

generations
federal credit union

Annual Report 2020

Member owned. **Community grown.**



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Letter from the CEO

Generations FCU, along with our entire community, faced extraordinary challenges in 2020. We started the year with plans to celebrate the credit union's 80th anniversary with our members. However, the COVID-19 crisis required that we change our service delivery model to minimize disruption in members' personal financial management.

To meet local Stay At Home requirements while offering essential financial services, GFCU served members with extended operating hours at our Drive-Thru lanes at traditional branches and Call Center, in addition to 24/7 Online and Mobile Banking. We initiated payment relief programs for members to minimize negative financial impact, and assisted commercial members by participating in the Small Business Administration's Paycheck Protection Program. Over 100 support employees were seamlessly transitioned to work remotely.

As we responded to the changing environment, the GFCU team was able to help members and to reach new members with money- and time-saving programs. We introduced competitive Auto Loan rates and refinance offers, in addition to outstanding Mortgage Loan rates, promoting these offers throughout our market with broadcast, print, radio, TV, social and digital advertising. Generations also broadened its surcharge-free ATM locations by partnering with the CO-OP Shared ATM network; this became more important as the community planned for the more long-term impact of retail closures and social distancing. Our MyAdvantage Checking program gained new ease-of-use, plus a new online and mobile platform to simplify use of the Identity Theft prevention and protection features and other money-saving offers.

We also attained some important "wins" along the way for individual team members and our organization.

Early in the year, Vice President of Operations Jessica Hernandez was named to the 2020 SA Business Journal 40 Under 40, and was also recognized as Woman of the Year in this cohort. GFCU placed among the top 10 mid-size organizations in the SA Express-News Top Workplaces program based upon employee satisfaction surveys, and our team won the SA Sports Corporate Cup Charity Challenge and T-Shirt Design Contest in our employee-size category. For the second year in a row, Generations was named Best

of the Best among clients of MemberXP; this program assists us in gathering and analyzing member data for continuous service improvement.

I am pleased to let you know that during this challenging year where most of our team members were unable to meet and interact, we took the

opportunity to build communication, connection and collaboration. We implemented our Employee Focus Groups to gain feedback on both member- and employee-facing practices; we launched our intranet Employee Spotlight to add information about team member expertise; and we celebrated Employee Appreciation with monthly events, and organization-wide festivities on Employee Appreciation Day in March, and a special Drive-Up celebration for our Top Workplaces win.

We are honored to be the financial institution of choice for our members as we face these challenges together. We look forward to continuing to enhance our member experience, and to offering best-in-class services.

Ken Raymie

President & CEO

“As we responded to the changing environment, the GFCU team was able to help members and to reach new members with money- and time-saving programs..”



In October, Generations was named a Top 10 employer in the San Antonio Express-News 2020 Top Workplaces program, based on employee surveys. GFCU shared our appreciation by hosting Drive-Up celebrations, providing Top Workplace goodie bags and care packages to all team members.



Our Consumer Lending team received the MemberXP 2020 Best of the Best Loan Experience Award, which recognizes consistently exceptional levels of member service during 2020. This award is independently granted by MemberXP, and is given to fewer than one in five MemberXP clients.

Letter from the Board Chair

Generations Federal Credit Union was established in 1940 to improve the financial well-being of its founding community. Our credit union has grown substantially through the years, but our commitment to our members and neighbors has remained strong in every season of our 80-year history.

Community engagement activities started strong in 2020, with visits to San Antonio Police Substations on National Law Enforcement Day in January and participation in the Western Heritage Rodeo Parade and Cattle Drive in February. We invited high school students into our offices to learn about the many career choices in the credit union industry at the city-wide Job Shadow Day, also in February.

When restrictions on in-person volunteering arose in March 2020, Generations found new creative ways to pull together to serve our community. We sponsored the San Antonio Fire Department's Community Safety & Education trailer, which was used by the Decontamination Team at the Alamodome through the year. We joined the San Antonio Police Officers Association's Blue Cares Community Outreach to bring birthday gifts, food and treats to residents of Boysville, Inc. in July. We partnered with Blue Cares to provide school supplies to several elementary school campuses in August and September.

Generations' annual outreach efforts would not be complete without our annual Turkey Express events during the week before Thanksgiving. With social distancing rules in place, we fielded a team to take frozen turkeys, pecan and apple pies to 56 fire stations in San Antonio, Castle Hills and

Balcones Heights. The following week, we served a Thanksgiving meal at the Central Police Station, then provided curbside delivery of hot turkeys and sides to all Police Substations.

We wrapped up the year with the Blue Cares Outreach Blue Santa Golf Tournament Fundraiser in November. In December, Generations contributed over \$5,000 in gift cards and toys to help Blue Cares bring holiday cheer to low-income and at-risk families.

“ Our credit union has grown substantially through the years, but our commitment to our members and neighbors has remained strong in every season of our 80-year history. ”

In addition to these events, we received some incredible honors for charitable giving. Generations placed first in the SA Sports Corporate Cup Charity Challenge Division 4 (100 to 299 employees). The GFCU team raised \$9,000 in monetary donations, collected 122 units of blood, and gathered 1,000 clothing and food items in support of San

Antonio Sports, the San Antonio Food Bank, the South Texas Blood and Tissue Center, the Boys and Girls Clubs of San Antonio, and Haven for Hope.

We were also privileged to receive the Leukemia & Lymphoma Society's 2020 IGNITE Award during the Light the Night SA event in October, where our teams raised over \$13,000 to benefit and honor those affected by cancer.

We are grateful for your membership, and the opportunity to continue our legacy of service as we celebrate the 80th anniversary of Generations Federal Credit Union.

Neira South-White

Chair, Board of Directors



Thanks to the generosity of GFCU employees, GFCU won the SA Sports Corporate Cup 2020 Charity Challenge and T-Shirt Design contest! Over \$9,000 in donations benefited Haven for Hope, the Boys & Girls Clubs of SA, the South Texas Blood & Tissue Center, the SA Food Bank, and SA Sports.



Our amazing team members received the Leukemia & Lymphoma Society's IGNITE Award at the annual Light the Night SA. We raised \$13,322 to honor survivors and supporters of those affected by cancer.

Letter from the Supervisory Committee

The role of the Supervisory Committee is to oversee independent audits to ensure that member funds are managed soundly, and that members' assets are adequately safeguarded.

The committee is established by law as a key part of the credit union's operational process and fiscal soundness.

Each year, Generations undertakes two independent fiscal audits. In 2020, the Credit Union's Vice President of Operations, Jessica Hernandez, worked with RSM US, LLC, as well as with the National Credit Union Administration to successfully and fully complete two independent reviews.

Based on the results of these reviews, the Supervisory Committee is pleased to assure members that Generations Federal Credit Union is, and continues to be a safe, sound and secure financial institution.

We are proud to serve the Generations community of members.

Kate Martin,

Chair, Supervisory Committee

Letter from the Treasurer

In 2020, Generations enjoyed strong earnings and asset growth. During this challenging year, we continued to offer competitive rates, affordable fees, and enhanced products and services to meet members' changing financial needs.

For the year ending December 31, 2020, the credit union's gross income totaled \$34,315,486, and end-of-year net income was \$2,391,804.

I encourage you to review the credit union's 2020 Annual Report for a financial comparison between 2019 and 2020.

The management team and staff at Generations are committed to fiduciary responsibility, sound fiscal management and to the continued growth of our Credit Union.

Rose Rangel

Treasurer, Board of Directors

	2020	2019	Change
Assets	\$627,636,935	\$551,884,976	13.73%
Loans	\$456,920,242	\$367,124,760	24.46%
Deposits	\$569,033,322	\$491,636,465	15.74%

Comparative Balance Sheet

Assets	Dec. 31, 2020 (Unaudited)	Dec. 31, 2019 (Unaudited)
Loans	\$456,920,242	\$367,124,760
Allowance for Loan Loss	(\$2,664,731)	(\$3,888,724)
Cash	\$77,519,928	\$63,065,785
Investments	\$62,454,578	\$89,923,052
Accrued Interest	\$1,258,478	\$1,641,752
Prepaid Expenses	\$1,370,135	\$1,279,286
Other Assets	\$20,509,681	\$21,893,228
Fixed Assets (Net)	\$10,268,624	\$10,845,837
Total Assets	\$627,636,935	\$551,884,976

Liabilities		
Accounts Payable	\$7,192,745	\$9,576,685
Accrued Expenses	\$964,316	\$1,159,323
Other Liabilities	\$1,941,466	\$1,640,138
Total Liabilities	\$10,098,527	\$12,376,146

Equity		
Regular Shares	\$171,411,631	\$140,266,756
IRAs	\$21,231,163	\$14,684,107
Term Share Certificates	\$111,334,959	\$135,693,584
Money Market Accounts	\$89,370,820	\$81,094,077
Share Drafts	\$175,684,749	\$119,897,941
Regular Reserves	\$7,082,163	\$7,082,163
Other Equity	(\$7,672,926)	(\$5,913,842)
Undivided Earnings	\$49,095,849	\$46,704,044
Total Equity	\$617,538,408	\$539,508,830

Total Liabilities & Equity	\$627,636,935	\$551,884,976
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Comparative Income Statement

Year Ended Dec. 31 Income	2020 (Unaudited)	2019 (Unaudited)
Loan Interest Income	\$20,316,013	\$20,399,865
Investment Interest Income	\$1,304,410	\$2,408,301
Member Fees & Other Income	\$12,695,063	\$13,907,162
Total Income	\$34,315,486	\$36,715,329

Expenses		
Less: Operating Expenses	(\$30,055,704)	(\$30,430,790)
Less: Loan Provision	(\$28,965)	(\$2,575,421)
Income Before Dividends	\$4,230,817	\$3,709,117
Less: Dividends to Members	(\$3,446,419)	(\$3,845,196)
Net Income From Operations	\$784,398	(\$136,079)
Non-Operating Gain (Loss)	\$1,607,406	\$505,191
Net Income After Gain (Loss)	\$2,391,804	\$369,112

Independent Auditor's Report

Supervisory Committee
Generations Community Federal Credit Union

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Generations Community Federal Credit Union and Subsidiary, which comprise the consolidated statements of financial condition as of June 30, 2020 and 2019; the related consolidated statements of income, comprehensive loss, members' equity and cash flows for the years then ended and the related notes to the consolidated financial statements (collectively, 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 audit to obtain reasonable assurance about whether the financial statements are free from 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 entity'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 entity'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 Generations Community Federal Credit Union and Subsidiary as of June 30, 2020 and 2019, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

RSM US LLP

San Antonio, Texas
October 27, 2020

BOARD OF DIRECTORS



Neira South-White
Chair



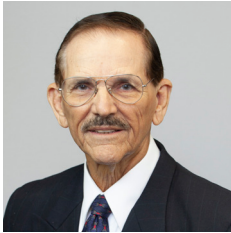
George Whitfield, Jr.
Vice Chair



Paulette McClure
Secretary



Rose Rangel
Treasurer



Joseph Martinez



Rosalie Manzano



Larry Reed



Warren Schott



Anthony Rogers, PhD

Supervisory Committee

Kate Martin
Chair

Michael Trainer

Robert Westbrook

LEADERSHIP



Ken Raymie
President & CEO



Geraldine Breeding
Chief Financial Officer



Kim Kiemy
Chief Lending Officer

Angela Howorth
VP of Human Resources

Marcel Theriot
VP of Finance

Gabe Longoria
VP of Information Systems

Kate Himes
VP of Consumer Lending

Jessica Hernandez
VP of Operations

Mark Johnston
VP of Commercial Services

Danielle Smothers
VP of Retail Delivery

Letty Gonzales
VP of Member Engagement

Eve Hernandez
VP of Marketing

MEMBER ENGAGEMENT



Vice President of Operations Jessica Hernandez was named the SA Business Journal's 2020 40 Under 40 leaders making a difference in our community, and she received top honors as 2020 Woman of the Year.



For National Law Enforcement Appreciation Day in January, we visited all SA Police Department substations to deliver treats, and to personally thank officers for protecting our communities.



Chief Lending Officer and Big Brothers Big Sisters of S. Texas Board Member Kim Kiemy joined the annual Flag Football Game with "biggs" and "littles" in February to raise awareness and donations for this important organization.



GFCU partnered with SA Sports and the South Texas Blood and Tissue Center to conduct three blood drives during the summer months, collecting 122 units of blood as the need spiked during the 2020 community health crisis.



Generations supports the mission of the San Antonio Firefighters Cancer Fund. As in-person fundraisers were cancelled, we honored our September sponsorship commitment to help firefighters in their time of need.



We joined the SA Police Officers Association's Blue Cares Community Outreach and other partners in August and September to deliver school supplies and hand sanitizer to Mead, Sarah King and East Terrell Hills Elementary Schools. Our \$10,000 donation provided much-needed items to students at these elementary schools.



Our first responders don't take breaks for the holidays, so GFCU teams brought Thanksgiving turkeys with all the trimmings to area Fire Stations and Police Substations at this year's 8th Annual Turkey Express.



On Giving Tuesday we donated funds to Any Baby Can with an Instagram contest in December. GFCU CEO Ken Raymie presented ABC President Elyse Alaniz Bernal with a donation to highlight the ABC mission.

Member Owned. Community grown.

St. Mary's Branch

1828 N. St. Mary's St.
San Antonio, TX 78212

Balcones Heights Branch

4005 Fredericksburg Rd.
San Antonio, TX 78201

WW White Branch

1945 W.W. White Rd.
San Antonio, TX 78222

San Pedro Branch

9311 San Pedro Ave.
San Antonio, TX 78216

Northwest Branch

6000 NW Loop 410
San Antonio, TX 78238

Yarrow Branch

7503 Yarrow Blvd.
San Antonio, TX 78224

HEB Plus! - McCreless

4100 S. New Braunfels Ave.
San Antonio, TX 78223

HEB - IH-10 & Wurzbach

9900 Wurzbach Rd.
San Antonio, TX 78230

HEB - Grissom & Tezel

9255 Grissom Rd.
San Antonio, TX 78251

HEB Plus! - 1604 & Potranco

10718 Potranco Rd.
San Antonio, TX 78251

HEB - Schertz

17460 IH-35 North
Schertz, TX 78154

210.229.1128

MyGenFCU.org

To become a member of Generations Federal Credit Union, you must live, work, worship, volunteer, attend school, and/or own a business in Atascosa, Bandera, Bexar, Comal, Guadalupe, Kendall, Medina, and/or Wilson County, Texas. All immediate family members of those listed above are also eligible for membership.



Facebook.com/mygenfcu



Twitter.com/generationsfcu



LinkedIn.com/company/generationsfcu

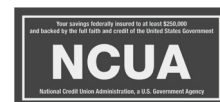


Instagram.com/generationsfcu

Regulated and Supervised By:

National Credit Union Administration Region IV - Austin 4807
Spicewood Springs Rd. Suite 5200
Austin, TX 78759-8490
512-342-5600 | Region@ncua.gov

Savings Insured By: National Credit Union Administration
up to \$250,000 for each qualified account



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