

Treasurer's Report Sherri Watson

(Please refer also to our detailed Financial Statements)

As a member-owned credit union, our mission is to support our members and our community. In 2025, that commitment was reflected not only in our financial results, but also in the way we operated throughout the year.

2025 Highlights

- **Liquidity Management:**
Cash levels remained stable. Managing liquidity continues to be a daily, even hourly, priority as we balance members' borrowing needs with prudent investment decisions.
- **Investments:**
We place idle funds into insured CDs and U.S.-backed investments to best manage your funds. Our total investment balance ended the year slightly below 2024 levels, reflecting a strategic shift to support loan demand as our loans to you is part of our core purpose. However, Investment interest income increased, even with a slightly smaller investment base, due to intentional reallocations.
- **Loan Performance:**
Loan yield increased for the second consecutive year. Strong member borrowing contributed to the following:
 - Loan origination income rose **48%** compared to 2024.
 - Loan interest income also grew for the second year in a row.
- **Membership and Deposits:**
While total membership declined slightly due largely to dormant-account clean-up, overall member deposits grew. Accounts that go "dormant" due to inactivity are costly and the costs should not be carried by active members.
- **Uninsured Shares:**
Uninsured balances are something we continue to monitor. We did gain a few members opening up ModernFi extended insurance accounts with us to reduce their uninsured amounts.
- **Expenses:**
 - **Operating Expenses**
Our operating expenses (employees, office supplies, etc) decreased slightly in 2025 in spite of continuing inflation; this indicates our cost efficiency. This was achieved even as we expanded our employee PAID Volunteer Time Off program—an investment in our community partnerships.

- **Interest Expenses**

At Collegedale Credit Union, we service no debt per se; we only pay marginal amounts a few days a year for overnight liquidity fluctuations. The FAR majority of our interest expense is paid to our members in the form of dividends. In 2025, we paid significantly more out to members than prior year. Our interest expense increased nearly 140% as we paid to you over a quarter of a million dollars.

- **Loan Participations:**

As a quick reminder, these are large pools of loans we purchase from other financial institutions when your loan demand is low. In 2025, our Loan Participations went down by about **25%**, in alignment with your increased borrowing needs. Your loan needs for you and your family come first!

- **VTO:**

In 2025, we had greater utilization of staff paid time off to volunteer with community non-profits. The Samaritan Center put to good use credit union volunteers for sorting non-perishable food for a larger than usual food need in 2025. The Salvation Army was given staff time; their purpose and range of needs are wide.

2026 Focus Areas

- Further reduce uninsured shares.
- Maintain ongoing monitoring and management of dormant accounts.
- Continued use of Volunteer Time Off. The credit union has created this at its expense WITHOUT increasing operating costs. So that blessing appears to be a sign to continue that outreach. Staff will be working in 2026, with the Salvation Army for example on their spring Marti-Bra. This is where they have a celebration and give out bras, underwear, toiletry items, and a purse. These items make a huge difference in the lives of the recipients.
- Continue close attention to macroeconomic and regulatory developments, particularly policies involving the Federal Reserve, which functions best when operating independently of short-term political influence.

Closing Perspective

In 2025, we strengthened operational efficiency, strategically supported member loan demand, and maintained disciplined expense management. Community organizations benefited from our increased volunteer engagement. After achieving a solid year-end financial position, we provided OUR members with an unscheduled bonus dividend while also reinforcing reserves for the future.

The knowledge of being and the sense of feeling do not always align. But in 2025, they aligned for the Collegedale Credit Union. This year's financial results reinforced not only what it means to *be* a credit union—but what it *feels like* to operate one with purpose, discipline, and service at the center of every decision.