

A woman with long brown hair, wearing glasses and a white surgical face mask, is looking down at a document. She is wearing a white lab coat over a dark blue button-down shirt. The background is a bright, out-of-focus office or laboratory setting with large windows.

ON THE FRONTLINES OF YOUR FINANCES.

2020 Annual Report





A credit union you can count on.

A crisis does one thing very well; it brings together the community when it is needed most, even if together requires staying apart. As an essential provider of financial services, MSGCU was proud to serve our members throughout 2020 and deliver meaningful financial solutions for members, communities, and businesses during the pandemic.

While we were adapting to the uncertainty and changes around us, we continually focused on the financial success and safety of our members. We welcomed more than 13,000 new members and maintained a high 96 percent member satisfaction rate.

We awarded more than \$106,000 to deserving scholarship recipients and \$45,000 in grants to teachers via our Classroom Cash Grants program. In addition, we significantly expanded our reach to help those in need due to the pandemic. We provided COVID-19 assistance which included more than \$869,000 in 0% Coronavirus Relief Loans and over \$6.3 million in Paycheck Protection Program loans to 137 small businesses, supported the manufacturing of personal protective equipment for essential workers, and contributed to sustaining local businesses.

We welcomed 65 new team members to MSGCU and were named one of Michigan's Top Workplaces for the eighth consecutive year. This honor is particularly special for us and demonstrates that our team members are highly engaged in what they do and are dedicated to the people they do it for: our members.

Thank you for the opportunity to serve you and your family. We look forward to helping you achieve your financial goals with the same high level of service which has been our trademark.

Sincerely,

William Cayen
Board Chairman

Peter Gates
President/CEO

For a complete overview of MSGCU's accomplishments in 2020, please visit msgcu.org/2020recap.

Growing stronger, one member at a time.

Membership

MSGCU wouldn't be where it is today without your membership. We were pleased to welcome 13,652 new members. Our MSGCU family reached 132,699 members by the end of 2020.

2020 Awards

- **Desjardins Adult Financial Education Award**, recognizes our thriving member education programs, including our virtual Homebuyer's Workshop, which helps to better prepare attendees in making homebuying decisions they can comfortably afford.
- **Desjardins Youth Financial Education Award**, recognizes outstanding effort in preparing young people for financial success, including our virtual workshops.
- **Louise Herring Philosophy-in-Action Member Service Award**, recognizes our quick response to the pandemic and our efforts to serve members and the community during an extreme time of need.
- **Dora Maxwell Social Responsibility and Community Service Award**, recognizes a series of contributions we made to deserving organizations working for the betterment of Michigan and its residents.
- **Macomb Daily and Voice Newspaper: Best Credit Union Award**, honors MSGCU as the best credit union as voted by readers.



Detroit Free Press: Top Workplaces Award, Eight Years, we believe this recognition is a reflection of our team's endless commitment to helping more members realize their financial goals.

The way we're different makes a difference.

Member and Community Support

- **Classroom Cash Grants:** MSGCU awarded more than \$45,000 in grants to 64 educators representing 53 schools across the Metro-Detroit area. The grants, worth up to \$750 each, help with the implementation of innovative learning experiences, or assisting teachers with their unprecedented pivot to virtual learning.
- **Scholarships:** More than \$106,000 was granted in 2020 through scholarships to help offset the costs of education. Scholarships were awarded to 45 high school seniors, students studying education and skilled trades, teachers furthering their education, and future first responders.
- **Financial Education and Community Partnerships:** MSGCU partnered with 30 schools, libraries, businesses and community centers, hosting 165 virtual and in-person financial education workshops and helping over 3,678 community members with their financial education.
- **Day of Service:** During our Day of Service, team members made 319 blankets for Fleece and Thank You, donated 22 pints of blood for the American Red Cross, and donated \$3,800 and walked more than 600 miles in support of American Cancer Society's Making Strides Against Breast Cancer. Throughout 2020, more than 57 local organizations benefited from 3,100 volunteer hours provided by MSGCU team members.
- **Give the Gift of Local:** MSGCU gave more than \$18,500 in cash prizes to local small businesses and patrons during our first Give the Gift of Local giveaway. After receiving more than 2,000 nominations from MSGCU members and team members, 17 local businesses struggling from the decrease of in-person patronage due to the pandemic were awarded \$1,000 each.
- **Year of Giving Back:** We donated more than \$15,000 through partnerships with local organizations serving our communities such as Lakes Area Community Coalition, Turning Point, Pay it Forward Community Foundation, and multiple fire and police departments in Southeastern Michigan.
- **FHLBI Home Repair Grant Program:** MSGCU processed \$240,000 in grant requests for 35 low-income homeowners this year through the Federal Home Loan Bank of Indianapolis' (FHLBI) Neighborhood Impact Program. The program provides grants for up to \$7,500 in eligible home repairs for homeowners with lower incomes.

We're here for you.

Here's how MSGCU helped members and our community during the pandemic.



\$869,000+ loaned to members through 0% Coronavirus Relief loans



Donated **\$10,000** and distributed **5,100+** face shields to **40 local organizations** including first responders, health care and essential front-line workers



Supported **38 small businesses** with **\$1,000 grants** through our support of the Macomb is Open Contest and Give the Gift of Local



\$6.3+ million provided in Paycheck Protection Program (PPP) loans to **137** small businesses



Payment assistance on **\$10+ million** mortgages as a MiMortgage Relief Partnership Financial Institution



Payments on **\$107+ million in loans** deferred through Coronavirus Skip-A-Pay and Loan Extensions

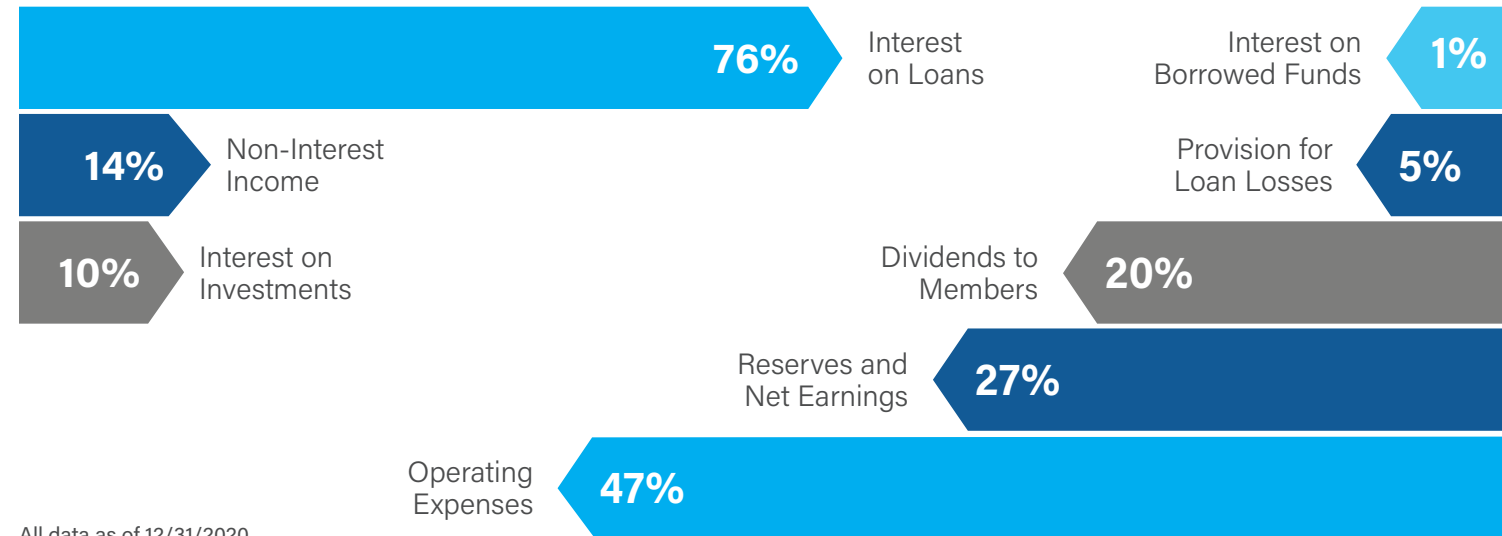


\$0 collected in fees through Coronavirus Skip-A-Pay and Loan Extensions, March - July



What members are saying: "Times are difficult enough for everyone, and when you get that layoff notice they get a little harder. It goes without saying your help in getting my payments held for a few months made the current situation a little less stressful. As far as I'm concerned, MSGCU is the gold standard by which other credit unions should be compared for customer service." - Jeff, MSGCU member since 2014

Sources of Revenue



All data as of 12/31/2020

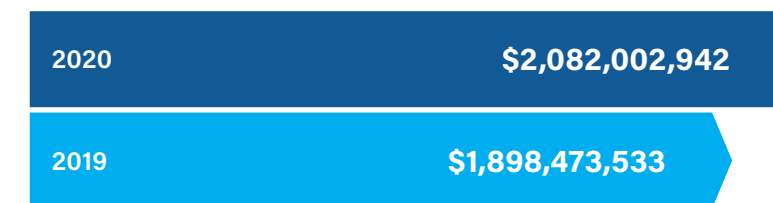
Uses of Revenue

Statistics

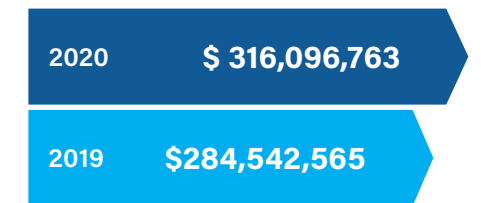
Assets



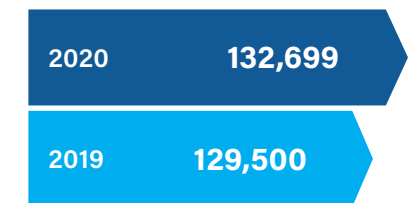
Loans



Capital/Retained Earnings



Members



Balance Sheet

Assets

	2020	2019
Cash and Investments	\$596,645,328	\$389,185,190
Loans to Members	2,082,002,942	1,898,473,533
Land, Buildings, and Equipment	53,675,253	49,127,570
Other Assets	40,258,894	33,938,902
Total Assets	2,772,582,417	2,370,725,195

Liabilities and Net Worth

Member Savings	2,386,081,930	2,018,097,862
Other Liabilities	70,403,724	68,084,768
Retained Earnings	316,096,763	284,542,565
Total Liabilities and Net Worth	\$2,772,582,417	\$2,370,725,195

Income Statement

Income

	2020	2019
Interest on Loans	\$88,895,555	\$82,311,235
Interest on Investments	12,275,180	15,419,553
Total Interest Income	101,170,735	97,730,788
Cost of Funds		
Interest and Dividends Expense	23,954,717	25,182,772
Interest on Borrowed Funds	1,272,867	1,120,546
Total Cost of Funds	25,227,584	26,303,318
Net Interest Income	75,943,151	71,427,470
Non-Interest Income	17,138,537	15,186,524
Total Income	\$93,081,688	\$86,613,994

Operating Expenses

	2020	2019
Salary and Benefits	\$30,910,853	\$27,615,221
Board and Staff Expenses	403,672	746,129
Office Operations	11,870,375	11,060,126
Promotions and Advertising	3,441,760	3,487,228
Loan Servicing	6,145,034	5,357,532
Professional & Outside Services	1,802,474	1,786,413
Other Expenses	453,322	441,009
Total Operating Expenses	55,027,490	50,493,658
Net Income Before Loss Loan Provision	38,054,198	36,120,336
Provision for Loan Losses	6,500,000	6,000,000
Net Income	\$31,554,198	\$30,120,336

A message from the Audit Committee.

The primary responsibility of the Audit Committee is to ensure that Michigan Schools and Government Credit Union is managed soundly and that members' assets are being appropriately safeguarded.

The Audit Committee engaged the certified public accounting firm of Doeren Mayhew to perform an independent audit of the Credit Union's financial statements for the year ending December 31, 2020. Any reported suggestions have been forwarded to the Board of Directors and management for their review and handling.

During 2020, the certified public accounting firm of Rehmann conducted audits of various Credit Union operations and reported results to the Audit Committee and management. There were no major exceptions in any of their findings.

Sincerely,



Charles Thomas
Director & Audit Committee Chairperson

Meet the volunteers who define our direction.

We are proud to have this group of distinguished professionals represent MSGCU members on our Board of Directors.



William Cayen
Chairman



Charles Thomas
Vice Chairman



Richard Maierle
Secretary



James McCann
Treasurer



Elizabeth Argiri
Director



Edward Callaghan
Director



Teresa DiMaria
Director



Richard Shoemaker
Director



Douglas Smith
Director

Welcome to our new board members.



Christina Ayar

Director of the Macomb Community College Foundation and Macomb Community College's chief fundraiser

Christina has 13 years of experience in leading fund development and annual giving initiatives at educational institutions.



Denise Brooks-Williams, FACHE Senior Vice President, CEO, of Henry Ford Health System, North Market

Denise has over 25 years of healthcare leadership experience, including operations, finance, marketing, business development, and program implementation.



Michigan Schools and Government Credit Union
is proud to have a 96% member satisfaction rating.*

Visit a branch

Find your nearest branch
at msgcu.org/locations

Mon–Wed: 9 a.m.–5 p.m.
Thu–Fri: 9 a.m.–6 p.m.
Sat: 9 a.m.–1 p.m.

Find us online

It's easy to keep in touch.
Visit msgcu.org/contact-us

Live Chat: msgcu.org/chat
Mon–Fri: 8 a.m.–8 p.m.
Sat: 9 a.m.–1 p.m.

Call or text

Phone: **586.263.8800**
Toll Free or Text: **866.674.2848**

Mon–Wed: 8 a.m.–5 p.m.
Thu: 8 a.m.–6 p.m.
Fri: 8 a.m.–7 p.m.
Sat: 8 a.m.–1 p.m.

*Overall member satisfaction rating based on 2020 Member Satisfaction Survey data.