

2020

Annual Report





TABLE OF CONTENTS

3	MESSAGE FROM THE CHAIR
4	MESSAGE FROM THE PRESIDENT/CEO
5	CUES 2020 HIGHLIGHTS
5	MEMBERSHIP
6	CUES EMERGE
6	DIGITAL SHIFT
7	FINANCIALS
7	TREASURER'S REPORT
9	FINANCIAL STATEMENTS
11	CUES BOARD OF DIRECTORS

Message from the Chair



In a year that saw unprecedented disruption from the norm, our members' needs and expectations evolved rapidly with the prolonged impact of a global pandemic that profoundly changed the way we engage and interact. Business as usual for CUES was no longer an option.

It became clear early in 2020 that in-person events needed to be postponed and CUES quickly pivoted to expedite and enhance the delivery of digital options.

The CUES School of Business Lending conversion to an online format was highly successful—no small feat considering this is an intensive, three-week long program.

The Board Liaison Workshop, originally scheduled as an in-person event in September, was successfully reimaged as a two-day online event, with a bonus follow up digital session in October.

A key focus was also on enhancing Elite Access™ Virtual Classroom, tripling the number of monthly sessions and bringing a wide variety of great talent development choices to those working remotely and looking to connect with colleagues while they learn.

The CUES team has continuously and tirelessly searched for solutions to facilitate professional development and networking connections with our members. True to CUES form, it is not enough to simply plan run-of-the-mill teleconferences; instead, CUES has turned to a new online platform to deliver a highly interactive and conference-like format to our digital programs. This new solution will be rolled out in 2021.

We are proud of what we have accomplished in the year that was 2020, and I'm pleased to say CUES has been a steady presence in the face of a changing and challenging year. As we head into 2021, CUES is here, poised and ready to help your credit union face the future head-on.

A stylized, handwritten signature in black ink, appearing to read 'Kelly Marshall'.

Kelly Marshall, CCE, CCD, ICD.D
CUES Board Chair

Message from the President/CEO



Surely, you have heard the adage, purported to be a curse, “May you live in interesting times.”

Interesting, 2020 has been. We began the year with a very fast start, on pace for record revenue and profits. Then the pandemic hit, plunging North America into a recession. The summer brought about calls for racial and social justice, and the fall featured a highly contentious U.S. presidential election.

However, JFK was known to say the Chinese use two brush strokes to write the word “crisis.” One brush stroke stands for danger; the other for opportunity.

So as interesting as 2020 was, let’s remember that it also had its share of bright spots and opportunities for CUES, including:

- Membership growth: we are now at 29,000 members and counting—a 100% increase from just two years ago.
- For the first time, we successfully conducted CUES School of Business Lending™ and Board Liaison Workshop online, a shift we made in rapid response to the pandemic.
- CUES eVote had a record year.
- We celebrated the 100th CUES podcast episode.
- We tripled the number of Elite Access™ Virtual Classroom courses we offer each month.
- We completed the first ever CUES Talent Development Survey and released the results as a member benefit.
- CUES Emerge, a new emerging leader program, successfully launched with 30 participants.
- Three new CUESolutions providers joined CUES, increasing our roster of industry thought leaders providing valuable content to credit unions.
- We completed the first cycle of CEO Networking Groups.
- CUES launched First Line of Defense™, an online, simulation-based fraud training system.
- We launched new CUESNet communities to support HR/Talent Development, Emerging Leaders, and the 23 U.S. CUES councils.
- CUES Consulting saw growth and an expansion of services.
- In just one year, website traffic to **CUmanagement.com** doubled to over 26,000 average page views per month.

Our flexibility and adaptability allowed us to change quickly and pivot when needed during 2020. As we move ahead to 2021, we look forward to:

- Growing our digital learning opportunities for members, through Harvard ManageMentor, our eCornell Certificate Courses, and other online opportunities.
- Fulfilling our commitment to fight against racial and social injustice, and help the industry’s leaders to do so, as well.
- Providing the tools our members need to meet their evolving talent development needs.

No one knows what 2021 will bring, but it’s our job as leaders to be prepared to make the most of what comes. CUES is here to help you, the industry’s leaders, with the best career resources available for you, your team, and your board of directors.

John Pembroke
CUES President/CEO

A handwritten signature in black ink, appearing to read 'J. Pembroke', with a long horizontal line extending to the right.

CUES 2020 Highlights



Membership Growth

2020 saw CUES complete its second full year of its new membership structure, and has experienced unprecedented growth. Heading into 2021, we have well over 29,000 members—a 100% increase from two years ago!

Allowing members to choose from three membership tiers—Individual, Unlimited, and Unlimited+—gives credit unions the option to customize a membership that fits their needs. Members can focus on their own talent development requirements, as well as those of executives, up-and-coming leaders and board members.

MEMBERSHIP BENEFITS

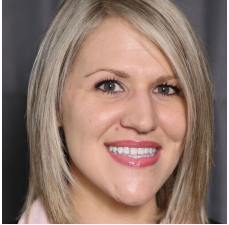
	INDIVIDUAL CU staff or directors	UNLIMITED For all CU staff and directors	UNLIMITED+ For all CU staff and directors
CUES Learning Portal, powered by Degreed			
CUESNet™			
Credit Union Management™ magazine			
CUES Director Education Center			
CUES State of Credit Union Training and Development Report NEW			
CUES Guide to Effective Mentorship			
Welcome to Credit Union Leadership Guide			
CUES Councils (special member pricing)			
CUES Webinar Series			
Discounted Event Pricing			
Harvard ManageMentor® NEW			
CUES Elite Access™ Virtual Classroom			
CUES Leadership Development Guide			
Director Onboarding Tool Kit			
CUES Executive Compensation Survey*			
CUES Employee Salary Survey*			
Governance+			
Board Governance Assessment			

*Surveys not applicable to Canadian credit unions.

CUES Emerge

CUES Emerge successfully launched with nearly 60 applicants and 30 selected for the first cohort. This free program builds strategic leadership capabilities through a combination of online learning, peer collaboration, and an exciting competition component. Participants apply their learning and develop a business case to drive innovative ideas in their credit union and communities. Learn more at cuesemerge.com.

2020 CUES Emerge Top 3 Finalists



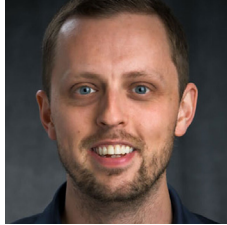
**2020 CUES®
Emerging Leader**

Lindsey Walker
Executive Assistant
Tampa Bay FCU
Florida, USA



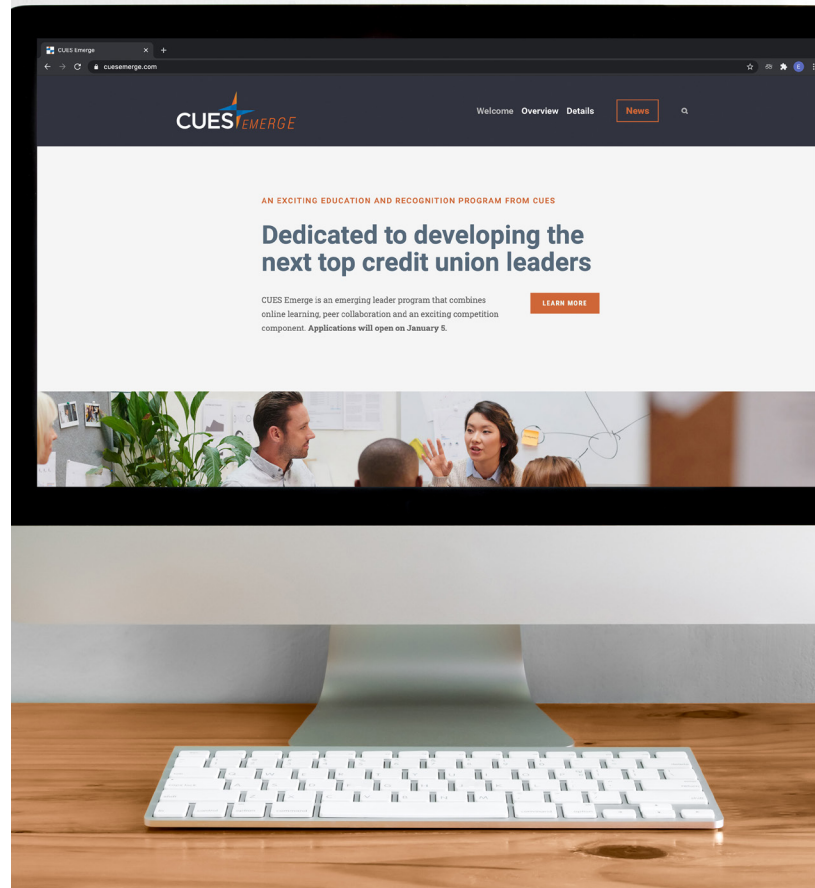
1st Runner Up

James Hunter
Executive Director
New Orleans
Firemen's FCU
Louisiana, USA



2nd Runner Up

Paul Hinrichsen
Product Manager
GTE Financial
Florida, USA



Digital Shift

2020 has seen the largest digital shift for business growth and sustainability in recent years, and CUES is no exception. This past year CUES quickly pivoted and:

- Successfully converted and conducted the three week-long CUES School of Business Lending™ online for the first time in its history.
- Rapidly reimagined Board Liaison Workshop as a two-day online event with a bonus follow up digital session.
- Tripled the number of Elite Access™ Virtual Classroom courses offered each month.
- Launched new CUESNet communities to support HR/Talent Development, Emerging Leaders, and the 23 U.S. CUES councils.
- Increased website traffic to **CUmanagement.com**, doubling average page views to over 26,000 per month.
- Celebrated the 100th episode of the CUES podcast. In fact, over the last 90 days, CUES Podcast downloads have averaged nearly 900 per month.

Financials

TREASURER'S 2020 ANNUAL REPORT



Our fiscal year for 2020 was a challenging year for delivering revenues and profits at past levels.

For the year ending 9/30/2020, CUES' net income reflected a loss of \$943,000 compared to the previous year's profit of \$291,000. This loss was a direct result of the COVID-19 pandemic that required us to cancel or postpone \$4,050,000 worth of events and sponsorships for the fiscal year. During this time, CUES membership revenue grew 2.5% to \$3,998,000, and products such as eVote performed exceptionally well.

As a result, revenue declined by 32.7% compared to the previous year. Retained earnings of the company decreased from \$2,142,000 to \$1,196,000 as of September 30, 2020.

Due to the pandemic, CUES swiftly deployed new digital learning options that diversified our services to meet our members' needs. During the year, CUES hired a professional development coordinator to accelerate the delivery of CUES digital learning offerings. CUES successfully held CUES School of Business Lending I and CUES School of Business Lending II online during the year, and additional digital learning offerings are planned in the immediate future.

With continued membership growth, CUES expanded our benefits to include additional digital learning opportunities with Harvard ManageMentor. One of the 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 their colleagues in groups, develop skills on a specific topic using the curated pathways, recommend learning to others or save learning to review later.

This past year, membership revenue grew \$99,000 over the prior year as a result of members taking advantage of our newly launched membership structure and benefits. This new membership option provides excellent value on a per-person cost basis.

We look forward to improving your professional development, which will ultimately provide you and your team the tools to continue to strengthen and grow.

Key Financial Notes – Fiscal Year ending in September 30, 2020

- Revenue declined by 32.7% over FY19.
- The decline in revenue resulted from multiple areas of our operations. The largest percentage decrease in revenue came from executive education and meetings, which declined 66.2%, followed by publications declining 17.0% and sponsorships declining 16.8% mostly related to reduced attendance at our events due to cancelling or postponing events this fiscal year and reduced spending by our suppliers.
- Gross profit margins grew from 61.6% in previous year to 70.5% in current year, principally from not holding events with lower gross profit margin due to restrictions resulting from COVID-19.



- Gross profit margins from executive education and meetings decreased from 40.1% to 39.7%.
- Membership gross profit margins declined from 94.6% to 91.6% this year. CUES strategically invested in areas to improve the benefits of the newly launched membership with the CUES Emerge program.
- Operating expenses were 8.7% lower than the previous year. This decrease is due to lower travel costs from restrictions related to COVID – 19 across all areas of CUES, and lower marketing expenses.
- Total assets decreased 13.0% over September 30, 2020 as a result of lower cash, accounts receivable, and prepaids expenses.
- Fixed assets increased 13.6% as capital spending increased to support the added website capabilities of cues.org and added membership benefits.
- Unrestricted net assets decreased \$946,000 reflecting the loss for the year. Retained earnings of the company decreased from \$2,142,000 to \$1,196,000 as of September 30, 2020.

In keeping with CUES' board policy, \$943,000 will be transferred from the Financial Stability Fund (FSF) to the Operating Fund to record the loss for the year. The FSF, also known as retained earnings, was established by the board in 1982 to provide security during future economic fluctuations. At the end of the year, the fund stands at \$1,196,000 and liquid assets (cash and short-term investments) stands at \$3,444,000. Combined, these items provide the security needed to operating during potential fluctuations in the economy. 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.

Gerry Agnes, CPA, CIE
CUES Treasurer

Credit Union Executives Society

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

For the Twelve Months Ending Monday, September 30, 2020

	FY20 \$	Prior Yr \$	FY20 vs Prior \$
DEPARTMENT REVENUE:			
Executive Education & Meetings	\$1,996,903	\$5,908,975	(\$3,912,072)
CUES Membership	3,994,806	3,898,696	\$96,110
Products & Services	1,241,721	1,447,185	(\$205,464)
Publications	711,971	857,447	(\$145,476)
Suppliers Membership	233,301	228,905	\$4,396
Sponsorship	682,295	820,155	(\$137,860)
TOTAL REVENUE	8,860,997	13,161,363	(\$4,300,366)
DEPARTMENT PROFIT MARGIN			
Executive Education & Meetings	793,608	2,370,906	(\$1,577,298)
CUES Membership	3,659,963	3,690,019	(\$30,056)
Products & Services	578,206	635,136	(\$56,930)
Publications	475,887	586,179	(\$110,292)
Suppliers Membership	219,914	212,779	\$7,135
Sponsorship	517,609	618,622	(\$101,013)
TOTAL GROSS MARGIN	6,245,187	8,113,641	(\$1,868,454)
Profit Margin %	70.48%	61.65%	8.83%
OPERATING EXPENSES:			
Member Relations	231,250	320,940	(\$89,690)
Board Expenses	48,695	139,207	(\$90,512)
Salaries & Benefits	5,015,656	5,012,084	\$3,572
Marketing Total	451,629	701,041	(\$249,412)
Research & Development	31,274	68,323	(\$37,049)
G&A:			
Staff Travel & Development	126,057	217,333	(\$91,276)
Technology	418,126	474,452	(\$56,326)
Facilities Admin	65,167	74,101	(\$8,934)
Finance & Facilities	954,914	1,032,239	(\$77,325)
TOTAL OPERATING EXPENSES	7,342,768	8,039,720	(\$696,952)
NET OPERATING PROFIT	(1,097,581)	73,921	(\$1,171,502)
INTEREST INCOME	154,126	150,056	\$4,070
NET PROFIT/ (LOSS)	(943,455)	223,977	(\$1,167,432)

Credit Union Executives Society

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

For the Twelve Months Ending Monday, September 30, 2020

	9/30/2020	9/30/2019
	Current Month	Prior Year End
ASSETS:		
Current Assets		
Cash	\$714,374	\$1,005,870
Investments-Short Term	2,730,000	2,982,218
Accounts Receivable - Net	444,663	529,349
Prepaid Expenses	801,828	1,130,296
Other Assets		500
Total Current Assets	4,690,865	5,648,233
Prepaid Expenses - Long Term	335,810	225,735
Trademarks & Other Intangible Assets, Net	94,994	79,994
Property & Equipment:		
Property & Equipment (cost)	5,979,289	5,123,273
Less: Accumulated Depreciation	4,077,888	3,449,201
Net PP&E	1,901,401	1,674,072
Other Assets	603,775	1,142,349
TOTAL ASSETS	7,626,845	8,770,383
LIABILITIES & NET ASSETS:		
Current Liabilities		
Accounts Payable	1,166,949	1,185,223
Accrued Liabilities	232,087	704,691
Deferred Revenue	4,527,587	4,305,756
Total Current Liabilities	5,926,623	6,195,670
Long Term Liabilities		
Deferred Compensation	504,381	432,477
UNRESTRICTED NET ASSETS		
Current Year Net Income	(943,454)	219,777
Financial Stability Fund	2,139,293	1,922,460
Total Unrestricted Net Assets	1,195,839	2,142,237
TOTAL LIABILITIES & NET ASSETS	7,626,843	8,770,384

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.



**Kelly Marshall,
CCE, CCD, ICD.D**

BOARD CHAIR

President/CEO
Summerland Credit Union



Jim Hayes, CIE

VICE CHAIR

President/CEO
Andrews Federal
Credit Union



**Gerry Agnes,
CPA, CIE**

TREASURER

President/CEO
Elevations Credit Union



Kim M. Sponem

**PAST CHAIR/
SECRETARY**

President/CEO
Summit Credit Union



**Stephanie Sherrodd,
CCE**

PAST CHAIR/DIRECTOR

President/CEO
TDECU



Joe Hearn, CCE

PAST CHAIR/DIRECTOR

President/CEO
Dupaco Community
Credit Union



**Mark L. Robnett,
CCE**

DIRECTOR

President/CEO
Justice Federal
Credit Union



Richard E. Romero

DIRECTOR

President/CEO
Seattle Credit Union



P.O. Box 14167, Madison, WI 53708-0167 USA
5510 Research Park Drive, Madison, WI 53711-5377

Tel: 800.252.2664 or 608.271.2664, ext. 340

Canada Tel: 604.559.4455

Email: cues@cues.org

cues.org

Stay connected with CUES on:

