TRUPARTNER CREDIT UNION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

WITH

INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Members of
TruPartner Credit Union, Inc.

Opinion

We have audited the accompanying financial statements of TruPartner Credit Union, Inc., which comprise the statements of financial condition as of December 31, 2020 and 2019, and the related statements of income, comprehensive income, changes in members' equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TruPartner Credit Union, Inc. as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of TruPartner Credit Union, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about TruPartner Credit Union Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of the internal control relevant to the audit 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 TruPartner Credit Union Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about TruPartner Credit Union Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Whitmer & Company CPAs, LLP

Whitmer & Company CPAs, LLP
Cincinnati, Ohio

February 17, 2021

TRUPARTNER CREDIT UNION, INC.
STATEMENTS OF FINANCIAL CONDITION
DECEMBER 31, 2020 AND 2019

ASSETS

	2020	2019
Cash and Cash Equivalents (Note B)	$ 22,452,985	$ 14,383,167
Deposits at a Corporate Credit Union (Note C)	1,185,196	1,185,196
Time Deposits (Note D)	28,853,458	22,207,375
Securities Held-to-Maturity (Note E)	14,998,930	19,246,877
Debt Securities Available-for-Sale (Note F)	109,701	105,687
Other Investments (Note G)	4,028,478	3,845,661
Loans to Members, Net of Allowance for Loan Losses (Note H)	100,241,422	83,697,633
Loans in Process of Foreclosure (Note H)	23,000	-
Loans in Process of Liquidation (Note H)	25,297	-
Accrued Interest Receivable	734,621	507,832
Premises and Equipment, Net (Note I)	4,571,793	4,833,639
American Share Insurance Deposit	1,778,833	1,742,997
Foreclosed Assets (Note J)	63,810	228,972
Core Deposit Intangible	-	12,018
Prepaid Expenses and Other Assets	1,065,274	1,524,752
Total Assets	$ 180,132,798	$ 153,521,806

LIABILITIES AND MEMBERS' EQUITY

	2020	2019
Liabilities		
Members' share and savings accounts (Note L)	$ 162,560,437	$ 136,833,299
Line of credit (Note K)	-	-
Accrued expenses and other liabilities	846,803	338,002
Total Liabilities	163,407,240	137,171,301
Commitments and Contingent Liabilities (Note O and P)	-	-
Members' Equity, Substantially Restricted		
Regular reserves	3,379,315	3,379,315
Undivided earnings	6,854,375	6,483,336
Equity acquired in acquisition	6,482,924	6,482,924
Accumulated other comprehensive income	8,944	4,930
Total Members' Equity	16,725,558	16,350,505
Total Liabilities and Members' Equity	$ 180,132,798	$ 153,521,806

See accompanying notes and independent auditor's report.

TRUPARTNER CREDIT UNION, INC.
STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Interest Income		
Interest and fees on loans	$ 5,604,978	$ 5,466,328
Interest on investments, debt and cash equivalents	1,006,973	1,296,021
Total Interest Income	6,611,951	6,762,349
Interest Expense		
Dividends on members' share and savings accounts	836,373	967,725
Interest on borrowed funds	151	1,454
Total Interest Expense	836,524	969,179
Net Interest Income	5,775,427	5,793,170
Provision for Loan Losses	442,540	449,626
Net Interest Income after Provision for Loan Losses	5,332,887	5,343,544
Non-Interest Income		
Income from fees and charges	619,322	737,422
Insurance commissions	91,276	91,296
Income on rental of foreclosed assets	4,088	9,891
Gain (loss) on sale of assets	-	(12,293)
Gain (loss) on sale of foreclosed assets	(22,442)	(281)
Total Non-Interest Income	692,244	826,035
Non-Interest Expense		
Compensation and benefits	2,559,762	2,545,428
Operations	2,123,400	2,093,864
Occupancy	485,299	497,126
American Share Insurance premium	36,000	36,000
Education and promotion	203,600	209,177
Core deposit intangible amortization	12,018	48,072
Professional and outside services	217,492	150,122
Foreclosed assets expense	17,162	94,423
Total Non-Interest Expense	5,654,733	5,674,212
Excess of Assets Acquired Over Liabilities Assumed in the Acquisition of CACU	641	2,565
Net Income	$ 371,039	$ 497,932

See accompanying notes and independent auditor's report.

TRUPARTNER CREDIT UNION, INC.
STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Net Income	$ 371,039	$ 497,932
Changes in net unrealized gain (loss) on debt securities available-for-sale	4,014	3,822
Total Comprehensive Income	$ 375,053	$ 501,754

See accompanying notes and independent auditor's report.

TRUPARTNER CREDIT UNION, INC.
STATEMENTS OF CHANGES IN MEMBERS' EQUITY
YEARS ENDED DECEMBER 31, 2020 AND 2019

	Regular Reserves	Undivided Earnings	Equity Acquired in Acquisition	Accumulated Other Comprehensive Income	Total Equity
Balances, December 31, 2018	$ 3,379,315	$ 5,985,404	$ 6,482,924	$ 1,108	$ 15,848,751
Comprehensive Income (Loss)	-	497,932	-	3,822	501,754
Balances, December 31, 2019	3,379,315	6,483,336	6,482,924	4,930	16,350,505
Comprehensive Income (Loss)	-	371,039	-	4,014	375,053
Balances, December 31, 2020	$ 3,379,315	$ 6,854,375	$ 6,482,924	$ 8,944	$ 16,725,558

See accompanying notes and independent auditor's report.

TRUPARTNER CREDIT UNION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Cash Flows from Operating Activities		
Net income	$ 371,039	$ 497,932
Adjustments to reconcile net income to		
net cash provided by (used in) operating activities		
Depreciation	292,328	329,528
Amortization of premiums and discounts	2,061	(8,274)
Amortization of loan discounts	641	2,566
Provision for loan losses	578,618	449,626
(Gain) loss on sale of foreclosed assets	22,442	281
(Increase) decrease in accrued interest receivable	(226,789)	15,787
(Increase) decrease core deposit	12,018	48,072
(Increase) decrease in prepaid expenses and other assets	459,478	(335,855)
Increase (decrease) in accrued expenses and other liabilities	508,801	90,620
Total adjustments	1,649,598	592,351
Net Cash Provided by (Used in) Operating Activities	2,020,637	1,090,283
Cash Flows from Investing Activities		
Proceeds from maturing of time deposits	11,067,925	10,199,000
Acquisition of time deposits	(17,714,000)	(12,124,433)
Proceeds from maturing debt securities held-to-maturity	26,250,000	18,750,000
Acquisition of debt securities held-to-maturity	(22,000,000)	(9,250,000)
(Increase) decrease in other investments	(182,817)	(174,493)
(Increase) decrease in American Share Insurance deposit	(35,836)	(21,488)
Net (increase) decrease in loans to members,		
net of principal collections	(17,169,665)	1,521,847
Proceeds from sale of foreclosed assets	129,154	39,689
Net (increase) decrease in value of foreclosed assets	7,764	90,912
Purchase of fixed assets	(30,482)	(118,321)
Net Cash Provided by (Used in) Investing Activities	(19,677,957)	8,912,713

See accompanying notes and independent auditor's report.

TRUPARTNER CREDIT UNION, INC.
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Cash Flows from Financing Activities		
Advance on line of credit	955,905	5,950,606
Payment on line of credit	(955,905)	(5,950,606)
Net increase (decrease) in members' share and savings accounts	25,727,138	2,756,570
Net Cash Provided by (Used in) Financing Activities	25,727,138	2,756,570
Increase (Decrease) in Cash and Cash Equivalents	8,069,818	12,759,566
Cash and Cash Equivalents, Beginning of Year	14,383,167	1,623,601
Cash and Cash Equivalents, End of Year	$ 22,452,985	$ 14,383,167
Supplemental Cash Flow Disclosure:		
Cash paid for interest expense	$ 836,524	$ 969,179
Capitalized interest income on investments	$ 185,262	$ -
Increase (decrease) in unrealized gain on securities available-for-sale	$ 4,014	$ 3,822

See accompanying notes and independent auditor's report.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Date of Management's Review of Subsequent Events

Management has evaluated subsequent events through February 17, 2021, the date which the financial statements were available to be issued.

Nature of Business

The TruPartner Credit Union, Inc.'s operations are principally related to holding deposits for and making loans to members of the Credit Union who are employees of selected groups in southwest Ohio. The Credit Union's primary source of income is interest generated from credit card, automobile, and real estate loans to members.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Specifically, management has made estimates based on assumptions for fair value of financial instruments and the assessment of other than temporary impairment on investments. Actual results could differ from those estimates.

Time Deposits

Time deposits in other financial institutions include certificates of deposit. These are stated at cost. The certificates of deposit all mature within five years.

Fair Value Measurements

The Credit Union follows the guidance of FASB ASC 825, *Financial Instruments*, and FASB ASC 820, *Fair Value Measurement.* This guidance permits entities to measure many financial instruments and certain other items at fair value. The objective is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. This guidance clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Under this guidance, fair value measurements are not adjusted for transaction costs.

This guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The Credit Union's investments in debt securities are classified and accounted for as follows:

> Held-to-Maturity: Government and government agency bonds, notes, and certificates which the Credit Union has the positive intent and ability to hold to maturity are reported at cost, adjusted for amortization of premiums and accretion of discounts which are recognized in interest income using the straight-line method over the period to maturity.
>
> Available-for-Sale: Government and government agency bonds are classified available-for-sale when the Credit Union anticipates that the securities could be sold in response to rate changes, prepayment risk, liquidity, availability of and the yield on alternative investments and other market and economic factors. These securities are reported at fair value.

Unrealized gains and losses on debt securities available-for-sale are recognized as direct increases or decreases in other comprehensive income. Purchase premiums and discounts are recognized in interest income using the straight-line method over the terms of the securities. Declines in the fair value of held-to-maturity securities below their cost that are deemed to be other than temporary are reflected in earnings as realized losses. In estimating other-than-temporary impairment (OTTI) losses, management considers (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Credit Union to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. Gains and losses on the sale of securities are recorded on the trade date and the costs of securities sold are determined using the specific identification method.

The Credit Union does not maintain a trading portfolio. Other investments are classified separately, stated at cost and subject to impairment.

Loans Held for Sale

The Credit Union had no loans held for sale at December 31, 2020 and 2019.

Loans to Members

Loans are reported at their recorded investment, which is the outstanding principal balance net of any unearned income, such as deferred fees or costs, charge-offs and unamortized premiums or discounts on originated loans. Interest on loans is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding. When principal or interest is delinquent for 61 days or more, the Credit Union evaluates the loan for nonaccrual status.

After a loan is placed on nonaccrual status, all interest previously accrued but not collected is reversed against current period interest income. Subsequent collections of interest payments on nonaccrual loans are recognized as interest income unless ultimate collectability of the loan is in doubt. Cash collections on loans where ultimate collectability remains in doubt are applied as reductions of the loan principal balance and no interest income is recognized until the principal balance has been collected.

Loan fees and certain direct loan origination costs are deferred, and the net cost is recognized as an adjustment to interest income using the interest method over the contractual life of the loans, adjusted for estimated prepayments based on the Credit Union's historical prepayment experience. The Credit Union does not charge commitment fees.

Allowance for Loan Losses

The allowance for loan losses reflects management's judgment of probable loan losses inherent in the portfolio. The Credit Union uses a disciplined process and methodology to establish the allowance for loan losses each month. To determine the total allowance for loan losses, management estimates the reserves needed for each segment of the portfolio, including loans analyzed individually and loans analyzed on a pooled basis. The allowance for loan losses consists of amounts applicable to: (i) the new automobile portfolio, (ii) the used automobile portfolio, (iii) the consumer secured portfolio, (iv) the first mortgage portfolio, (v) the home equity portfolio, (vi) the unsecured portfolio, (vii) the non-participation business portfolio, (viii) the credit card portfolio, and (ix) the loan participation portfolio.

To determine the balance of the allowance account, loans are pooled by portfolio segment and losses are modeled using historical experience and quantitative and other mathematical techniques over the loss emergence period. Management exercises significant judgment in determining the estimation method that fits the credit risk characteristics of each portfolio segment. The Credit Union uses historical twelve-month rolling average for this process.

Management must use judgment in establishing additional input metrics for the modeling processes. The models and assumptions used to determine the allowance are independently validated and reviewed to ensure that their theoretical foundation, assumptions, data integrity, computational processes, reporting practices and end-user controls are appropriate and properly documented.

The establishment of the allowance for loan losses relies on a consistent process that requires multiple layers of management review and judgment and responds to changes in economic conditions, member behavior, and collateral value, among other influences. From time to time, events or economic factors may affect the loan portfolio, causing management to provide additional amounts to or release balances from the allowance for loan losses. The Credit Union's allowance for loan losses is sensitive to risk ratings assigned to individually evaluated loans and economic assumptions and delinquency trends driving statistically modeled reserves. Individual loan risk ratings are evaluated based on each situation by experienced senior credit officers.

Management monitors differences between estimated and actual incurred loan losses. This monitoring process includes periodic assessments by senior management of loan portfolios and the models used to estimate incurred losses in those portfolios. Additions to the allowance for loan losses are made by charges to the provision for loan losses. Credit exposures deemed to be uncollectible are charged against the allowance for loan losses. Recoveries of previously charged off amounts are credited to the allowance for loan losses.

Loan Charge-offs

For consumer loans, the Credit Union generally fully or partially charges down to the fair value of collateral securing the asset when:

- management judges the asset to be uncollectible;
- repayment is deemed to be protracted beyond reasonable time frames;
- the asset has been classified as a loss by either the Credit Union's internal loan review process or external examiners;
- the member has filed bankruptcy and the loss becomes evident owing to a lack of assets; or
- the loan is 180 days past due unless well secured and/or in the process of collection.

The Credit Union's charge-off policies by segment of the loan portfolio are as follows:

- *New Automobile* - The Credit Union generally fully charges off when the loan is 180 days past due.
- *Used Automobile* - The Credit Union generally fully charges off when the loan is 180 days past due.

- *Consumer Secured* - The Credit Union generally fully charges off when the loan is 180 days past due.
- *First Mortgage* - The Credit Union generally writes down to the net realizable value when the loan is 180 days past due.
- *Home Equity* - The Credit Union generally writes down to the net realizable value when the loan is 180 days past due.
- *Unsecured* - The Credit Union generally fully charges off when the loan is 180 days past due.
- *Non-Participation Business* - The Credit Union generally writes down to the net realizable value when the loan is 180 days past due.
- *Credit Cards* - The Credit Union generally fully charges off when the loan is 180 days past due.
- *Loan Participations* - The Credit Union fully charges off when the primary source determines that a loss has been incurred.

Troubled Debt Restructurings

In situations where, for economic or legal reasons related to a member's financial difficulties, the Credit Union grants a concession for other than an insignificant period of time to the member that the Credit Union would not otherwise consider, the related loan is classified as a troubled debt restructuring (TDR). The Credit Union strives to identify members in financial difficulty early and work with them to modify to more affordable terms before their loan reaches nonaccrual status. These modified terms may include rate reductions, principal forgiveness, payment forbearance and other actions intended to minimize the economic loss and to avoid foreclosure or repossession of the collateral. In cases where the Credit Union grants the member new terms that provide for a reduction of either interest or principal, the Credit Union measures any impairment on the restructuring as previously noted for impaired loans.

In addition to the allowance for the pooled portfolios, the Credit Union develops a separate allowance for loans that are identified as impaired through a TDR.

Premises and Equipment

Land is carried at cost. Buildings, improvements, leasehold improvements, furniture, fixtures, and equipment are carried at cost, less accumulated depreciation and amortization. The building, furniture, fixtures, and equipment are depreciated using the straight-line method over the estimated useful lives of the assets. The cost of leasehold improvements is amortized using the straight-line method over the terms of the related leases.

Impairment of Long-Lived Assets

Long-lived assets and certain identifiable intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Management reviews all material assets annually for possible impairment. If such assets are considered to be impaired, the impairment recognized is measured as the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets.

American Share Insurance Deposit

The deposit in American Share Insurance is in accordance with the insurance company's regulations, which require the maintenance of a deposit by each insured Credit Union in an amount equal to one percent of its insured shares. The deposit would be refunded to the Credit Union if its insurance coverage is terminated, it converts to insurance coverage from another source, or the operations of the fund are transferred from the insurance company.

American Share Insurance Premiums

A credit union is required to pay an annual insurance premium based on a percent of its total insured shares unless the payment is waived or reduced by the insurance company.

During 2020 and 2019, American Share Insurance charged a special premium assessment of $36,000.

Foreclosed Assets

Real estate properties acquired through or in lieu of loan foreclosure is initially recorded at fair value less estimated selling cost at the date of foreclosure. Any write-downs based on the asset's fair value at the date of acquisition are charged to the allowance for loan losses. After foreclosure, valuations are periodically performed by management and property held for sale is carried at lower of the new cost basis or fair value less cost to sell. Impairment losses on property to be held and used are measured as the amount by which the carrying amount of a property exceeds its fair value.

Costs of significant property improvements are capitalized, whereas costs relating to holding property are expensed. The portion of interest costs relating to development of real estate is capitalized. Valuations are periodically performed by management, and any subsequent write-downs are recorded as a charge to operations, if necessary, to reduce the carrying value of a property to the lower of its cost or fair value less cost to sell.

Members' Share and Savings Accounts

Members' share and savings accounts are subordinated to all other liabilities of the Credit Union upon liquidation. Interest on members' share and savings accounts is based on available earnings at the end of an interest period and is not guaranteed by the Credit Union. Interest rates on members' share and savings accounts are set by the Board of Directors based on an evaluation of current and future market conditions.

Members' Equity

The Credit Union is required by regulation to maintain a statutory reserve. This reserve, which represents a regulatory restriction of retained earnings, is not available for the payment of interest.

Comprehensive Income

Comprehensive income consists of net income and other comprehensive income that includes unrealized gains and losses on debt securities available-for-sale.

Revenue Recognition

In the ordinary course of business, the Credit Union recognizes income from various revenue generating activities. Certain revenues are generated from contracts with members where such revenues are recognized when, or as, services or products are transferred to members for amounts to which the Credit Union expects to be entitled. Certain specific policies related to revenue recognition from contracts with members include:

- *Service Fees:* Include charges related to depository accounts under standard service agreements. Fees are generally recognized as services are delivered to or consumed by the customer or as penalties are assessed.

- *Credit and Debit Card Revenue:* Includes interchange fees from credit and debit cards processed through card association networks, annual fees, and other transaction and account management fees. Interchange rates are generally set by the credit card associations and based on purchase volumes and other factors. The Credit Union records interchange fees as services are provided. Transaction and account management fees are recognized as services are provided, except for annual fees which are recognized over the applicable period.

Income Taxes

The Credit Union is exempt, by statute, from federal and state income taxes except for certain products and services which have been deemed by the Internal Revenue Service (IRS) to be unrelated to the specific entity's exempt purpose. The net taxable income from these products and services is subject to income taxes under Unrelated Business Income Tax (UBIT) regulations.

The Credit Union adopted FASB Accounting Standards Codification 740-10, *Accounting for Uncertainty in Income Taxes* and has evaluated its tax positions taken for all open tax years. Currently 2020, 2019, 2018 and 2017 tax years are open and subject to examination by the Internal Revenue Service. However, the Credit Union is not currently under audit nor has the Organization been contacted by the Internal Revenue Service.

Advertising

Advertising and promotion costs, which totaled approximately $188,152 and $174,399 for the years ended December 31, 2020 and 2019, respectively, are expensed as incurred.

Off-Balance-Sheet Credit Related Financial Instruments

In the ordinary course of business, the Credit Union has entered into commitments to extend credit. Such financial instruments are recorded when they are funded.

Accounting Standards Adopted in 2019

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, to replace a wide range of industry specific rules with a broad, principles-based framework for recognizing and measuring revenue from contracts with customers. The guidance is codified at FASB ASC 606. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. The Credit Union's revenue is composed of net interest income and non-interest income. The scope of the guidance explicitly excludes net interest income, as well as many other revenues for financial assets and liabilities including loans, leases, securities, and derivatives. Accordingly, the majority of the Credit Union's revenues were not affected. Adoption of ASU 2014-09 was effective for the Credit Union on January 1, 2019. Services within the scope of FASB ASC 606 include deposit service fees and credit and debit card revenue. See Note S.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. The guidance changes how entities account for equity investments that do not result in consolidation and are not accounted for under the equity method of accounting. The guidance also changes certain disclosure requirements and other aspects of current accounting principles. Adoption of ASU 2016-01, which was effective for the Credit Union on January 1, 2019, did not have a material impact on the Credit Union's financial statements, as the Credit Union does not maintain an equity securities available-for-sale portfolio.

NOTE B - CASH AND CASH EQUIVALENTS

For purposes of the statements of financial condition and the statements of cash flows, the Credit Union considers all highly liquid debt instruments purchased with a maturity of three months or less and any certificates of deposit that do not contain early withdrawal penalties to be cash equivalents.

The composition of these investments at December 31 is as follows:

	2020	2019
Cash Due from Financial Institutions	$ 32,472	$ 134,815
Cash Due from Corporate Credit Union	5,184,870	7,367,116
Cash Due from Federal Reserve	15,826,099	5,736,694
Change Fund	1,409,544	1,144,542
Total Cash and Cash Equivalents	$ 22,452,985	$ 14,383,167

NOTE C - DEPOSITS AT A CORPORATE CREDIT UNION

The Credit Union had a total of $6,370,066 on deposit at a Corporate Credit Union at December 31, 2020 and $8,552,312 at December 31, 2019. The Credit Union maintains a perpetual contributed capital account with Corporate One Credit Union that is uninsured.

These uninsured deposits are part of the corporate credit union's regulatory capital and is subject to impairment or loss in the event the corporate credit union is required to merge with another entity, is placed into conservatorship, incurs significant losses, or is liquidated.

A summary of funds reported on the accompanying financial statements at December 31 is as follows:

	2020	2019
Cash Due from Corporate Credit Union	$ 5,184,870	$ 7,367,116
Perpetual Capital Contributed	1,185,196	1,185,196
Total Deposits at a Corporate Credit Union	6,370,066	8,552,312
Cash Due from Corporate Credit Union	(5,184,870)	(7,367,116)
	$ 1,185,196	$ 1,185,196

The weighted average yield and carrying value of the deposits at a Corporate Credit Union at December 31 are as follows:

	2020		2019	
	Weighted Average Yield	Carrying Value	Weighted Average Yield	Carrying Value
Deposits at a Corporate Credit Union	0.35%	$ 1,185,196	1.75%	$ 1,185,196

NOTE D - TIME DEPOSITS

The Credit Union has certificates at December 31, 2020 that bear interest ranging from 0.20% to 3.35% and have penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements.

The weighted average yields and carrying values of the time deposits at December 31 are as follows:

	2020		2019	
	Weighted Average Yield	Carrying Value	Weighted Average Yield	Carrying Value
Time deposits	1.62%	$ 28,853,458	2.26%	$ 22,207,375

The carrying values of time deposits shown by contractual maturity are summarized below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without penalties.

	2020	2019
Maturity within One Year	$ 2,854,458	$ 4,295,375
Maturity after One through Five Years	25,999,000	17,912,000
	$ 28,853,458	$ 22,207,375

NOTE E - SECURITIES HELD-TO-MATURITY

The weighted average yields, amortized cost and estimated fair values of securities classified as held-to-maturity at December 31 are as follows:

	December 31, 2020				
	Weighted Average Yield	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
FHLB	0.48%	$ 1,500,000	$ 110	$ (30)	$ 1,500,080
FHLMC	0.96%	3,998,978	19,507	(7,220)	4,011,265
FNMA	0.64%	3,500,000	1,230	(1,720)	3,499,510
FFCB	0.75%	5,499,952	1,208	-	5,501,160
FAMCA	0.60%	500,000	5	-	500,005
		$ 14,998,930	$ 22,060	$ (8,970)	$ 15,012,020

	December 31, 2019				
	Weighted Average Yield	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
FHLB	1.87%	$ 2,750,000	$ -	$ (31,508)	$ 2,718,492
FHLMC	1.89%	10,497,944	-	(166,782)	10,331,162
FNMA	1.45%	2,500,110	-	(47,200)	2,452,910
FFCB	1.77%	3,498,823	-	(49,278)	3,449,545
		$ 19,246,877	$ -	$ (294,768)	$ 18,952,109

The amortized cost and estimated fair value of securities held-to-maturity at December 31 by contractual maturity is shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	2020		2019	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Maturity within One Year	$ 999,952	$ 1,007,645	$ 5,000,110	$ 4,903,899
Maturity after One through Five Years	13,998,978	14,004,375	14,246,767	14,048,210
	$ 14,998,930	$ 15,012,020	$ 19,246,877	$ 18,952,109

Information pertaining to securities with gross unrealized gains (losses) aggregated by investment category and length of time that individual securities have been in a continuous gain (loss) position follows:

	December 31, 2020					
	Less Than 12 Months		12 Months or Greater		Total	
	Fair Value	Gross Unrealized Gains (Losses)	Fair Value	Gross Unrealized Gains (Losses)	Fair Value	Gross Unrealized Gains (Losses)
Mortgage-Backed Securities						
FHLB	$ 1,500,080	$ 80	$ -	$ -	$ 1,500,080	$ 80
FHLMC	3,499,705	(295)	511,560	12,582	4,011,265	12,287
FNMA	3,499,510	(490)	-	-	3,499,510	(490)
FFCB	5,501,160	1,208	-	-	5,501,160	1,208
FAMCA	500,005	5	-	-	500,005	5
	$ 14,500,460	$ (508)	$ 511,560	$ 12,582	$ 15,012,020	$ 13,090

	December 31, 2019					
	Less Than 12 Months		12 Months or Greater		Total	
	Fair Value	Gross Unrealized Gains (Losses)	Fair Value	Gross Unrealized Gains (Losses)	Fair Value	Gross Unrealized Gains (Losses)
Mortgage-Backed Securities						
FHLB	$ 499,180	$ (820)	$ 2,219,312	$ (30,688)	$ 2,718,492	$ (31,508)
FHLMC	493,840	(4,104)	9,837,322	(162,678)	10,331,162	(166,782)
FNMA	-	-	2,452,910	(47,200)	2,452,910	(47,200)
FFCB	-	-	3,449,545	(49,278)	3,449,545	(49,278)
	$ 993,020	$ (4,924)	$ 17,959,089	$ (289,844)	$ 18,952,109	$ (294,768)

The mortgage-backed securities in an unrealized gain (loss) position at December 31, 2020 and 2019 were temporarily impaired due to the current interest rate environment and not increased credit risk. In estimating other-than-temporary impairment losses, the Credit Union considers, among other things, the length of time and the extent to which the fair value has been less than cost, and the financial condition and near-term prospects of the issuer.

The Credit Union does not intend to sell these securities, and it is more likely than not that the Credit Union will not be required to sell before a period of time sufficient to allow for any anticipated recovery in cost. All securities owned by the Credit Union are payable at maturity.

Market changes in interest rates and market changes in credit spreads will cause normal fluctuations in the market price of securities and the possibility of temporary unrealized gains and losses. These securities were purchased during 2017 through 2020 and the temporary gains and losses are due primarily to the rising and falling of market interest rates during that period. The Credit Union reviews all its securities for impairment at least quarterly. The Credit Union has determined that there were no additional other-than-temporary impairments associated with these securities at December 31, 2020 and 2019.

NOTE F - SECURITIES AVAILABLE-FOR-SALE

The amortized cost and estimated fair value of securities available-for-sale are as follows:

	December 31, 2020			
	Weighted Average Yield	Amortized Cost	Gross Unrealized Gain	Estimated Fair Value
United Government Securities A-Bond Fund	1.26%	$ 100,757	$ 8,944	$ 109,701

	December 31, 2019			
	Weighted Average Yield	Amortized Cost	Gross Unrealized Gain	Estimated Fair Value
United Government Securities A-Bond Fund	1.62%	$ 100,757	$ 4,930	$ 105,687

There is no contractual maturity for this investment.

NOTE G - OTHER INVESTMENTS

The Credit Union has an investment at PSCU Financial Services which represents cumulative allocated equities at a value of $88,835 and $89,616 as of December 31, 2020 and 2019, respectively.

The investment in the Central Liquidity Facility at December 31, 2020 and 2019 was $361,830 and $358,758, respectively.

The Credit Union has a whole life insurance policy issued by New York Life Insurance Company which is a funding mechanism used to offset employee benefit costs. The surrender value at December 31, 2020 and 2019 approximated $3,577,813 and $3,397,287, respectively.

	2020	2019
PSCU Financial Services	$ 88,835	$ 89,616
Central Liquidity Facility	361,830	358,758
New York Life Insurance	3,577,813	3,397,287
Total Other Investments	$ 4,028,478	$ 3,845,661

NOTE H - LOANS TO MEMBERS

The composition of recorded investment in loans by segment at December 31 is as follows:

	2020	2019
New Automobiles	$ 4,607,207	$ 5,130,294
Used Automobiles	15,818,922	16,804,296
First Mortgages	17,916,836	15,407,936
Home Equity Loans	6,863,475	6,646,448
Member Business Loans	983,073	2,160,035
Other Secured	1,586,115	1,394,729
Other Unsecured	2,735,289	3,334,889
Credit Cards	4,564,984	5,464,541
Signature Loan Participations	4,585,894	-
Automobile Loan Participations	22,082,636	7,292,577
Commercial Business Loan Participations	15,158,570	13,940,228
Student Loan Participations	4,214,406	3,824,031
Purchased Notes, Net (see following summary)	-	2,885,526
Total	101,117,407	84,285,530
Less: Allowance for Loan Losses	(827,688)	(587,897)
Loans in Process of Foreclosure	(23,000)	-
Loans in Process of Liquidation	(25,297)	-
Loans to Members, Net	$ 100,241,422	$ 83,697,633

Included in other unsecured loans to members are negative shares in the amount of $47,088 and $78,943 as of December 31, 2020 and 2019, respectively.

Purchase notes acquired as of December 31, 2020 were zero. A summary of purchased notes acquired as of December 31, 2019 is as follows:

New Automobiles	$ 27,403
Used Automobiles	36,515
First Mortgages	1,895,682
Home Equity Loans	895,876
Other Secured	96,231
Other Unsecured	69,765
Total Purchased Notes	3,021,472
Less: Purchased Note Discounts	
Loan Credit Adjustment	(135,305)
Loan Discount Rate	(641)
Purchased Notes, Net	$ 2,885,526

A summary of estimated loan balances by principal maturity as of December 31 is as follows:

	2020	2019
No Contractual Maturity	$ 7,162,373	$ 7,269,284
Maturity within One Year	10,651,441	12,443,961
Maturity from One to Five Years	27,747,161	39,116,587
Maturity over Five Years	16,677,300	14,475,035
Total Loans to Members	$ 70,234,471	$ 73,304,867

The maturities for student, signature and auto loan participations are not available and therefore are not included in the above table.

The maximum term of a real estate loan is thirty years.

Loans in process of foreclosure at December 31, 2020 totaled $23,000. There were no loans in process of foreclosure at December 31, 2019.

Loans in process of liquidation at December 31, 2020 totaled $25,297. There were no loans in process of liquidation at December 31, 2019.

ALLOWANCE FOR LOAN LOSSES

The Credit Union has an established methodology to determine the adequacy of the allowance for loan losses that assesses the risks and losses inherent in the Credit Union's portfolio. For purposes of determining the allowance for loan losses, the Credit Union segments certain loans in its portfolio by product type. The Credit Union's loans are segmented into the following pools: new automobile, used automobile, consumer secured, first mortgage, home equity, unsecured, non-participation business, credit card, and loan participation portfolios. The Credit Union also sub-segments two of these segments into classes based on the associated risks within those segments. The consumer secured portfolio is divided into the following two classes: (a) other collateral and (b) share secured. The loan participation portfolio is divided into the following four classes: (a) signature loan participations, (b) automobile loan participations, (c) student loan participations and (d) commercial business loan participations. The Credit Union uses the historical twelve-month rolling average for this process. Management must use judgment in establishing additional input metrics for the modeling processes. The allowance includes automobile loan participations that are to be further segregated by new and used collateral. The allowance for these is based on the Credit Union's new and used loan allowance percentages as the Credit Union builds history and adjusts periodically. Each class of loan requires significant judgment to determine the estimation method that fits the credit risk characteristics of its portfolio segment.

The following are the factors the Credit Union uses to determine the balance of the allowance account for each segment or class of loans.

Secured by Personal Property

Secured by personal property loans are pooled by portfolio class and a historical loss percentage is applied to each class. The historical loss percentage time frame used is twelve months. This time frame is based on historical loss experience modeling and other quantitative and mathematical migration techniques over the loss emergence period.

Based on credit risk assessment and the Credit Union's analysis of leading predictors of losses, the Credit Union may apply additional loss multipliers to loan balances.

Real Estate

Real estate loans are pooled by portfolio class and a historical loss percentage is applied to each class. The historical loss percentage time frame used is twelve months. This time frame is based on historical loss experience modeling and other quantitative and mathematical migration techniques over the loss emergence period.

Based on credit risk assessment and the Credit Union's analysis of leading predictors of losses, the Credit Union may apply additional loss multipliers to loan balances.

Consumer Secured

Consumer secured loans include loans secured by shares and other collateral. These loans are not assessed at an underlying class level. A historical loss percentage is applied to the segment. The historical loss period for 2020 was twelve months.

Consumer Unsecured and Credit Card

Unsecured consumer loans are pooled by portfolio class and a historical loss percentage is applied to each class. The historical loss percentage time frame used is twelve months. This time frame is based on historical loss experience modeling and other quantitative and mathematical migration techniques over the loss emergence period.

Based on credit risk assessment and the Credit Union's analysis of leading predictors of losses, the Credit Union may apply additional loss multipliers to loan balances.

Commercial Business

Commercial business loans include loans secured by commercial and industrial properties, office or mixed-use facilities, strip shopping centers or other commercial assets for use in normal course of a member's business. These loans are risk rated on an annual basis and reserved for based on the assigned risk ratings. These ratings reflect the estimated default probability and quality of the underlying collateral.

Commercial Loan Participations

Commercial participation offerings are reviewed and selected if the loan meets the Credit Union's criteria. These loans are risk rated under criteria established by CBS. The risk ratings are reviewed periodically and modified when necessary. The Credit Union adjusts the allowance on a monthly basis as a result of the ratings.

Automobile Loan Participations

Automobile loan participation offerings are reviewed by the loan department to ensure proper underwriting standards required by the Credit Union. These loans will be segregated by new and used autos within the portfolio. The portfolios report historical loss percentages based on the type of loan. These percentages are applied on a monthly basis and adjusted as needed.

Signature Loan Participations

A historical loss percentage is applied to the segment as well as other qualitative and environmental factors.

Student Loan Participations

A historical loss percentage is applied to the segment as well as other qualitative and environmental factors.

The Credit Union's Estimation Process

The Credit Union estimates loan losses under multiple economic scenarios to establish a range of potential outcomes for each criterion the Credit Union applies to the allowance calculation. Management applies judgment to develop its own view of loss probability within that range, using external and internal parameters with the objective of establishing an allowance for the losses inherent within these portfolios as of the reporting date.

Reflected in the portions of the allowance previously described is an amount for imprecision or uncertainty that incorporates the range of probable outcomes inherent in estimates used for the allowance, which may change from period to period. This amount is the result of the management's judgment of risks inherent in the portfolios, economic uncertainties, historical loss experience and other subjective factors, including industry trends, calculated to better reflect the Credit Union's view of risk in each loan portfolio. No single statistic or measurement determines the adequacy of the allowance for loan loss. Changes in the allowance for loan loss and the related provision expense can materially affect net income.

Loans by Segment

The total allowance reflects management's estimate of loan losses inherent in the loan portfolio at the balance sheet date. The Credit Union considers the allowance for loan losses of $827,688 adequate to cover loan losses inherent in the loan portfolio at December 31, 2020.

The following table presents the changes in the allowance for loan losses.

	2020	2019
Balance, Beginning of Year	$ 587,897	$ 518,842
Provision Charged to Operations (including negative shares)	578,618	449,626
Loans Charged Off	(468,705)	(483,771)
Recoveries	129,878	103,200
Balance, End of Year	$ 827,688	$ 587,897

The following table presents the net losses and required allowance by portfolio segment for the year ended December 31:

	2020		2019	
	12 Month Net Losses (Recoveries)	Required Allowance	12 Month Net Losses (Recoveries)	Allowance
Allowance for Loan Losses				
New Vehicle Loans	$ 13,820	$ 13,092	$ -	$ -
Used Vehicle Loans	133,583	126,519	122,136	121,562
First Mortgages	9,387	10,054	5,771	5,811
Home Equity Loans	(24,987)	-	(18,383)	-
Other Secured	14,595	16,071	(647)	-
Other Unsecured	97,499	71,227	119,085	129,447
Credit Cards	32,980	31,644	75,097	76,571
Signature Loan Participations	37,493	88,040	-	-
Automobile Loan Participations	13,261	30,186	27,831	14,585
Commercial Business Loan Participations	-	380,639	-	194,420
Student Loan Participations	11,196	11,373	49,681	38,240
Subtotal	$ 338,827	778,845	$ 380,571	580,636
Management Adjustment		48,843		7,261
Total Required Allowance		$ 827,688		$ 587,897

CREDIT QUALITY INFORMATION

The following table represents credit exposures by creditworthiness category for the year ended December 31, 2020 and 2019. The use of creditworthiness categories to grade loans permits management's use of migration analysis to estimate a portion of credit risk. The Credit Union's internal creditworthiness grading system is based on experiences with similarly graded loans. Category ratings are reviewed periodically, at which time management analyzes the resulting scores, as well as other external statistics and factors, to track the migration of loan performance. Loans that trend upward toward higher levels generally have a lower risk factor associated; whereas loans that migrate toward lower ratings generally will result in a higher risk factor being applied to those related loan balances.

The Credit Union's internal risk ratings are based on Beacon Scores.

A+	720 and above	Member poses little to no additional risk.
A	680 to 719	Member poses a nominal risk of loss.
B	640 to 679	Member poses more than a nominal risk but is not showing signs of financial stress. The additional risk-based migration analysis of this part of the portfolio based on whether the migration of the portfolio is remaining constant or moving higher or lower.
C	600 to 639	Members are experiencing some degree of stress. Additional risk factors are based on migration analysis of this portfolio.
D	550 to 599	Members are showing above average risk. Additional risk factors are based on migration analysis of portfolio.
E	549 and below	Members are high risk. Additional risk factors are based on migration analysis of portfolio.

Credit Quality Indicators
As of December 31, 2020
Consumer Credit Exposure
Credit Risk Profile by Creditworthiness Category by Class of Loan

	New Automobile	Used Automobile	Other Secured	Credit Cards and Other Unsecured
720 and above	$ 3,421,688	$ 7,830,000	$ 938,224	$ 1,222,533
680 to 719	540,708	2,332,672	282,158	642,442
640 to 679	436,390	2,343,821	179,332	678,999
600 to 639	103,922	1,640,246	97,425	394,265
550 to 599	49,200	838,744	61,160	237,212
549 and below	-	305,852	5,132	50,956
Total	$ 4,551,908	$ 15,291,335	$ 1,563,431	$ 3,226,407

Credit Quality Indicators
As of December 31, 2019
Consumer Credit Exposure
Credit Risk Profile by Creditworthiness Category by Class of Loan

	New Automobile	Used Automobile	Other Secured	Credit Cards and Other Unsecured
720 and above	$ 3,812,226	$ 7,847,269	$ 892,464	$ 1,379,838
680 to 719	629,641	2,514,711	221,424	800,729
640 to 679	419,819	2,827,633	193,225	822,852
600 to 639	126,640	1,793,851	123,404	593,787
550 to 599	45,734	1,073,387	92,222	247,431
549 and below	-	327,701	16,933	95,878
Total	$ 5,034,060	$ 16,384,552	$ 1,539,672	$ 3,940,515

The above tables are not inclusive of the Credit Union's entire loan portfolio. Commercial loan participations, automobile loan participations, student loan participations and loans where the member does not have a credit score due to a lack of credit history are not tracked, and therefore, not included in the above tables.

The following tables present performing and nonperforming real estate loans based on payment activity for the years ended December 31, 2020 and 2019. Payment activity is reviewed by management on a quarterly basis to determine how loans are performing. Loans are considered to be nonperforming when days delinquent are greater than 60 days in the previous quarter.

Nonperforming loans also include certain loans that have been modified in TDRs where economic concessions have been granted to borrowers who have experienced or are expected to experience financial difficulties. These concessions typically result from the Credit Union's loss mitigation activities and could include reductions in the interest rate, payment extensions, forgiveness of principal, forbearance, or other actions. Certain TDRs are classified as nonperforming at the time of the restructure and may only be returned to performing status after considering the borrower's sustained repayment performance for a reasonable period, generally six months.

The performing and nonperforming real estate loans as of December 31, 2020 is as follows:

	First Mortgages	Home Equity	Commercial Business
Performing	$ 17,740,230	$ 6,795,177	$ 16,141,643
Nonperforming	176,606	68,298	-
Total	$ 17,916,836	$ 6,863,475	$ 16,141,643

The performing and nonperforming real estate loans as of December 31, 2019 is as follows:

	First Mortgages	Home Equity	Commercial Business
Performing	$ 15,229,489	$ 6,479,506	$ 15,862,206
Nonperforming	178,447	166,942	-
Total	$ 15,407,936	$ 6,646,448	$ 15,862,206

AGE ANALYSIS OF PAST DUE LOANS TO MEMBERS BY CLASS

Following are tables which include an aging analysis of the recorded investment of past due loans to members as of December 31, 2020 and 2019.

Credit Quality Information
Age Analysis of Past Due Loans to Members by Class of Loan to Member
As of December 31, 2020

	30-60 Days Past Due	61-180 Days Past Due	Greater than 181 Days Past Due	Total Past Due	Current	Total Loans to Members
New Automobiles	$ 10,674	$ 109,719	$ -	$ 120,393	$ 4,486,814	$ 4,607,207
Used Automobiles	125,901	104,907	45,870	276,678	15,542,244	15,818,922
First Mortgages	92,335	144,615	31,991	268,941	17,647,895	17,916,836
Home Equity Loans	43,364	45,298	23,000	111,662	6,751,813	6,863,475
Member Business Loans	-	-	-	-	983,073	983,073
Other Secured	-	4,827	5,923	10,750	1,575,365	1,586,115
Other Unsecured	19,658	12,374	2,903	34,935	2,700,354	2,735,289
Credit Cards	5,553	16,598	6,499	28,650	4,536,334	4,564,984
Signature Loan Participations	25,685	73,133	-	98,818	4,487,076	4,585,894
Automobile Loan Participations	63,028	23,046	-	86,074	21,996,562	22,082,636
Commercial Business Loan Participations	-	-	-	-	- 15,158,570	15,158,570
Student Loan Participations	3,346	20,771	-	24,117	4,190,289	4,214,406
Total	$ 389,544	$ 555,287	$ 116,186	$ 1,061,018	$ 100,056,389	$ 101,117,407

TRUPARTNER CREDIT UNION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Credit Quality Information
Age Analysis of Past Due Loans to Members by Class of Loan to Member
As of December 31, 2019

	30-60 Days Past Due	61-180 Days Past Due	Greater than 181 Days Past Due	Total Past Due	Current	Total Loans to Members
New Automobiles	$ 48,433	$ 40,626	$ 23,810	$ 112,869	$ 5,017,424	$ 5,130,293
Used Automobiles	133,695	133,127	158,867	425,689	16,378,608	16,804,297
First Mortgages	329,210	-	33,130	362,340	15,045,596	15,407,936
Home Equity Loans	66,239	96,367	23,000	185,606	6,460,842	6,646,448
Member Business Loans	-	-	-	-	2,160,035	2,160,035
Other Secured	-	3,509	23,714	27,223	1,367,507	1,394,730
Other Unsecured	34,530	29,334	10,967	74,831	3,260,057	3,334,888
Credit Cards	19,182	30,598	25,623	75,403	5,389,137	5,464,540
Automobile Loan Participations	165,971	9,994	-	175,965	7,116,611	7,292,576
Commercial Business Loan Participations	-	-	-	-	13,940,228	13,940,228
Student Loan Participations	38,075	21,292	-	59,367	3,764,665	3,824,032
Purchased Notes, Net	66,167	8,763	-	74,930	2,810,597	2,885,527
Total	$ 901,502	$ 373,610	$ 299,111	$ 1,574,223	$ 82,711,307	$ 84,285,530

IMPAIRED LOANS

The Credit Union considers a loan to be impaired when, based on current information and events, the Credit Union determines that the Credit Union will not be able to collect all amounts due according to the loan contract, including scheduled interest payments. Determination of impairment is treated the same across all classes of loans. When the Credit Union identifies a loan as impaired, the Credit Union measures the impairment based on the present value of expected future cash flows, discounted at the loan's effective interest rate, except when the sole (remaining) source of repayment for the loan is the operation or liquidation of the collateral. In these cases, the Credit Union uses the current fair value of the collateral, less estimated selling costs when foreclosure is probable, instead of discounted cash flows. If the Credit Union determines that the value of the impaired loan is less than the recorded investment in the loan (net of previous charge-offs, deferred loan fees or costs and unamortized premium or discount), the Credit Union recognizes impairment through an allowance estimate or a charge-off to the allowance. The Credit Union determines impairment based on a 61-day default period and all loans classified as TDRs.

When the ultimate collectability of the total principal of an impaired loan is in doubt and the loan is on nonaccrual status, all payments are applied to principal, under the cost recovery method. When the ultimate collectability of the total principal of an impaired loan is not in doubt and the loan is on nonaccrual status, contractual interest is credited to interest income when received, under the cash basis method.

NONACCRUAL LOANS

The Credit Union generally places loans on nonaccrual status when the full and timely collection of interest or principal becomes uncertain, part of the principal balance has been charged off and no restructuring has occurred, or the loans reach over 60 days past due.

When the Credit Union places a loan on nonaccrual status, the Credit Union reverses the accrued unpaid interest receivable against interest income and account for the loan on the cash or cost recovery method, until it qualifies for return to accrual status. Generally, the Credit Union returns a loan to accrual status when (a) all delinquent interest and principal become current under the terms of the loan agreement, or (b) the loan is both well-secured and in the process of collection and collectability is no longer doubtful.

The Credit Union has determined that the entire balance of a loan is contractually delinquent for all classes if the minimum payment is not received by the specified due date on the member's statement. Interest and fees continue to accrue on past due loans until the date the loan goes into nonaccrual status, if applicable.

Loans on which the accrual of interest has been discontinued or reduced amounted to $671,415 and $672,721 at December 31, 2020 and 2019, respectively. If interest on those loans had been accrued at their original rates income would have been $12,968 and $37,490, respectively. All loans past due 61 days or more are on non-accrual status.

The following table presents the loans to members on nonaccrual status as of December 31, 2020 and 2019. The balances are presented by the portfolio segments.

	2020	2019
New Automobiles	$ 109,719	$ 64,436
Used Automobiles	150,777	291,994
First Mortgages	176,606	33,130
Home Equity Loans	68,298	119,367
Other Secured	10,750	27,223
Other Unsecured	15,277	40,301
Credit Cards	23,098	56,221
Signature Loan Participations	73,133	-
Automobile Loan Participations	23,046	9,994
Student Loan Participations	20,711	21,292
Purchased Notes	-	8,763
	$ 671,415	$ 672,721

Information on troubled debt restructurings is as follows:

	December 31, 2020		
	Number of Contracts	Pre-modification Outstanding Recorded Investment	Post-modification Outstanding Recorded Investment
Troubled Debt Restructurings:			
Used Automobile	1	$ 20,997	$ 18,881
	1	$ 20,997	$ 18,881

The troubled debt restructured loan shown in the table was modified for the year ended December 31, 2020 in the amount of $20,997 where the rates or terms have been modified.

	December 31, 2019		
	Number of Contracts	Pre-modification Outstanding Recorded Investment	Post-modification Outstanding Recorded Investment
Troubled Debt Restructurings:			
Other Unsecured	2	$ 8,056	$ 8,027
	2	$ 8,056	$ 8,027

The troubled debt restructured loans shown in the table were modified for the year ended December 31, 2019 with two loans in the amount of $8,056 where the rates or terms have been modified.

There were no loans that had been modified as troubled debt restructurings during the year ended December 31, 2020 and then subsequently redefaulted in the year.

The Credit Union has no commitments to loan additional funds to borrowers whose loans have been modified in a troubled debt restructuring.

NOTE I - PREMISES AND EQUIPMENT

Premises and equipment at December 31 are summarized as follows:

	2020	2019
Land and Improvements	$ 988,992	$ 988,992
Building and Improvements	6,315,344	6,315,344
Furniture, Fixtures and Equipment	1,280,994	1,250,512
Total Premises and Equipment	8,585,330	8,554,848
Less: Accumulated Depreciation	(4,013,537)	(3,721,209)
Premises and Equipment, Net	$ 4,571,793	$ 4,833,639

Depreciation expense for the years ended December 31, 2020 and 2019 amounted to $292,328 and $329,528, respectively.

NOTE J - FORECLOSED ASSETS

The balances of real estate acquired through foreclosure (foreclosed assets) are stated separately on the statement of financial condition. At December 31, 2020 and 2019, the Credit Union had foreclosed assets with gross balances of $63,810 and $228,972, respectively, which approximated their estimated net realizable values.

NOTE K - LINE OF CREDIT

The Credit Union maintains a line of credit with Corporate One Credit Union, Inc. The line of credit provides for short-term borrowings up to $5,000,000. Interest accrues on the unpaid balance of the principal until paid. The line of credit is renewable semi-annually with interest charged at prevailing rates. The line is collateralized by substantially all the Credit Union's assets.

There was no outstanding loan balance as of December 31, 2020 and 2019.

Interest expense on borrowed funds as of December 31, 2020 and 2019 was $151 and $1,454, respectively.

NOTE L - MEMBERS' SHARE AND SAVINGS ACCOUNTS

Members' share and savings accounts at December 31 are summarized as follows:

	2020	Weighted Average Rates	2019	Weighted Average Rates
Share Drafts	$ 32,716,597	.02%	$ 24,324,775	.02%
Share Accounts	65,955,359	.08%	53,731,979	.16%
IRA and Share Certificates	23,986,726	2.05%	25,533,748	2.03%
Money Market Shares	33,499,647	.79%	28,023,210	1.21%
IRA Shares	6,402,108	.56%	5,219,587	.74%
	$ 162,560,437		$ 136,833,299	

The aggregate amount of members' share and savings accounts over the insured limit of $250,000 at December 31, 2020 and 2019 is $9,922,339 and $8,980,493, respectively.

A summary of IRA and share certificates by interest rate at December 31 is as follows:

	2020	2019
0.09% - 0.99%	$ 5,678,800	$ 670,416
1.00% - 1.49%	7,453,999	1,487,754
1.50% - 1.99%	3,977,727	7,578,316
2.00% - 2.49%	2,966,379	9,148,978
2.50% - 2.99%	3,331,815	5,872,748
3.00% - 3.49%	578,006	775,536
	$ 23,986,726	$ 25,533,748

At December 31, 2020, scheduled maturities of IRA and share certificates are as follows:

	2021	2022	2023	2024	2025 and thereafter
0.09% - 0.99%	$ 5,079,902	$ 320,775	$ 190,580	$ 61,197	$ 26,346
1.00% - 1.49%	6,836,380	496,663	54,076	28,309	38,572
1.50% - 1.99%	3,410,458	244,514	14,777	279,560	28,416
2.00% - 2.49%	597,496	1,018,706	563,427	234,938	551,812
2.50% - 2.99%	2,735,840	103,181	179,370	313,425	-
3.00% - 3.49%	-	-	434,810	143,196	-
	$ 18,660,076	$ 2,183,839	$ 1,437,040	$ 1,060,625	$ 645,146

At December 31, 2019, scheduled maturities of IRA and share certificates are as follows:

	2020	2021	2022	2023	2024 and thereafter
0.50% - 0.99%	$ 572,642	$ 97,773	$ -	$ -	$ -
1.00% - 1.49%	1,112,615	201,901	173,239	-	-
1.50% - 1.99%	6,567,256	920,017	91,042	-	-
2.00% - 2.49%	7,303,738	448,568	1,004,140	349,933	42,600
2.50% - 2.99%	2,658,412	2,607,167	100,194	182,387	324,588
3.00% - 3.49%	203,484	-	-	433,377	138,675
	$ 18,418,147	$ 4,275,426	$ 1,368,615	$ 965,697	$ 505,863

Dividend expense on members' share and savings accounts at December 31 is summarized as follows:

	2020	2019
IRA and Share Certificates	$ 508,547	$ 500,389
IRA Shares	32,689	39,233
Money Market Shares	241,903	338,554
Share Accounts	53,234	89,549
	$ 836,373	$ 967,725

NOTE M - RELATED PARTY TRANSACTIONS

Virtually all officers, directors, and employees of the Credit Union, including their immediate families, were loan customers during 2020 and 2019. Such loans were in the ordinary course of business at normal credit terms including interest rates and collateralization and do not represent more than a normal risk of collection. The terms of transactions including these accounts (e.g., interest rates charged and paid) are comparable to other members' accounts. The aggregate loans outstanding to these persons at December 31, 2020 and 2019 amounted to $3,767,343 and $3,718,091, respectively. Deposits from related parties at December 31, 2020 and 2019 amounted to $3,392,537 and $2,760,030, respectively.

NOTE N - RETIREMENT PLANS

The Credit Union adopted an IRC 401(k) profit sharing plan for substantially all eligible employees as of January 1, 1997. The Credit Union matches a percentage of the employees' deferrals under the 401(k) provision of the plan. Effective January 1, 2006, the plan was amended to allow the Board to determine the amount of the employer base contribution (if any) that will be made each year for participants employed by the Credit Union at year end. For the years ended December 31 the Credit Union contributed the following amounts:

	2020	2019
401(k) match	$ 79,128	$ 80,786
Discretionary profit-sharing contribution	$ 49,476	$ 53,357

NOTE O - LEGAL CONTINGENCIES

The Credit Union is a party to various legal actions normally associated with financial institutions, the aggregate effect of which, in the opinion of management and legal counsel, would not be material to the financial condition or results of operations of the Credit Union.

NOTE P - OFF-BALANCE-SHEET ACTIVITIES

Geographical Concentration of Credit Risk

The Credit Union maintains four offices in the Greater Cincinnati area. The Credit Union is dependent upon the economy in the area.

Financial Instruments with Off-Balance-Sheet Risk

The Credit Union is a party to conditional commitments to lend funds in the normal course of business to meet the financing needs of its members. These commitments represent financial instruments to extend credit which include lines of credit, credit cards and home equity lines that involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the financial statements.

The Credit Union's exposure to credit loss is represented by the contractual notional amount of these instruments. The Credit Union uses the same credit policies in making commitments as it does for loans recorded in the financial statements.

The following financial instruments were outstanding whose contract amounts represent credit risk at December 31:

	2020		
	Variable	Fixed Rate	Total
Lines of Credit	$ 2,312,696	$ 567,584	$ 2,880,280
CBS Open-Ended Loans	-	673,636	673,636
Credit Cards	-	13,038,002	13,038,002
	$ 2,312,696	$ 14,279,222	$ 16,591,918

	2019		
	Variable	Fixed Rate	Total
Lines of Credit	$ 2,533,038	$ 706,814	$ 3,239,852
CBS Open-Ended Loans	-	1,342,061	1,342,061
Credit Cards	-	13,291,757	13,291,757
	$ 2,533,038	$ 15,340,632	$ 17,873,670

Commitments to extend credit are agreements to lend to a member as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Credit Union evaluates each member's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Credit Union upon extension of credit, is based on management's credit evaluation of the counter party. Collateral held generally consists of certificates of deposit, share accounts, automobiles, and real estate.

Unfunded commitments under commercial lines-of-credit, revolving credit lines and overdraft protection agreements are commitments for possible future extensions of credit to existing members. These lines-of-credit are uncollateralized and usually do not contain a specified maturity date and may not be drawn upon to the total extent to which the Credit Union is committed.

Cash and Investments in Excess of Insured Limits

At December 31, 2020 and 2019, deposits at a Corporate Credit Union totaled $6,548,686 and $9,033,131, respectively, per the Corporate Credit Union's records. Funds are insured up to $250,000 except the capital accounts which are uninsured. At December 31, 2020 and 2019, the Credit Union had funds on deposit at a Corporate Credit Union in excess of insured limits in the amount of $6,298,686 and $8,783,131, respectively, which includes the Perpetual Capital Contributed in the amount of $1,185,196.

NOTE Q - REGULATORY CAPITAL

The Credit Union is subject to various regulatory capital requirements administered by ODFI. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Credit Union's financial statements. Under capital adequacy regulations and the regulatory framework for prompt corrective action, the Credit Union must meet specific capital regulations that involve quantitative measures of the Credit Union's assets, liabilities and certain off-balance-sheet items as calculated under generally accepted accounting principles. The Credit Union's capital amounts and net worth classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Credit Union to maintain minimum amounts and ratios (set forth in the table below) of net worth (as defined in the regulations) to total assets (as defined). Credit unions are also required to calculate a Risk-Based Net Worth (RBNW) Requirement which establishes whether or not the Credit Union will be considered "complex" under the regulatory framework. The minimum ratio to be considered complex under the regulatory framework is 6%. Management believes, as of December 31, 2020 and 2019, that the Credit Union meets all capital adequacy requirements to which it is subjected.

As of December 31, 2020, the Credit Union is categorized as "well capitalized" under the regulatory framework for prompt corrective action. To be categorized as "well capitalized", the Credit Union must maintain a minimum net worth ratio of 7% of assets and meet any applicable RBNW Requirement. There are no conditions or events since the calculation date that management believes have changed the Credit Union's category.

The Credit Union's actual capital amounts and ratios at December 31, 2020 and 2019 are also presented in the table below:

	Actual		To be Adequately Capitalized under the Prompt Corrective Action Provisions		To be Well Capitalized under the Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
December 31, 2020	$16,725,558	9.29%	≥$10,807,968	≥6.0%	≥$12,609,296	≥7.0%
December 31, 2019	$16,350,505	10.65%	≥$ 9,211,308	≥6.0%	≥$10,746,526	≥7.0%

NOTE R - FAIR VALUE MEASUREMENTS

FASB ASC 825, *Financial Instruments,* permits entities to measure many financial instruments and certain other items at fair value. The objective is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. The election to use the fair value option is available when an entity first recognizes a financial asset or financial liability or upon entering into a Credit Union commitment. Subsequent changes must be recorded in earnings.

FASB ASC 820, *Fair Value Measurements*, provides framework for measuring fair value that requires an entity to determine fair value based on exit price in the principal market for the asset or liability being measured. Fair value is defined as the exchange price that would be received on the measurement date to sell an asset or the price paid to transfer a liability in the principal or most advantageous market available to the entity in an orderly transaction between market participants. The guidance also establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 asset and liability fair values are based on quoted prices in active markets for identical assets and liabilities.

- Level 2 asset and liability fair values are based on observable inputs that include: quoted market prices for similar assets or liabilities; quoted market prices that are not in an active market; or other inputs that are observable in the market and can be corroborated by observable market data for substantially the full term of the assets and or liabilities.

- Level 3 assets and liabilities are financial instruments whose value is calculated by the use of pricing models and/or discounted cash flow methodologies, as well as financial instruments for which the determination of fair value requires significant management judgment or estimation.

Fair values of assets and liabilities measured on a recurring basis are as follows:

	Fair Value Measurements at December 31, 2020:			
	Fair Value	Level 1	Level 2	Level 3
Time deposits	$ 28,853,458	$ -	$ 28,853,458	$ -
Securities held-to-maturity	15,012,020	15,012,020	-	-
Debt securities available-for-sale	109,701	109,701	-	-
Other investments	4,028,478	-	3,577,813	450,665

	Fair Value Measurements at December 31, 2019:			
	Fair Value	Level 1	Level 2	Level 3
Time deposits	$ 22,207,375	$ -	$ 22,207,375	$ -
Securities held-to-maturity	18,952,109	18,952,109	-	-
Debt securities available-for-sale	105,687	105,687	-	-
Other investments	3,845,661	-	3,397,287	448,374

The following description of the valuation methodologies are used for instruments measured at fair value on a recurring basis, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Investment Securities

When available, the Credit Union uses quoted market prices to determine the fair value of securities. Such items are classified in Level 1 of the fair value hierarchy. For the Credit Union's securities where quoted prices are not available for identical securities in an active market, the Credit Union determines fair value utilizing vendors who apply matrix pricing for similar bonds where no price is observable or may compile prices from various sources. These models are primarily industry-standard models that consider various assumptions, including time value, yield curve, volatility factors, prepayment speeds, default rats, loss severity, current market, and contractual prices for the underlying financial instruments, as well as other relevant economic measures.

Substantially all these assumptions are observable in the marketplace, can be derived from observable data, or are supported by observable levels at which transactions are executed in the marketplace. Fair values from these models are verified, where possible, against quoted market prices for recent trading activity of assets with similar characteristics to the security being valued. Such methods are generally classified as Level 2. However, when prices from independent sources vary, cannot be obtained, or cannot be corroborated, a security is generally classified as Level 3.

Fair value measurements using significant unobservable inputs (Level 3):

December 31, 2018	$ 444,664
Equity redeemed	(2,954)
Equity issued	6,664
December 31, 2019	448,374
Equity redeemed	(2,444)
Reinvested interest income included in earnings	3,072
Equity issued	1,663
December 31, 2020	$ 450,665

NOTE S - NON-INTEREST INCOME

Following is a detail of non-interest income including a disaggregation of revenue from contracts with customers, gains (losses) on transfers of nonfinancial assets and other revenue for the years ended December 31:

	2020	2019
Non-Interest Income		
In Scope of FASB ASC 606		
Service fees	$ 581,835	$ 694,633
Debit and credit card interchange, net	37,487	42,789
Other	95,364	101,187
Out of Scope of FASB ASC 606		
Gain (loss) on sale of assets	-	(12,293)
Gain (loss) on sale of foreclosed assets	(22,442)	(281)
Total Non-Interest Income	$ 692,244	$ 826,035

NOTE T - CIRCUMSTANCES AND DEVELOPMENTS RESULTING FROM COVID-19

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the United States of America. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the United States have declared states of emergency.

On March 22, 2020, the Governor of Ohio issued a “stay at home” order through April 6, 2020 and was subsequently extended through May 4, 2020, when a staggered re-opening of businesses began and extended over the following weeks. In addition to temporary closures of schools and certain businesses announced in weeks prior, the Ohio “stay at home” order required all nonessential businesses to close. As a financial institution, the Credit Union was deemed to be an essential business. However, pursuant to the government order for essential businesses, the Credit Union had made changes to its operations where possible by closing branches lobbies and maintaining drive-thru only operations for their members, and employees at this time were on a rotation of working at the Credit Union branches and from home.

The Credit Union has experienced a decrease in consumer loan volume, an increase in real estate loan volume at historically low rates and an increase in core member deposits due to the pandemic. All of which could have a negative impact on the future earnings of the Credit Union. The Credit Union has not seen a significant increase in delinquencies or charged-off loans as a result of the pandemic, however it is anticipated that there will be some increase forthcoming.

It is anticipated that these impacts will continue at least through 2021. Future potential impacts to the Credit Union include, but are not limited to, disruptions or restrictions on employees’ ability to work, lack of demand for new loans or the borrower’s ability to pay the required monthly payments, and increases in overall members’ deposits and shares, which could impact the liquidity of the Credit Union. Changes in the operating environment may also be impacted. Operations include loan applications, processing or other areas requiring contact with the member. These changes may increase operating costs. While the Credit Union expects this to negatively impact its results of operations, cash flows and financial position, the related impact cannot be reasonably estimated at this time.