

PRESIDENT'S REPORT

As we faced many challenges in 2020, Cornerstone Financial Credit Union was preparing for the retirement of our President, Joe Spivey. Joe dedicated 34 years of his life to being a key to the success of Cornerstone. We honor and appreciate Joe's commitment and leadership.

As the pandemic started impacting us in March, our world changed rapidly. Members went from spending time reading the newspaper and having coffee in our lobbies, to using services like online banking, mobile banking, and remote deposit from their home computers and cell phones. Members and staff adapted and found a way to persevere. We even found there were a few good things about the pandemic like less traffic, work from home, and time to focus on our family and loved ones.

Members who had not previously used online and mobile banking migrated to these services and found them to be secure, convenient, and easy to use. Members quickly adjusted to doing business through our drive-thru instead of the lobby and learned how to use remote deposit, mobile banking, and the Interactive Teller Machine (ITM) at our Franklin office. Use of these services increased significantly in 2020, along with an increase in the number of members applying for loans and opening accounts online. Even with the negative impact the pandemic had on the economy, Cornerstone had a 3.4% increase in membership and loans increased 9.52% as members took advantage of low interest rates to purchase and refinance homes and vehicles.

Although it would have been easy to lose focus on supporting our community, our staff helped others on many levels. Staff donations provided Thanksgiving meals for 52 families, along with Christmas gifts and food for a family from our Pencil Partner Harris-Hillman School. We collected donations to provide funds for school supplies and partnered with Ms. Cheap to collect pennies to support Second Harvest Food Bank with contributions of over \$5000. We also participated in the Komen Race for the Cure and staff volunteered to help those impacted by the tornado.

Words do not adequately express the gratitude we have for our members and staff. We look forward to a time beyond COVID-19, when we can personally visit with our members, travel, enjoy family gatherings and celebrate birthdays, holidays, and special events in-person. Thank you to our membership for your support and business!

Donna Young
President



LEADERSHIP TEAM

Donna Young
President

Laura Williamson
Executive Vice President

Linda Summarell
Chief Lending Officer

Roderick Payne
Chief Information Officer

Rob Byrd
Chief Financial Officer

Jason Dilbeck
Vice President, Lending

William Frye
Vice President, Marketing

Kallar McCown
Vice President, Branch Operations

BOARD OF DIRECTORS

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Lelan Statom
First Chairman

Dr. Roberta Hill
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Director

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Director

CREDIT COMMITTEE

Linda Summarell
Chairman

Stephanie Faulkner

Donna Hackett



People Helping People

2020 ANNUAL REPORT

CORNERSTONE
FINANCIAL
CREDIT UNION

Serving members since 1955.

I am pleased to report that in spite of the many economic challenges introduced by the COVID-19 pandemic, 2020 was a successful year for Cornerstone Financial Credit Union. We experienced good growth in both new membership and loans, with assets surpassing \$468 million and our current member count over 42,000. However, only looking at the numbers would give you a skewed impression of the impacts of this past year. 2020 was unlike any year that most of us have experienced in our lifetimes, but the strength and determination of our members is what can best be remembered.

Obviously, the events that occurred were most unsettling; however, you, the owners of the credit union, had faith in our industrious staff who worked tirelessly to ensure that our essential technology platforms (online, mobile banking and remote access) would be available to meet the needs of every member.

It seems fitting that several of the primary goals of the year shifted to online access. This was not by design, but as the pandemic raged and more of our members were forced to stay at home, we knew our mobile products would be of utmost importance and we would need to keep our services available to our members. We unveiled a new website in the spring that offered more functionality, a modern facelift, and easier navigation. Soon to follow, our online and mobile banking access offered the ability to apply for loans without visiting a branch.

Over sixty-five years have passed since the first members walked through our credit union doors, and many thousands more have done the same. This past year put into perspective how important it is to continue to improve our mobile services but also to embrace the smiling faces that meet us when we walk into a branch. We look forward to those days again soon, and we continue to embrace our commitment that we have been and always will be Focused on You.

As volunteer representatives, the board of directors of Cornerstone Financial Credit Union are committed to embracing our fiduciary responsibility to ensure that your credit union is operating in a sound financial manner and is meeting your financial needs. We appreciate your loyalty and look forward to continued success in 2021.

Sincerely,



Gary Cowan
Chairman



CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

Assets

	12/31/2020	12/31/2019
Cash and cash equivalents	\$33,692,574	\$20,824,987
Investments	21,765,835	16,486,793
Loans receivable, net*	377,644,881	345,312,528
Accrued interest receivable	984,657	1,018,457
Premises and equipment, net	14,646,475	15,145,542
Other assets	19,359,093	17,904,183
Total Assets	\$468,093,515	\$416,692,490

Liabilities & Members' Equity

Members' shares and deposits	\$423,083,107	\$375,398,629
Other liabilities	7,267,715	6,052,261
Total liabilities	430,350,822	381,450,890
Members' equity	37,742,693	35,241,600
Total Liabilities & Capital	\$468,093,515	\$416,692,490

CONSOLIDATED STATEMENTS OF INCOME

Interest income	\$15,729,116	\$16,106,539
Interest expense	2,181,915	2,648,596
Net interest income	13,547,201	13,457,943
Provision for loan losses	1,300,000	1,865,000
Net interest income after provision for loan losses	12,247,201	11,592,943
Non-interest income	5,268,260	5,695,798
Non-interest expense	14,755,456	14,179,855
Net Income	\$2,760,005	\$3,108,886

*Loans receivable are net of allowance for loan losses of \$2,846,837 and \$2,038,337 as of December 31, 2020 and 2019 respectively.

The enclosed Consolidated Statements of Financial Condition as of December 31, 2020 and 2019 and the Consolidated Statements of Income for the years ended December 31, 2020 and 2019 have been prepared in accordance with generally accepted accounting principles and regulations of the Tennessee Department of Financial Institutions.



Rob Byrd
Vice President/Chief Financial Officer



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