



Funding A Bright Start...



Saving For What Matters Most...



Building A Legacy...



Reaping The Rewards!



Sun East[®]
Federal Credit Union

ANNUAL REPORT 2017



Partners in the Journey

Message from the Chairman and the CEO

Every journey begins with a single step.

- Lao Tzu

Sun East is more than just your local credit union; we're your partner in the journey. Whether you're on the path to buying your first home, sending your child to college, or searching for sensible ways to build wealth for retirement; Sun East has the tools to help our 47,416 members reach their financial destinations.

Just as fiscal responsibility is critical to our operating success, social responsibility is critical to our human success. The pride we take in providing members with solutions that fuel their personal dreams, is the same pride we take in supporting numerous community outreach initiatives that improve the quality of life for all citizens in the communities where we live and work.

By almost every measure, 2017 was a year of growth in assets, technology, products and services, and volunteer initiatives. Here's just a small sampling of the milestones we accomplished together:

- Increased Assets by \$6.5 million to \$526 million.
- Increased Shares by .84% to \$482 million.
- Increased Loans by 5.11% to \$431 million.
- Capital ended the year at \$44.4 million with a net worth Ratio of 8.43%.
- Served 1, 249 members through the SERIS (Sun East Retirement & Investment Services) program with \$127 million in assets under management, putting this program in the top 25% in the country.
- Protected over 21,000 members through various insurance solutions with TruStage and the Family Security Plan.
- Created an Express Draft Auto Loan loyalty program offering cash rebates and a relationship discount option to achieve lower interest rates on Auto and Personal loans.
- Deployed in-house realty services, such as buying and selling a home, complete with 20% cash rebate, by pursuing an ownership interest in the Better Homes Realty CUSO.
- Helped numerous members fulfill their dream of homeownership with a full menu of in-house mortgage financing options, generating over \$8 million, by pursuing an ownership interest in the First Heritage Financial CUSO.
- Added an automated loan payment tool in online banking which gave members the option of paying their Sun East loans from external accounts at other financial institutions, free of charge.
- Introduced Debit and Credit Card alerts as a way to help members stay on top of their purchases and account balances while mitigating potential fraud.
- Suneast.org received a major redesign with improved navigation; online banking access directly from the homepage; and responsive design across multiple devices.
- Financial literacy presentations reached over 3,000 students in 6 schools; and over \$9,000 in scholarships were awarded to local students and teachers.
- Team Hike for Mike, comprised of over 80 staff members and volunteers, participated in a run/walk event and



Thomas Crawford,
Chairman



Michael J. Kaczinski,
President & CEO

took the top corporate team spot by raising \$12,855 to benefit the Colon Cancer Coalition.

- Sun East staff members packed an entire SUV with gifts they donated and delivered to Cades, an organization benefitting children and adults with intellectual and physical disabilities.
- Employees, volunteers, and their families, joined together to buy, assemble, and deliver care packages to the flood victims of Hurricane Harvey. Care packages included food, school supplies, personal hygiene items, cleaning items, housewares, toys, and pet food; gift cards and monetary donations accompanied those care packages to address future needs of those who lost everything.

As we reflect on the collective achievements of 2017, we know none of it would have been possible without our members' loyalty, trust, and support; or without the time and oversight our volunteer board of directors and volunteer committees provide; or without the talent, expertise, and dedication of our employees.

Our goal is to never take any of those things for granted and to make it progressively easier for you to do business with us. To that end, we're excited to give you a small glimpse of how we'll continue to meet and exceed your expectations in 2018!

- Deliver a product suite that meets the needs of Small Business to include business checking accounts based on varying levels of transaction activity or desire to earn dividends; business loans for equipment, real estate, transportation, etc.; business credit and debit cards with various administrative controls; and online banking access.
- Utilize DocuSign as a convenient way for members to sign loan documents or other offers electronically, without having to physically visit a branch.
- Implement Sun East Loan Shield options that allow members to protect their loan balances or loan payments when financially stressful life events occur such as disability, death, or involuntary unemployment.
- Expand checking options to include an interest-bearing checking account while maintaining a Free Checking option.
- Increase financial literacy, wealth-building knowledge, and overall brand familiarity through use of social and digital channels; video product tutorials; and employer onsite or in-branch seminars.
- Improve ease of online account opening and loan applications through an improved loan operating system.
- Continue to combat fraud through enhanced training, advanced software platforms, and implementation of an ERM program.
- Enhance mobile banking app functionality to include access to statements, person to person payments, external loan payments, and new authentication methods like FaceID.
- Explore live chat and remote device sharing technology as a potential way to deliver member service remotely across multiple devices.
- Integrate credit card account access, history, statements, and payments ability in online banking.
- Continue to support, sponsor, and participate in local community outreach initiatives.

As evidenced above, we know there's a great deal of work ahead to remain effective and agile in the face of rapid change; we also know our main focus must remain on our members, our communities, and our colleagues.

Thank you for giving us the chance to help you meet your financial aspirations; it's our privilege to serve you!



Thomas Crawford, **Chairman of the Board**



Michael J. Kaczynski, **President & CEO**

Supervisory Committee Chairman's Report

*An investment in knowledge pays the best interest.
- Benjamin Franklin*



John Stipe
Committee Chairman

Sun East Federal Credit Union is examined annually by the NCUA to assure it is meeting strict federal guidelines. RKL LLP, a locally recognized Public Accounting and Auditing firm, also audited the Credit Union's Financials for the period January 1, 2017 through December 31, 2017 and reported an unmodified opinion. In 2017, we worked with Accume Partners as our internal auditor to further assure that Sun East followed and met all of the Credit Union's policies and procedures. The results of these audits continue to prove that your Credit Union is well managed, financially strong, and operating under the highest of standards.

Director Emeritus

*To give real service you must add something which
cannot be bought or measured with money, and that
is sincerity and integrity.
- Douglas Adams*



Tony Brazunas
Director Emeritus

After 30 years of providing faithful service, governance, and counsel to the Sun East board of directors, Chairman Anthony B. "Tony" Brazunas III, announced his retirement and received an appointment as Director Emeritus.

"Tony's contributions to Sun East are immeasurable and we owe him a huge debt of gratitude. On behalf of the board and the entire organization, I want to thank him for being a leader, a mentor and a friend," said Kaczynski. "When Tony joined our board, the credit union had just over 7,000 members and \$39 million in assets; he not only helped us navigate turbulent economic times, but under his governance we've grown to over \$520 million in assets and more than 45,000 members. That's a level of success that was simply unimaginable to us back in 1986. Tony's distinguished appointment as Director Emeritus was extremely well deserved and although we'll miss his him, he has left us in the best of hands."

Statement of Income

STATEMENT OF INCOME	2016	2017
INTEREST INCOME		
Loans	15,050,117	15,410,686
Securities and Deposits in other FIs	962,074	1,292,068
Total Interest Income	16,012,191	16,702,754
INTEREST EXPENSE		
Member Deposits	2,246,753	2,160,951
Borrowed Funds	-	-
Total Interest Expense	2,246,753	2,160,951
Net Interest Income	13,765,438	14,541,803
PROVISION FOR LOAN LOSSES		
	1,076,048	1,480,074
Net Interest Income After Provision for Loan Losses	12,689,390	13,061,729
NON-INTEREST INCOME		
Service Charges and Fees	3,462,237	3,730,880
Gain (Loss) on Investments, Net	-	-
Other Non-Interest Income	3,575,787	3,627,085
Total Non-Interest Income	7,038,024	7,357,965
NON-INTEREST EXPENSE		
Employee Compensation and Benefits	8,509,558	8,785,833
Office Operations	7,517,126	7,602,373
Office Occupancy	1,601,906	1,556,431
Other	901,845	685,488
Total Non-Interest Expense	18,530,435	18,630,125
NET INCOME (LOSS)	1,196,979	1,789,569

Statement of Financial Condition

STATEMENT OF FINANCIAL CONDITION	2016	2017
ASSETS		
Cash and Cash Equivalent	41,386,108	30,336,821
Deposits in other FIs	832,724	200,604
Certificates in other FIs	997,000	997,000
Investment Securities	9,010,840	7,924,584
Prefund\CDA Investments	14,815,300	15,555,399
Other Investments	5,273,182	5,339,795
Loans, Net	411,015,784	431,867,994
Property and Equipment	9,812,057	9,045,224
NCUSIF Deposit	4,533,908	4,608,525
Other Assets	22,082,496	20,346,194
Total Assets	519,759,399	526,222,140
LIABILITIES AND MEMBERS' EQUITY		
Members' Accounts	477,510,706	481,507,528
Notes Payable	-	-
Accrued Expenses and Other Liabilities	1,982,278	2,057,647
Total Liabilities	479,492,984	483,565,175
Regular Reserve	11,798,177	11,798,177
Undivided Earnings	30,773,642	32,563,211
Accumulated Other Comprehensive Income	(2,305,404)	(1,704,423)
Total Members' Equity	40,266,415	42,656,965
Total Liabilities and Members' Equity	519,759,399	526,222,140



Sunsational Volunteers Give Back!

"You make a living by what you get. You make a life by what you give."

- Winston Churchill



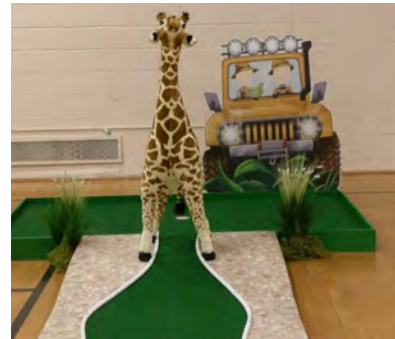
Donated gifts for CADES students and adults.



Care packages for Houston after Hurricane Harvey.



Paint Night fundraiser for the Colon Cancer Coalition.



Gerry the Giraffe putting zoo fundraiser for CADES.



The Hike for Mike team at the Get Your Rear in Gear walk to benefit the Colon Cancer Coalition.



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Deposits Insured Up to \$500,000. \$250,000 by the National Credit Union Administration, a U.S. Government Agency, and \$250,000 by ESI, a licensed property and casualty insurer. ESI is not a government agency.