



**WINDSOR
LOCKS**

FEDERAL CREDIT UNION
Serving Hartford County



2021 ANNUAL REPORT

Board of Directors

Jason Cutler Chairman

Michael Gladue Vice Chairman

John E. Franco, Jr. Treasurer

Peter Juszczynski Secretary

Lynn Pellerano Director

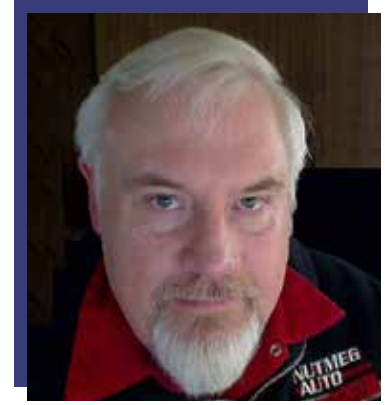
516 Spring Street
Windsor Locks, CT 06096
860.292.2940

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.



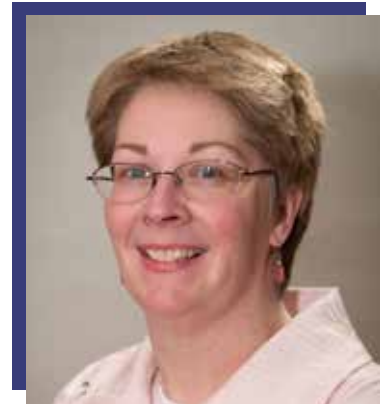
John E. Franco, Jr.
Treasurer

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 maintain a strong financial position through 2021, despite ongoing pandemic-related challenges. WLFCU experienced sustained asset growth, ending the year with over \$81.8 million in assets. We continued to serve the lending needs of our members with 289 new loans. We remain one of the preferred 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. As our members' savings continued to grow throughout the year, we increased our focus on financial literacy and invested in an online financial education portal called Banzai. It is free to our members and all visitors to our website. WLFCU shares grew by over \$8 million in 2021.

The National Credit Union Administration considers Windsor Locks Federal Credit Union to be a well-capitalized institution, ending 2021 with a capital position of 8.27%. We opened 417 new membership accounts throughout the year, growing membership at the highest rate in over seven years. WLFCU continued to provide the highest quality of service possible to our members throughout the pandemic.

While the lobby was closed during January and February of 2021, we continued to provide banking services digitally, at the drive-through windows, and by appointment to serve our members needs. In response to increased drive-through use, we extended our business hours until 12:30 PM on Saturdays.

Economic conditions consistently improved throughout 2021, attributed primarily to the increased availability of COVID-19 vaccines. State and Federal economic stimulus programs continued through September.

Economic growth saw its greatest full-year gain since 1984 despite challenges presented by the Delta and Omicron variants. While national unemployment improved significantly and wages increased by 3.5%, labor shortages continue to complicate getting back to business as usual. WLFCU is proud to have a strong and experienced staff, with over 40% employees having tenure of five years or more. We experienced low turnover in 2021, and even added a new position of Business Development Specialist.

Competitive rates, strong demand, and tight inventory presented opportunities and challenges for real estate and automobile lending. Home prices in Connecticut, which had been stagnant since the Great Recession, saw double digit growth in 2021. Record low interest rates made the sellers' market attractive to buyers, despite a widening gap between supply and demand.

Many homeowners took advantage of lower mortgage rates by refinancing. Others borrowed against the increased equity in their homes to fund improvement projects. Still others used the liquidity afforded by stimulus programs to pay off or pay down debt. Automobile prices also appreciated by double digits in 2021. However, sales fell nationally as supply chain problems slowed production. Borrowers have been financing a smaller percentage of vehicle purchase prices due to higher trade in values and larger down payments. While the Credit Union's total mortgage portfolio decreased by 8.4%, our total auto loan portfolio increased by 12.7%. The push for digital transformation in finance intensified during the COVID-19 pandemic, and your credit union is making great strides in technology. In 2021, we automated back office processing and performed a server upgrade. We added Push Notifications to our mobile application to allow members to create personalized transaction alerts. We upgraded our cash advance terminal, as well as our credit scoring module with Experian. WLFCU's digital presence was enhanced through increased digital marketing to reach more people in surrounding communities.

As always, the Credit Union supports many charitable causes and demonstrates the guiding principle of "People Helping People."

In 2021, we supported the Windsor Locks Food Bank, Connecticut Women of Hope, Windsor Locks Project Elf and Adopt-A-Family. Every year WLFCU awards a scholarship to a Windsor Locks High School senior through the Dollars for Scholars program.

We continue to celebrate members with our annual Member Appreciation week. I would like to thank all members for your continual 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 has worked in finance for the past four years, specializing in the areas of 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 was selected to complete the audit for 2021 on behalf of the Supervisory Committee. The annual audit reviews the statements of financial condition, related statements of income, member's equity and cash flows for the year ending December 31, 2021 and also compared the results to 2020. 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. The 2021 financial audit is currently in progress as of April 2022. Windsor Locks Federal Credit Union has consistently achieved good results in this exam over the past several years. As a result of the findings and conclusions reached during the 2020 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, 2021, 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 2021. 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 2021, 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

2021 was a challenging year for everyone. The coronavirus pandemic continued to affect everyday life and put a strain on the worldwide economy. Global supply chains have been disrupted by the pandemic leading to supply and demand imbalances and increased inflation. Early in the year the Federal Reserve indicated that it was prepared to keep rates low for an extended period of time, perhaps through 2023, depending on the rate of inflation and the job market. The job market continued to be good and unemployment decreased throughout the year to around 4% at year end. Wages have increased by 3.5%. The American economy remained strong and continued to grow at a healthy 5.7% pace. Therefore, the Federal Reserve did not change interest rates during 2021. However, the volatility of the stock market and the increasing inflationary pressures throughout the year caused Chairman Powell to recommend raising rates in 2022 to curb inflation. Inflation increased 7% in 2021, the largest gain since 1982. Certainly, rising food and energy prices have affected everyone. The war in the Ukraine has put additional stress on the economy.

In 2021 the Credit Union's loan portfolio decreased by over two million dollars to \$33,813,843. This occurred despite disbursing over eight million dollars in new loans and lines of credit. The Credit Union experienced an unprecedented number of loan payoffs and we continued to experience increased competition for loans. Most of the decline was in the real estate portfolio. On a brighter note, the consumer loan portfolio actually grew by \$500,000 in 2021. The Credit Union will continue to mitigate its interest rate risk exposure by originating a mixture of mortgage and consumer loans. The Credit Union's overall loan to share ratio decreased as a result of the portfolio decline and the ongoing increase in shares. Delinquencies and charge-offs in 2021 were very low compared to our peers. Once again, total shares and total assets significantly increased by nearly eight million dollars each. Our average share deposit per member is now over \$16,000 which is significantly higher than our peers. Our membership grew by nearly 3.5% for the first time in years. The Credit Union's assets grew to another record \$81.8 million in 2021! Our investments grew significantly by \$12 million as a result of the excessive funds that came into the credit union and fewer loan opportunities as a result of the pandemic. Our investment portfolio at year end was over \$40 million and for the

first time ever was higher than our loan portfolio. Overall expenses increased by over \$100,000 in 2021. Dividend expense decreased by \$80,000 from last year due to the overall decrease in money market and certificate rates. Compensation and benefits expense increased by \$80,000 as several open positions were filled. Although our operating expenses increased, the ratio of operating expenses to average assets was significantly lower than our peers. The Credit Union's net income decreased by \$22,000 in 2021, to \$158,710.40. Interest income was down \$62,000 from last year due to the decline in the loan portfolio. Investment income decreased by \$61,000 due to newer investments repricing at a lower rate. As a result of the significant increase in shares and assets, coupled with a decline in the loan portfolio and net income, Windsor Locks Federal Credit Union's net capital position has decreased from 8.97 to 8.27% at year end. Although this is a decrease in capital, the decline is not as great as last year's decline. 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% and low charge-offs this past year, has helped the Credit Union weather this pandemic. Most credit unions were facing these same challenges in 2021.

Respectfully submitted,
John E. Franco, Jr.
Treasurer

Statement of Condition | 2021 Financial Report

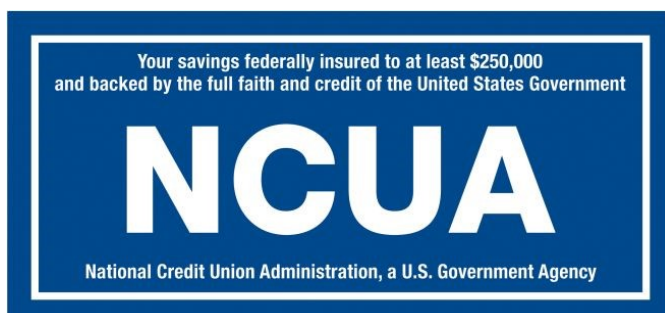
FOR THE YEARS ENDED DECEMBER 31

Assets	2021	2020
Residential Mortgage Loans	\$28,392,700	\$30,990,677
Member Business Loans	178,576	182,958
Consumer Loans	5,242,567	4,805,307
Less: Allowance for Loan Losses	-52,7751	-93,931
<i>Net Loans</i>	\$33,761,069	\$35,885,011
Cash/Cash Equivalent	4,258,480	6,036,183
Investments	40,346,732	28,245,987
Accrued Income Receivable on Loans	72,039	81,572
Accrued Income Receivable on Investments	61,478	52,835
Premises and Equipment	1,211,187	1,205,393
Prepaid Expenses	61,810	79,748
Real Estate Acquired by Foreclosure	0	112,880
NCUSIF Capitalization Deposit	720,260	621,962
Other Assets	1,356,511	1,347,475
<i>Total Assets</i>	\$81,849,566	\$73,669,046
Liabilities		
Notes Payable	0	0
Dividends Payable on Shares	1,192	3,132
Accounts Payable, Escrows and other Liabilities	930,586	973,707
<i>Total Liabilities</i>	\$931,779	\$976,838
Shares and Members' Equity		
Share and Club Accounts	\$34,186,644	\$28,419,250
Savings and IRA Shares	11,018,129	8,795,842
Certificates	13,448,754	15,068,182
Share Drafts	15,493,796	13,797,178
<i>Total Shares</i>	\$74,147,322	\$66,080,453
Regular Reserve	538,355	538,355
Undivided Earnings	6,232,110	6,073,400
<i>Total Equity</i>	6,770,465	6,611,755
<i>Total Liabilities and Members' Equity</i>	\$81,849,566	\$73,669,046

Statement of Operations | 2021 Financial Report

FOR THE YEARS ENDED DECEMBER 31

Operating Income	2021	2020
Residential Mortgage Loans	\$1,150,572	\$1,234,516
Member Business Loan	12,074	20,388
Consumer Loans	305,2779	274,889
Investments	343,216	404,673
Fee Income	539,727	480,089
Other Operating Income	38,599	38,2906
<i>Total Operating Income</i>	\$2,389,466	\$2,452,845
Interest Expense		
Dividends on Shares	189,351	270,769
Other Borrowed Money	1	0
<i>Total Interest Expense</i>	189,352	270,769
<i>Net Interest Income</i>	22,200,114	21,182,076
Provision for Loan Losses	53,000	53,000
<i>Net Interest Income After Provision for Loan Losses</i>	2,225,114	2,129,076
Operating Expenses		
Compensation and Benefits	1,200,483	1,119,177
Office Occupancy and Operations	650,381	636,596
Other General and Administrative	192,983	176,439
Examination and Supervision	14,425	16,622
<i>Total Operating Expense</i>	2,058,272	1,948,834
Non-operating Income (Expense)	0	0
Gain(Loss) on sale of repossessed assets	-8,131	0
<i>Net Income</i>	158,710	180,242



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 buying a new car, finance a home purchase, debt consolidation or tap into their home equity, we are here to assist our members with service that is personal, quick, easy and economical.

In 2021, Loan Officers originated 289 new loans totaling over \$8.2 million, including 252 consumer loans and 37 residential loans. We were able to approve the vast majority of our members' requests. We continued to offer the Paycheck Protection Program (PPP) to our members. We were able to assist three additional businesses as the Federal government opened a second round of PPP stimulus as a result of the ongoing COVID-19 pandemic and economic hardship. The Credit Union also made two more Microloans to local businesses through our partnership with the Town of Windsor Locks.

Our partnership with Allanach Mortgage Group continues to generate income for the Credit Union. In 2021 we earned \$7,681.07. Allanach offers additional mortgage loan options such as FHA, VA and USDA to our members. WLFCU continues to offer a variety of mortgage terms ranging from 8 year to 30-year mortgages. Every year the Credit Union focuses on providing affordable financing to our members. We keep our rates as competitive as possible. In 2021, we offered variety of loan promotions throughout the year, such as: debt consolidation loans in January/ July/December, consumer loan specials in March/August, auto refinance specials in April/ November, President's Day auto loan in February, Columbus Day auto loan in October and Member Loyalty loan in December. As in previous years, we offered Skip-A-Pay in December. In March 2021, we held our first Virtual Homebuyer Seminar. We discussed all aspects of the mortgage process from getting pre-qualified to closing on the mortgage. 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. We continue to offer options like debt consolidation loans and individual credit counseling to assist members. Unfortunately, we can't always help everyone. As a result of our continued efforts to help members meet their credit obligations, our delinquency ratio remained below .50%, far below our peers.

Windsor Locks Federal Credit Union is committed to protecting the assets of our members while remaining a trustworthy source of affordable credit. We constantly 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

Duarte Cabral
VP of IT
5 Years of Service

Jose Clement
MSR/Loan Officer

Lindsay Fiume
Member Services
Representative
5 Years of Service

Zenaida Garcia
MSR Supervisor
1 Year of Service

Holly Hanson
Lending Supervisor/
Mortgage Officer
7 Years of Service

Pat Javorski
Chief Operating Officer
14 Years of Service

Debbie Marconi
VP of HR & Marketing
19 Years of Service

Linda Moorhouse
Loan Solution Specialist
7 Years of Service

Alison Nolan
Accounting Assistant
4 Years of Service

Melanie Robinson
BSA Specialist/MSR
Supervisor
6 Years of Service

Dede Rodrigues
Lending Manager
2 Years of Service

Izaya Sanderson
P/T Member Services
Representative

Matthew Soovajian
Loan Officer/IT
Assistant

Charla Stetson
President/CEO
10 Years of Service

Tara Schiralli
P/T Member Services
Representative

Joseph Testoni
Member Services
Representative

Alysha Wanczyk
Member Services
Manager

Supporting Our Community in 2021

CT Women of Hope – One of our quarterly donations for dress down day went to this group which supports women diagnosed with ovarian cancer.

WL Dollars for Scholars – Emari Marshal was the 2021 recipient of the WLFCU annual scholarship.

Stuff the Bus – Staff and members donated to Windsor Locks' drive to provide supplies to children who struggle to afford school supplies.

Student Art Exhibit – We displayed student artwork in our lobby along with social media features in partnership with the Windsor Locks Arts Council.

WL Athletic Hall of Fame – We were a sponsor at their annual golf tournament.

Shred Day – We provided a free paperwork shredding day at WL High School and collected non-perishable food donations for the Windsor Locks Food Bank.

Junior Achievement – Credit union staff volunteered with Junior Achievement to conduct virtual financial literacy education.

Adopt-A-Family – We donated one of our dress down day checks to the town of Windsor Locks to support the holiday Adopt-A-Family program. This program provides gifts to deserving families.

Project Elf – We collected toys for Windsor Locks' holiday gift giving program Project Elf.

