



2020 ANNUAL REPORT

Building Stronger Communities Together



Letter from Chairman and President



Dave Kintz
Chairman

2020 is a year nobody will forget. COVID had an impact on all of us in one form or another. KCT took the pandemic very serious early in 2020 and made it our top priority to protect our employees, members, and the communities we serve while still delivering financial services to our members. One of the things we are proud of is the fact that to-date, no one has contracted COVID at KCT, no staff or members.

Because of our investments in people, technology and service prior to the pandemic, KCT was well prepared to serve our members. From contingency plans we had developed in the event of a disaster to remote access technology like Online/Mobile Banking, Digital Card Apps and Secure eSignatures, KCT was ready to serve members even when we had to close our lobbies to protect the community.

We are extremely proud of our Board of Directors, Management and Staff as they navigated through the many challenges that 2020 brought, not only surviving through the pandemic, but finding ways to thrive!

Here are a few highlights:

- 2,546 new members
- 2,466 new checking accounts
- 3,569 consumer loans
- 344 mortgages
- \$53,716 in giveback to our Affinity Card Partners
- 551 Premier Members shared \$50,000 in dividends
- Assets increased to \$327.8 million (25% increase)
- Loans grew to \$219 million (21% increase)
- Provided a COVID Emergency Loan to members in need
- Placed ATMs in key locations to give members access to cash even when our lobbies were closed

We would like to take a moment to thank our members. You showed patience and consideration as we took steps to protect our staff, members and communities from COVID. Our success in 2020 would not have been possible without you! Thank you for not only being members, but being advocates for your credit union, telling your neighbors, friends and relatives about KCT.

Thank you again for choosing KCT as your financial institution. It is an honor and pleasure to serve you!



R. Michael Lee
President/CEO

KCT Board of Directors

Chairman



Dave Kintz
ECC Chief of Police

Vice Chairman



Kim Wagner
Vice President of Business
and Finance at ECC

Treasurer & Secretary



Melanie Meidel
Retired U-46 Administrator



Jaime Garcia
Executive Director at
Centro de Información



Patrick Mogge
Dir. of Community Engagement
& Outreach, Township High
School District 214



Keith McTyer
Safety Officer at Elgin
Mental Health Center



Fred Heid
District 300 Superintendent



Ray Denning
Retired Educator



Carole Medall
Executive Director at
Gail Borden Public Library

Affinity Cards and Partnerships

For 2020, KCT's Affinity Card programs continued to raise money for school districts U46, D300, Batavia, Geneva, East/West Aurora, Gail Borden Public Library and Elgin Community College. With every purchase made using an affinity card, a portion of the transaction is given to the affinity partner.

We are pleased to announce that a total of \$28,716 was raised last year as part of KCT's Affinity Card giveback, piggy bank sales and grant money. To learn more about these programs and to get your very own affinity card showing your school pride, visit kctcu.org/affinity.



DISTRICT 300



Partnerships

KCT welcomed new partner Hotel Baker in St. Charles with an employee count of 75. Also, KCT installed an ATM on-site for employees and guests. Prior to COVID, Business and Community Outreach participated in Regional Office of Education Professional Development day for all school districts in Kane County and was on-site at 5 school locations with over 1000 participants at each location.

Despite restrictions caused by the pandemic, KCT forged ahead in new ways, developing customized KCT informational videos for 11 school district partners, conducting virtual lunch and learn financial seminars, and supporting school foundations with distribution of grant and affinity monies with creative "hand off" videos. We also hosted multiple safe, secure and contactless shred events in Aurora, Hanover Township and Dundee Township Park District and attended virtual new hire orientation for 175 U46 employees and 50 employees for D302. Finally, KCT sponsored the U46 Superintendent Scholarship, the Regional Office of Education Homeless Scholarship, Kane County Educator of the Year, ECC's Project Backpack, and the U46 Alignment for Educational Excellence.

Statement of Financial Condition

Assets	2020	2019
Loans	\$219,729,638	\$180,962,908
Allowance for Loan Losses	(2,567,516)	(2,537,839)
Cash and Cash Equivalents	36,713,175	8,690,498
Investments	42,637,319	46,100,525
Fixed Assets, Less Depreciation	5,684,356	6,863,406
Other Assets	24,505,641	22,146,304
Total Assets	\$326,702,612	\$262,225,803
Liabilities		
Accounts Payable, Other	\$1,747,534	\$1,454,341
FHLBC Advances	4,000,000	-
Reserves		
Regular Reserves	\$16,100,000	\$12,600,000
Undivided Earnings	14,360,001	17,021,902
Equity Acquired in Merger	741,673	741,673
Other Comprehensive Income (Loss)	308,414	(187,758)
Total Reserves	\$31,510,088	\$30,175,817
Members Equity		
Regular Shares	\$155,516,246	\$128,095,583
All Other Shares	133,928,744	102,500,062
Total Members' Equity	\$289,444,990	\$230,595,645
Total Liabilities, Members' Equity, Reserves	\$326,702,612	\$262,225,803

Report of the Credit Committee



Kim Wagner KCT's net loan growth as of the year ending December 2020 was \$38.8 million, or 21%, over December 2019. KCT experienced tremendous loan growth in Mortgages as KCT promoted the enormous savings our Members would receive. December 2020 Loan-to-Share and Loan-to-Assets were 75.91% and 67.03%, respectively, compared to December 2019 ratios of 78.49% and 69.01%.

Vice Chairman & Credit Committee Chairwoman

Statement of Income

Operating Income	2020	2019
Interest on Loans	\$10,343,647	\$9,251,645
Income Investments	842,861	2,679,588
Service Charges on Deposits and Loans	798,614	1,067,660
Other Operating Income	3,336,718	2,881,158
Total Operating Income	\$15,321,840	\$15,880,051
Operating Expense		
Compensation and Benefits	\$6,120,053	\$5,897,815
Office Occupancy	669,108	674,379
Office Operations	877,991	893,137
Professional and Outside Services	776,676	672,828
Loan Servicing	629,214	477,974
Marketing and Promotion	159,174	198,937
Operating Expense, Misc.	1,271,269	1,214,070
Provision for Loan Losses	1,807,488	1,609,233
Borrowing Interest	319,599	1,285,331
Supervisory, IDFPFR	65,934	63,791
Total Operating Expense	\$12,696,506	\$12,987,495
Net Operating Income Before Dividends	2,625,334	2,892,556
Dividends Paid to Members	622,562	369,776
Net Income from Operations	\$2,002,771	\$2,522,780
Non-Operating Income (Expense)		
Gain (Loss) on Investments & Loans	97,253	(4,798)
Gain (Loss) on Disposition of Assets	(1,937)	(57,316)
Other Non-Operating Income (Expense)	(1,259,988)	(216,997)
Total Non-Operating Income (Expense)	(\$1,164,672)	(\$279,112)
Net Income	\$838,099	\$2,243,669

Report of the Supervisory Committee



Ray Denning

*Supervisory Committee
Chairman*

The Supervisory Committee's responsibility is to serve KCT's members by ensuring that the Credit Union is operated in accordance with its By-Laws, the Illinois Credit Union Act, and Generally Accepted Accounting Principles. This committee receives and reviews member inquiries and resolves any problems that may exist. The Supervisory Committee contracted the accounting firm Selden Fox Ltd, of Oak Brook, Illinois to perform an annual audit of the credit union. Their report, dated February 18, 2021, states that their audit was performed in accordance to auditing standards generally accepted in the United States of America. Selden Fox CPAs concluded that the financial statements present fairly, in all material respects, the financial position of Kane County Teachers Credit Union as of December 31, 2020 and 2019, and the results of its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. KCT Credit Union contracted Selden Fox for quarterly compliance and procedural assessments. These proactive assessments address emerging regulations and protect our members.

Awards in 2020

Desjardins Award for Adult Financial Education

KCT is proud to have won the CUNA 2nd place **Desjardins Award for Adult Financial Education** in 2020. This award recognizes leadership within the credit union movement on behalf of financial literacy for adults.

The initial implementation of KCT's Financial Wellness Program was established to serve the needs of local Community School District 300 but then was promoted to various community organizations, elected officials, and employers. KCT created collateral material that was distributed to partner organizations on the importance and need for a trusted, not-for-profit financial institution that not only provides financial wellness education but also practical application through KCT Credit Union's products and services.

KCT's financial wellness program was implemented in September 2019. From inception to March 2020, we held 27 seminars (23 in person, 4 webinars in March due to COVID-19) with over 130 attendees.

myCUMortgage Marketer of the Year Award

KCT was honored to receive the award for **Marketer of the Year** at the annual myCUMortgage Mission Possible partner event. This award came in recognition of the marketing and education on mortgage loans to our members and communities throughout 2020. We continuously spread the awareness of what our Mortgage Lenders can do through multiple channels, such as emails and social media. We also host several educational workshops discussing different aspects of the mortgage process. We are very proud of the work our employees have put in to educate and bring awareness to our members regarding mortgages.

Report of the Membership Committee



Jaime Garcia

*Membership Committee
Chairman*

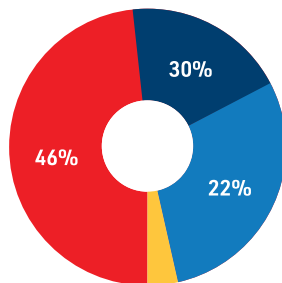
During 2020, KCT Credit Union added 2,546 new members which was slightly lower than 2019. The COVID pandemic had a direct impact on new member signings due to the limited credit union days, lobby closures, and other membership events that were canceled in response to federal and state guidance to minimize risks of COVID. KCT continues to serve our communities and Select Employee Groups by providing electronic resources for member enrollment and virtual financial wellness seminars.

Year in Review

Debt Protection

Members have the option of purchasing KCT's Debt Protection service in case of the unexpected, such as disability, death, involuntary unemployment or family medical leave. Qualifying claims could cancel the member's loan balance or payments up to the contract maximums. 2020 saw a total of 175 claims paying out a total of \$318,746. For more information, visit protection.kctcu.org.

● Disability 46% ● Unemployment 30% ● Life 22% ● Family Leave 2%



\$318,746 in claims paid to our members in 2020

Guaranteed Asset Protection (GAP)

Guaranteed Asset Protection can help fill the gap between what your vehicle insurance will pay and what you owe on your vehicle loan.

\$56,462

16 Claims Paid Total

\$3,528

Average Claim Paid

Mechanical Repair Coverage (MRC)

Big unexpected repairs can happen after your factory warranty expires. Mechanical Repair Coverage can help limit the cost of covered breakdowns.

\$29,784

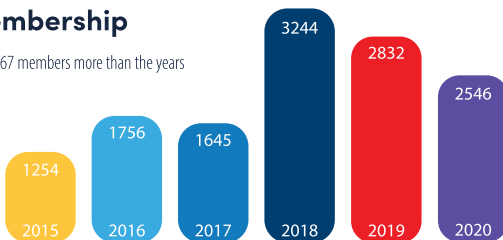
21 Claims Paid Total

\$1,418

Average Claim Paid

New Membership

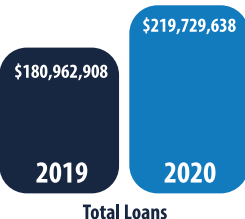
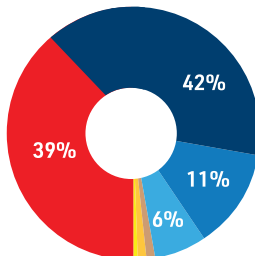
In the last three years, KCT has grown 3967 members more than the years 2015-2017 combined.



Loans

Our total loan assets grew over 20% in 2020 to \$219,729,638 compared to \$180,962,908 in 2019. Mortgages are the largest percentage of our loans.

● Consumer 39% ● Mortgage 42% ● Home Equity 11%
 ● Credit Cards 6% ● Student 1% ● Participation 1%
 ● Other <1%





MISSION STATEMENT

A member-owned and controlled financial institution.

VISION STATEMENT

We (KCT) strive to build lifelong relationships with staff, members, and communities based on total disclosure.



AMERICAN SHARE INSURANCE

Your savings insured to \$250,000 per account. This institution is not federally insured.