



2019

# BUSINESS REPORT

During my 18 years at Gulf Winds, our credit union has grown from serving the employees and families of our local plant to serving more than 70,000 members across the country — and even around the world.

Over the span of my tenure, we've seen many changes in technology and the ways we serve our members. When we started in 1954, there were no computers in our branches at all. Today, we bank from the palm of our hands using apps and mobile check deposit.

What hasn't changed in all that time is our commitment to personal service. In 2019, we expanded our field of membership to serve members across the Florida Panhandle as well as Alabama and Georgia. As we welcome new members in these communities, we remain steadfast in our commitment to providing personal service.

Our continuing investments in new technology allow members to manage their accounts when, where and how they want. Likewise, investments in our team mean that no matter how members reach out to us — via phone, email or chat — a knowledgeable Gulf Winds employee is ready to help.

In 2020, we will continue to develop and keep pace with the changing landscape of financial services while ensuring that Gulf Winds remains safe, sound and secure as your financial partner.

Our success is a credit to our leaders who have dedicated their careers to Gulf Winds for as many as 10, 15 and even 20 or more years. These team members have the knowledge and skills to carry us forward into the future of banking.

As we look forward to the future, we know it will take dynamic leadership and a focused approach to get us there. In 2020, it will be my pleasure to have three of our top executives share more about their focus areas and vision for Gulf Winds. Together, they will prepare us to serve the next generation of members — and many generations to come.



A handwritten signature in black ink that reads "Chris Rutledge". The signature is written in a cursive, flowing style.

Chris J. Rutledge, President & CEO

# Report from the **INDEPENDENT AUDITOR**



316 South Baylen Street, Suite 300  
Pensacola, FL 32502

To the Board of Directors  
Gulf Winds Federal Credit Union

## **Report on the Financial Statements**

We have audited the accompanying financial statements of Gulf Winds Credit Union, which comprise the statements of financial condition as of June 30, 2019 and 2018, and the related statements of comprehensive income, changes in members' equity and cash flows for the years then ended, and the related notes to the financial statements.

## **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

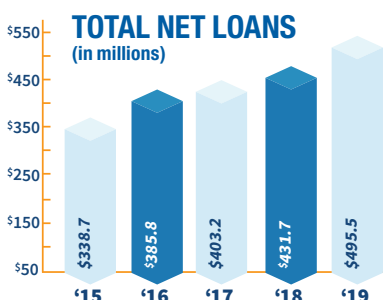
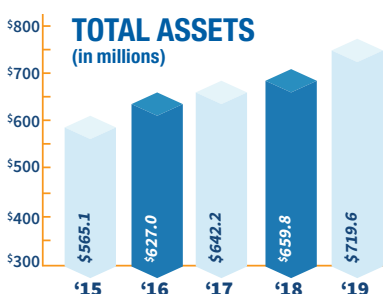
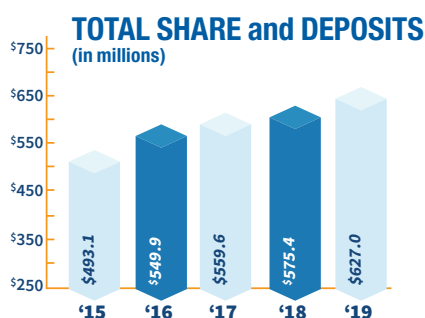
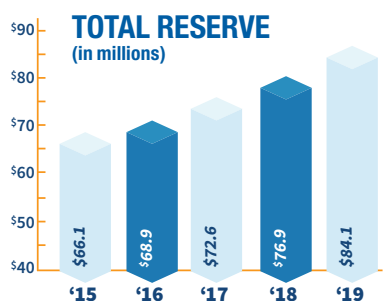
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position Gulf Winds Credit Union, as of June 30, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Warren Averett  
Pensacola, Florida  
September 26, 2019

# 2019 FINANCIAL REVIEW



## Statement of Reserves and Undivided Earnings as of Dec. 31, 2019

### REGULAR AND SPECIAL RESERVES

Regular Reserve	
Balance at Beginning of Year	\$6,552,433
<b>Total Regular Reserve</b>	<b>\$6,552,433</b>
Special Reserves	(930,081)
<b>Total Reserves</b>	<b>\$5,622,352</b>

### UNDIVIDED EARNINGS

Balance at Beginning of Year	\$73,085,378
Add: Net Income 2019	5,353,629
MEEFCU Merger	11,134
<b>Total Undivided Earnings</b>	<b>\$78,450,141</b>

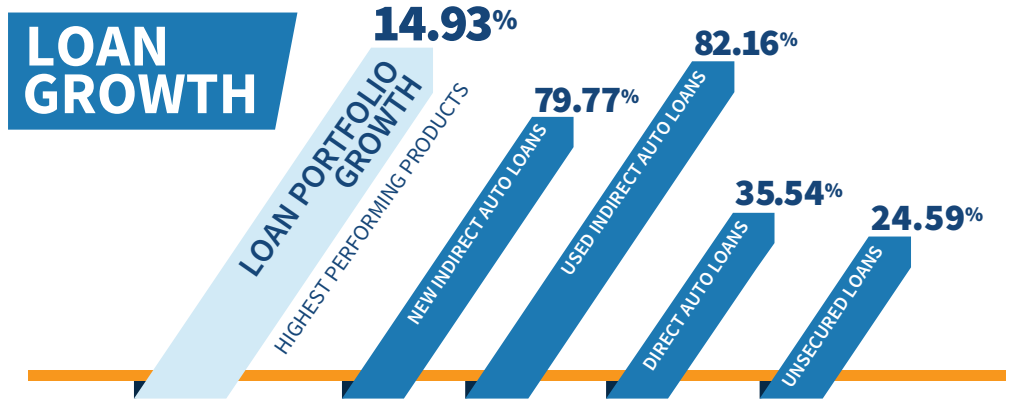
## Statement of Condition for the Years Ended Dec. 31, 2019 & 2018

ASSETS	2019	2018
<b>Earning Assets:</b>		
Net Member Loans	\$495,533,152	\$431,610,056
Investments	119,709,017	142,399,365
Cash Equivalents	54,760,665	38,182,385
<b>Total Earning Assets</b>	<b>\$670,002,834</b>	<b>\$612,191,806</b>
<b>Non-Earning Assets:</b>		
Cash on Hand	9,524,872	11,032,427
Premises and Equipment, Net	17,767,045	14,879,425
Other Assets	22,259,799	21,688,460
<b>Total Non-Earning Assets</b>	<b>\$49,551,716</b>	<b>\$47,600,312</b>
<b>Total Assets</b>	<b>\$719,554,550</b>	<b>\$659,792,118</b>
<b>LIABILITIES</b>		
<b>Members' Share and Savings Accounts:</b>		
Shares	\$476,113,031	\$456,816,364
IRA Accounts	33,900,488	32,798,765
CDs	116,940,566	85,736,527
<b>Total Members' Share and Savings Accounts</b>	<b>\$626,954,085</b>	<b>\$575,351,656</b>
Accrued Expenses and Other Liabilities	8,527,973	7,586,676
<b>Total Liabilities</b>	<b>\$635,482,058</b>	<b>\$582,938,332</b>
<b>Members' Equity:</b>		
Reserves	6,552,433	6,433,463
Undivided Earnings	78,450,141	73,085,378
Accumulated Other Comprehensive Income (loss)	(930,082)	(2,665,055)
<b>Total Members' Equity</b>	<b>\$84,072,492</b>	<b>\$76,853,786</b>
<b>Total Liabilities and Equity</b>	<b>\$719,554,550</b>	<b>\$659,792,118</b>

## Statement of Income for the Years Ended Dec. 31, 2019 & 2018

REVENUE FROM EARNING ASSETS	2019	2018
Interest Income on Loans	\$22,518,786	\$19,077,958
Investment Income	3,947,773	3,370,781
<b>Total Revenue from Earning Assets</b>	<b>\$26,466,559</b>	<b>\$22,448,739</b>
<b>COST OF FUNDS</b>		
Member Dividends	3,463,998	3,564,126
Interest on Borrowed Funds	460	62
<b>Total Cost of Funds</b>	<b>\$3,464,458</b>	<b>\$3,564,188</b>
<b>GROSS MARGIN</b>	<b>\$23,002,101</b>	<b>\$18,884,551</b>
Less: Provision for Loan Loss	(2,962,359)	(1,927,961)
<b>Net Margin</b>	<b>\$20,039,742</b>	<b>\$16,956,590</b>
<b>NONINTEREST REVENUE</b>	<b>\$14,525,460</b>	<b>\$14,013,986</b>
<b>OPERATING EXPENSES</b>		
Compensation and Benefits	14,415,064	12,863,131
Office Operations and Occupancy	14,552,087	13,772,337
Member Insurance	63,625	58,284
<b>Total Operating Expenses</b>	<b>\$29,030,776</b>	<b>\$26,693,752</b>
<b>NON-OPERATING (GAINS)/LOSSES</b>		
Net (gain) loss on sale of property & equipment	5,914	4,102
Net (gain) loss on sale of other real estate owned	3,427	(12,442)
Net (gain) loss on investments	171,456	0
<b>Net Income / (Loss)</b>	<b>\$5,353,629</b>	<b>\$4,285,164</b>

# 2019 PERFORMANCE



GULF WINDS IS  
RATED 5-STAR  
BY BAUERFINANCIAL



**100** CONSECUTIVE  
QUARTERS

### CONTACT CENTER EXTENDED HOURS

