



catch the vision





2019 ANNUAL REPORT

CHAIRMAN'S REPORT



Ben Ungricht
Chairman of the Board

One of the most brilliant minds, Albert Einstein, once said, “If you want to know the future, look to the past.”


Granite Credit Union had another banner year in 2019! Granite passed a major milestone as we surpassed \$500 million in total assets. Member deposits increased over \$51 million with the primary growth coming from money market and CD accounts. This increase shows that both new and existing members have confidence in entrusting and depositing their money with Granite Credit Union.

Another accomplishment of 2019 was Granite’s low delinquent loan percentage and loan loss expense. What do these two terms mean and what do these numbers tell us? Simply put, the delinquent loan percentage lets us know what percentage of the credit union’s total loans are delinquent. Granite’s rate of delinquency is much lower than our peers on a state and national level. The loan loss expense is the actual dollar amount of uncollected loans and loan payments. Granite’s loan loss expense is extremely low, and stands among one of the best in the state and nation. These two numbers tell us that Granite’s management team has made sound lending policies, our loan officers are making excellent loans and our staff is doing an excellent job in collecting payments and following up on members who fall behind in their payments. It also

tells us that the members have been responsible in paying back their loans.

With every number that is listed on the balance sheet and income statement, I could go into great detail, as I have above, to explain how our great staff have achieved such outstanding results.

As demonstrated by the 2019 financials, Granite Credit Union has maintained a safe and sound profile. We have experienced an incredible year in terms of balance sheet growth, net income growth, low loan losses and operational efficiency. With the management team and employees we have in place, we expect 2020 to be another great year

Again, our future success depends on all of us working together. The Granite Credit Union staff and volunteers want to thank each of our 29,195 members. We want to thank you for placing your confidence in us at Granite Credit Union. 

PRESIDENT'S REPORT



Lynn Kuehne

President/CEO

2019 was a year to be remembered. Conversations around the water cooler were often dominated by the daily happenings in the political arena. Of perhaps less interest, but equally important, were the events taking place in the economic arena.

From December 2008 until December 2015, the Federal Reserve held their funds rate at historic low levels – 0.00% to 0.25%. This was done to help stimulate the economy during and after the Great Recession of 2007-2009. In December 2015 and again in December 2016, the Fed increased rates by 0.25%. In 2017 and 2018, the Fed increased rates a combined seven times, each increase being 0.25%.

During 2019, a period of time that has been referred to as “perhaps the greatest economy in the history of our country,” the Fed felt it necessary to decrease their basic rate three times, each decrease being 0.25%. These cuts were designed to stimulate the “booming” economy.

Campaign promises of 3-4% economic (GDP) growth have instead resulted in years of 2.8%, 2.5% and finally, 2.3% in 2019. Campaign promises of ridding the country of its’ national debt have instead become annual debt increases of \$666 billion, \$779 billion and finally, \$984 billion in 2019.

Each of annual deficit requires someone to purchase the debt. Buyers are individuals, corporations and countries. Sadly, the Fed felt the need to jump into this situation by making monthly purchases of \$60 billion in Treasury bills, in order to keep key interest rates within a desired range.

The Fed’s injections of cash cater to primary dealers or high-credit banks approved to purchase directly from the Fed. This means that smaller institutions are left with little assistance from such injections.

These injections of funds have helped support the increases in the stock market.

CREDIT UNIONS, since their creation, have relied on one source for their existence and ONE source alone – their members.

Granite Credit Union members have observed the situations I have described and have responded in a thoughtful manner. During 2019, members added over \$40 million dollars to their saving accounts. This reflects the largest one-year increase in member deposits. As a result, the credit union now can boast of being a \$500 million institution. Our staff and volunteers are proud of this growth and recognize the faith that members have placed in each of us.

Granite Credit Union is intent on offering our members “always competitive rates” on our savings and lending products. We work each day to keep the credit union financially strong, in order to protect the integrity of the institution and the savings of our members.

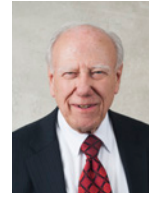
NCUSIF ensures that each member can have at least \$250,000 of insured savings. There are ways that this amount can be doubled or tripled, depending on how the accounts are set up. While this governmental insurance should give each member added peace of mind, Granite Credit Union has built its own strong level of protection. Despite the unprecedented growth in 2019, we were able to maintain our 11.07% net worth position. This is our way of protecting each member's savings.

The credit union was organized to be a consistent and safe place to save. We don't speculate or take undue risks when investing our members' savings. As always, our preference is to reinvest member savings back into the lives of our fellow members, for homes, automobiles and other necessities and pleasures of everyday living.

I join with our entire staff and volunteers in expressing thanks for your trust and look forward to a repeat of this success in 2020. 🍷



SUPERVISORY COMMITTEE REPORT



Don Johnson

Chairman, Supervisory Committee

It is a pleasure to provide this report of our work with our Internal Auditor Laura Wall during this past year. We meet with her monthly to review her work of the previous month and to go over her plans for the next month or two. We commend her for the fine work she performs for Granite Credit Union. Because of her work, the financial auditors, Moss Adams, were able to examine more complex items.

It is with pleasure that we report that our financial statements were examined by Moss Adams CPA's as of September 30, 2019 and found no misstatements or errors. The financial statements were correct as prepared and presented by our accounting department. They are doing a great job for our credit union.

Our IT audit by Moss Adams went well with no major concerns or problems found within our computer systems. We commend our IT department for the fine job they are doing. As you can imagine, with all of the problems of hacking, phishing and fraud that is going on these days, it is very important to keep all member information safe and accounts secure.

We appreciate the opportunity of serving you as volunteers on this committee. ♥



BALANCE SHEET

Assets	December 31, 2019	December 31, 2018
Loans to Members	\$ 342,012,936	\$ 343,306,733
Allowance for Loan Losses	\$ (2,419,430)	\$ (2,778,278)
Investments	\$ 158,210,127	\$ 88,239,321
Cash in Banks	\$ 4,622,505	\$ 9,440,427
Other Assets	\$ 3,815,481	\$ 10,026,182
Fixed Assets	\$ 6,546,620	\$ 6,602,829
Total Assets	\$ 512,788,239	\$ 454,837,214
Liabilities & Capital	December 31, 2019	December 31, 2018
Shares/Deposits	\$ 443,238,694	\$ 402,788,574
Other Liabilities	\$ 12,022,057	\$ 3,739,590
Total Reserves & Capital	\$ 50,349,534	\$ 45,115,388
Net Income	\$ 6,428,552	\$ 5,234,145
Unrealized Gains (Losses)	\$ 749,402	\$ (2,040,483)
Total Liabilities & Capital	\$ 512,788,239	\$ 454,837,214

INCOME STATEMENT

Income	December 31, 2019	December 31, 2018
Loan Income	\$ 15,261,022	\$ 14,418,235
Investment Income	\$ 3,280,455	\$ 2,052,564
Fees & Other Income	\$ 5,195,030	\$ 4,967,282
Total Income	\$ 23,736,507	\$ 21,438,081
Expenses	December 31, 2019	December 31, 2018
Salary & Benefits	\$ 7,099,064	\$ 6,662,488
Insurance Marketing & Ed	\$ 739,517	\$ 775,729
Office Operations	\$ 5,839,716	\$ 5,806,084
Cost of Funds	\$ 3,630,652	\$ 2,039,613
Total Expenses	\$ 17,308,949	\$ 15,283,914
Non-Operating Income/Expenses	December 31, 2019	December 31, 2018
Loan Loss Expense	\$ 51,656	\$ 1,191,715
Non-Operating Income (Expense)	\$ 52,650	\$ 271,693
Total Net Income (Loss)	\$ 6,428,552	\$ 5,234,145



BOARD OF DIRECTORS

Lewis Adams

Maxine Babalis

Doug Millward

Mitch Robinson

Lon Tibbits

Ben Ungricht

Richard Welch

SUPERVISORY COMMITTEE

Don Johnson

Sara Ashcraft

Paul Edmunds

Misty Shafer

MANAGEMENT TEAM

Lynn Kuehne President / CEO

Jim Davis Senior VP / Lending

Paul Metcalf VP / CFO

Julie Morgan VP / Risk Management

Mary Woodard VP / Operations

Mark Young VP / Human Resources



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