

Partners

TODAY

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*Built from a strong foundation*



# Strength

## Looking Back: A Year of Important Changes

### 2019 Executive Report

2019 was President Candice Landeros' seventh year leading Capstone FCU, and we experienced another year of financial stability.

Our total liabilities and equity have remained stable, as has our loan growth, which decreased just slightly from last year's impressive number. We believe this stability reflects our low interest rates and high-quality member support.

Our operating income is in excellent shape, at \$1,239,678, reflecting growth last year in investment income, which has increased over the past two years. Our operating expenses decreased in almost every category, with a total decrease of \$14,168, which reflects our thriftiness and our commitment to focus on member support and services, while spending carefully on operations.

Our net income increased by \$2,037, while our total liabilities and equity decreased by a small percentage.

These numbers illustrate Capstone Federal Credit Union's "strong foundation," and we look forward to another steady year in 2020.

You can always count on Capstone FCU for great loan rates and member service, so please continue to come to us anytime you need a loan. We'll continue to put you, our members, first, offering superb products and excellent member support.

Respectfully submitted,

**Candice Landeros**  
President/CEO

**Sherry Fordham,**  
Chairperson, Board of Directors

### Supervisory Committee Report

The Supervisory Committee of the Capstone Federal Credit Union works in conjunction with the Board of Directors to monitor and review the Credit Union's accounting procedures. Our goal is to ensure that all fiscal operations are performed accurately and in compliance with the Credit Union's charter and federal regulations. Additionally, a Supervisory Committee representative is present at the monthly Board of Directors meetings and at special planning meetings called by the chairman.

To assist us in monitoring the Credit Union's fiscal activities, we retained the services of Debra Jacobs-Robinson, a certified public accountant, for the audit period from September 30, 2018 - September 30, 2019.

After carefully reviewing the audit examination reports, as well as the financial and accounting records of Capstone Federal Credit Union, the Supervisory Committee is pleased to report that the Credit Union is financially strong, and its fiscal operations are performed accurately. The Credit Union is also in compliance with the Credit Union's charter, federal regulations, and sound business practices.

The Supervisory Committee and members of the Credit Union staff are following up on recommendations from each of the above reports.

On behalf of the Supervisory Committee, it has been a pleasure to serve the membership this past year.

Respectfully submitted,

**Tim Albright/Linda Kennedy,**  
Supervisory Committee

# Strength

## Looking Forward: A Bright Future

<b>ASSETS</b>	<b>2019</b>	<b>2018</b>	■ Increase ■ Decrease
Loans to Members	\$13,321,080	\$14,707,289	\$1,386,208
Less: Allowance for Loan Losses	(129,435)	(99,692)	(29,743)
Net Loans	\$13,191,645	\$14,607,597	\$1,415,951
Cash	150,987	285,251	134,264
Investments	20,085,881	19,687,142	398,738
Prepaid and Deferred Expenses	131,961	139,287	7,327
Fixed Assets (Net)	41,441	60,146	18,705
Accrued Income	79,090	51,530	27,560
Deposit: National CU Share			
Insurance Fund	313,609	328,887	15,279
Other Assets	851,470	855,747	4,278
<b>Total Assets</b>	<b>\$34,846,083</b>	<b>\$36,015,588</b>	<b>\$1,169,505</b>

## LIABILITIES AND EQUITY

### LIABILITIES

Accounts Payable	\$75,355	\$70,642	\$4,713
Notes Payable	3,270	3,075	194
Accrued Expenses	29,814	21,301	8,513
Other Liabilities	0	437	437
<b>Total Liabilities</b>	<b>\$108,439</b>	<b>\$95,455</b>	<b>\$12,984</b>

### EQUITY

Shares of Members	\$30,620,355	\$32,304,547	\$1,684,191
Regular Reserve	1,328,218	1,328,218	0
Undivided Earnings	2,789,071	2,287,368	501,703
<b>Total Equity</b>	<b>\$34,737,645</b>	<b>\$35,920,133</b>	<b>\$1,182,488</b>
<b>Total Liabilities and Equity</b>	<b>\$34,846,083</b>	<b>\$36,015,588</b>	<b>\$1,169,505</b>



# Stability

<b>OPERATING INCOME</b>	<b>2019</b>	<b>2018</b>	
Interest on Loans	\$582,841	\$607,125	\$24,284
Investment Income	518,137	410,392	107,744
Fees and Charges	47,942	43,119	4,823
Miscellaneous Income	90,759	149,679	58,920
<b>Total Operating Income</b>	<b>\$1,239,678</b>	<b>\$1,210,315</b>	<b>\$29,363</b>

■ Increase  
■ Decrease

## EXPENSES

Compensation and Benefits	\$413,413	\$389,415	\$23,998
Travel and Conference	5,828	6,015	187
Association Dues	8,274	6,228	2,045
Office Occupancy	32,997	34,234	1,236
Office Operations	316,067	330,556	14,489
Education and Promotion	10,707	11,202	494
Loan Servicing	41,785	42,492	707
Professional and Outside Services	65,731	81,262	15,531
Provision for Loan Losses	104,412	110,701	6,289
Miscellaneous	15,829	17,107	1,278
<b>Total Operating Expenses</b>	<b>\$1,015,043</b>	<b>\$1,029,211</b>	<b>\$14,168</b>
Dividends	\$119,845	78,859	40,986
Interest on Borrowed Funds	1,183	674	508
<b>Total Expenses</b>	<b>\$1,136,070</b>	<b>\$1,108,744</b>	<b>\$27,326</b>
Non-operating Gain (Loss)	0	0	0
<b>Net Income</b>	<b>\$103,608</b>	<b>\$101,571</b>	<b>\$2,037</b>



**CAPSTONE**  
FEDERAL CREDIT UNION

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