

ANNUAL REPORT 2021

Federally insured by **NCUA**.





Our members demonstrated remarkable resilience in 2021, increasing credit union deposits to record levels.



A Strong and Growing Credit Union

5.3% membership growth, to 158,000

19% total share and deposit growth, to \$2.10 billion

7% loan growth, to \$1.50 billion

51% commercial deposit growth, to \$169 million

17.3% total asset growth, to \$2.44 billion

Record Loan Originations

\$608 MILLION



Record Financial Performance

Community First’s total assets increased to \$2.44 billion, a record high, while our total shares and deposits increased by \$337 million, also a new record for our credit union. This rapid growth was fueled in part by new members joining the credit union, but the primary driver was an increase in deposits from existing members.



In addition, our members turned to us for a record \$608 million in loans in 2021, which has perhaps the greatest impact of any of our credit union services on improving their lives. We are especially proud of our commercial lending team for setting a Community First record by extending \$57 million in new loans and funding \$4.8 million in federally secured Paycheck Protection Program loans for small businesses.

Community First members also demonstrated remarkable financial resilience by staying current on existing loans. We had initially set aside \$11.5 million to cover anticipated loan losses in 2021 related to the pandemic, but our members weathered the pandemic economy better than expected. This kept loan delinquencies and charge-offs well below historical levels. These lower losses enabled us to reverse the amount we had set aside for loan losses and increase net income by \$11.5 million.

Fiscal Strength

Although our credit union achieved record growth in many areas, we continued to exercise fiscal responsibility by increasing operational efficiency. Our expenses grew 6.9% for the year, which was less than half our asset growth rate of 17.3%. As a result, our ratio of operating expenses to average assets fell to 2.64%, making us substantially more efficient than our credit union peers, whose average expense ratio was 3.02%.

In addition, we finished the year with a strong net worth ratio of 11.7%. This key metric, used to evaluate the soundness of financial institutions, compares accumulated reserves to assets, with a higher ratio reflecting greater strength. Again, we finished the year ahead of our peer group, which averaged 10.3%.

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The Community First investment services program achieved a new high with \$423 million in assets under management in 2021.

Serving Our Members

Our employees' commitment to service excellence undoubtedly contributed significantly to the credit union's growth in membership, deposits and loans in 2021. One of our proudest achievements was the Community First team's ability to improve member satisfaction scores during a stressful year for many of our members. Using data collected from three member surveys, our Member Experience Committee of management and staff responded rapidly to specific member concerns and identified opportunities to improve our policies and procedures.

Expanded offerings and services were also instrumental to our 2021 success. One example was the growth of our investment services program, which enables members to access investments beyond traditional insured savings and certificates-of-deposit accounts. Assets under management in these accounts, which are held separately from the credit union's assets, reached a new high of \$423 million in 2021.





COMMUNITY
FIRST
moveUP
financial wellness program

Community First members continued to embrace the moveUP Financial Wellness learning program in 2021. About 2,400 members completed at least one of our 63 online learning modules during the year, and we held 18 virtual workshops to help members build financial resilience. In addition, our moveUP for Money Experience for Teens and My First Account events helped more than 300 teens get a preview of responsible financial management by learning from their financial successes and mistakes.



We also continued to help members expand their financial knowledge through our moveUP Financial Wellness program, which engaged 2,400 members during 2021, and we continued to build on the lessons learned from the pandemic by expanding digital access to banking services through:



A **multi-channel communications** suite with live chat, screen sharing, live video banking and enhanced texting capabilities.



An **upgraded App** for managing credit and debit cards with improved security features, such as travel notifications, account alerts and controls that allow members to freeze a card temporarily to prevent it from being misused.



Enhancements to our online/mobile banking platform with preapproved offers that enable members to quickly and easily obtain a credit card, auto or personal loan.



Helping Businesses Grow

The Blue Bamboo restaurant in Mandarin and the Element hotel in Jacksonville Beach might seem to have little in common, but the two local businesses are examples of Community First Credit Union's growing impact as a commercial lender.

Community First worked with Shivam Properties II, LLC to fund the construction of the company's newest hotel project, the Element by Westin. Located at the corner of Beach Boulevard and Third Street, the new hotel has 80 extended-stay units. At the time of its construction, the hotel was the largest commercial lending project in Community First's history, and is already having a positive impact on the area. The Jacksonville Beach property has 20 full-time and 5 part-time employees, and its guests patronize many other businesses, adding to the area's economic vitality.

Across town in Mandarin, Dennis Chan came to Community First for a commercial loan when his restaurant outgrew its original location. With the help of our financing, Chan opened a new facility on San Jose Boulevard in 2021 with an expanded staff, more seating and high hopes for continued success.

These examples show how Community First is enhancing the region through commercial loans that support job creation, economic growth and a better quality of life.

Commercial Growth

In addition to growing our commercial lending portfolio, we expanded our commercial deposit program by adding specialized services to attract larger and more complex businesses. These enhancements included cash management features such as automated clearing house (ACH) origination for electronic funds transfer, account analysis and a security feature called positive pay that protects against unauthorized checks.

These enhancements helped more Northeast Florida businesses take advantage of the benefits of banking with a credit union, as was reflected in our record commercial deposit growth in 2021. Deposits increased 51%, reaching a new high of \$169 million and constituting 8% of our total deposits.

Building a Stronger Community

Community First continued to strengthen and expand its community impact in 2021 through new and existing partnerships. In the fall of 2021, we secured the naming rights for the Community First Igloo, expanding our relationship with the Jacksonville Icemen hockey team to the largest and most significant partnership agreement in our credit union's history. This expanded partnership with Zawyer Sports, the owner of the Jacksonville Icemen, will help grow youth and adult hockey and figure skating programs in the area as well as provide opportunities for residents throughout the region to learn how to skate and play hockey, with emphasis on reaching out to underserved communities.





Community First CARES Foundation, the philanthropic arm of the credit union, advanced its mission to improve education and the quality of life on the First Coast by forming a new partnership with the Northwest Jacksonville YMCA in 2021. The foundation provided funding for the YMCA's afterschool programs at Rufus E. Payne Elementary, Kings Trail Elementary, Ramona Boulevard Elementary and Tiger Academy.

Designed to level the playing field between disadvantaged and affluent communities, the afterschool programs that received foundation funding impacted more than 530 students through on-site experiential learning and field trips in addition to providing healthy food and snacks.

Reflecting on Community First Credit Union's 2021 performance, every member and every employee can take pride in being part of an organization that is impacting so many lives in so many positive ways. We are already exploring new initiatives to enhance our services and provide more opportunities to support our members in 2022. Working together, we are on a path to continue helping individuals achieve financial security and helping our community thrive.



Community First CARES Foundation

The Community First CARES Foundation was created in 2013 to help build a stronger community by improving the First Coast's educational system, enhancing financial literacy and supporting programs that improve quality of life. Since its inception, the Foundation has distributed more than \$750,000 in grant funding and contributed nearly \$175,000 to teachers in Clay, Duval, Nassau and St. Johns counties. These grants have impacted hundreds of teachers and thousands of students.



AUDIT COMMITTEE REPORT

The responsibility of the Audit Committee is to help assure, for the benefit of the Credit Union and its members, the safety of deposits, the soundness of management, and fairness to all members.

In connection with its responsibilities, the Audit Committee engaged CliftonLarsonAllen, LLP to perform an independent financial statement audit for the year ending December 31, 2021. Results of the audit indicate that the financial statements present fairly the results of the operations and financial position for the period, and no material weaknesses in internal control were reported.

The Credit Union's Internal Audit Department operates under the direction of the Audit Committee. The Internal Audit Department monitors credit union operations through the development of a risk-based audit plan; scheduling and conducting a continuing program of reviews of credit union processes and procedures. The Audit Plan, approved by the Audit Committee, is updated during the year as processes, controls, and events change. The Internal Audit Department works with Management in a collaborative manner on each internal audit and communicates the results of each audit to the Audit Committee on a regular basis.

Community First Credit Union of Florida is also examined on a regular basis by the State of Florida's Office of Financial Regulation and the National Credit Union Administration. The regulators completed their most recent examination in July 2021.

Based on the results of the above-referenced activities and related reports, the Audit Committee believes all audits, verifications, examinations and compliance reviews present an accurate reflection of the financial results and status of the credit union as a well-managed and financially sound financial institution. On behalf of the entire Committee, we appreciate the opportunity to serve you, the members, and look forward to a secure and successful 2022.

Eva Chantelle Schart

Assets		Dec. 2021	Dec. 2020
Loans (Gross)		\$1,485,729,091	\$1,390,576,593
Unamortized Fees/Costs		\$12,335,237	\$10,046,193
Loans Loss Reserve		(\$18,673,389)	(\$22,257,613)
Loans (Net)		\$1,479,390,939	\$1,378,365,173
Cash		\$256,446,998	\$182,154,976
Investments	U.S. Government Obligations	\$567,480,630	\$374,004,839
	Corporate Federal CU (Capital Shares)	\$750,000	\$750,000
Other Investments		\$23,866,688	\$22,532,754
Total Investments		\$592,097,318	\$397,287,593
Building, Land and Equipment		\$47,326,209	\$46,348,860
Insurance Fund Deposit		\$18,528,801	\$15,927,820
Other Assets		\$36,981,357	\$51,529,644
Total Assets		\$2,430,771,622	\$2,071,614,066
Liabilities & Retained Earnings		Dec. 2021	Dec. 2020
Other Liabilities		\$31,169,234	\$32,049,541
Member Deposits	Certificates of Deposit	\$238,405,727	\$258,206,899
	Retirement Shares	\$49,300,677	\$47,003,435
	Share and Club Accounts	\$666,616,350	\$868,432,632
	Checking Accounts	\$505,088,812	\$108,511,054
	Money Market Accounts	\$659,037,270	\$499,314,127
Total Share & Deposits		\$2,118,448,836	\$1,781,468,147
Reserves		\$4,990,240	\$12,150,092
Undivided Earnings		\$276,163,312	\$245,946,286
Reserves & Retained Earnings		\$281,153,552	\$258,096,378
Total Liabilities & Equity		\$2,430,771,622	\$2,071,614,066

Income & Expenses		Dec. 2021	Dec. 2020
Interest Income and Expenses	Interest on Loans	\$60,143,908	\$58,884,274
	Interest on Investments	\$4,357,692	\$4,854,548
Total Interest Income		\$64,501,600	\$63,738,822
	(Less) Dividends and Interest Paid to Members	\$5,959,932	\$8,623,794
	Provision for Losses	(\$1,131)	\$11,346,312
Net Interest Income	Net Interest Income after PLL	\$58,542,799	\$43,768,716
Other Income	Fee & Other Income	\$30,218,935	\$27,944,142
Operating Expenses	Compensation and Benefits	\$28,589,691	\$27,306,162
	(Less) Educational and Promotional	\$4,114,785	\$3,038,007
	Occupancy & Office Operations	\$9,676,393	\$9,126,404
	Other	\$17,518,290	\$16,580,283
Total Operating Expenses		\$59,899,159	\$56,050,856
Non-Operating (Income)/Expense	Non-Operating (Income)/Expense & Other Losses	(\$1,354,451)	(\$1,899,756)
Net Income		\$30,217,026	\$17,561,758

Thank you for your membership!

