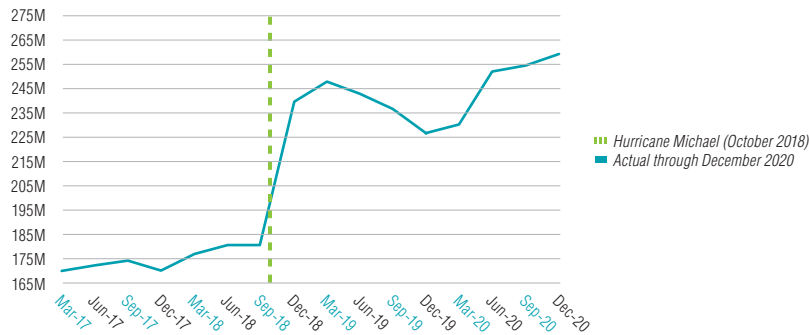


STATEMENT OF FINANCIAL CONDITION

| Description | 2019 | 2020 |
|---|-----------------------|-----------------------|
| ASSETS: | | |
| INVESTMENTS: | | |
| AVAILABLE-FOR-SALE | \$ 2,955,437 | \$ 2,499,907 |
| OTHER | 52,660,931 | 63,000,861 |
| LOANS RECEIVABLE | 176,504,302 | 200,023,491 |
| LESS ALLOWANCE FOR LOAN LOSSES | (864,835) | (799,517) |
| PROPERTY AND EQUIPMENT, NET | 10,143,936 | 12,800,852 |
| NCUSIF DEPOSIT | 2,346,088 | 2,401,437 |
| REPOSSESSED ASSETS | 153,995 | 189,121 |
| OTHER ASSETS | 9,738,933 | 11,029,089 |
| TOTAL ASSETS | \$ 253,638,787 | \$ 291,145,241 |
| LIABILITIES: | | |
| MEMBERS' SHARE AND SAVINGS ACCOUNTS | | |
| SAVINGS ACCOUNTS | \$ 226,373,037 | \$ 260,385,292 |
| ACCOUNTS PAYABLE AND OTHER ACCRUED LIABILITIES | | |
| OTHER ACCRUED LIABILITIES | 3,848,771 | 4,810,342 |
| TOTAL LIABILITIES | \$ 230,221,808 | \$ 265,195,634 |
| MEMBERS' EQUITY | | |
| MEMBERS' EQUITY | \$ 18,812,792 | \$ 23,488,380 |
| NET INCOME | 4,604,187 | 2,461,227 |
| TOTAL MEMBERS' EQUITY | \$ 23,416,979 | \$ 25,949,607 |
| TOTAL LIABILITIES AND MEMBERS' EQUITY | \$ 253,638,787 | \$ 291,145,241 |

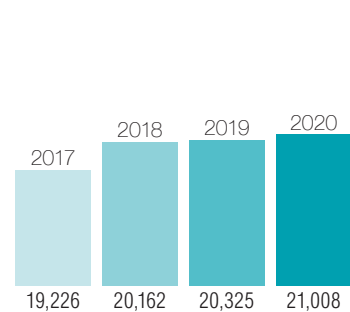
TOTAL SHARES



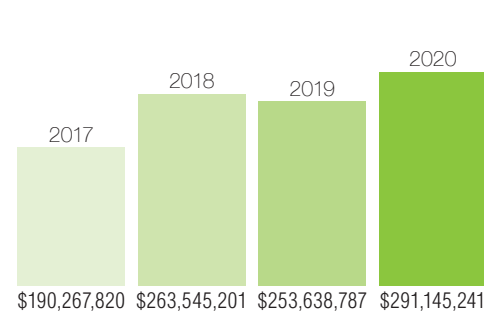
STATEMENT OF INCOME

| Description | 2019 | 2020 |
|---|----------------------|----------------------|
| INCOME: | | |
| INTEREST INCOME ON LOANS | \$ 9,135,280 | \$ 10,044,777 |
| INTEREST INCOME ON INVESTMENTS | 1,733,389 | 551,178 |
| TOTAL INTEREST INCOME | \$ 10,868,669 | \$ 10,595,955 |
| INTEREST EXPENSE | 760,417 | 761,644 |
| NET INTEREST INCOME | \$ 10,108,252 | \$ 9,834,311 |
| PROVISION FOR LOAN LOSS | 5,007 | 292,000 |
| INTEREST INCOME AFTER PROVISION | \$ 10,103,245 | \$ 9,542,311 |
| NON-INTEREST INCOME | \$ 4,992,685 | \$ 5,239,807 |
| GAIN/(LOSS) ON ASSETS | 675,388 | 122,340 |
| INCOME BEFORE OPERATING EXPENSES | \$ 15,771,318 | \$ 14,904,458 |
| EXPENSES: | | |
| SALARIES & EMPLOYEE BENEFITS | \$ 6,080,417 | \$ 6,603,177 |
| VOLUNTEER & EMPLOYEE RELATIONS | 145,980 | 122,872 |
| OFFICE OCCUPANCY | 531,136 | 663,401 |
| OFFICE OPERATIONS | 1,885,691 | 2,361,638 |
| MARKETING & MEMBER RELATIONS | 550,884 | 532,178 |
| LOAN SERVICING | 551,960 | 691,777 |
| PROFESSIONAL & OUTSIDE SERVICES | 1,421,062 | 1,468,187 |
| TOTAL EXPENSES | \$ 11,167,130 | \$ 12,443,230 |
| NET INCOME | \$ 4,604,188 | \$ 2,461,228 |

MEMBER GROWTH



TOTAL ASSETS



2020
ANNUAL REPORT

New Challenges, Priorities and Protocols

2020 began on a nice trajectory. Physical asset recovery from the damage inflicted by Hurricane Michael was continuing and progress on many projects that had been delayed by the Category 5 storm was beginning to take place. However, no one could have imagined the year that was about to unfold. A global pandemic due to the COVID-19 virus was declared in March 2020. A new vocabulary with words such as PPE, social distancing, and face coverings became universally understood. At all times the safety and soundness of the credit union along with the safety of both our members and Team Members became our highest priority. Lobbies were closed to members at all Innovations' branches beginning on March 23, 2020 and many Team Members relocated to remote offices, with only essential people working inside branches. This continued until we felt all safety protocols were in place to reopen branches to member traffic on May 11, 2020. All CDC protocols have been followed throughout this challenging time.

Once again, even though we were met with the challenges presented by the pandemic, Innovations continued to persevere to successfully accomplish as many of the planned goals and objectives as possible. It cannot be stressed enough that at times like these when Innovations is required to immediately pivot without warning to deal with a disaster situation with long term consequences, the success of the consistent member service and communication is due to the fact that Innovations has always strategically made the objective of employee retention through competitive wage and benefit packages a priority. The return on investment with experienced and knowledgeable team members is immeasurable at times like these.

Maintaining Success and Enhancing Security

The first half of 2020 the National Credit Union Administration (NCUA) conducted a remote examination, effective as of March 31, 2020. At the conclusion of this exam, NCUA determined Innovations continued to operate successfully in all areas.

Another objective accomplished was the completion of the relocation of our core processor servers off-site for enhanced security and disaster response scenarios. There are many risks involved with hosting our IT network and operational hardware in-house. Matters such as communications, natural disasters, and hardware/software compatibility issues and local power outages, were all factors for consideration. Improved business continuity, as well as an even more robust security system, were additional reasons for the transition.

New Branches and New Updates

Our Harrison Avenue branch repairs and reconstruction from Hurricane Michael was completed, and the move was made back to the branch from the temporary building that had been used to serve the members in that area. A fresh look along with new technologies makes serving our members easier and more efficient. Our Thomas Drive branch received a complete exterior makeover with a new roof and an all new paint scheme to better align with our Innovations brand. Updates at our Lynn Haven branch took place in 2020 to increase staff efficiency and member convenience, and an interior redesign will be taking place in early 2021. Innovations also began construction of the all new 23rd Street flagship branch, which is set to open in early 2021. Plans to re-purpose the current 23rd Street branch is underway and is expected to open in late 2021. When it reopens, it will be home to our Member Business Lending Team, Mortgage Team, Collections Team, and the Executive Team.

Continuing Growth

Managed growth in the Mortgage and Business Lending departments is ongoing and staff has been increased in both areas as needed. The success of these two departments along with the micro business program funded by the Community Development Financial Institution (CDFI) grants awarded in 2018 and 2019 continues. Innovations received its third CDFI grant in 2020 to fund community rehabilitation and help rebuild affordable housing for those severely impacted by the hurricane. Implementation of this program will begin in 2021.

Bringing Enhancements

Also, in 2021 Innovations plans to enhance and revamp the Ignite Checking Rewards program as well as the VISA credit card program along with promoting consumer and indirect lending more heavily. The popular Ignite Checking program paid members over \$260,340 in 2020! The following loan programs are continually monitored to successfully manage growth: Indirect Lending; First Mortgage; Business and Micro-business Lending.

Online Banking, Mobile Banking, and phone system enhancements are also planned to provide members more communication and interaction options. With the development of these improvements, Innovations will also begin to formally solicit member feedback to better serve them by utilizing the Net Promoter Score program.

Looking Towards 2021

In 2021 Innovations plans to begin analyzing the advantages of changing the credit union's charter from Federal to State, along with expanding the Field of Membership to keep the credit union viable well into the future.

Innovations continues to maintain a strong balance sheet and income statement. Deposits grew 15% in 2020 as more and more members chose Innovations as their primary financial institution. This led to a record growth year that we see continuing into the future; in fact, asset growth is budgeted to reach \$300,000,000 in 2021.

Regulatory compliance is always a priority consideration in our planning, and we will continue to focus on expense management, controlled growth, and member service. We will remain committed to exploring ways to increase compliance and operational efficiencies. Cost efficiencies must be balanced with the desired member service levels and the related operational expenses. Team Member training, as well as talent recruitment and retention, continue to be strong objectives.

This year has definitely been different, and full of unexpected and unprecedented challenges. However, Innovations has successfully prevailed and looks forward to continuing this success well into the future.

Spark Change



David A. Southall

David A. Southall
President/CEO



Rob Fernandez

Rob Fernandez
Chairman/Board of Directors

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Vice Chairman

Kristopher McLane
Treasurer

Nancy Luther
Secretary

Anita Broughton
Director

Craig Ellis
Director

Trevor Walls
Director

SUPERVISORY COMMITTEE

Blaine Cook
Chairman

Barbara Lewis
Secretary

Don Gedeon
Member

Patrick Hermes
Member

Josh Scribner
Member

LOCATIONS AND HOURS

Thomas Drive

910 Thomas Drive
Panama City Beach, Florida 32408
Hours: (Monday - Friday)
Lobby: Open 9 a.m. – 5 p.m.
Drive-up: Open 8 a.m. – 5 p.m.

Harrison Avenue

1038 Harrison Avenue
Panama City, Florida 32401
Hours: (Monday - Friday)
Lobby: Open 9 a.m. – 5 p.m.
Drive-up: Open 8 a.m. – 5 p.m.

Callaway

123 North Tyndall Parkway
Panama City, Florida 32404
Hours: (Monday - Friday)
Lobby: Open 9 a.m. – 5 p.m.
Drive-up: Open 8 a.m. – 5 p.m.

Back Beach

17900 Panama City Beach Parkway
Panama City Beach, Florida 32413
Hours: (Monday - Friday)
Lobby: Open 8 a.m. – 5 p.m.

23rd Street

512 West 23rd Street
Panama City, Florida 32405
Hours: (Monday - Friday)
Lobby: Open 9 a.m. – 5 p.m.
Drive-up: Open 8 a.m. – 5 p.m.

Lynn Haven

2250 South Highway 77
Lynn Haven, Florida 32444
Hours: (Monday - Friday)
Lobby: Open 9 a.m. – 5 p.m.
Drive-up: Open 8 a.m. – 5 p.m.



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We Do Business In Accordance With The Federal Fair Housing Law and The Equal Credit Opportunity Act