



**2019  
Annual  
Report**

**FORTERA**

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# Message from the Chairman & President

On behalf of the Board of Directors of Fortera Credit Union, I am pleased to present the 2019 performance highlights achieved by your member-owned Credit Union. Through the successful efforts of our exceptional staff, Fortera accomplished another benchmark year. Fiscal, operational, and marketing achievements increased the Credit Union's financial strength, responsiveness to member, and brand awareness. These accomplishments supported Fortera's ongoing mission to provide the best financial products and services to you, the Credit Union members.

## Fiscal Performance

From a growth perspective, Fortera accomplished three milestones. Consistent membership increases surpassed the 60,000-mark ending the year at 61,447 total members, the highest in the history of the Credit Union. Additionally, the Credit Union's 2019 asset size increased to \$595M, another record for Fortera. And finally, the earnings from that growth generated \$5.3M in net income, yet another high point in the history of the Credit Union. These factors combined to support a year-end Net Worth Ratio of 14.36%. This industry standard benchmark for institutional safety and soundness averaged 11.38% across all Credit Unions in 2019 demonstrating that Fortera's peer leading performance has positioned the Credit Union in a strong position to not only endure economic cycles, but to invest in increasing and modernizing the Credit Union's services for our current members while expanding our market to continue member growth.

## Operational Achievements

From an operational standpoint, the Credit Union made tremendous strides in the continuous efforts to improve the member experience by creating greater visibility and accessibility, increasing member communication channels, and the utilization of enhanced technology. In September, the CO-Op Shared Branching Network was adopted to provide members with access to complete transactions on their accounts at over 5,600 shared branch locations and nearly 30,000 surcharge-free ATMs. Physical facilities were improved such as the remodel and expansion of the Clinic Drive Branch in Hopkinsville, Kentucky, nearly doubling the branch size. This was completed in only seven days to minimize the closure impact on members. Text banking was implemented to provide an additional communication channel for members with little to no wait time. In an increasingly dynamic operational environment, the Fortera Team continues to adopt those enhancements that bring forward the best experience to our Membership.

## Marketing Achievements

Marketing initiatives accelerated to an unprecedented level in 2019. The addition of the SVP of Marketing brought forward the expertise to elevate the Credit Union's market presence in an increasingly competitive landscape. Member surveys were conducted to provide relational intelligence and ensure that Fortera is fulfilling all of the Member's financial needs, at the service levels they expect, and with the methods they prefer. Branding refresh initiatives began that will project a focused, energized, purposeful message into the marketplace to attract new members while reinforcing the current Member's choice of Fortera as their financial institution. These efforts were seen in the new debit card designs that were distributed in a 2019 mass reissue. Website development continues as the Credit Union modernizes that engagement platform to a state-of-the-art member interface. That momentum carries forward into 2020 as the Credit Union strives to keep the Fortera value proposition first and foremost in the minds of our members and our market.

## Community Outreach

Each year, Fortera Credit Union reaches out into the communities we serve to support many worthwhile organizations through donations, volunteers, education, and fundraising. Our support has grown over the years and in 2019, the Credit Union announced the establishment of the Fortera Foundation with an initial endowment funding of \$1million. This charitable organization is partnering with Austin Peay University to fund scholarships for single-parent students and break the cycle of generational poverty.

The Credit Union established the Cleveland "Mario" Richardson Memorial Endowment with a donation of \$70,000 to the Austin Peay State University Foundation. The endowment will fund scholarships in honor of the dedicated volunteer service and passing of Director Richardson in 2019.

Fortera also continued the annual tradition of awarding six \$2,000 scholarships to local high school students to further their education. These are just some of the highlights from your Credit Union's efforts to support and elevate the communities we serve and fulfill our mission of people helping people. Other community impact includes United Way partnerships, paid volunteer-time-off for employees to serve causes that are important to them, and a variety of other monetary contributions. This enormous level of support demonstrates Fortera's commitment to directing our resources to change lives and reinvest in our members and community.

## 2020 Outlook

Looking into 2020, the onset of the COVID-19/Coronavirus Pandemic and the subsequent economic impact are forefront in the minds of our members. As mentioned previously, consistent, responsible, and disciplined growth aligned with strong financial performance has built a financial foundation that ensures the continuity of the Credit Union through economic downturns such as this. In contrast to the current economic climate, Fortera has the resources to accelerate growth strategies and digital innovations to capitalize on the knowledge that is being gained in the new remote environment. You, the members, can look forward to continued expansion in products, delivery channels, and Membership growth throughout 2020 and beyond.

## Acknowledgments

Fortera remains committed to providing members with the best financial services, products, and transaction conveniences in the industry. Whether you are in a branch, online, or on your mobile device, excellent member service encompasses every aspect of your Membership here at Fortera.

On behalf of the Fortera Credit Union Board, Senior Management, and Staff, we sincerely thank you, the members, for your support of this institution. This is your Credit Union, and through your Membership we are able to improve the financial lives of the members, employees, and community. Thank you for the opportunity to serve. We appreciate your Membership.

Respectfully,

**Edward H. “Happy” Higgins**  
Chairman, Board of Directors

**Tom Kane**  
President/CEO



**Edward H. “Happy” Higgins III**  
Chairman



**Tom Kane**  
President/CEO

## Board of Directors

Edward H. “Happy” Higgins III, *Chairman*

David D. Jones, *Vice-Chairman*

James Embry, *Secretary*

Leida E. Pérez, *Treasurer*

Rick Hackwell, *Director*

Nellynn Henson, *Director*

Owen Schroeder, *Director*

## Executive Management Team

Tom Kane, *President/CEO*

Jennifer Ventimiglia, *EVP/Chief Operating Officer*

Jason Heath, CPA, *Chief Financial Officer*

GINNA HOLLEMAN, *SVP, Marketing*

Susan Peyret, *SVP, CUSO Development*

Angela Andrews, *VP, Digital Banking Operations*

Jasmin Gammel, *VP, Technology*

Patty Hemmingsen, *VP, Organizational & Business Development*

Patricia Spencer, *VP, Business Intelligence*

Steve Von Mann, *VP, Fortera Real Estate Services*

Sharon Ward-Hermes, *VP, Human Resources*

# Supervisory Committee Report

Fellow Fortera Members:

I am Mark Boone, and I currently serve as the Chairman of the Supervisory Committee for Fortera Credit Union. The Committee consists of member volunteers whose duty is to routinely review operations for compliance with government regulation, Board of Directors' policy, management established procedure, and the application of sound accounting principles. Because the Committee is comprised solely of member volunteers, each possessing varying degrees of knowledge relative to financial and accounting practices, we rely on two principal methods to fulfill our obligation.

First, we employ and supervise an internal audit staff whose function is to conduct ongoing reviews and report to the Board of Directors and Management, through the Supervisory Committee, the results of audits conducted during the year. The Committee routinely meets with the Internal Auditor to discuss completed and ongoing reviews as documented in the monthly Board of Directors' report. It is noted that none of the reviews conducted this past year revealed any significant issues or material control weaknesses.

To provide more assurance, the Committee engages a Certified Public Accounting firm to conduct an independent, annual, external audit of the Credit Union's financial statements and accompanying accounting practices. In February 2020, Nearman, Maynard, and Vallez, CPA's, completed their engagement utilizing generally accepted auditing standards. The Supervisory Committee and I are pleased to report their stated and documented opinion that the Credit Union's financial statements fairly represent the results of operations for the year ending December 31, 2019 and that no material issues were identified and communicated to the Committee or Board of Directors.

This past Spring, examiners from the National Credit Union Administration (NCUA), the federal agency tasked with Credit Union oversight, conducted their periodic compulsory regulatory review. The examination yielded no significant adverse findings to indicate the Credit Union poses any unusual risk to the National Credit Union Share Insurance Fund (or NCUSIF, the fund insuring member deposits). This further confirms that the Board of Directors and Executive Management continue to dutifully fulfill their obligation in providing a safe and sound environment committed to serving our members' financial needs.

In closing, thanks to my fellow Supervisory Committee Members, Mr. James Embry, Ms. Linda Griffy, and Mr. Owen Schroder, for their continued service. We recognize the dedication and hard work put forth by our Board of Directors, Executive Management, and supporting staff. It is through their combined effort that the Credit Union strives to provide uninterrupted, quality service to our members during these challenging and uncertain times. To our members, the Committee genuinely appreciates and values your patronage; we remain confident that Fortera Credit Union, with your support, will not only persevere, but continue to thrive well into the future.

Respectfully,

Mark E. Boone, Chairman, Supervisory Committee



**Mark Boone**  
Chairman

## **Supervisory Committee**

**Mark Boone, *Chairman***

**James Embry**

**Linda Griffy**

**Owen Schroeder**

The Supervisory Committee consists of board appointed member volunteers whose duty is to routinely review operations for compliance with government regulation, Board of Directors' policy, management established procedure, and the application of sound accounting principles. Because they are volunteers possessing varying degrees of familiarity with financial and accounting practices, they rely on two principal methods to fulfill our obligation.

1. The Committee employs and supervises an internal audit staff whose function is to conduct ongoing reviews and report to the Board of Directors and management, through the Supervisory Committee, the results of audits conducted during the year.
2. The Committee also engages a Certified Public Accounting firm to conduct an independent, annual, external audit of the Credit Union's financial statements and associated accounting practices.

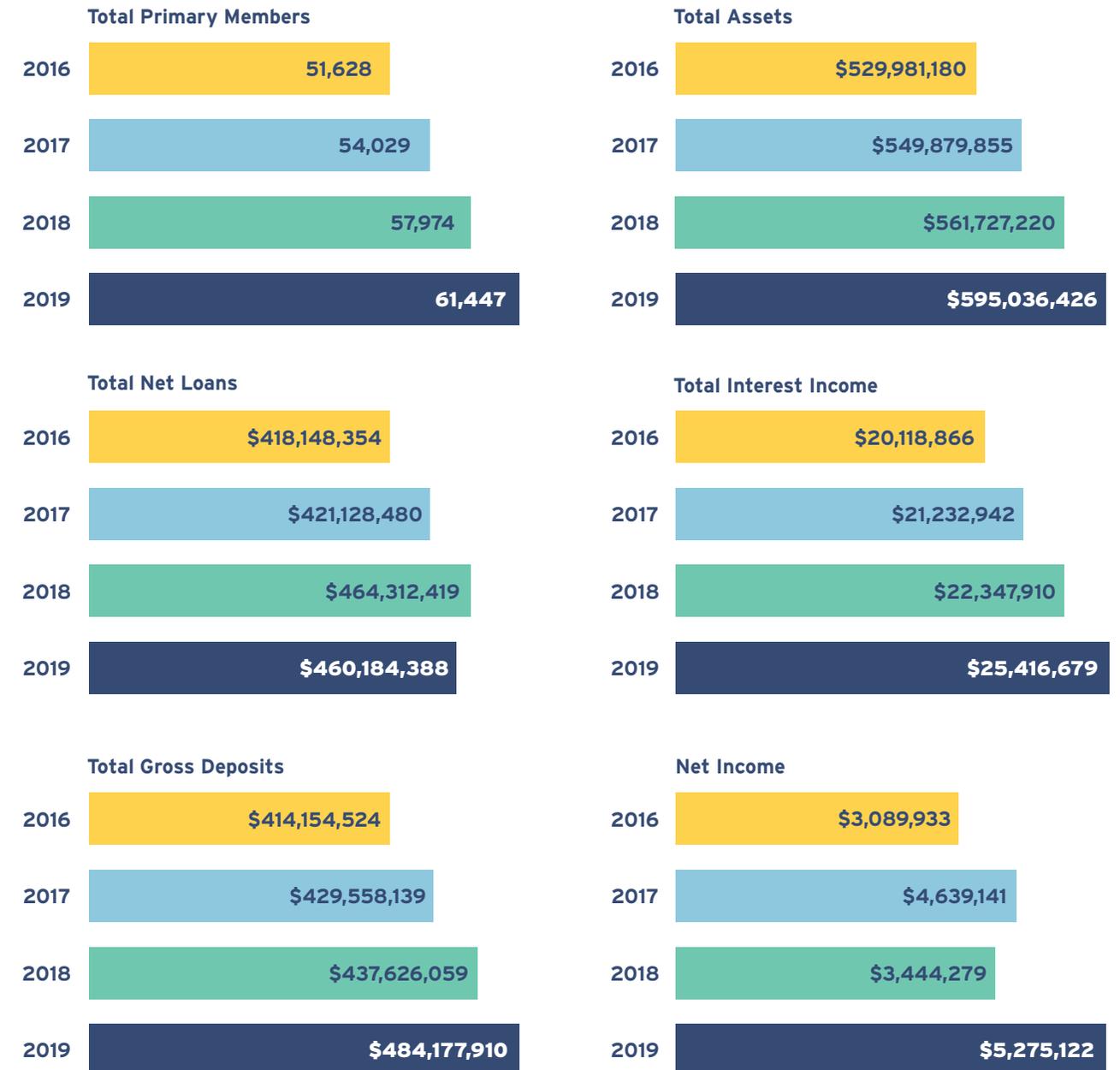
# Financial Performance

In terms of Net Income, 2019 was Fortera's best year in our 65-year history, reaching a record level \$5.3 million, even after a \$1 million donation to the Fortera Foundation. We surpassed \$85 million in capital and reached another record high of \$596 million in assets. Having achieved a level of financial strength that is almost double the "Well Capitalized" benchmark by the National Credit Union Administration, your Credit Union is rated as one of the strongest Credit Unions in the country.

We do not, however, judge our performance strictly by any financial metric. We evaluate our success based on the number of members we serve, the money we save them and the goals we help them achieve. If our members are successful and value Fortera as their primary financial institution, the Credit Union will continue to be successful. We are an organization of our members and for our members. **Our goal will always be to provide a sound financial cooperative where money thrives and people do too.**



# Performance Trends



## For The Good

Fortera is a **force for financial good**. We stand for something. That “for” is our purposeful mission to uplift lives and the communities we serve. To be here for our members, for each other, and for those who need a helping hand.

Desiring to direct our resources for the greatest life-changing impact, the Fortera Foundation was established in 2019 to combat generational poverty and improve the financial stability of low-income families. Within our communities, local demographics contribute to an especially high rate of poverty among single mothers, making it especially difficult for this growing segment to fulfill educational and occupational aspirations. With a specific focus on improving long-term outcomes, the Foundation seeks to lower single-parent college drop-out rates; increase educational opportunity and academic success for parents and children; and increase economic self-sufficiency for families.

In addition to assistance provided by the Fortera Foundation, Fortera makes significant contributions to educational and charitable initiatives while supporting our employees in meaningful volunteer efforts.



**\$1,000,000 donation to the Fortera Foundation**



**\$192,121 Corporate Charitable Giving**



**\$170,000+ Austin Peay State University Giving**



**\$51,387.36 United Way Giving**

United Way of the Greater Clarksville Region and  
United Way of the Pennyrile



**130 Paid Volunteer Time Off Hours**



**612 Employee Hours Worked at Community Events**



**Awards**

CMCSS Innovation Partner Award  
Best Credit Union : Best of Clarksville

## We're All In

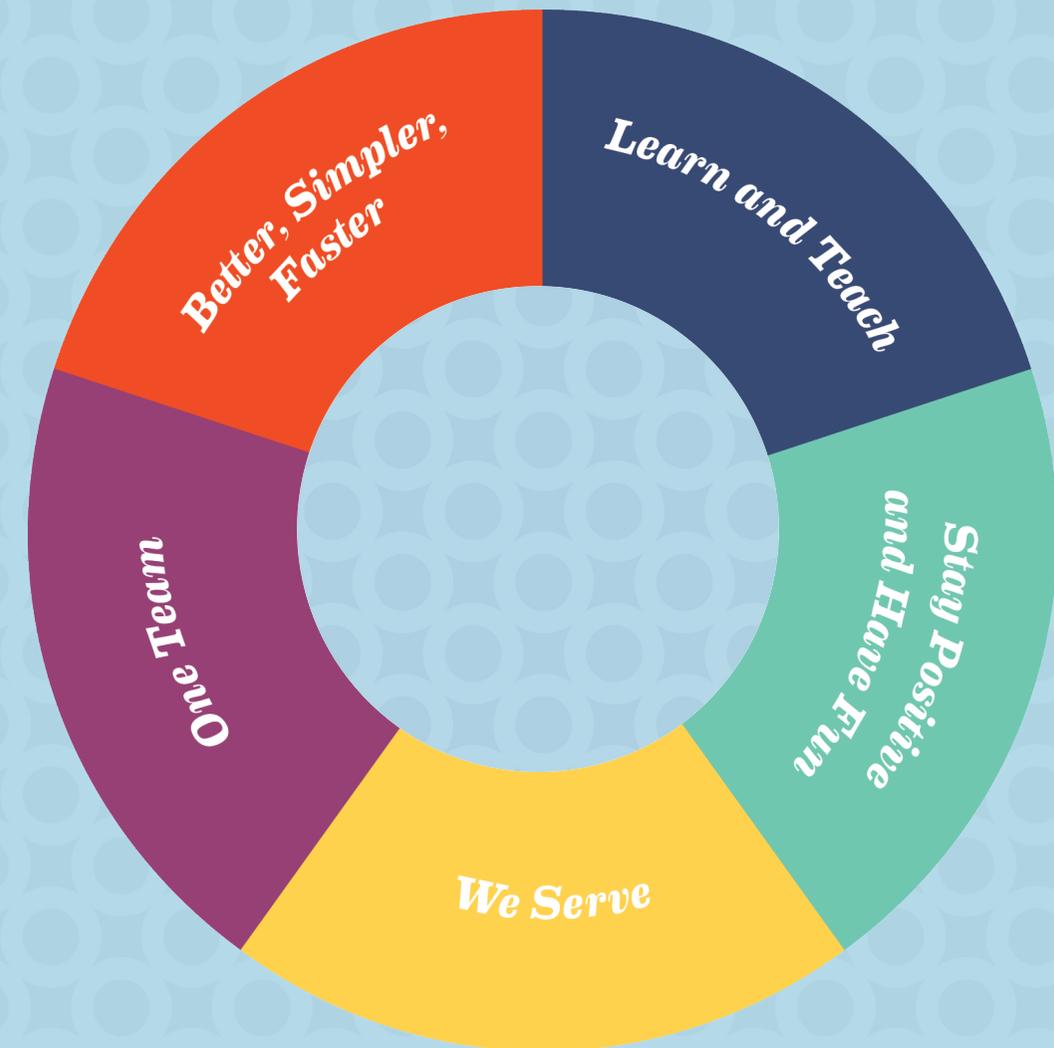
We understand that a positive member experience is about developing real relationships with people. We lack the stuffiness of a traditional financial institution because we're not one. We are built from the community and treat our membership like family. Our number one priority is doing what's best for our members, employees and communities.

First and foremost, we focus on meeting members where they are with top-notch services and products. Offering more convenient and modern ways to connect with us, we remodeled our branch located inside Hopkinsville Walmart Supercenter and began offering the Shared Branching Network. This network provides members with access to nearly 30,000 surcharge-free ATMs and 5,000+ shared branches from coast to coast. **We all know that change is inevitable, but at Fortera, we're driving intentional, positive change as we continue to innovate and improve the Fortera experience.**



## Core Values

**A word on who we are.** There are some things we believe should never change. These are the core tenants of who we are as an organization. They are guidelines for our actions, our growth and our story. They aren't just five things we post on our wall. They're our cultural identity and the talk we walk each day. We aim to be bold, energetic and friendly while offering personal, well-rounded service. We don't do it because our core values tell us to. Our core values simply reflect who we are.



## STATEMENT OF INCOME\*

\*Dollar amount in thousands

INTEREST INCOME	2019	2018
Loans	\$24,455	\$21,202
Investments	\$962	\$1,146
INTEREST EXPENSE		
Borrowings	(\$603)	(\$793)
Deposits	(\$3,890)	(\$2,704)
NON-INTEREST INCOME		
	\$13,419	\$12,792
OPERATING EXPENSE		
	(\$27,092)	(\$23,702)
PROVISION FOR LOAN LOSS		
	(\$1,975)	(\$4,496)
Net income	\$5,275	\$3,444

## STATEMENT OF FINANCIAL CONDITION\* As of December 31, 2019

\*Dollar amount in millions

ASSETS	2019	2018
Loans	\$460	\$464
Cash	\$44	\$13
Investments	\$22	\$31
Fixed Assets	\$19	\$18
Other Assets	\$50	\$36
Total Assets	\$595	\$562
LIABILITIES		
Shares & Certificates	\$484	\$438
Accounts Payable	\$9	\$8
Notes Payable	\$17	\$37
Total Liabilities	\$510	\$483
MEMBER EQUITY		
Reserves & Undivided Earnings	\$85	\$79
Total Member Equity	\$85	\$79
Total Liabilities & Member Equity	\$595	\$562

# Branch Locations

## Clarksville

2050 Lowes Drive  
321 N. Spring Street  
2193 Madison Street  
500 Heritage Pointe Drive  
145 Dover Crossing Road

## Fort Campbell

Bldg. 88 Michigan Avenue

## Hopkinsville

130 Griffin Bell Drive  
300 Clinic Drive  
3225 Lafayette Road

**FORTERA**  
CREDIT UNION

