

Financial Health Leads to  
**SUNNY DAYS**  
2021 ANNUAL REPORT

**Balance Sheets**

March 31,	2022	2021
<b>Assets:</b>		
Cash and cash equivalents	\$ 191,755,811	\$ 198,954,480
Interest-bearing deposits	497,000	1,343,000
Marketable equity securities	451,640	396,330
Debt securities	100,312,112	64,991,513
Loans held for sale	-	1,353,400
Loans, net	521,326,661	497,923,084
Premises and equipment, net	16,550,505	17,514,378
Mortgage servicing rights	2,582,221	2,049,128
Other investments	5,093,112	4,995,668
Accrued interest receivable	1,397,728	1,256,045
Foreclosed assets	52,544	-
Share insurance deposit	7,376,742	6,291,823
Other assets	7,117,057	6,138,628
<b>Total assets</b>	<b>\$ 854,513,133</b>	<b>\$ 803,207,477</b>
<b>Liabilities:</b>		
Members' share and savings accounts	\$ 787,591,023	\$ 741,308,877
Other liabilities	6,607,055	5,812,391
<b>Total liabilities</b>	<b>794,198,078</b>	<b>747,121,268</b>
<b>Members' equity:</b>		
Regular reserve	10,409,879	10,409,879
Undivided earnings	53,115,690	45,029,755
Equity acquired in merger	2,895,560	2,895,560
Accumulated other comprehensive loss:		
Debt securities:	(5,858,066)	(1,229,274)
Defined benefit pension plans:	(248,008)	(1,019,711)
<b>Total members' equity</b>	<b>60,315,055</b>	<b>56,086,209</b>
<b>Total liabilities and members' equity</b>	<b>\$ 854,513,133</b>	<b>\$ 803,207,477</b>

**Statements of Income**

Years Ended March 31,	2022	2021
<b>Interest and dividend income:</b>		
Loans	\$ 19,694,137	\$ 20,643,689
Securities	695,131	707,575
Other	481,817	324,158
<b>Total interest and dividend income</b>	<b>20,871,085</b>	<b>21,675,422</b>
<b>Interest expense:</b>		
Members' share and savings accounts	1,659,248	2,723,261
Borrowed funds	10	-
<b>Total interest expense</b>	<b>1,659,258</b>	<b>2,723,261</b>
<b>Net interest income</b>	<b>19,211,827</b>	<b>18,952,161</b>
Provision (credit) for loan losses	(388,959)	1,196,931
<b>Net interest income after provision (credit) for loan losses</b>	<b>19,600,786</b>	<b>17,755,230</b>
<b>Noninterest income:</b>		
Service fees	2,727,862	2,065,975
Loan servicing income	1,206,518	1,326,950
Gain on sale of mortgage loans	3,004,277	4,331,275
Net gain on sale of debt securities	30,582	335,727
Gain on marketable equity securities	55,310	138,970
Net gain (loss) on sale of premises and equipment	1,020	(2,570,784)
Other noninterest income	3,993,598	3,425,912
<b>Total noninterest income</b>	<b>11,019,167</b>	<b>9,054,025</b>
<b>Noninterest expense:</b>		
Salaries and benefits	12,991,285	12,551,936
Occupancy and operations	6,142,729	5,389,555
Data processing	960,010	862,129
Net loss on foreclosed and repossessed assets	-	28,323
Advertising and promotions	437,336	318,431
Other noninterest expense	2,002,658	1,216,709
<b>Total noninterest expense</b>	<b>22,534,018</b>	<b>20,367,083</b>
<b>Net income</b>	<b>\$ 8,085,935</b>	<b>\$ 6,442,172</b>

**Statements of Comprehensive Income**

Years Ended March 31,	2022	2021
<b>Net income</b>	<b>\$ 8,085,935</b>	<b>\$ 6,442,172</b>
<b>Other comprehensive income (loss) related to securities available for sale:</b>		
Unrealized loss on securities	(4,598,211)	(918,778)
Reclassification adjustment for gains realized in net income	(30,582)	(335,727)
<b>Other comprehensive loss related to securities available for sale</b>	<b>(4,628,793)</b>	<b>(1,254,505)</b>
<b>Defined benefit pension plan:</b>		
Net gain arising during the year	697,229	2,563,952
Amortization of prior service cost and other losses, included in net periodic pension cost	-	449,857
<b>Net unrealized gain on defined benefit pension plan</b>	<b>697,229</b>	<b>3,013,809</b>
<b>Postretirement benefit plan:</b>		
Net gain (loss) arising during the period	74,475	(74,084)
<b>Other comprehensive loss related to postretirement benefit plan</b>	<b>74,475</b>	<b>(74,084)</b>
<b>Other comprehensive income (loss)</b>	<b>(3,857,089)</b>	<b>1,685,220</b>
<b>Total comprehensive income</b>	<b>\$ 4,228,846</b>	<b>\$ 8,127,392</b>

**Letter from our President & CEO**

Dear Members,

We began 2021 full of optimism and fortunately, we successfully navigated the rapidly changing and challenging world together. We are proud to report that it was another strong and successful year for Blackhawk Community Credit Union.

Our top priority has been to keep our members, staff, and the credit union healthy and to collectively work together to improve financial lives, which ultimately strengthens our communities.

Internally, we have focused on our plan to strive for "Operational Excellence" to benefit our membership, increase employee attraction and retention, and to fulfill our mission of empowering our members to reach their financial goals. We have made significant investments in our learning and development program for our staff and we have adopted a new business model of continuous improvement for efficiency. This three-year initiative affects all areas of the credit union and will optimize our processes and invest in our employees, so they are able to provide even better service and solutions for you.

Financially, we run the credit union responsibly, building our reserves, and ensuring that Blackhawk is here for your generations to come.

As always, helping our community is a value we regularly live. On behalf of you and all our members, we donated over \$100,000 to local nonprofit organizations in 2021. In addition, the Rock County Historical Society was able to achieve the starting goals of the Rock County Legacies Project, which pays respect to our founding members.

Entering our 57th year, we look forward to supporting you no matter what lies ahead. Your trust in us is what allows us to continue to passionately serve the best interest of our membership, our employees, and the credit union every day. Thank you for your business.

Sincerely,

*Lisa Palma*  
Lisa Palma



LISA PALMA,  
Blackhawk Community  
Credit Union CEO

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**Independent Auditor's Report**

Supervisory Committee  
Blackhawk Community Credit Union  
Janesville, Wisconsin

**Opinion**

We have audited the accompanying financial statements (the "financial statements") of Blackhawk Community Credit Union (the "Credit Union"), which comprise the balance sheets as of March 31, 2022 and 2021, and the related statement of income, comprehensive income, members' equity, and cash flows for the years then ended, and the related notes to the financial statements. In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Blackhawk Community Credit Union as of March 31, 2022 and 2021, 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 ("GAAP").

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Blackhawk Community Credit Union and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Blackhawk Community Credit Union's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material

misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Blackhawk Community Credit Union's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Blackhawk Community Credit Union's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Wipfli LLP*  
Wipfli LLP  
Aurora, Illinois  
June 16, 2022

