



CONTINUING A

# 85-Year Tradition of Above & Beyond

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The Annual meeting is being held electronically this year due to COVID19. The Annual Meeting will be held at 5:00 pm. Members are welcome to call into the meeting using the following instructions.

**You can dial in using your phone.**

United States: [+1 \(346\) 248-7799](tel:+13462487799)

**Meeting ID: 994 4626 6814**

**Pass Code: 145213**



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IN DOING SO WE WILL

- Work in your best interests
- Help you achieve financial success
- Make it easy to do business with us

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# ANNUAL MEETING

## 85TH ANNUAL MEETING AGENDA

- CALL TO ORDER
- APPROVAL OF MINUTES
- NOMINATIONS COMMITTEE REPORT
- DIRECTOR'S REPORT & PRESIDENT/CEO'S REPORT
- SUPERVISORY COMMITTEE REPORT
- UNFINISHED BUSINESS
- NEW BUSINESS
- SCHOLARSHIPS
- BOARD OF DIRECTORS ELECTIONS
- ADJOURNMENT

### FINANCIAL SUMMARY

Balance Sheet		2020		2019	
<b>Assets</b>					
Loans to Members	\$	87,700,061	\$	80,267,182	
Loans Held for Sale (Secondary Market)					
Cash and Investments	\$	66,537,691	\$	34,278,111	
Less Allowance for Loan Loss	\$	(1,129,139)	\$	(1,020,037)	
All Other Assets	\$	9,706,800	\$	10,414,487	
<b>Total Assets</b>	<b>\$</b>	<b>162,815,414</b>	<b>\$</b>	<b>123,939,743</b>	
<b>Liabilities &amp; Capital</b>					
Shares	\$	147,224,807	\$	110,265,914	
Other Liabilities	\$	3,491,973	\$	2,395,981	
Capital	\$	12,098,633	\$	11,277,848	
<b>Total Liabilities &amp; Capital</b>	<b>\$</b>	<b>162,815,414</b>	<b>\$</b>	<b>123,939,743</b>	
Income Statement		2020		2019	
<b>Income</b>					
Interest from Loans	\$	5,134,519	\$	4,962,660	
Interest from Investments	\$	638,468	\$	699,847	
Other Income	\$	2,997,542	\$	2,469,348	
<b>Total Income</b>	<b>\$</b>	<b>8,770,529</b>	<b>\$</b>	<b>8,131,854</b>	
<b>Expense</b>					
Operating Expense	\$	7,009,915	\$	6,088,472	
Non-Operating Expense	\$	11,716	\$	41,224	
Provision for Loan Loss	\$	367,794	\$	288,450	
Dividends	\$	574,952	\$	529,793	
<b>Total Expense</b>	<b>\$</b>	<b>7,964,377</b>	<b>\$</b>	<b>6,947,938</b>	
<b>Net Income</b>	<b>\$</b>	<b>806,152</b>	<b>\$</b>	<b>1,183,916</b>	

The annual meeting was called to order by Chair Mary Ann Duffey at 5:05 pm. The following directors were present in person: Jewel Redmon and Pam Schoenen. The following Directors were present via GoToMeeting: Gary Tague, Larry Jones and Dale Siegle. The following Directors were absent: Catherine Lane.

Sixteen members were present, enough to constitute a quorum.

Chair Duffey explained this is the first virtual Annual Meeting in the history of Sky Federal Credit Union.

Member Jewel Redmon made a motion to dispense with the reading of the minutes of the previous annual meeting held July 17, 2019, and to approve them as printed. Motion seconded and motion carried.

Chair Duffey referred members to the printed CEO/Board of Directors Report and Nominating Committee Report.

Member Larry Jones made a motion to accept the CEO/Directors Report as presented. Motion seconded and motion carried.

Member Dale Siegle made a motion to accept the Nominating Committee Report as presented. Motion seconded and motion carried.

Chair Duffey then gave the Nominating Committee Report, stating that Pam Schoenen and Gary Tague were nominated for election to three-year terms. Biographical information on Pam and Gary was previously posted in the lobby, along with nominating procedures. The Secretary received no nominating petitions. Election conducted by ballot was not necessary, and there were no nominations from the floor. Chair Duffey called for a motion from the floor to elect these two candidates by acclamation. Member Dale Siegle made a motion to elect the two candidates by acclamation. The motion was seconded and the motion carried.

Chair Duffey congratulated the newly elected Directors.

Chair Duffey introduced Audrey Dodge, Supervisory Committee Chair, and asked members to refer to the Supervisory Committee report. Member Dale Siegle made a motion to accept the Supervisory Committee Report as presented. Motion seconded and motion carried.

CEO DeYoung welcomed and introduced the Board of Directors (Director Lane was absent) and the Supervisory Committee, Chair Audrey Dodge, (Kirk Keysor and Jacqueline McGuire were absent) and briefly explained the responsibilities of each body.

Next, CEO DeYoung highlighted accomplishments achieved in the Year 2019. Sky FCU ended December 2019 with assets totaling \$ 123,939,743 compared to \$112,643,955 for year-end 2018, for an increase in total assets of \$11,295,788. Sky FCU also ended 2019 with \$110,265,914 in member deposits compared to year-end 2018 of \$101,456,655 which is an increase of \$8,809,259 in deposits.

Our net loan portfolio balance as of December 31, 2019, was \$ 80,267,182 compared to \$71,983,007 for year-end December, 2018, for an increase in net loans of +\$8,284,175. This is a 11.51% growth rate! Loan growth has started to increase throughout the country, we still maintain a very healthy loan-to-share ratio of 73% as of year-end December, 2019, as compared to the national average of our peer group in the country which is at 75% and the average among Montana Credit Unions which is at 73% as of the end of 2019.

Sky FCU ended 2019 with a capital/asset ratio of 8.69% compared to 8.95% in 2018. This decrease is due to another huge increase in assets at year-end 2019. However this is still great growth and a very positive ratio according to our Federal Regulators, the NCUA.

Our delinquency at year-end 2019 was 0.84% compared to a year-end 2018 at 0.42%, these are both are excellent ratios and we increased our Allowance for Loan Loss Account again in 2019 as our loan portfolio continues to grow.

CEO DeYoung thanked the Board of Directors for all of their work and support. She went on to thank the staff for all of their hard work and accomplishments. CEO DeYoung also reviewed the many completed projects in 2019:

- Continued with CSAs (Credit Score Analysis)
- Continued WINcentive savings accounts
- Continued our Social Media presence
- Live@Sky video banking was up and running in 2019 really came in handy in 2020 during this COVID-19 pandemic. More and more members are using this video banking platform to perform all their banking needs.
- The Bozeman Walmart branch that was an idea in 2019 was completed and opened its doors in August of 2020. This branch is open 7 days a week to serve our members' needs. Member response has been very enthusiastic.
- The Field of Membership Expansion that was started in 2019 is on track and will make expanding out into more contiguous counties a reality, providing more choices for financial services and more potential members.

Sky Federal Credit Union continues to grow and offer new products and services as we continue to meet our members' ever changing needs. We are constantly looking at new technology and processes to build better efficiencies so that we can offer our membership the services you need to grow and prosper in your daily lives, and to allow you more time and less stress in order to improve your financial future. We want to make things easier and more convenient for you, our members.

Chair Duffey asked for any unfinished business to come before the membership. There was no unfinished business to discuss and the meeting turned to new business.

CEO DeYoung announced the recipients of the 2020 Achievement Awards. The program included Park, Gallatin and Sweet Grass counties. She thanked the scoring committee for the hard job of scoring each scholarship applicant and Karlene Sowell for running the program

- **MARTHA V HAMPSON ACHIEVEMENT AWARD**
  - Sylvie Elisabeth Schoenen
  - Rylee Christine Fisher
- **WALTER H MARTIN ACHIEVEMENT AWARD – No Applicants**
- **GALLATIN COUNTY SCHOLARSHIPS**
  - **Bozeman Branch**
    - Samuel A Galindo
    - Holly Carol Angell
  - **Belgrade Branch**
    - Kyle Gordon Hotvedt
    - Amy Grevious
- **SWEETGRASS COUNTY SCHOLARSHIPS**
  - Connor Dringman
  - Nathan John Ruth, Jr.

CEO DeYoung and Chair Duffey asked the membership if there were any questions. There were no questions from the membership.

Chair Duffey stated an organizational meeting of the Directors would be held immediately following this meeting, in keeping with the bylaws.

There being no further business to come before this meeting, the Chair adjourned the meeting at 5:17 p.m.

Gretchen Meyer, Recording Secretary

Dale Siegle, Secretary

## NOMINATIONS COMMITTEE REPORT

The Nominating Committee has nominated Mary Ann Duffey and Catherine Lane to three-year terms on Sky Federal Credit Union's Board of Directors.

Biographical data on these individuals was prominently displayed in the Credit Union lobby locations.

The Secretary received no nominating petitions. Since there was only one nominee per opening, the election will not be conducted by ballot and there will be no nominations from the floor at the Annual Meeting, as prescribed by Credit Union bylaws.

### NOMINATING COMMITTEE:

**Gary Tague, Chairman**  
**Pam Schoenen**  
**Dale Siegle**  
**Larry Jones**  
**Jewel Redmon**

## AMESSAGE FROM OUR PRESIDENT/CEO & BOARD CHAIRMAN

Welcome to our 85th Annual meeting of members. Unfortunately we have been unable to schedule an in-person Annual meeting this year again due to COVID-19 and the DELTA Variant Virus. 2020 was certainly an unprecedented year! And so it continues into 2021! So for the safety of our staff and members, we are holding our second virtual Annual Meeting of Members.

Our Credit Union was chartered in December of 1935 and this past December 2020, we celebrated 85 years of service; savings; providing loans; and community support as a credit union! In December of 1935, when a handful of railroad employees pooled their money together in the Back Shops of the Northern Pacific Railroad in Livingston, Montana, who would have guessed then that we would grow over a span of 85 years to over \$162 million dollars in assets while serving more than 11,000 members!! We were one of the first Credit Unions chartered in Montana!!

The Board of Directors has the responsibility for directing and controlling the affairs of the credit union and providing effective and efficient management of the credit union's operations through your President/CEO and the executive management team and staff. We meet annually in conjunction with executive management and develop a strategic plan with both short term and long range goals. In addition, the Board of Directors and management meet at least monthly to monitor your Credit Union's direction, our strategic goals and the attainment of those goals. Board members volunteer many hours and are not reimbursed in any way for their service to the Credit Union. Once again, even with the COVID19 Pandemic, 2020 was a very active and busy year at your credit union.

Sky Federal Credit Union now serves 28 Counties in Montana, Southern Idaho and Northern Wyoming. As of December 31, 2020 we have 11,148 members located all around the world. This was an increase of 805 net new members in one year during 2020, a 7.78% growth rate!

We are not owned by an out of State Corporation or wealthy family. We are owned by our members – which is anyone who opens an account and does business with us. Sky FCU is a Montana Financial Cooperative, where consumers become our members that save together and pool their resources to provide loans that have built homes, financed cars – trucks – campers, or purchased equipment for businesses, farmers and ranchers. The members of Sky FCU have helped one another while helping themselves. And even if our member moves out of the area – they can keep their accounts open because “Once a Member, Always a Member”.

Sky FCU ended December 2019 with assets of \$123,939,743 compared to year-end December 2020 and assets of \$162,815,414, which is an increase in assets of +\$38,875,671, or a 31.37% growth rate in one year!! Member deposits ended 2020 at \$147,224,807 compared to year-end 2019 at \$110,265,914, an increase of +\$36,958,893 or 33.52% in deposit growth. An outstanding year of growth!

Our net loan portfolio balance as of December 31, 2020 was \$87,700,061 compared to \$80,267,182 for year-end December 2019, or an increase in net loans of +\$7,432,879, a 9.26% growth rate!

Even in this economy, loan growth continues throughout the country. Sky FCU maintains a healthy loan-to-share ratio of 60% as of 12/31/2020 as compared to year-end 2019 at 73%. While you can see that the end of 2020 our Loan-to-Share ratio dropped quite dramatically – it is attributed to the massive increase in deposits in one year – mainly due to stimulus money. The national average of our peer group in the country was at 64% as of 12/31/20 compared to year-end 2019 at 75%. And the average among Montana Credit Unions was at 66% as of 12/31/20 compared to year-end 2019 at 73%.

We continue to offer our membership the best mortgage rates for purchases of new homes, in addition to those doing refinances of their existing mortgages. We work through a Credit Union Service Organization (CUSO) to finance through the secondary market. As the Fed lowered rates, mortgage rates also decreased during 2020 and continued low so far through the first six+ months of 2021.

We ended 2020 with delinquency at .45% compared to year-end 2019 at .84%. These are both excellent ratios! We increased our Allowance for Loan Loss Account again during 2020 as our [loan portfolios](#) continue to grow.

We ended 2020 with a net worth Ratio (capital/asset ratio) of 7.43% compared to 8.69% at year-end 12/31/2019. This decrease is again due to another huge increase in assets at year-end 2020. While we grew members and new deposits, we also had huge deposit growth due to the stimulus payments from the Government. However, this was great growth and a very positive ratio according to our Federal Regulators, the NCUA.

During 2020 we continued to focus on the work with our members however, the focus changed to help with the struggles through the COVID PANDEMIC. We helped our members as they suffered through losing jobs as businesses had to close. Many had to stay home to take care of their children as the schools closed and students had to figure out doing classes through virtual means. Everyone struggled! And as of today, not everyone is back to normal yet.

We quickly put into place a financial assistance policy to help our members through the COVID pandemic struggles. We worked with our members on their loan payments, mortgage payments, and business loans. We helped our Business Members with the new Paycheck Protection Program (PPP loans) through the SBA – so they could stay alive and viable. We originated seventy-three (73) SBA PPP loans totaling \$6.4 million. These loans went directly to our small businesses, to help save jobs and help our local Communities. It was an extremely challenging year!

Sky FCU closed our lobbies from March through May 2020 and re-opened on June 1, 2020 with mask mandates and other safeguards in place to protect our staff and our members.

Our new LIVE@SKY video technology, which we launched in 2019, was very useful last year during the pandemic - working with existing and new members. This new video software allows a Sky FCU staff person to video chat with a member or potential member and conduct

business. Many of the services we offer include, but are not limited to: Opening new membership accounts as well as any other deposit account including a checking, a certificate of deposit, a money market share account, Individual Retirement accounts et cetera. We can also talk with members about a new loan, take loan applications, close loans, and review credit reports with the member as well as complete a Credit Score Analysis (CSA). Other services included doing wire transfers, helping our members balance their checkbooks or just about anything that a member would inquire about when they come in to the credit union and sit across the desk – we worked with them remotely over this new video technology. It works GREAT!

To experience our “LIVE @ SKY” video technology you just download the Sky FCU app and you can dial into a very high-end Skype call and have an interactive visit with a staff member as if you were sitting right there in front of them. It is easy!!

We are proud to have improved our member service experience with continued improved technology. We are looking forward to helping our members from anywhere in the country – whether you are in the comfort of your own home, or traveling across the country or even vacationing on a lake somewhere – dial into us and we can serve you!!

Sky Federal Credit Union continues to grow and offer new services and technology as we have to continue to change and grow with the times. We are constantly looking at new technology and processes to build better efficiencies so that we can offer our membership the services they need to grow and prosper in their daily lives, and to allow more time and less stress in order to improve their financial future.

We have an established social media presence to connect with our members. In addition, we offer a monthly eNewsletter to our members to keep them informed. We have updated our mobile app to include mobile statements so you are never without your information.

We have had a Community Charter in Park, Gallatin and Sweet Grass Counties in Montana since 1998. During 2019, we started the process of pursuing a Field of Membership Expansion with the National Credit Union Administration (NCUA), our Federal Regulator.

In August of 2020, the National Credit Union Administration approved our Community Charter Expansion request.

We are excited to expand out into more contiguous counties to be able to provide another choice for financial services to many more potential members. We now serve anyone who lives, works or worships in the rural district of Beaverhead, Broadwater, Carbon, Cascade, Deer Lodge, Gallatin, Golden Valley, Granite, Jefferson, Lake, Lewis and Clark, Madison, Meagher, Mineral, Missoula, Park, Powell, Ravalli, Silver Bow, Stillwater, Sweet Grass, Wheatland or Yellowstone Counties, Montana, and Bonneville, Fremont, Jefferson, or Madison Counties, Idaho, and Park County, Wyoming.

We were successful and opened our latest new Branch in a retail shopping space in the Bozeman Walmart in August of 2020 where we are open 7 days a week.

Sky Federal Credit Union is a full service financial institution. We serve residents throughout twenty-three (23) Counties in Montana; four (4) Counties in Southern Idaho; and one (1) County in Northern Wyoming. Anyone who lives, works or worships in any one of these counties is eligible to become a member as are the immediate families of anyone eligible to become a member. We promote the philosophy of “once a member, always a member”. So once your membership is activated, you may remain a member for life. We now serve many members that live all over the world. With our technology, we can take care of your finances wherever you go.

At Sky FCU we want to partner with our members and work in their best interest. We need members who use our products and services. We need members that believe in the cooperative spirit. The more business you do with us, the more new products, services and technology we can give back to you. We encourage our members to focus on what's important to them. It is a win – win situation as we strengthen one another. And we have only gotten stronger over the past 85 years!

We are pleased to have played an important role in managing our members' finances over the last 85 years and want to remind you that we are here for you and your family.

We are grateful for the dedication, support, and guidance of our volunteer Board of Directors and Supervisory Committee and for all of the hard work and efforts of our staff. Staff continues to work towards providing the service that you deserve and expect as a member. Even through the lobby shutdown in March of 2020 through the end of May 2020 due to COVID restrictions, we continued to serve our members through our drive-up locations, through our Live@Sky video technology, through eService i.e. remote deposit capture, ACH and direct deposit, ATMs, Debit and Credit Cards, on-line banking as well as mobile banking! We are here for YOU!!

As the President/CEO and the Board Chairman of Sky Federal Credit Union AND on behalf of the Sky Federal Credit Union Board of Directors, we want to “thank you” for your membership and continued support. We congratulate you for 85 years as a credit union. By partnering together, we are a stronger and better credit union for you!

**As we move forward through the next 85 years, we promise to work even harder to take our service “Above and Beyond” for you!**

**Please stay safe and healthy. Our best to you always.**

Sincerely,

Annamarie DeYoung  
President/CEO

Mary Ann Duffey  
Board Chairman



## SUPERVISORY COMMITTEE REPORT

The Supervisory Committee held virtual meetings during 2020. We reviewed the fiscal year-end 2019 audit completed by Anderson Zurmuehlen (AZ) by April 30, 2020. The contract with AZ was renewed through the year-end audit for December 31, 2020. We also reviewed the 2020 year-end audit completed by April 30, 2021. There were no issues and the reports were presented to the Board of Directors.

The Supervisory Committee hired Becky Frederick of the Minnesota Credit Union League to complete the Quarterly Agreed-Upon Procedures Audit for 4<sup>th</sup> Quarter 2019 – done in the 1<sup>st</sup> Quarter of 2020; the Bank Secrecy (BSA) Audit; the Safe Act audit; and an ACH Audit all in March of 2020.

The Quarterly Agreed-Upon-Procedures Audits consists of loan reviews, verifying Corporate VISA Credit Card transactions, reviewing investments, General Ledger balancing, dormant accounts, conducting surprise teller cash counts, and more. We also review new accounts and closed accounts by sending out verifications to those members. After getting Becky's audit findings back, we go over them with her and then report the results to the Board of Directors.

We conducted a member account verification of all members as of March 31, 2020.

We are once again pleased to report the Credit Union is in sound financial condition with adequate internal controls.

We look forward to serving the membership and for continued financial growth during 2021 and beyond.

### SUPERVISORY COMMITTEE:

**Audrey Dodge, Chairperson**  
**Kirk Keysor**  
**Jacki McGuire**

### BOARD MEMBERS:

**Mary Ann Duffey, Chairman**  
**Gary Tague, Vice Chairman**  
**Dale Siegle, Secretary**  
**Jewel Redmon, Director**  
**Catherine Lane, Director**  
**Larry Jones, Director**  
**Pam Schoenen, Director**



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## BALANCE TRANSFER PROMOTION

Sky FCU is offering **0.00%** Promo APR\* on balance transfers for 18 months.

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#### Disclosure

\*APR = Annual Percentage Rate. Limited time offer. Offer valid on balance transfers from non-Sky FCU credit cards or loans. A balance transfer fee of 3.00% of the amount for each balance transfer will be charged. The Promotional rate begins at time of your first balance transfer and lasts for 18 months. The Promotion applies to new and existing Sky FCU Visa<sup>®</sup> Credit Cardholders. After the promotional period for qualified balance transfers, finance charges are imposed from the transaction date and will continue to accrue until paid in full, the standard APR on your Sky FCU Visa<sup>®</sup> Credit Card will apply to the remaining balance. Other restrictions apply. Ask a Sky FCU representative for full details.



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