

SOLARITY

CREDIT UNION

2020 ANNUAL REPORT



Federally Insured by NCUA

CEO Report

As 2020 draws to a close, I cannot help but feel tremendous gratitude. This year has put so many things into perspective. The importance of our health, our families, our homes and our livelihoods. The importance of supporting our small business community. The significance of being labeled an essential business versus a non-essential business. The power of care and concern for each other, as fellow human beings.

The resilience and positivity of our team at Solarity was proven time and time again throughout 2020. We are very fortunate to have assembled an agile team that can respond actively and compassionately to the massive disruption that the COVID-19 pandemic created. We also feel quite inspired that our members appreciate and support our staff and this organization, through thick and thin. We sincerely thank you for that.

Despite the onset of a global pandemic in 2020, we did not miss a beat in serving the needs of our membership. Not once were we forced to shut down our operation due to the pandemic. While member wait times for teller transactions in drive-ups and phone calls were longer than previously experienced, that was to be expected given restrictions on in-person business. We remain able to service the needs of our membership through online, mobile, video and telephone channels, as well as physical channels, by appointment.

Even prior to the pandemic, our world was rapidly moving into a new, digital age. The pandemic has accelerated that pace like a rocket into outer space. For years, I have been outspoken about the disruption occurring in financial services and other industries. Change is inevitable, given the many technological advancements, prompting people to consume goods and services in different ways. Couple that with an infectious virus that requires people to follow social-distancing guidelines and stay home, and what we previously viewed as *disruption* suddenly becomes the way that we operate every day.



Solarity's Board of Directors and staff have embraced the challenge of the pandemic with optimism and strategic thinking. We realize that "getting back to normal" does not mean that everything will return to being as it once was. At the beginning of the year, we closed our lobbies and limited traffic to keep our staff and members safe - and it worked. Most of our staff were rapidly deployed to remote work, again limiting the potential for illness or shutdown. This gave us the opportunity to rethink our lobby design to create a better experience for our members for a new future.

Our re-designed lobbies will open at the beginning of April 2021. You can expect to see familiar Solarity staff engaging with our members to assist them with their account or loan questions. Additionally, there will be specialized staff who will help members learn a new way to conduct their transactions with modern technologies. The branch environment is open and inviting and intended to meet the goal of helping to make your banking "errands" easier so that you can spend that time doing more of the things you love.

At Solarity, we are excited for the future. We innovate to make this credit union viable, relevant, and attractive for our current members who are adapting their banking behaviors, as well as new generations of members. Thank you for being a part of our past, present, and future.

A handwritten signature in orange ink that reads "Mina Worthington". The signature is stylized and fluid.

Mina Worthington
President and CEO



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The customer service I receive every time I call is amazing. They always manage to help me out to the fullest of their ability, therefore I'm pleased to be banking with Solarity.

- Nahum Ochoa

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Board Chair Report

We are living through an unprecedented moment in time. Our world has been challenged with the impacts of a global pandemic. While the past year has been a whirl wind of changes for all of us, the pandemic has provided an opportunity to support one another and to respond to the needs of our employees, members, and communities. At Solarity, we have been stretched to find innovative solutions to ensure undisrupted, top-notch service for members everywhere while practicing precautions to keep everyone healthy and safe.

While COVID-19 greatly impacted the day-to-day operations of your credit union, we remained open and available for throughout our normal operating hours to serve our members financial needs. Leveraging existing technology and self-service options for simple transactions, we found new ways to focus on relationships and personal interactions, namely through our Member Contact Center and our digital channels. The overall goal has always been, and remains, to make things as easy and efficient as possible for members everywhere.

The Board of Directors is grateful for the collaboration and effort put forward by the Management team and staff to rapidly respond to the needs of our employees and the membership amid these circumstances. Keeping the needs of our members front and center, we deployed multiple programs and solutions to support those experiencing unemployment or under-employment due to the pandemic. We have seen our delinquency rates remain low as compared to peers and generated positive net income for our organization. Maintaining a strong capital position, we continue to be exceedingly financially stable and operationally sound.

With a keen eye on our strategic vision to position Solarity for the future, we took advantage of the physical branch closures to expedite the redesign of our lobbies, focusing on improving our ability to assist you with your banking needs. While technology is one piece of the puzzle, we've also hired additional staff in branches to support our members with consultations, problem resolution, opening new accounts and fulfilling loan needs. We hope you'll appreciate the dedication and thought that has gone into implementing these changes to provide a better experience for you.

I'd like to thank you for your membership and patience during this interesting time. We're hopeful that 2021 will be filled with opportunities and new possibilities for you and your loved ones.

Terry Morgan
Board Chair

Board of Directors



Terry Morgan
Board Chair



Doug Nicholson
Vice-Chair



Regan Myers
Secretary



Mina Worthington
Board Director & President/CEO



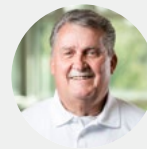
Merrilou Harrison
Board Director



Jim Hurley
Board Director



Gary Kissling
Board Director



Michael Meyer
Board Director



Audit Committee Report

The Audit Committee is elected by the membership to act on their behalf in ensuring the financial stability and operational soundness of the credit union, including quality practices and internal controls to protect against theft and fraud, continuously safeguarding the membership's collective assets. Our Committee works closely with Solarity's Executive team, Risk Management team, and external auditors, to provide review and oversight of operations on behalf of every member.

The committee is also charged with engaging independent auditors to conduct the annual audit of Solarity's financial statements. In 2020,

our independent auditors, Clifton Larson Allen LLP, audited the financial statements of Solarity for the 12 months ending March 31, 2020 and completed a verification of member accounts. They formally rendered their opinion indicating that our financial statements accurately reflect the financial condition of Solarity Credit Union.

Thank you for your continued trust and membership at Solarity; The Audit Committee looks forward to representing your best interests and serving you in the years ahead.

Jim Hurley
Board Director, Audit Committee Chair

Audit Committee



Jim Hurley
Chair



Merrilou Harrison
Vice-Chair



Gary Kissling
Secretary



Vicki Larios
Associate Director



Paul Garrigues
Staff Liaison



Tina Torres
Staff Liaison

A photograph of two men and a dog sitting on a concrete porch in front of a wooden door. The man on the left has a beard and is wearing a dark jacket over a black shirt. The man on the right is bald with a beard and is wearing a plaid shirt. A black dog is sitting between them. The scene is lit with warm, golden light, suggesting late afternoon or early morning. The background shows a grey shingled wall on the left and a white wall with a plant on the right.

Year in review

\$ 307
MILLION

Residential Real Estate
Financing in 2020

1567
FAMILIES

Homes and
Apartments Financed

Financial Statement

Statement of Income

Income	2019	2020
Interest on Loans	26,876,074	22,669,029
Investment Income	2,463,672	993,149
Fee & Other Operating Income	11,531,614	12,319,536
Total Income	40,871,360	35,981,714

Expenses	2019	2020
Compensation	13,847,006	14,126,760
Travel & Conference	339,532	207,131
Office Occupancy	1,314,762	1,190,245
Office Operations	4,675,904	5,225,126
Marketing	1,729,819	905,499
Loan Servicing	1,932,980	1,916,596
Professional & Outside	2,821,783	2,902,882
Provision for Loan Losses	2,370,889	2,478,000
Cost of Borrowed Money	1,113,171	594,114
Misc Operating Expenses	627,974	554,420
Total Operating Expenses	30,773,820	30,100,773

Non-Operational (Income) or Expense	(2,108,014)	845,555
Dividends	3,029,869	1,833,303
Total Expenses	31,695,675	32,779,631
Net Income	9,175,685	3,202,083

Unaudited financials as of Dec 31, 2020. 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	2019	2020
Loans	453,105,227	465,665,222
Allowance for Loan Loss	(2,552,288)	(3,184,984)
Loans Held for Sale	54,716,114	114,289,694
Cash and Deposit	141,054,318	137,792,748
Investments	32,097,721	32,809,901
Land-Building (Net of Depreciation)	12,347,204	10,364,378
Furniture & Fixtures (Net of Depreciation)	2,860,481	3,015,911
Other Assets	21,219,672	22,106,682
Accounts Receivable	4,328,194	13,547,130
Total Assets	719,176,643	796,406,682

Assets Serviced for Others	612,610,764	565,737,604
Total Assets Under Management	1,331,787,407	1,362,144,286

Liabilities	2019	2020
Accrued Liabilities	3,195,068	3,102,658
Accounts Payable	17,647,810	18,834,013
Borrowings	25,000,000	20,000,000
Total Liabilities	45,842,878	41,936,671

Equity	2019	2020
Membership Shares	197,553,662	258,282,545
Share Checking	113,592,153	152,881,128
Certificates	68,644,642	53,114,395
IRAs	11,770,736	10,398,177
Money Market Accounts	155,696,750	158,314,783
Non-Member Deposits	14,235,090	6,272,058
Total Membership Equity	561,493,033	639,263,086

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	(70,542)	93,569
Retained Earnings	88,695,154	91,897,236
Total Reserve Equity	111,840,732	115,206,925

Total Liability & Equity	719,176,643	796,406,682
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