

LAUNCH Credit Union 2020 Annual Report

OUR MISSION...

To help members achieve their financial goals.

OUR VISION...

To be the financial institution of choice in the communities we serve.



REPORT FROM THE BOARD CHAIR

Launch Credit Union's Board of Directors serve as unpaid volunteers representing the membership. Key governance responsibilities of the Board include hiring and supervising the CEO, approving policies to establish operating risk parameters and overseeing the development and implementation of the strategic plan.

In order to better fulfill the fiduciary and governance responsibilities, the board utilizes a comprehensive committee structure. The Executive Committee oversees the evaluation of the CEO and CEO succession planning. The Audit Committee oversees regulatory compliance, the evaluation of internal controls and the integrity of financial reporting. The Delivery Channels Committee provides strategic oversight regarding branches, marketing, digital services, and information technology. The Finance Committee oversees the credit union's balance sheet management, liquidity and financial performance.

Finally, the Board Development Committee is responsible for board succession planning along with board education and development.

On behalf of the Board of Directors, thank you for your membership at Launch Credit Union. Your continued support allows us to be a preferred alternative to high-priced financial services in Brevard and Volusia counties.



Charles E. Jenkins, Jr., Chair, Board of Directors

REPORT FROM THE TREASURER

Despite the economic dislocations from the Covid-19 pandemic, the credit union achieved solid financial performance in 2020. For the year, Launch posted a net income of almost \$1.3 million, maintained a liquidity ratio of over 10% and increased total loans by over \$90 million. Bottom-line, your credit union remains one of the strongest in the nation and continues to receive the highest possible rating of 5-Stars from Bauer Financial, an independent firm rating banks and credit unions nationwide. Furthermore, Launch's net worth ratio, a key measure of financial strength, ended the year at 11.1%, compared to the peer average of 10.1%.



Dominic Morgese, CPA, Treasurer

REPORT FROM THE AUDIT COMMITTEE

The Audit Committee oversees our internal control to ensure the soundness of Launch Credit Union and to protect the assets of our members. In order to accomplish this, the Audit Committee works closely with the internal audit department, as well as an external CPA auditing firm. The work of the internal and external auditors helps ensure the credit union's staff and management follow sound business practices. Additionally, our Federal Regulator, the National Credit Union Administration, conducts annual examinations covering safety and soundness, and regulatory compliance.

For 2020, the Audit Committee engaged an external audit firm, Warren Averett, to audit Launch CU's financial statements and records. Correspondingly, I am pleased to report their findings concluded that the credit union's financial condition is excellent and provides a basis for continued positive operational results.

I would like to thank my fellow committee members for their service to the credit union and to our members.



Connie Morice, Chair, Audit Committee

REPORT FROM THE PRESIDENT/CEO

Twenty-twenty presented the most challenging operating environment in most of our lifetimes. The human tragedy of a worldwide health crisis combined with an economic recession and social distancing protocols quickly altered our daily lives. In mid-March the credit union team promptly adjusted many operating procedures, allowing us to continue to accommodate members while maintaining the safety of our members and staff. In concert with regulatory guidance, we waived a number of fees for three months and readily granted loan extensions to help members through a stressful and uncertain situation. As interest rates dropped precipitously, we shifted staffing from the restricted access branches to the real estate area, to help process the surge in mortgage refinancing. We also redeployed staff to the contact center to better handle the overnight 50% increase in call volumes. At the same time, the credit union began offering PPP Loans to help our community survive the sharp downturn in economic activity.

As an essential business, Launch remained open throughout the pandemic and stood ready to help members. It is always easier to identify problems than it is to develop solutions, but Launch excelled at solutions. During the year, many of the staff worked from home for safety reasons. Unusual activity patterns created service bottlenecks; however, the credit union responded with extended drive-thru hours at the busiest locations, along with other operating adjustments. During 2020, the staff at Launch barely needed a nod from management before they were devising and implementing solutions to support our members.

In August, Launch converted to a state charter, which allows us to offer new products and services to our members and compete more effectively in the marketplace. In fact, in part because of the charter conversion, the 4th quarter of the year was by far the strongest for both loan growth and net income. We enter the new year with momentum and anticipation.

In 2021, we plan to open a new branch in Titusville to complement our existing (and very popular) location. We also plan to introduce new products and services, to continue to improve our service levels and add overall value for members.

In closing, thank you for your trust and loyalty in Launch!

Joe Mirachi, President/CEO

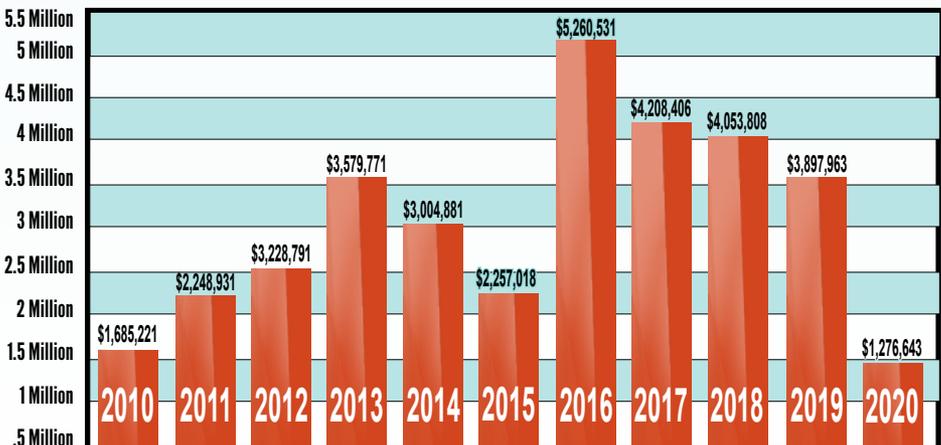


2020 CHARTS & INFORMATION

MEMBER VALUE CYCLE

Member Friendly Products and Pricing lead members to **Increased Participation** with Launch CU, as we offer deposit and loan products with features members want at competitive

NET INCOME



FINANCIALS

December 31, 2020

LOANS & CASH

Total Loans	\$ 611,012,274
(Less) Allowance for Loan Losses	(5,046,989)
Net Loans Outstanding	605,965,285
Cash	\$ 8,768,203

INVESTMENTS

US Government Obligations	45,286,750
Federal Agency Securities	59,287,146
Federal Reserve Bank	69,297,549
Other Investments	33,170,153
Total Investments	\$ 207,041,598

OTHER ASSETS

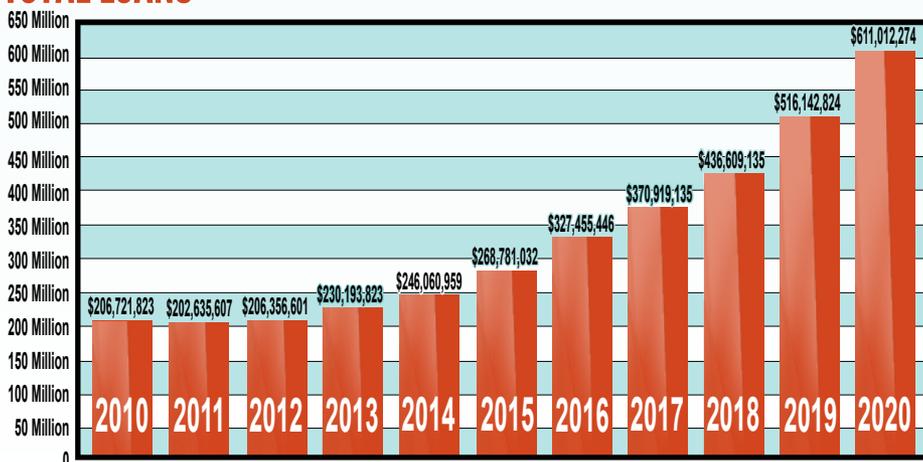
Land & Buildings (net of depreciation)	26,145,138
Other Fixed Assets (net of depreciation)	10,807,481
NCUSIF Capital Deposit	7,410,426
All Other Assets	58,143,384
Total Other Assets	102,506,429
Total Assets	\$ 924,281,515

LIABILITIES & EQUITY

Accounts Payable	7,828,768
All Other Liabilities	11,976
Total Liabilities	7,840,744
Certificates	28,364,246
All Share/Checking/Other Accounts	785,657,618
Member Deposits	814,021,864
Total Equity	102,418,907
Total Liabilities & Equity	\$ 924,281,515

rates and lower fees. This increased participation prompts **Member Loyalty and Growth** as members and potential members respond to a better value. Member loyalty and growth allows the credit union to be more efficient, resulting in Launch CU's ability to offer members **Increased Benefits** and further expanding member friendly products and pricing.

TOTAL LOANS



COMMITMENT TO OUR COMMUNITY

It goes without saying that 2020 was a challenge. Roy T. Bennett wrote “When things do not go your way, remember that every challenge – every adversity – contains within it the seeds of opportunity and growth.” So we searched for these seeds, and found many opportunities to help the families in our communities.



When schools were forced to shut their doors, sending students home with computers and laptops to continue their learning, many schools fell short of enough computers to provide. In the spirit of giving, as well as in the spirit of recycling, Launch donated more than 100 gently used computers to several area schools. Launch was also able to donate several computers to local community organizations.



To assist first responders, Launch donated disposable face masks to HealthFirst in Brevard County and the DeLand Police Department in Volusia County.

As the pandemic forced schools to close at the end of the 2020 school year, Launch too had to close its

high school credit union branches at Spruce Creek High and University High. Launch was still able to award several scholarships to graduating seniors as part of its partnerships with their Finance Academies. We hope to re-open these school branches as soon as it is safe for both students and staff.

The pandemic didn't put a halt to Launch opening its 16th branch. Although the grand opening celebration was not as grand as they usually are, for safety reasons, Launch still was able to safely provide special incentives and giveaways while welcoming new members in the Melbourne area. As part of the grand opening celebration, Launch donated to the 2nd Harvest Food Bank to help them continue their efforts in helping feed the local community.



Several Launch employees volunteered many hours on Fridays assisting the Children's Hunger Project by handing out bags of food filled with weekend meals to families in need. This community-supported organization ensures that families who depend on free or reduced priced lunch can receive food to feed their children over the weekends when school is not in session.

As the holidays approached, knowing that so many families in our communities were without work, Launch partnered with Toys For Tots and invited our members to donate gifts to families in need. To make it as easy and safe as possible to collect donations, Launch hosted a drive-thru toy drop-off at every branch drive-thru, where we collected enough toys to completely fill two vans.



In addition, Launch participated in a “Reverse Holiday Parade” organized by the Brevard Sheriff's Department. Our West Melbourne Launch branch became a parade stop and we donated to their local toy drive.

There is no doubt our communities will continue to struggle for some time, but we will continue to look for seeds of opportunity to help enrich our members' financial lives.

LAUNCH CU INFORMATION

Locations

VOLUSIA COUNTY

- Ormond Beach** ■ 240 Williamson Boulevard
- South Daytona** ■ 2290 S. Ridgewood Ave.
- DeLand** ■ 301 W. New York Ave.
- Orange City** ■ 2277 Veterans Memorial Pkwy.
- Edgewater** ■ 2810 S. Ridgewood Ave.

BREVARD COUNTY

- Titusville** ■ 3950 S. Washington Ave.
- Port St. John** ■ 7347 N. Hwy. U.S. 1
- Merritt Island** ■ 415 Fortenberry Road
- Rockledge** ■ 3300 Murrell Road
- Melbourne-Wickham** ■ 2200 N. Wickham Road
- Melbourne-Babcock** ■ 685 South Babcock Street
- West Melbourne** ■ 4301 Norfolk Parkway
- Palm Bay** ■ 5225 Babcock Street NE

Restricted Access Branches

- KSC Central Campus Building** ■ M7-0301, Room 1022, Kennedy Space Center
- KSC Multi-Function Facility** ■ Room 102, Kennedy Space Center
- Cape Canaveral AFS** ■ Room 1435, E & L Building 1704
- Spruce Creek High School** ■ 801 Taylor Road, Port Orange
- University High School** ■ 1000 W. Rhode Island Ave., Orange City

Hours

- M - W 9:00 a.m. - 5:00 p.m. ■ Th & F 9:00 a.m. - 6:00 p.m. ■ Drive-thru opens at 8:30 a.m.
- Central Campus, MFF & CCAFS Branches M-F 8:00 a.m.-4:00 p.m.
- High School Branches Selected Days and Hours
- Administration** ■ 300 S. Plumosa Street ■ Merritt Island, Florida, 32952

Telephone Numbers

321-455-9400 (*Inside Brevard County*) ■ 1-800-662-5257 (*Outside Brevard County*)

Automated Response System ■ Option 1

Lost/Stolen ATM/Debit or Credit Card ■ Option 2

Lending Center ■ Option 3

Vehicle Insurance Information ■ Option 4

Collections ■ Option 5

Branch Information ■ Option 6

Contact Center/Member Service Representatives ■ Option 0

www.launchcu.com



Board of Directors

- Charles E. Jenkins, Jr., Chair
- Lonnie Blocker, Vice Chair
- Marilyn Cherubini, Secretary
- Dominic Morgese, CPA, Treasurer
- Percy Cohrs
- Hollimarie Montijo
- Eric Ostarly
- Dan Sicchio
- Linda South

Associate Board Members

- Dr. Kevin Reed
- Tommy Reed

Audit Committee

- Connie Morice, Chair
- Tabitha Abraham
- Jennifer Ellmer

Executive Officers

- Joe Mirachi, President/CEO
- Kevin LeBeau, EVP/CFO
- Gary LeVar, EVP/COO
- Mark Brewer, SVP/CIO
- Jane Schropp, SVP/HR
- Lourdes Camacho, VP/Internal Audit