

2019

Annual Report





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Letter from the Chair



As we prepare to turn the calendar on a new decade, the phrase “change is the only constant” comes to mind.

Our members’ needs and expectations have evolved rapidly, and will no doubt continue to do so. Outside influences, like the AppleCard, challenge us to keep pace. And, ever-present Fintech is on hand, disrupting the norm.

CUES is the constant, steady presence in the face of all this change, standing ready to help the industry’s leaders remain strong, and address these challenges head-on.

2019 saw impressive revenue and profitability growth, as our 2018 investments came to fruition, including our new membership structure which led to significant membership growth. We now offer talent development for all credit union employees, not just executives and board members.

And, the revamped cues.org allows our members to easily engage and access their benefits, and includes a new and improved CUESNet for enhanced connections and networking.

Our industry-leading CEO Institute is celebrating 25 years of providing top tier executive education—to date, over 1,500 have gone through the program, and 1,000 have earned the Certified Chief Executive (CCE) designation.

We’re proud of what we’ve accomplished in 2019. As we head into 2020, CUES is poised to help you not just survive—but thrive—as we head into the future.

Stu Ramsey, CCE
CUES Board Chair

A handwritten signature in black ink that reads "Stewart Ramsey".



Letter from the President



You know that great feeling when a plan comes together?

A few years back, we turned our focus on the future of the industry, and analyzed our place in it. We realized we could do more to help credit unions remain strong, stay ahead of disrupters, and thrive.

Our new membership structure was the result. By enhancing our benefits and allowing all credit union employees to join CUES and gain access to our talent development offerings, we are ending 2019 with significant membership growth—our numbers increased by more than 50%.

I'm pleased to say that other investments we made in 2018 paid off handsomely in 2019, as well.

CUmanagement.com added more than 1,000 articles, videos, webinars and podcasts this year, providing the industry with fresh insights on a daily basis.

Our revenue and profitability in 2019 were the highest they have been in 15 years—which will allow us to make additional future investments, providing even more value to our members.

Other 2019 accomplishments include:

- The launch of an all-new CUESNet, providing a modern, online resource for our members to connect, network and problem-solve together.
- The new cues.org debuted, giving you a more intuitive experience.
- We experienced strong attendance growth at CUES Symposium, Execu/Net™, and our director seminars.
- Three new CUESolutions providers have joined our ranks, increasing our roster of industry thought-leaders who provide valuable content to credit unions.
- The print and digital editions of *CU Management magazine* were rated by readers as the most valuable publications for information on leading their credit unions.

As we close the book on 2019, I'm looking forward to even more growth opportunities in 2020, as we further expand talent development opportunities for our members, and step into the future as the best career resource for the industry's professionals.

John Pembroke
CUES President/CEO

A handwritten signature in black ink, appearing to read 'JP', followed by a long horizontal line.

CUES 2019 Highlights



CUES Membership

For 2019, CUES rolled out a brand-new and greatly simplified membership structure—the greatest overhaul to our membership offering in many years. We made these changes to meet the evolving needs of the industry, all based on feedback from you, our members.

Now, you can simply choose from three tiers—Individual, Unlimited, and Unlimited+. Unlimited and Unlimited+ are group tiers, allowing every employee at the credit union to join CUES. This gives us the opportunity to meet the talent development needs of up-and-coming leaders as well as to continue serving the industry's executives, those in the C-suite, and board members.

We kept our tried and true benefits in place, including event discounts and the *Credit Union Management* magazine subscription. New or improved benefits include CUESNet™, CUES Learning Portal, Guides to Effective Mentorship and Leadership Development, a Director Onboarding Tool Kit, and much more!

MEMBERSHIP BENEFITS

	INDIVIDUAL CU staff or directors	UNLIMITED For all CU staff and directors	UNLIMITED+ For all CU staff and directors
CUESNet™			
CUES Learning Portal, powered by Degreed			
<i>Credit Union Management</i> ™ Magazine			
CUES Guide to Effective Mentorship			
CUES Councils (special member pricing)			
CUES Director Education Center			
CUES Webinar Series			
Special Member Event Pricing			
CUES Leadership Development Guide			
Director Onboarding Tool Kit			
CUES Elite Access™ Virtual Classroom			
CUES Executive Compensation Survey*			
CUES Employee Salary Survey*			
Governance+			
Board Governance Assessment			

*Surveys not applicable to Canadian credit unions.

24,300+

CUES Membership connects you with **24,300 industry professionals** – providing unparalleled access to networking and collaboration!

1,012

The pioneering and industry-leading CEO Institute program has graduated **1,012 industry executives**, propelling their credit unions and careers.

1,000+

CUmanagement.com has added over **1,000 articles, videos, webinars and podcasts** this year, providing the industry with fresh insights daily.

CUES Institutes

Our institutes continue to set the standard for the industry and are the premier programs CU professionals turn to for world-class executive education opportunities. All offer the opportunity to attend a top university and learn directly from their faculty.

CEO Institute allows credit union professionals to earn the coveted Certified Chief Executive (CCE) designation. This program is held over the course of three years at three top business schools, including: The Wharton School at the University of Pennsylvania, Samuel Curtis Johnson Graduate School of Management at Cornell University, and UVA Darden Executive Education.

At CUES Governance Leadership Institute™, held at the Joseph L. Rotman School of Management, in Toronto, ON, attendees learn ways to balance healthy debate and diversity with consensus building, and earn the Certified Credit Union Director (CCD) designation.

Strategic Growth Institute and Strategic Innovation Institute are held every other year, on a rotating basis, at the University of Chicago Booth School of Business and Stanford University's Stanford Graduate School of Business, respectively.



Samuel Curtis Johnson Graduate School of Management, Cornell University



2019 CEO Institute I, Graduating Class



CUES Consulting

New in 2019, CUES Consulting offers the best in personalized professional development. It helps credit unions strengthen their leadership pipeline by providing staff with direction and focus to support their growth as a leader. The service includes evaluating high potential candidates, and creating individual development plans for them. It also helps develop future leaders through the creation of a customized leadership competency model, and offers behavioral evaluation of high potentials and organizational climate assessment.

CEO Networking Groups

This exciting CUES offering is an exclusive, invitation-only networking and problem-solving advisory group for current and aspiring CEOs. Executives from non-competing markets across the country will meet in small groups of eight to ten for one day each quarter; and each meeting is facilitated by faculty from the world's leading business schools. There will also be one to two video calls in between, to help the group stay in contact while minimizing time spent out of the office. Participants gain a cross-industry perspective to improve their decision-making skills and strategic thinking as they discuss ideas and challenges they face with peers who may have faced similar situations.



Networking with peers to discuss real-world challenges and identify solutions



Broaden your industry perspective to improve decision-making and strategic thinking

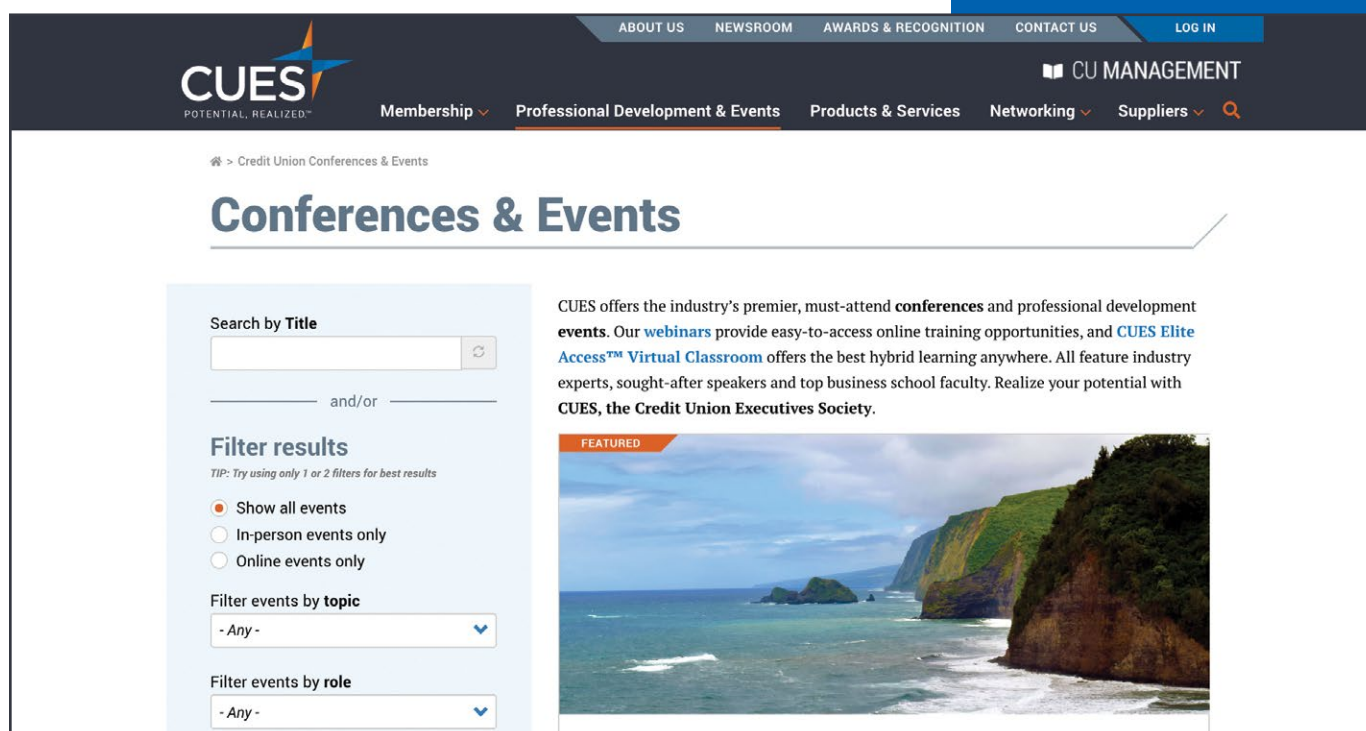


Borrow innovative ideas from non-competing CUs



cues.org

2019 saw the launch of a redesigned and refined cues.org. In addition to a completely new layout, visitors to the website noticed enhanced search features, including the capability to locate offerings based on position title, as well as easier navigation of membership benefits, training opportunities, and tools and resources.



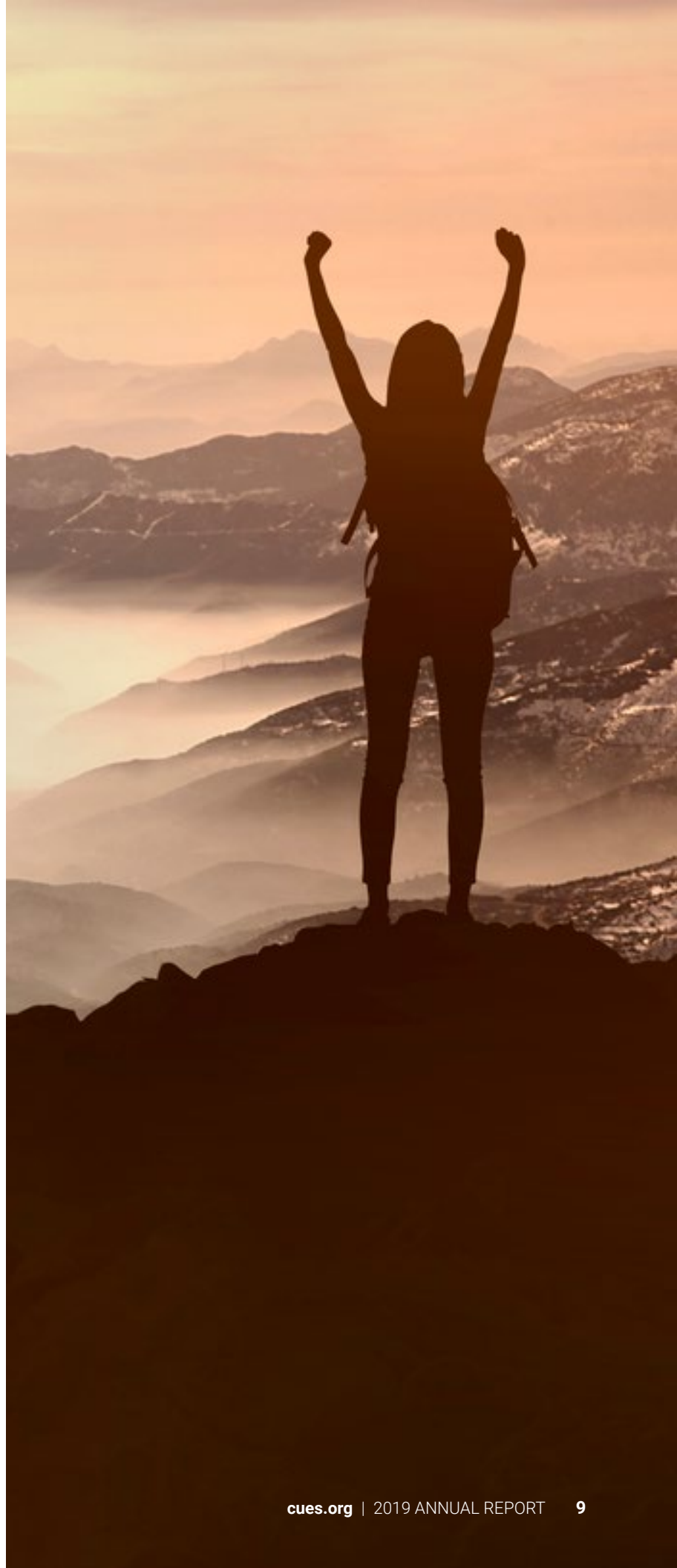
CUES Values

OUR MISSION

CUES mission is to educate and develop credit union CEOs, executives, directors and future leaders.

OUR VISION

CUES helps credit union leaders achieve their greatest potential so they can strengthen credit unions and improve the financial lives of their members.



Financials

TREASURER'S 2019 ANNUAL REPORT



FY19 delivered revenues and profits beyond expectations.

For the year ending 9/30/2019, CUES net income reflected a profit of \$220k compared to FY18 loss of \$291k. This profit was primarily a result of growing membership revenue \$1.1m while achieving revenue targets on events throughout the year, along with products and services such as Vertex and the CUES compensation surveys.

As a result, revenue growth was 6.6% as compared to FY18. Due to CUES' strong financial health and Retained Earnings position, the organization is positioned to continue to invest in our membership. Retained Earnings of the company increased from \$1.923m to \$2.142m as of 9/30/2019.

Strategies aimed at launching the new membership structure and adding additional member benefits for everyone at the credit union, including the board of directors, was a success for the organization. With more than 50% growth in membership, CUES expanded our Membership Team to help each credit union get the most out of the membership benefits this year. In FY19, CUES hired a Membership Liaison to educate members on how they can take advantage of their membership benefits.

One of the new benefits, CUES Learning Portal, powered by Degreed, is designed to provide CUES members with access to curated content to support skill development of individuals at all levels within the credit union. Members can engage with others in groups, develop skills on a specific topic using the curated pathways, recommend learning to others or save learning to review later.

CUES continued to invest in our Members Relations Team, who visit credit unions throughout the U.S and Canada. These visits, as well as member surveys, event participation and ongoing member dialogue, helps us create new programs, content and distribution channels. These changes expand CUES professional development opportunities to new segments in the industry. In FY19, CUES hired a Manager of Member Relations & Sales Support in Canada to support the ongoing growth and engagement.

In FY19, membership revenue grew 37.9% over the prior year as a result of members taking advantage of our newly-launched membership structure and benefits. This new membership provides excellent value on a cost-per-person basis.

With a strong financial base, CUES will not only be investing in new products and services for the membership, it will be expanding its ability to connect directly with members through new and innovative channels of learning. CUES will be looking to improve your professional development, which will ultimately provide you and your team the tools to continue to win the war on talent.



Key Financial Notes – FY19

- Revenue grew by 6.6% over FY18.
- The revenue growth came from multiple areas of CUES. The largest percentage increase in revenue came from our membership segment, which grew 37.9%, followed by products and services with 24.7% growth, mostly related to adding Vertex's management development program to our offerings last fiscal year.
- Gross profit margins grew from 56.35% in FY18 to 61.64% in FY19 from sunseting unprofitable events from FY18, improved margins at our three major conferences, and successfully launching our new membership structure.
- Gross profit margins in the EE&M area increased from 32.3% to 40.2%.
- Membership gross profit margins declined from 96.3% to 94.6% this year. CUES strategically invested in areas to improve the benefits of the newly-launched membership.
- Operating expenses were 8.3% higher than FY18. This increase is due to higher salary & benefits and the early retirement of sunset capital assets.
- Total assets increased 9.4% over September 30, 2018 as a result of higher cash, accounts receivable, and prepaids in FY19.
- Net PP&E increased 4.0% as capital spending increased in FY19 to support the added content channels of CUmanagement.com and added membership benefits.
- Unrestricted net assets increased \$510k reflecting the FY19 profit for the year. Retained Earnings of the company increased from \$1.923m to \$2.142m as of 9/30/2019.

In keeping with CUES board policy, \$220k will be transferred from the Operating Fund into the Financial Stability Fund (FSF) to record the profit for FY19. The FSF, also known as retained earnings, was established by the board in 1982 to provide security in the face of future economic fluctuations. At the end of FY19, the fund stands at \$2.142m, and liquid assets (cash and short-term investments) stands at \$3.988m. Combined, these items provide the security needed to weather potential fluctuations in the economy and future investment in the operations. With board approval, this fund can be used to offset potential service cutbacks, fee increases, unbudgeted extraordinary expenses and investments in growth opportunities, along with severe changes in the economy that may cause hardships for CUES and its members.

Erin Mendez, CCE
CUES Treasurer

Credit Union Executives Society

----- Profit & Loss Statement -----

For the Twelve Months Ending Monday, September 30, 2019

	FY19 \$	Prior Yr \$	FY19 vs Prior \$
DEPARTMENT REVENUE:			
Executive Education & Meetings	\$5,885,368	\$6,322,161	(436,793)
CUES Membership	3,898,696	2,053,032	1,845,664
Products & Services	1,470,792	1,179,638	291,154
Publications	857,447	1,091,197	(233,750)
Directors Membership	0	298,122	(298,122)
CCUBE	0	444,381	(444,381)
Suppliers Membership	228,905	199,343	29,562
Sponsorship	820,155	762,000	58,155
TOTAL REVENUE	13,161,363	12,349,875	811,488
DEPARTMENT PROFIT MARGIN			
Executive Education & Meetings	2,363,532	2,041,131	322,401
CUES Membership	3,691,713	2,015,181	1,676,532
Products & Services	640,946	663,878	(22,932)
Publications	586,179	794,023	(207,844)
Directors Membership	(1,694)	278,350	(280,044)
CCUBE	0	404,827	(404,827)
Suppliers Membership	212,779	186,191	26,588
Sponsorship	618,622	575,482	43,140
TOTAL GROSS MARGIN	8,112,077	6,959,062	1,153,015
Profit Margin %	61.64%	56.35%	5.29%
OPERATING EXPENSES:			
Member Relations	320,940	303,623	17,317
Board Expenses	139,207	174,024	(34,817)
Salaries & Benefits	5,012,084	4,798,850	213,234
Marketing Offerings	342,617	405,704	(63,087)
Marketing Outsourcing	92,044	24,291	67,753
Marketing General	266,380	234,140	32,240
Research & Development	68,323	44,734	23,589
G&A:			
Staff Travel & Development	217,333	173,384	43,949
Technology	474,452	414,661	59,791
Facilities Admin	74,101	68,905	5,196
Finance & Facilities	1,032,239	780,560	251,679
TOTAL OPERATING EXPENSES	8,039,720	7,422,875	616,845
NET OPERATING PROFIT	72,357	(463,813)	536,170
INTEREST INCOME	147,418	173,356	(25,938)
NET PROFIT/ (LOSS)	219,775	(290,456)	510,231
Profit %	1.67%	(2.35%)	4.02%

Credit Union Executives Society

----- Balance Sheet -----

For the Twelve Months Ending Monday, September 30, 2019

	9/30/2019	9/30/2018
	Current Month	Prior Year End
ASSETS:		
Current Assets		
Cash	\$1,005,870	\$ 518,147
Investments-Short Term	2,982,218	3,224,000
Accounts Receivable - Net	529,349	243,688
Prepaid Expenses	1,130,296	1,085,234
Other Assets	500	500
Total Current Assets	5,648,233	5,071,569
Prepaid Expenses - Long Term	225,735	106,791
Trademarks & Other Intangible Assets, Net	79,994	79,994
Property & Equipment:		
Property & Equipment (cost)	5,123,273	4,803,716
Less: Accumulated Depreciation	3,449,201	3,193,616
Net PP&E	1,674,072	1,610,100
Other Assets	1,142,349	1,146,617
TOTAL ASSETS	8,770,383	8,015,071
LIABILITIES & NET ASSETS:		
Current Liabilities		
Accounts Payable	1,185,223	678,223
Accrued Liabilities	704,691	582,476
Deferred Revenue	4,305,756	4,323,016
Total Current Liabilities	6,195,670	5,583,715
Long Term Liabilities		
Deferred Compensation	432,477	508,896
UNRESTRICTED NET ASSETS		
Current Year Net Income	219,777	(291,125)
Financial Stability Fund	1,922,460	2,213,586
Total Unrestricted Net Assets	2,142,237	1,922,461
TOTAL LIABILITIES & NET ASSETS	8,770,384	8,015,072

CUES Board of Directors

CUES' board plays a crucial role in ensuring we continue to operate in the best interest of our past, present and future members.



Stu Ramsey, CCE

BOARD CHAIR

President/CEO, Pen Air Federal Credit Union



Kelly Marshall, CCE, ICD.D

VICE CHAIR/CHAIR ELECT

CEO, Summerland Credit Union



Erin Mendez, CCE

TREASURER

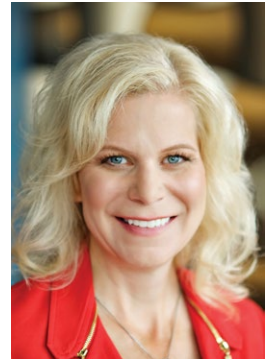
President/CEO, Patelco CU



Kris P. VanBeek, CCE, CIE

SECRETARY

President/CEO, USALLIANCE Financial



Kim M. Sponem

IMMEDIATE PAST CHAIR/DIRECTOR

President/CEO, Summit CU



Stephanie Sherrodd, CCE

PAST CHAIR/DIRECTOR

President/CEO, TDECU



Joe Hearn, CCE

PAST CHAIR/DIRECTOR

President/CEO, Dupaco Community CU



Jim Hayes, CIE

DIRECTOR

CEO, Andrews FCU



Gerry Agnes, CPA, CIE

DIRECTOR

President/CEO, Elevations CU



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