

2020

Annual Report





People helping People

 **Sound**
FEDERAL CREDIT UNION

2020 will forever be remembered as a year of the unprecedented. Our Nation experienced and continues to suffer the unprecedented and tragic impacts of a world-wide pandemic. Our communities have seen the unprecedented shutdown of business, schools, and activities; impacts that many are still going through. Our Members have experienced unprecedented personal, social, and financial impacts none of us could have imagined. Yet through all of this, **SOUND FEDERAL CREDIT UNION** stood with you, our Members and our communities, providing the needed products, services, and financial accommodations to not only weather this storm, but to prosper.

2020 was a year of unprecedented change, transformation, growth, and prosperity for Your Credit Union. We changed our name to better reflect the 15 cities we care for along the Long Island Sound... **SOUND FEDERAL CREDIT UNION**. We changed our website, mobile app, and phone system to improve the features and usability of the remote services you've come to enjoy. We transformed our service delivery to provide better remote access, assuring uninterrupted care for all your financial needs during this terrible pandemic.

This past year saw our more than 6,000 Members put their trust in us with their hard-earned savings, helping SFCU to grow at a record pace. Our Members placed their trust in us when needing to borrow, allowing us to help finance more than \$39 million in affordable home loans, personal loans, and business loans. And Your Credit Union remained profitable, allowing us to deliver more products, services, and remote delivery access from our near record earnings.

Looking forward, we will continue our unprecedented journey with our **SOUND FEDERAL CREDIT UNION** family, providing stellar Member service and pursuing never-ending improvement that has placed us in the top 10% of all Credit Unions in the State of Connecticut. Continuing to enhance our service platforms to provide you a phenomenal experience is what drives us every day and we are committed to caring for you, your family, and your community for years to come.

We appreciate your Membership and are so very grateful for your loyalty. We realize you have choices in who cares for your financial needs and know that we would not be here if not for you placing your trust in us. We are devoted to working tirelessly for you and will continue to earn our place as your financial advisor. On behalf of the Board of Directors, Supervisory Committee, and the Credit Union Team, we wish you, your loved ones, your colleagues, and your friends health and prosperity.

Dan Colleluori
Board Chair

People Helping People! This has been the philosophy of Credit Unions throughout history and the bedrock of Sound Federal Credit Union's values. The storm of the 2020 coronavirus pandemic truly tested this, and I'm so proud to report that Sound Federal Credit Union not only weathered the storm but came through it stronger than ever.

Sound Federal Credit Union... Your Credit Union... was built by our Members to serve. For almost 60 years, our Members, and the communities they live and work in have entrusted us to be there for them in good times and in times of misfortune. Our Team of dedicated professionals, our Board, and our appointed officials are honored by your trust, committing every moment of our day to care for our more than 6,000 Members with the service your trust deserves. In fact, our research through Vizium 360, an independent rating firm, tells us that almost 90% of our Members who've placed their trust in us believe the service they receive from Sound Federal is exceptional.

Our Members have also entrusted us with their hard-earned savings, helping Sound grow total deposits at record levels; up almost 18% over 2019. When it came to your borrowing needs, Sound was right there beside you, delivering over \$39 million in home loans, consumer loans, credit cards, and business loans to our Members; a record total unsurpassed in our history. And, because of your trust and support, Your Credit Union delivered "**Sound**" financial results with near record earnings in 2020.

People Helping People should mean more than just a place to save or borrow... It should also be a place where you can go to find the relief you need from the financial worries in your life. This past year found our Members presented with life challenges many of us couldn't have imagined; challenges Your Credit Union was proud to help our Membership with. We helped Members stay in their homes and keep their vehicles when they lost their jobs or had their wages reduced by deferring payments they just couldn't afford to make. We improved our website and our remote services to assure those not able or willing to leave the safety of their homes had convenient, easy-to-use access to all of their accounts and to all of our products and services. And we proudly delivered needed financial services in person when so many other financial institutions shuttered their offices.

As a Member of Sound Federal Credit Union, you belong to a strong, vibrant, full-service financial institution that is safe, growing, and financially strong. With our Soundness and stability, we are well positioned to meet your personal financial needs... even when times seem impossible to comprehend. Perhaps more importantly, you belong to a Credit Union family focused on serving you; a Credit Union family that cares for the Membership in ways you just can't find elsewhere. I urge you to take full advantage of your Credit Union Membership and hope you'll encourage your family and friends to join us. On behalf of our entire Team, I wish you and yours health and prosperity, and thank you for placing your trust in us.

Edward H. Fox

President and Chief Executive Officer

As Member advocates, not only are we dedicated to doing what is in our Members' best interests, we are committed that the Credit Union operates to the highest levels of safety, soundness, and security. Part of this commitment includes regular and ongoing inspection of the Credit Union's annual financial statements, information systems review, operational and compliance reviews, and internal controls reviews. Each year, **SOUND FEDERAL CREDIT UNION's** Supervisory Committee, serving independently from the Credit Union, appoints a third-party accounting firm to conduct an unbiased audit of **SOUND FEDERAL's** financial condition. In 2020, the accounting firm, Whittlesey, was again charged with conducting the audit.

Based upon the independent external audit and ongoing internal audits conducted by Whittlesey on behalf of the Supervisory Committee, I am pleased to report that **SOUND FEDERAL CREDIT UNION's** operations continue to be well-managed.

Judith Isidro Dickson
Committee Chair



SOUND FEDERAL CREDIT UNION has demonstrated a proven track record of building on the success of the previous year, and 2020 was no exception. On behalf of the Board of Directors, Management and Staff, I'm pleased to report the following results:

Soundness and Asset Quality

Confidence and trust in a financial institution is paramount. Rest assured that **SOUND FEDERAL's** performance in 2020 reinforces that your Credit Union remains safe, sound, and secure; even in the midst of the severe impacts caused by the Covid-19 Pandemic.

- ✓ Total Deposits grew by almost 18% to over \$69 million.
- ✓ Total Loans increased just under 11%, exceeding \$50 million.
- ✓ Total Assets improved by more than 16% , exceeding \$77 million.
- ✓ Net income for 2020 was near record levels, coming in at \$257,124.
- ✓ And, as a result of our unprecedented growth and profitability, the Credit Union finished 2020 with Net Worth Ratio of 9.53%; well above the National Credit Union Administration's standard for well-capitalized Credit Unions of 7.00%.

Lending

Members counted on their Credit Union for some of the most competitive lending products in the marketplace today, receiving unmatched service for their personal, home, commercial, and small business financing needs.

- ✓ Over \$8.1 million in Consumer loans were disbursed in 2020.
- ✓ More than \$24.4 million disbursed in Real Estate-secured loans.
- ✓ More than \$4 million in Member Business loans.

Assets Under Management and Investments

Members trusted us to be good stewards for their savings and investments in 2020, helping them to further improve their financial well-being.

- ✓ Member deposits grew \$10.5 million to \$69.2 million.
- ✓ Our Retirement Planning portfolio increased to over \$4.2 million.

2020 truly was an outstanding year. We look forward to delivering even more exceptional performances in 2021 and beyond. Thank you for choosing **SOUND FEDERAL CREDIT UNION** to be your trusted financial partner.

Peter Privitera

Treasurer

CONSOLIDATED FINANCIAL STATEMENTS

Assets	As of December 31, 2019	As of December 31, 2020*
Net Loans to Members	44,866,933	49,792,460
Cash & Equivalents	4,469,091	16,806,347
Investments	12,611,451	5,726,480
Fixed Assets	83,575	209,787
All Other Assets	4,445,391	4,715,304
Total Assets	66,476,441	77,250,378
Liabilities & Member Equity	As of December 31, 2019	As of December 31, 2020*
Accounts Payable & Liabilities	692,930	709,820
Member Shares & Deposits	58,672,897	69,179,073
Reserves & Undivided Earnings	7,110,614	7,361,485
Total Liabilities & Member Equity	66,476,441	77,250,378
Statement of Income	As of December 31, 2019	As of December 31, 2020*
Interest on Loans	2,573,213	2,779,245
Investment Income	410,918	189,363
Other Income	589,904	601,336
Total Income	3,574,035	3,569,944
Operating Expenses	2,790,934	2,791,938
Provision for Loan Losses	55,000	75,000
Non-Operating Gains/(Losses)	2,844	(71)
Dividends and Interest	451,943	446,014
Total Expenses	3,300,721	3,312,881
Net Earnings	273,314	257,063

*unaudited

Your Sound Financial Partner since 1952



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