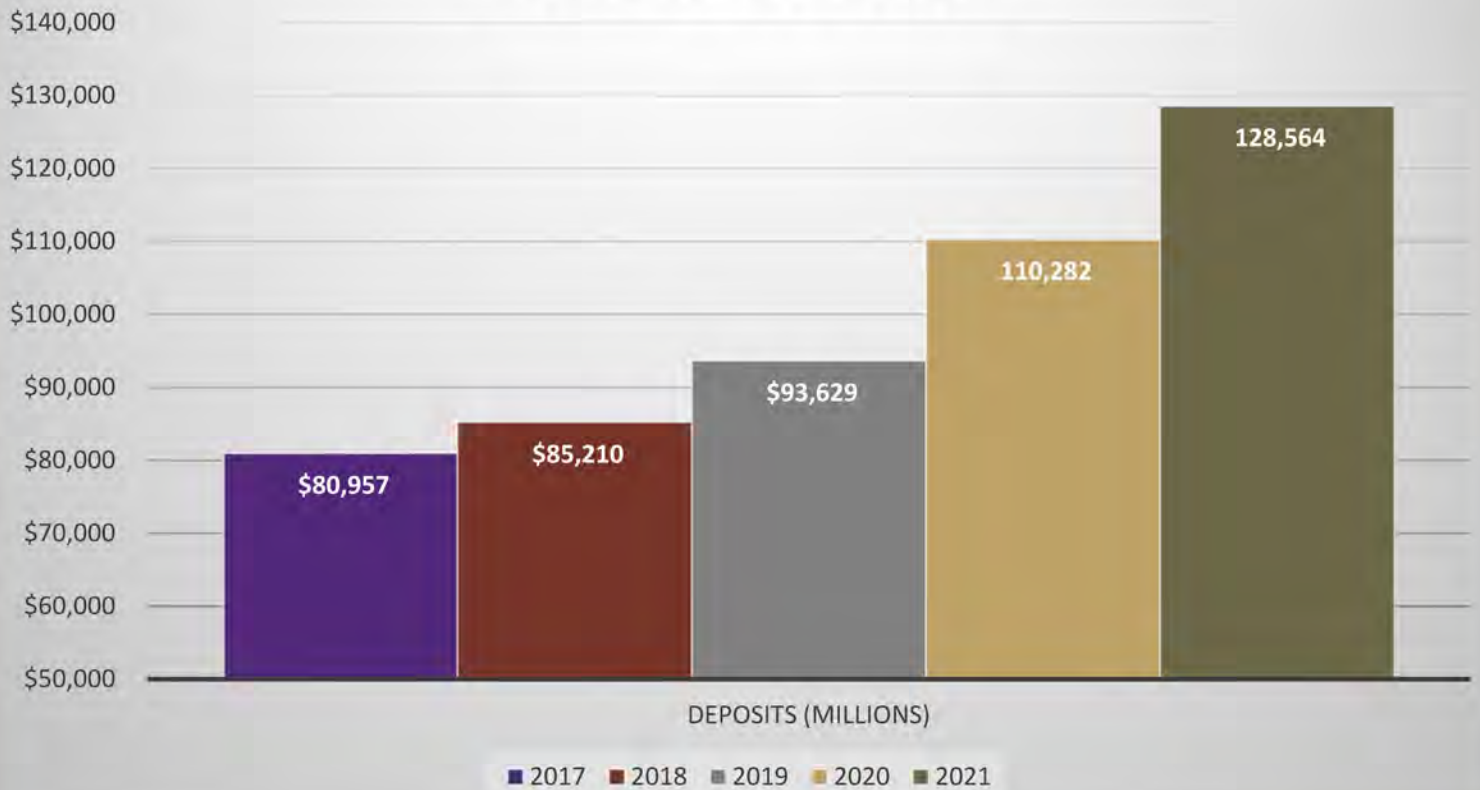
Problem loans continue to be a very minimal problem for us. Delinquent loans totaled \$54,152 at year-end 2021, which is only 0.08% of total loans. Net loans charged off during 2021 totaled \$6,399, or 0.01% of total loans.

Our share growth the last 2 years has been quite phenomenal. Total share deposits have grown from \$93.6 million at year-end 2019, to \$110.2 million at year-end 2020, to \$128.6 million at year-end 2021. This is an increase of \$34.9 million or 37.3% in just 2 years. Although this growth causes stress on us as we strive to keep our capital base up with this deposit and asset growth, we are quite proud of the fact that our members trust us a safe place for their hard-earned savings accounts.

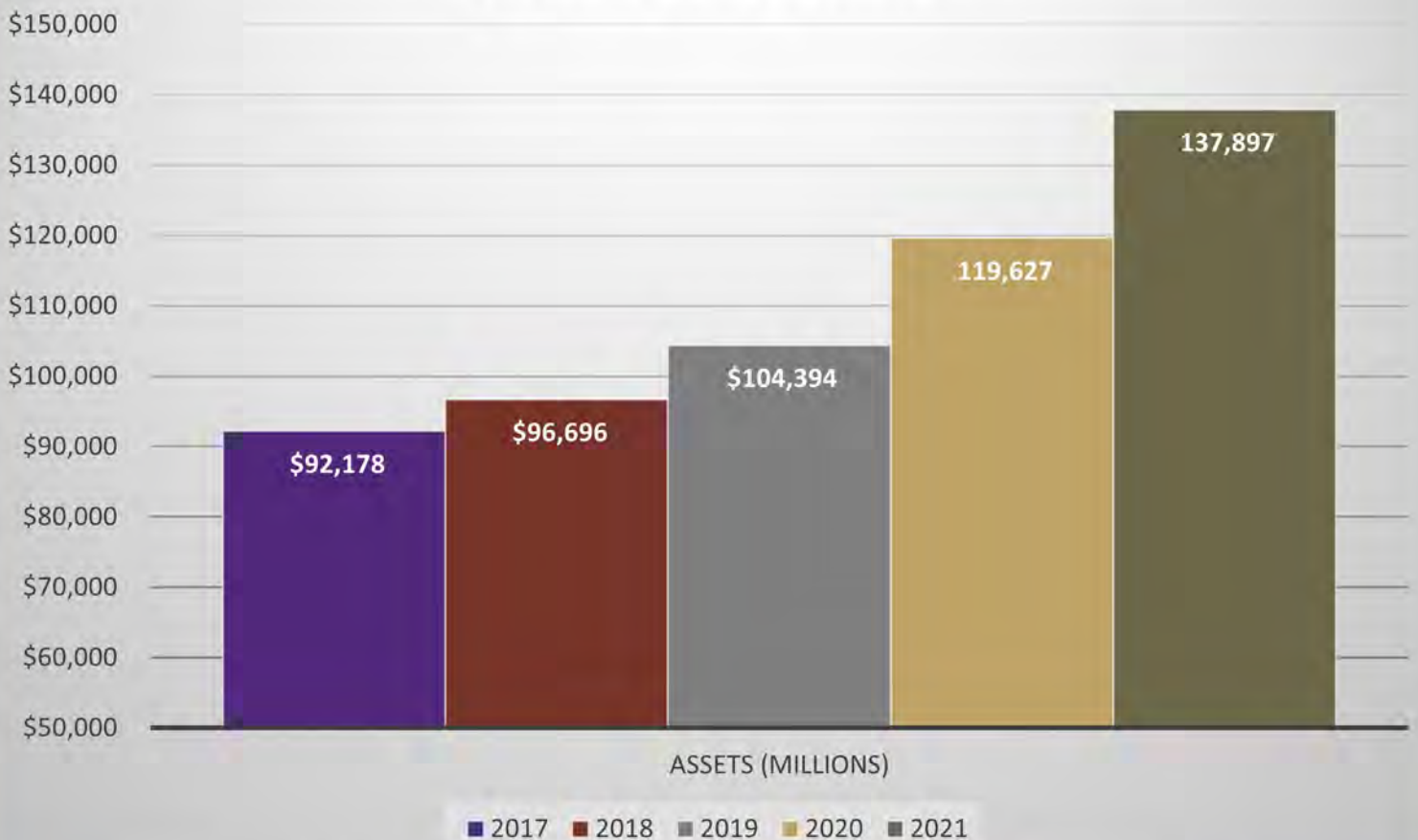
MARVIN ONESON
Chief Financial Officer



5 Year Deposit Growth



5 Year Asset Growth





Another year of the pandemic, supply shortages and much uncertainty is behind us! In typical fashion, Hopewell Federal Credit Union was able to complete another very successful year and achieve our mission of helping members get ahead financially.

We added and enhanced several products and services in 2021. We now offer a remote deposit capture program, Check Direct. Simply take a picture of your check and electronically deposit to your account. We also added some enhancements to our mobile product. Members may now see pending deposits and check holds from your mobile app. Additionally, we recently added a financial literacy product called ZOGO for members to access. The modules within the app provide insight to many financial areas such as buying a home or purchasing a car. In addition to the benefit of becoming financially literate, you also earn gift cards as you complete the modules! Lastly, we added a cash back feature to our Hopewell Visa credit cards. Members may now use Reward points earned for travel, gift cards or cash back.

Another new benefit for members is our partnership with American Income Life (AIL). Members of Hopewell Federal Credit Union, have a no-cost \$2,500 Accidental Death & Dismemberment benefit with this program.

Lastly, our community outreach continued to be strong. We supported several charities including the American Red Cross, Licking County Humane Society and the Salvation Army. We are excited about 2022 and look forward to even more product enhancements this year. Thank you for thinking of Hopewell for all your financial needs.



NANCY BARKER
Chief Operations
Officer



Roster of Officials



TREASURER
William Hepner, Jr.



CHAIRMAN
Nasie Gallagher



VICE CHAIR
Terry Jackson



BOARD MEMBER
Eileen Scarrett-Dudgeon



SECRETARY
Carla Cole



DIRECTOR EMERITUS
Cledys Henry

SUPERVISORY COMMITTEE

Kyle Miller
Chair

Lisa Miller
Secretary

Craig White
Member

Richard Arques
Member

Jason Staples
Member

EXECUTIVE MANAGEMENT

Chris Simmons
President / Chief Executive Officer

Nancy Barker
Chief Operations Officer

Marvin D. Oneson
Chief Financial Officer

BALANCE SHEETS

	<u>Dec. 31, 2021</u>	<u>Dec. 31, 2020</u>
Assets		
Credit card loans	\$ 3,210,428	\$ 3,256,728
Vehicle loans and leases	16,136,633	15,864,346
First mortgage loans - residential	28,667,895	29,068,665
First mortgage loans - business	8,880,156	9,046,832
Other mortgage loans	6,059,279	5,982,860
Other loans	2,312,945	2,676,177
Gross loans	65,267,336	65,895,608
Allowance for loan loss	(223,118)	(188,733)
Net loans	65,044,218	65,706,875
Cash & cash equivalents	11,293,649	10,430,722
Certificate of deposit investments	17,710,000	21,189,089
US treasury & federal agency securities	32,420,265	9,701,892
Other investments	4,218,472	2,954,866
Land, building & equipment	3,735,571	3,895,693
Other assets	3,474,374	5,747,750
TOTAL ASSETS	<u>\$ 137,896,549</u>	<u>\$ 119,626,887</u>
Liabilities & Equity		
Share drafts	\$ 24,908,116	\$ 20,532,477
Regular shares	56,050,546	47,453,044
Money market shares	23,026,939	15,415,384
Share certificates	18,253,221	20,059,673
IRA accounts	6,325,208	6,821,706
TOTAL SHARES	128,564,030	110,282,284
Borrowed funds	598,213	805,900
Other liabilities	578,163	785,789
TOTAL LIABILITIES	129,740,406	111,873,973
Members equity	8,156,143	7,752,914
TOTAL LIABILITIES & EQUITY	<u>\$ 137,896,549</u>	<u>\$ 119,626,887</u>

STATEMENTS OF INCOME

	<u>2021</u>	<u>2020</u>
Interest on loans	\$ 2,626,496	\$ 2,653,245
Interest on investments	694,852	646,316
TOTAL INTEREST INCOME	3,321,348	3,299,561
Interest on shares and borrowed funds	247,199	520,795
NET INTEREST INCOME	3,074,149	2,778,766
Provision for loan loss	31,200	(8,500)
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSS	3,042,949	2,787,266
Fee income	688,677	648,027
Other operating income	1,029,768	891,326
Gain (loss) on sale of assets	72,229	(17,202)
Other non-operating income (expense)	(400,401)	11,396
TOTAL NON-INTEREST INCOME	1,390,273	1,533,547
Compensation & benefits	2,280,747	2,090,001
Office occupancy & operations	805,780	863,914
Other operating expenses	1,087,513	1,009,896
TOTAL NON-INTEREST EXPENSE	4,174,040	3,963,811
NET INCOME	<u>\$ 259,182</u>	<u>\$ 357,002</u>

OTHER ITEMS

Total number of members	8,278	8,158
Total delinquent loans	\$ 54,152	\$ 102,392
Total loans charged off, net of recoveries	\$ 6,399	\$ 84,615

Balance Sheets



Independent Auditor's Report

To the Board of Directors of
Hopewell Federal Credit Union

Report on the Financial Statements

We have audited the accompanying statements of financial condition of Hopewell Federal Credit Union as of September 30, 2021 and 2020 and the related statements of income and comprehensive income (loss), members' equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the credit union's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the credit union's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hopewell Federal Credit Union as of September 30, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Lillie & Company LLC

Sunbury, Ohio
January 10, 2022

Adding insight... Not just numbers.

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Year in Review





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