

2020 Annual Report
A Year of the
UNEXPECTED





TABLE OF CONTENTS

President & CEO's Report **4**

Board Chair's Report **6**

Board of Directors **7**

Supervisory Committee's Report **8-9**

Treasurer's Report **10**

Statement of Financial Condition/Income **12-13**

Executive Leadership Team **14**

Community Care Statistics **15**

PRESIDENT & CEO'S REPORT



Sometimes as we look ahead, we try to forecast what will happen next. We plan, we strategize, we anticipate what we think are all the possible scenarios. But as we learned in 2020, not everything can be predicted. Yet, even in the midst of confusing times, we look for the next best option, we look for the small delights, we look for a way to endure – and even learn to thrive – in the unexpected.

As President and CEO at CFCU Community Credit Union, I'm here today to share CFCU's 2020 annual report, titled "A Year of the Unexpected" – certainly a title we can all relate to right now.

As I look back at 2020, I can't help but remember the countless ways Team CFCU has made me so proud during all the unexpected moments this year dealt us.

For instance, when COVID-19 first hit, we extended our phone and drive-thru lane hours, along with other contactless options like our digital banking services. When CFCU members requested in-person help, our staff were ready at our branches with safety protocols in place. When local business owners struggled to navigate the new Paycheck Protection Program loan process, our CFCU business team members were right there with them, leading

to responses like this one: *CFCU saved my business!* When local families wanted to keep their home purchases on schedule, our in-house closing teams met them right at the curbside to complete all the paperwork. And when large in-person meetings no longer felt safe, the CFCU board continued their commitment to our organization by meeting virtually instead.

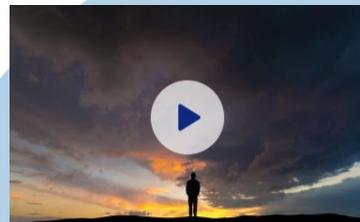
No doubt this year had its trials, but it also put on display the perseverance, the strength, and the creativity of my CFCU colleagues, executive leadership team, fellow board members, and supervisory committee members.

You'll hear from each of those groups throughout this report as they share the unique ways they continued delivering on CFCU's promise even in the most unexpected of times. For their dedication to CFCU and its members, and for the loyalty and kindness we received back from our members, I am truly grateful.

I would also like to acknowledge the service of Brian Mitteer, our former Board Chair, and the unfortunate passing of Joe During, our Board Treasurer. Their contributions were meaningful and I will miss their caring and thoughtful mentorship.

Sincerely,

Lisa Whitaker
President & CEO



WATCH THE VIDEO
OF LISA'S REPORT



BOARD CHAIR'S REPORT



Hello, fellow CFCU members. My name is Amy Wood Gonzalez and I am a NY State licensed associate real estate broker with Warren Real Estate of Ithaca. I am the new Chair of CFCU's Board of Directors and I couldn't be more delighted to accept this position.

I have been serving on the board for the last 11 years, most recently in the role of the board's Vice Chair for the last 5 years. I thank former CFCU Board Chair, Brian Mitteer, for his guidance and for helping to smoothly pave the way for me.

CFCU positively impacts our communities by providing the highest level of personal financial services to our members. I'm pleased and proud to say that even a pandemic did **not** change that; in fact, we've never seen it more fully on display. The members and employees of CFCU – their needs, their circumstances, their anxieties – were considered first. My fellow board members and I, CFCU President & CEO Lisa Whitaker, and the Executive Leadership Team made tough decisions about how to adjust CFCU's services to achieve **that critical balance of both safety and functionality.**



THANK YOU FOR YOUR SERVICE, BRIAN MITTEER!

The year 2020 certainly held its challenges, and yet our board consistently heard report after report of all the ways CFCU employees were continually embracing the CFCU spirit of serving members well in their time of need. We are so grateful for those employees' steady commitment and willingness to innovate.

In addition to helping local business members with their PPP loan coordination, CFCU extended its skip-a-pay options on loans and offered reduced rates on personal loans. In this volatile year and always, **we appreciate our members' loyalty and business.**

My appreciation also goes to my fellow volunteers on the Board of Directors as well as the Supervisory Committee. They once again freely gave of their time to ensure policies were developed and adapted, goals were still pursued and achieved, strategic plans were still enacted, and general oversight was provided throughout the year.

Sincerely,

Amy Wood Gonzalez
Board Chair

BOARD OF DIRECTORS



Amy Wood Gonzalez
Board Chair as of 2021



Skip Hewitt
Treasurer as of 2021



Dana Decker
Director



Katie Foley
Vice-Chair as of 2021



Lisa Whitaker
Director

SUPERVISORY COMMITTEE'S REPORT



The role of the Supervisory Committee is to verify that adequate internal controls are in place to safeguard member assets, monitor compliance with applicable laws and regulations and ensure the fiscal integrity of CFCU. The internal audit staff fulfills these responsibilities and reports to the Supervisory Committee. In addition, the Committee engages independent auditors to perform an annual audit of CFCU.

The Supervisory Committee meets quarterly to review the work of the internal audit staff, CoPilot, and other third-party firms engaged to perform internal audit work. An annual audit plan is approved at the start of each year by the Committee. Comprehensive reports are prepared for each audit conducted, as well as a quarterly summary report. Written responses addressing any audit findings are subsequently provided by the responsible party for each internal audit conducted.

As noted in the last year's annual report, the 2020 internal audit plan was revised to consolidate internal audits and remove duplicated work. Of the 47 audits included in the 2020 plan, only 4 were still in progress at the end of the year, and one was deferred. While our goal is to generally avoid the practice of carrying over audits from year to year, it is not unusual for a minimal number of audits to carry over due to scheduling challenges or changes in strategic priorities. The

Supervisory Committee was satisfied with the completion rate of the internal audit plan, the responsiveness to new audit requirements, as well as management's timely response to any audit findings.

The Supervisory Committee is pleased to report that our independent audit firm, Doeren Mayhew, has issued an unmodified (clean) opinion report on CFCU's consolidated financial statements as of, and for the year ended, December 31, 2020. The full report is available at CFCU's offices for inspection. As in previous years, members of the Supervisory Committee met with our independent auditors and the New York State and NCUA regulatory examiners in 2020. Findings were minimal, and management was quick to address and resolve any issues or concerns. Based on the examiners' reports, internal audit reports, and the positive results received from our independent auditors, the Supervisory Committee remains confident that CFCU maintains adequate controls, complies with applicable laws and regulations, and is well managed and fiscally sound.

2020 was a year of unprecedented challenge for CFCU (along with the rest of the world) and continued transition for the Supervisory Committee. Our AVP of Internal Audit position was again vacant for a significant portion of the year. Gil Bohene and CoPilot assisted the Supervisory Committee with conducting key elements

of the internal audit plan, along with other outside audit firms. Special thanks to Kim VanDonsel, our Internal Auditor, Jennifer Clark, and Bill Crane for keeping the trains running while this position remains vacant.

To address the leadership needs in the internal audit function, the Supervisory Committee and management have agreed to create a new Vice President of Internal Audit position. This position will have broader responsibility as a member of the Senior Management Team, which will provide them with the comprehensive perspective we believe is needed to effectively provide vision and leadership to the internal audit function. In addition, the Supervisory Committee and management will be engaging an outside consultant to provide us with expertise and recommendations about the operation and structure of the internal audit function at CFCU. We expect to have the results of the consultation by mid-year, and hope to have a new VP of Internal Audit in place by then as well.

I would also like to remind members that the CFCU code of ethics requires that any member who suspects there has been a violation of Corporate Policy, laws or regulations, or general business ethics should report their suspicion. You may contact the Supervisory Committee in writing or by email. All mail is strictly confidential. You do not have to identify yourself, but it is important that you provide enough information and/or

documentation to allow the Committee to investigate your concern. For further information, please go to Supervisory Committee information at mycfcu.com/about.

Many thanks go to our internal auditor, Kim VanDonsel, for her steady, reliable work and support. I also want to thank Jennifer Clark, Bill Crane, and Eliza Mulhern who have also provided significant support to the Supervisory Committee and the internal audit function this year. The requirements for internal audit become more demanding every year. The Supervisory Committee is grateful to have such dedicated, competent people working with us. Thanks to the management of CFCU for responding promptly to our many questions and functioning in such a responsible, knowledgeable manner.

Sincerely,

Blixy Taetzsch

COMMITTEE MEMBERS:

Blixy Taetzsch, *Chair*
Susan Taetzsch,
Secretary
Debbie Jordan

INTERNAL AUDIT STAFF:

Kim VanDonsel, *Auditor*

INDEPENDENT AUDIT FIRM:

Doeren Mayhew

TREASURER'S REPORT



It is with a solemn heart that I begin my Interim Treasurer's Report and dedicate it to Joe During, CFCU's Board Treasurer for over 10 years, who passed away in January 2021. **I will try in earnest to fill the role in which he set such an admirable example.**

My name is Skip Hewitt. As a former employee in CFCU's residential mortgage department, a CFCU Board of Directors member since 2013, and the board's Secretary for the last 6 years, I'm no stranger to CFCU. As a four-time cancer survivor, I am also no stranger to the unexpected.

But NONE of us saw the 2020 experience coming.

Financially speaking, the first and second quarters of 2020 presented a challenging environment to do business. **Yet, because of the unrelenting dedication of CFCU's leadership and employees, we recovered well, while still being able to help our neighbors in need.** A huge accomplishment for such a tumultuous year!

Here are a few examples of how we served our members and community throughout 2020: we granted forbearances, issued fee waivers, and presented a loan assistance program. This program offered reduced payment options for mortgage and home equity loan holders who were experiencing financial hardship due to COVID-19.

For the last several years, we have written in these reports of our investments in technology. This year proved how important those investments were, as we saw how digital banking became a lifeline for many of our members practically overnight.

I am excited to serve as CFCU's Board Treasurer and to keep a lookout for the next opportunity that will serve our members well. Thank you for allowing me the privilege to help guide this efficient and forward-thinking organization on its solid financial track.

Respectfully submitted,

Skip Hewitt
Board Treasurer

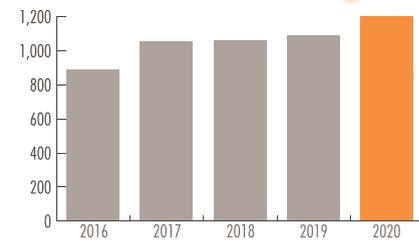


IN MEMORY
Joseph During
1947 - 2020

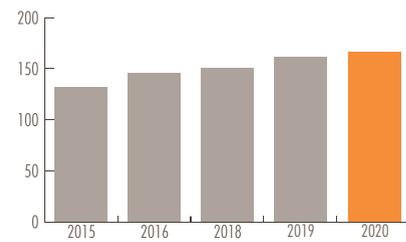
STATEMENT OF FINANCIAL CONDITION

AS OF DECEMBER 31, 2020 AND 2019

Total Assets (in thousands)



Total Members' Equity (in thousands)



\$1,048M

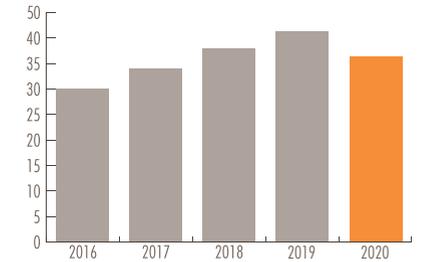
MEMBERS' SHARE AND SAVINGS ACCOUNTS

ASSETS	2020	2019
Cash and Cash Equivalents	\$213,991,116	\$177,753,682
Certificates of deposit in other financial institutions	\$0	\$250,000
Investments:		
Equity	\$32,108,728	\$29,007,266
Available-for-sale	\$127,205,407	\$49,518,837
FHLB stock	\$2,421,500	\$2,594,200
Loans to members, net of allowance for loan losses	\$825,761,256	\$798,238,053
Accrued interest receivable	\$3,100,094	\$2,868,073
Prepaid and other assets	\$5,830,106	\$8,063,508
Property and equipment	\$14,320,796	\$15,797,889
NCUSIF Deposit	\$9,130,789	\$8,353,722
TOTAL ASSETS	\$1,233,869,792	\$1,092,445,230
LIABILITIES AND MEMBERS' EQUITY		
Members' shares and savings accounts	\$1,048,345,539	\$915,598,420
Accrued expenses and other liabilities	\$15,381,748	\$14,426,694
TOTAL LIABILITIES	\$1,063,727,287	\$930,025,114
Regular reserves	\$15,582,928	\$15,582,928
Undivided earnings	\$153,861,674	\$146,819,610
Accumulated other comprehensive income/(loss)	\$697,903	\$17,578
TOTAL MEMBERS' EQUITY	\$170,142,505	\$162,420,116
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$1,233,869,792	\$1,092,445,230

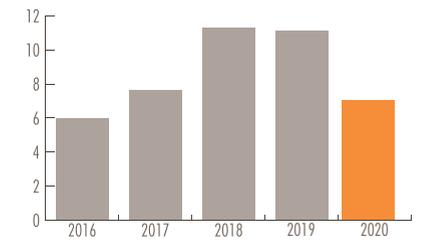
STATEMENT OF INCOME

AS OF DECEMBER 31, 2020 AND 2019

Total Interest Income (in millions)



Net Income (in millions)



INTEREST INCOME	2020	2019
Loans to members	\$34,092,191	\$36,226,620
Investment securities	\$2,756,304	\$5,185,715
TOTAL INTEREST INCOME	\$36,848,495	\$41,412,335
Members' share and savings accounts	\$3,737,138	\$4,203,918
NET INTEREST INCOME	\$33,111,357	\$37,208,417
Provision for loan losses	\$3,061,572	\$3,649,921
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	\$30,049,785	\$33,558,496
NON-INTEREST INCOME		
Fees and service charges	\$10,953,835	\$11,863,818
Net unrealized gain recognized on equity securities	\$2,622,917	\$1,581,919
Gain on sale of available-for-sale securities	(\$57,334)	\$776,018
Other	\$410,487	\$265,260
TOTAL NON-INTEREST INCOME	\$13,929,905	\$14,487,015
NON-INTEREST EXPENSES		
Compensation and benefits	20,916,261	20,165,521
Office occupancy and operations	9,193,964	9,934,463
Other	6,827,401	6,784,526
TOTAL NON-INTEREST EXPENSE	39,937,626	36,884,510
NET INCOME	\$7,042,064	\$11,161,001

The condensed consolidated financial statements presented herein do not constitute a complete set. The complete set, including the consolidated statements of comprehensive income, changes to members' equity and cash flows and notes to the consolidated financial statements, is available in the credit union's administrative office.

EXECUTIVE LEADERSHIP TEAM



Lisa Whitaker
President & CEO



Paul Kirk
Chief Financial Officer



Cathy Benson
Chief Lending Officer



William Crane
Chief Administration Officer



Eliza Mulhern
Chief Risk Officer
and General Counsel



Mallorie David
Vice President of
Executive Support

VICE PRESIDENTS

Larry Abolaji
Vice President of Loan
Servicing and Asset
Recovery

Jennifer Carlton-Cooper
Vice President of
Electronic Services

Jeff Dobbin
Vice President of
Business Lending

Matt Duso
Vice President of IT

Mark Hillegas
Vice President of
Consumer Lending

Rebecca Lerch
Vice President of
Learning &
Development

Beth Putnam
Senior Vice President
of Marketing and Sales

Erika Reed
Vice President of Risk

Kim Roman
Vice President of
Member Experience

Sarah Tomei
Vice President of
Finance/Controller

Chris Werner
Vice President of
Mortgage

COMMUNITY CARE

As a credit union our earnings are put back into our members' hands through better rates and yields, more services, and support of our local non-profit organizations. Even in the year of the unexpected, CFCU staff was able to help our community in the following ways:

In **2020** we

Supported more than **80** local nonprofits

Offered more than **1,350** volunteer hours including

Supporting a different nonprofit each day, held **30** Jeans Days

Raised more than **\$55,797** for local nonprofits





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