



**WINDSOR
LOCKS**

FEDERAL CREDIT UNION
Serving Hartford County



2020 ANNUAL REPORT

Board of Directors

Jason Cutler Chairman

Michael Gladue Vice Chairman

John E. Franco, Jr. Treasurer

Peter Juszczynski Secretary

Lynn Pellerano Director

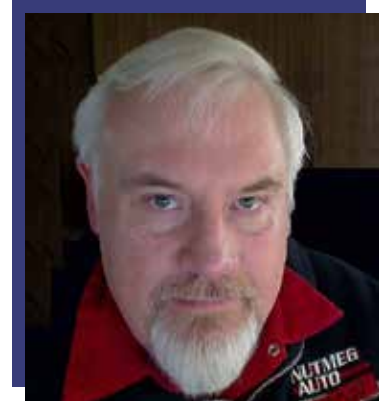
516 Spring Street
Windsor Locks, CT 06096
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Meet the Directors



Jason Cutler
Chairman

Jason joined the WLFCU Board of Directors in 2013, and became Chairman in 2019. He is a Certified Financial Planner with Charter Oak Financial. Jay focuses his practice on the financial planning needs of families, risk management, and retirement income planning. He also works with small businesses specializing in qualified plan implementation and succession planning. Outside of the office, Jay is the president of the Windsor Locks Soccer Club, and enjoys running, coaching, and watching his kids play sports. A lifelong resident of Windsor Locks, CT, Jay currently resides there with his wife and two children.



Michael Gladue
Vice Chairman

Michael lives in Windsor with his wife, Mary. He joined the WLFCU Board of Directors in 2011. Mike has enjoyed a lifelong career as a master auto mechanic and President of Nutmeg Auto Service, Inc. in Hartford, CT.



John E. Franco, Jr.
Treasurer

John E. Franco, Jr., former President/CEO of WLFUCU, retired in 2019 after working in the financial services industry for over fifty years. He held positions in Accounting, Operations, Lending, and more. Upon joining the Credit Union movement, he truly embraced the concept of “People Helping People.” John’s career goals were helping people attain their financial needs, and developing his staff. He was proud to achieve these goals at WLFUCU. John joined the Board of Directors shortly after retiring. He lives in Cheshire with his wife Nanette.



Peter Juszczynski
Secretary

A member of the credit union since 1986, Peter started his service as part of the Supervisory Committee in 2014, and became a Board Member in 2019. Peter serves as Secretary of the Board, as well as Chairman of the Personnel Committee. Professionally, Peter has served as Windsor Locks Tax Collector since 2014, and as President of the Hartford County Tax Collectors Association since 2018. Peter is also a certified instructor for the Certified Connecticut Municipal Committee. Peter and his wife Jennifer have been married 23 years and reside in Windsor Locks.



Lynn Pellerano
Director

Lynn was a Windsor Locks resident through high school and then left the area to pursue career options – one of which was the Air Force Reserves. She served six years in the active reserves, one year being on active duty during the Persian Gulf War. She has spent all of her working years outside of the military in management in the restaurant and retail industry. She has been employed at MassMutual in Springfield, MA for the past eighteen years as a Director in the Operations area. Lynn is also a two time graduate of Bay Path University. She started supporting the WLFUCU as a Supervisory Committee member in 2011 and has recently assumed the responsibility of Supervisory Committee Chairperson and Director.

Report of the Chairman

Dear Members,

Windsor Locks Federal Credit Union was able to survive and thrive in 2020, despite many pandemic-related challenges. WLFCU experienced rapid growth, ending the year with over \$73 million in assets. We continued to serve the lending needs of our members with 259 new loans. We remain one of the primary mortgage lenders in the area, and provided numerous consumer loans for members to purchase vehicles, boats and RV's, consolidate debt, and make home improvements. Throughout 2020, we offered competitive certificate rates to encourage and reward members for saving. Our certificate portfolio grew significantly, by over \$1 million.

The National Credit Union Administration considers Windsor Locks Federal Credit Union to be a well-capitalized institution, ending 2020 with a capital position of almost 9%. We opened 331 new membership accounts throughout the year. Coronavirus lockdowns never paused service to our membership. While the lobby was closed during the Spring of 2020, we continued to provide banking services digitally, at the drive-through

windows, and by appointment throughout the peak of the pandemic.

The longest U.S. economic expansion on record ended in February 2020, and economic activity drastically declined in March and April as Coronavirus lockdowns took effect. Unemployment peaked at 14.8% in April 2020 – its highest rate in over 70 years. The year-over-year inflation rate was a modest 1.36%. The Federal government sought to support citizens and the economy through a series of monetary relief measures. The Coronavirus Aid, Relief, and Economic Security (C.A.R.E.S.) Act, enacted March 27th, created the Paycheck Protection Program for small businesses, provided Economic Impact Payments to taxpayers, and enhanced unemployment insurance benefits. The Consolidated Appropriations Act, enacted December 27th, provided additional stimulus payments to individuals and extended unemployment insurance benefits. Decreased consumer spending and borrowing coupled with these relief measures have taken a toll on financial institutions' capital positions.

Connecticut's peak unemployment rate in April was better than the national average at 11.4%, but our state is having a hard time recovering. 2020 ended with unemployment at 8.2% in Connecticut compared to

6.7% nationally. The housing market has been one of the pandemic silver linings in Connecticut. Home prices rose by 11% nationally and by 15% in Connecticut as buyers took advantage of low rates and opportunities to relocate away from busy cities. Our state has seen an influx of new residents attracted to the suburban lifestyle.

Infrastructure upgrades continued at your credit union in 2020. We upgraded to a state of the art security and alarm system. We also replaced HVAC units and drainage facilities behind the building. Esign was implemented early in 2020, which has been a great tool for members to complete many functions remotely, including loan closings and account maintenance. WLFCU was certified to offer PPP loans in April, and provided over \$94,000 in relief to small business members in 2020.

As always, the Credit Union supports many charitable causes. We contribute to a different local charity quarterly from employee "Dress Down Friday" donations, and made many additional donations in 2020 in lieu of participating in events. We helped support WL Project Graduation, Project Bell Dazzled, Junior Achievement, and Operation Fuel just to name a few. The Credit Union sponsors a financial literacy program at the Windsor Locks HighSchool,

and are active members in the WLPS Community Partners Committee.

The Credit Union celebrates members each year with Member Appreciation Week, where we offer refreshments, prizes, and special rates. We continued our focus on staff

development using eLearning, webinars, and virtual meetings.

I would like to thank all members for your continued support of the Credit Union. I also thank my fellow Board members, Supervisory Committee members, and the Staff and Management for the

continued success of Windsor Locks Federal Credit Union.

Respectfully Submitted,
Jason Cutler
Board Chairman

Meet The Supervisory Committee

Michael Wrabel

Mike is a life-long resident of Windsor Locks. He served as the Director of Public Works for the towns of Windsor Locks, Simsbury and Longmeadow MA for a total of 37 ½ years. His work involved developing operational and capital budgets that exceeded \$7.5M. Mike graduated from WLHS in 1970. He then attended Eastern Connecticut State University and graduated with a BA in Biology (1974), and earned a Master of Public Administration degree from the University of Hartford (1985). Mike is a member of the Windsor Locks Lions Club and has been on the WLFCU Supervisory Committee for over 3 years. Mike has 4 adult children, all married with a total of 11 grandchildren. He has been happily retired for over 5 years.

Gail Parley

Gail has been an active member of WLFCU since 1999. She served as para-educator in the Windsor Locks school system for over 10 years. Gail has lived in Windsor Locks 38 years, where she raised five children. As a parent she was involved with Water Jets and soccer programs, served as a Girl Scout leader for 12 years, and also taught CCD at Saint Mary's Parish. In her retirement, Gail enjoys reading, spending time with her family, and serving on the Supervisory Committee.

Kelly Miffitt

Kelly is currently employed with Cadence Aerospace - Tell Tool Inc., an aerospace machine shop, as a member on their finance team responsible for AP, AR and payroll. She has been an active member of WLFCU since 2002 and joined the Supervisory Committee in 2020. Kelly was raised in Windsor Locks graduated from WLHS. She enjoys volunteering, in order to give back to the community where she grew up.

Report of the Supervisory Committee

The Supervisory Committee is composed of four qualified Credit Union members who are appointed by the Board of Directors at the organizational meeting which follows the Annual Meeting. The Committee meets often and attends Board Meetings regularly.

The Committee hires an independent audit firm to conduct the annual and internal audits each year. The firm of Doeren Mayhew completed the audit for 2020 on behalf of the Supervisory Committee. The annual audit reviewed the statements of financial condition, related statements of income, member's equity and cash flows for the year ending December 31, 2020 and also compared the results to 2019. Audits are conducted in accordance with auditing standards generally accepted in the United States of America. The standards require that the auditing firm plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatements.

The audit includes examining, on a test basis evidence supporting the amounts and disclosures in the financial statements. The audit also includes assessments of the accounting principles used and significant estimates that were made by Management, as well as evaluating the overall financial presentation.

As a result of the findings and conclusions reached during the audit, and in conjunction with meeting with the auditors, it is the opinion of the Supervisory Committee that the financial interests of members are well protected. Credit Union business was conducted in a professional manner and was in compliance with appropriate Federal regulations. A clean opinion with no material findings was obtained.

For the year ending December 31, 2020, additional internal audits were conducted in the areas of ACH (Automated Clearing House), Bank Secrecy Act, the Safe Act, Fair Lending, Real Estate Lending, OFAC (Office of Foreign Assets Control), Online Banking, Website, and more, in order to ensure proper controls and procedures were followed. Completed audit results were presented to the Supervisory Committee and to the Board of Directors, whereupon any

findings were addressed. Members of the Supervisory Committee completed BSA training in 2020.

For several years, Castlegarde, Inc. has conducted an annual information security audit on site at the Credit Union. The firm also provides quarterly external penetration testing. All results are reported to the Supervisory Committee and the Board of Directors. In 2020, and for the past several years, the Credit Union's audit results have exceeded standards. All employees receive annual training in Information Security.

Besides supervising the annual audit performed by Doeren Mayhew and the other internal audits, the Supervisory Committee members perform their own monthly audits to ensure that proper procedures are followed. These audits include reviewing teller cash drawer and vault audits, new and closed accounts, employee and officer accounts, as well as member loan files.

Respectfully Submitted,

Lynn Pellerano

Supervisory Committee
Chairperson

**Michael Wrabel, Gail Parley
& Kelly Miffitt**

Supervisory Committee
Members

Report of the Treasurer

Due to the Coronavirus pandemic, 2020 was a difficult year for everyone.

The Federal Reserve reduced the Fed Funds Target Rate by 150 basis points to a range of 0.0% to 0.25% in March and indicated that it is prepared to keep rates low for an extended period, at least through 2023, depending on the rate of inflation and the job market. This was the largest drop the Federal Reserve has ever made at one time; it was primarily done to help shelter the economy from the effects of the coronavirus pandemic which had just started disrupting economic activity throughout the world.

Overall, during this pandemic our loan portfolio only decreased by \$45,000 but we added nearly \$8,400,000 in new loans. The majority of these loans came from first mortgages with members purchasing homes and

refinancing at historically low mortgage rates. Our loan to share ratio decreased as a result of the pandemic.

Total shares significantly increased by \$12,416,000 along with the total assets increasing by \$12,659,000. Two of the major contributors to these increases were the government's Economic Impact Payments, also known as the stimulus checks, and the additional unemployment benefits. The Credit Union's assets grew to a record \$73.7 million in 2020! Our investments grew significantly by \$10,000,000 as a result of the excessive funds that came into the credit union and fewer loan opportunities as a result of this pandemic. Our portfolio at year end was over \$28,000,000.

Overall expenses decreased significantly in 2020. Dividend expense decreased by \$15,000 from last year due to the overall decrease in certificate rates. Compensation and benefits expenses decreased by \$40,000 mainly due to some

unfilled positions. Overall operating expenses decreased by \$60,000 from last year.

The Credit Union's net income increased slightly by \$8,500 in 2020, despite overall gross income decreasing from 2019 levels. For example, investment income decreased by 8% due to the repricing at a lower rate under .50% compared to 2019 when rates were 2.50%. This is because overall expenses also decreased significantly

As a result of the pandemic, Windsor Locks Federal Credit Union's net capital position has decreased from 10.54 to ending the year at 8.97%. The regulators still consider our Credit Union to be "well capitalized". Having a strong capital position for many years, along with having a delinquency ratio under 1.00% this past year, has helped the Credit Union weather this pandemic.

Respectfully submitted,
John E. Franco, Jr.
Treasurer

Statement of Condition | 2020 Financial Report

FOR THE YEARS ENDED DECEMBER 31

Assets	2020	2019
Residential Mortgage Loans	\$30,990,677	\$31,296,009
Member Business Loans	182,958	532,465
Consumer Loans	4,805,307	4,939,281
Less: Allowance for Loan Losses	-93,931	-106,036
<i>Net Loans</i>	\$35,885,011	\$35,918,322
Cash/Cash Equivalent	6,036,183	3,518,207
Investments	28,245,987	18,043,434
Accrued Income Receivable on Loans	81,572	84,491
Accrued Income Receivable on Investments	52,835	57,304
Premises and Equipment	1,205,393	1,223,078
Prepaid Expenses	79,748	132,189
Real Estate Acquired by Foreclosure	112,880	137,880
NCUSIF Capitalization Deposit	621,962	543,197
Other Assets	1,347,475	1,352,405
<i>Total Assets</i>	\$73,669,046	\$61,010,507
Liabilities		
Notes Payable	0	0
Dividends Payable on Shares	3,132	2,759
Accounts Payable, Escrows and other Liabilities	973,707	912,429
<i>Total Liabilities</i>	\$976,838	\$915,188
Shares and Members' Equity		
Share and Club Accounts	\$28,419,250	\$22,738,000
Savings and IRA Shares	8,795,842	7,477,876
Certificates	15,068,182	13,981,640
Sharedrafts	13,797,178	9,466,291
<i>Total Shares</i>	\$66,080,453	\$53,663,807
Regular Reserve	538,355	538,355
Undivided Earnings	6,073,400	5,893,157
<i>Total Equity</i>	6,611,755	6,431,512
<i>Total Liabilities and Members' Equity</i>	\$73,669,046	\$61,010,507

Statement of Operations | 2020 Financial Report

FOR THE YEARS ENDED DECEMBER 31

Operating Income	2020	2019
Residential Mortgage Loans	\$1,234,516	\$1,292,139
Member Business Loan	20,388	38,069
Consumer Loans	274,889	281,521
Investments	404,673	438,980
Fee Income	480,089	482,649
Other Operating Income	38,290	30,636
<i>Total Operating Income</i>	\$2,452,845	\$2,563,994
Interest Expense		
Dividends on Shares	270,769	285,571
Other Borrowed Money	0	0
<i>Total Interest Expense</i>	270,769	285,571
<i>Net Interest Income</i>	2,182,076	2,278,423
Provision for Loan Losses	53,000	83,000
<i>Net Interest Income After Provision for Loan Losses</i>	2,129,076	2,195,423
Operating Expenses		
Compensation and Benefits	1,119,177	1,242,522
Office Occupancy and Operations	636,596	603,953
Other General and Administrative	176,439	189,853
Examination and Supervision	16,622	15,584
<i>Total Operating Expense</i>	1,948,834	2,051,912
Non-operating Income (Expense)	0	14,317
Gain(Loss) on sale of repossessed assets	0	-27,684
<i>Net Income</i>	180,242	171,890



Report of the Credit Committee

The Credit Committee of Windsor Locks Federal Credit Union's objective is to ensure the Credit Union meets the borrowing needs of its community. The Committee makes certain that loans are granted to members as needed, but made prudently thereby safeguarding members' deposits. Whether it is helping a member buy a new car, finance a home purchase, consolidate debt or tap into their home equity, we are here to assist our members with service that is personal, quick, easy and economical.

In 2020, Loan Officers originated 259 new loans totaling over \$8 million, including 212 consumer loans and 47 residential loans. We were able to approve the vast majority of our members' requests. During the pandemic, we offered the Payment Protection Program to our members. We were able to assist six businesses during the unprecedented challenges of 2020.

We established a new partnership in 2020 with

Allanach Mortgage Group that generated \$1,904.50 in income. Allanach offers additional mortgage loan options such as, FHA, VA and USDA for our members. We continue to offer traditional mortgages in terms from 8 to 30 years.

Every year the Credit Union focuses on providing affordable financing to our members. We keep our rates as competitive as possible. In 2020, we offered special rates on motorcycle and consumer loans in August, auto loans in October, and a Holiday special in November. In March 2020, we participated in the 51st Annual Home & Product Show to promote all the products and services that we offer.

We always encourage members with loans financed elsewhere to take advantage of our lower rates by moving their loans to the Credit Union. Our Meet-or-Beat program continues to help many members to get the best possible rate.

The Credit Union tries to be empathetic to all of our members. Many times, through no fault of their own, they experience financial hardship. Extensions, deferrals, modifications, and troubled debt restructures are some of the methods used by the Credit Union to help borrowers

bring and keep their loans current. Since 2018, we have offered debt consolidations loans for those who need assistance paying their bills and improving their credit rating. Unfortunately, we can't always help everyone. As a result of our continued efforts to help our members, our delinquency ratio has dropped over .5% from 2019 to 2020.

Windsor Locks Federal Credit Union is committed to protecting the assets of our members while remaining a trustworthy source of affordable credit. We continually strive to improve our members' financial well-being by providing tangible savings opportunities across all of our loan products. Our goal is to continue our commitment to provide a wide range of superior credit services that meets our members' needs, while preserving the safety and soundness of the Credit Union.

Respectfully submitted,
Dolores P Rodrigues
Lending Manager



Windsor Locks Federal Credit Union Staff

Bob Brawders
Business Development &
Marketing Specialist

Nancy Briere
IT Assistant
12 Years of Service

Duarte Cabral
VP of IT
4 Years of Service

Lindsay Fiume
Member Service
Representative
4 Years of Service

Zenaida Garcia
Member Service
Representative

Holly Godin
Lending Supervisor/
Mortgage Officer
6 Years of Service

Pat Javorski
Chief Operating Officer
13 Years of Service

Debbie Marconi
AVP of HR & Marketing
18 Years of Service

Linda Moorhouse
Loan Officer
6 Years of Service

Alison Nolan
Accounting Assistant
3 Years of Service

Melanie Robinson
BSA Specialist/MSR
Supervisory
5 Years of Service

Dede Rodrigues
Lending Manager
1 Year of Service

Matthew Soovajian
Loan Solution Specialist

Charla Stetson
Chief Executive Officer
9 Years of Service

Josh Swift
Member Service Manager
7 Years of Service

Joseph Testoni
Member Service
Representative

Supporting Our Community in 2020

\$50 donation to Project Graduation to help provide gift baskets and support for the 2020 graduating class.

\$200 Donation to Project Bell Dazzled to benefit WL first responders during COVID-19.

Windsor Locks Dollars for Scholars – \$500 scholarship awarded to a Kevin Walsh at Windsor Locks High School

Junior Achievement – \$100 donation to support adapting entrepreneurial education for young people to remote learning.

Donated \$1,000 to WL Social Services to benefit Operation Fuel

Music School at Sound Crossing – \$300 sponsorship of Halloween Play-Out & Scavenger Hunt to help give kids a fun and safe way to celebrate Halloween.

Food donations (Board room filled) from October Shred Day donated to W.L. Social Services

Adopt a Family – Donated (5) \$50 gift cards to the 2020 Gift Card Drive through the Windsor Locks Public Schools Office of Partnerships

Mock Interviews – Charla Stetson, CEO conducted 3 mock interviews with students from WL High School to help give students real-world experiences at school.



**CREDIT UNIONS ARE
FINANCIAL FIRST RESPONDERS**



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