

# Steeped in Tradition...



**Poised for the Future!**  
**ANNUAL REPORT 2018**



# Message from the Chairman and the CEO

Earn your success based on service to others, not at the expense of others.  
— H. Jackson Brown Jr.

Sun East exists to turn dreams into reality for our members and to support the communities we serve. Whether saving for college, purchasing a home, or planning for retirement, credit unions focus on providing value and enduring relationships. Throughout the credit union movement, our focus has always centered on asking how we can help. This people-first philosophy separates Sun East from other financial institutions and it's the main reason we're able to celebrate our 70th year of service to our members!

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, 2018 was a year of exponential growth in assets, technology, products and services, and volunteer initiatives. Here's just a small sampling of the milestones you helped us accomplish, together:

- Increased Assets by \$68 million to \$594 million; equivalent to an increase of 12.9%.
- Increased Shares by \$64 million to \$546 million; equivalent to an increase of 13.4%.
- Increased Loans by \$70 million to \$502 million; equivalent to an increase of 16.3%.
- Capital ended the year at \$48.5 million with a net worth Ratio of 8.16%.
- Reached a Membership milestone of 50,000+.
- Served 1,167 members through the SERIS (Sun East Retirement & Investment Services) program with \$115 million in assets under management, which ranks in the top 21% across the country.
- Delivered a commercial products suite to meet the needs of Small Business which included various levels of business checking, a variety of business lending options; and merchant services.
- Implemented DocUsign as a convenient, hassle-free way for members to sign loan documents or other offers electronically, without having to physically visit a branch.
- Launched 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.
- Expanded checking options to include an interest-bearing, USave checking account while still maintaining a Free Checking option.
- Added a hybrid deposit option known as the Max-Yield Money Market Account; designed to offer high-yield earnings for a specific term (like a certificate) while providing liquid access to funds (like a money market).
- Enhanced mobile banking app functionality to include access to estatements, ability to edit and delete payees in bill pay, account number masking options, and new authentication methods like Facial and Fingerprint ID.
- Continued to combat fraud through enhanced training, advanced software platforms, and implementation of an ERM (Enterprise Risk Management) program.
- Improved Nottingham branch's drive-thru equipment.
- Gave \$10 thousand back to members in the form of a \$5 thousand Checking Giveaway and a \$5 thousand eStatement conversion initiative.



Thomas Crawford,  
**Chairman**



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

- The SERVICE team raised funds in excess of \$14 thousand to support 4 local recipients in need of assistance.
- Sun East staff members packed an entire SUV with gifts they donated and delivered to CADES (Children & Adult Disability & Educational Services), an organization benefitting children and adults with intellectual and physical disabilities.
- Staff and volunteers continued to support, sponsor, and participate in over 150 local community outreach initiatives.

As we reflect on these collective achievements of 2018, 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.

The staff and volunteers at Sun East are dedicated to building relationships that empower a lifetime of personal and financial well-being. We strive to carry that out daily through our member-focused approach – whether improving mobile or online account access, finding a way for young adults to manage their student loans, assisting families in purchasing their first homes or fulfilling the dream of expanding a business.

Our goal is to never take any relationship for granted and to make it progressively easier for you to continue doing business with us. As we celebrate 70 years of bringing you the financial products and services that help you build wealth and make everyday dreams a reality, here's a glimpse of how we'll continue to meet and exceed your expectations in the coming year:

- Increase financial literacy, wealth-building knowledge, and overall brand familiarity through use of social and digital channels; video product tutorials; awareness campaigns; and free educational seminars.
- Improve the ease of online account opening and the speed of loan processing through an enhanced loan operating system.
- Integrate live chat and remote device sharing technology as potential ways to deliver member service remotely across multiple devices.
- Reduce paper footprint and utilization costs through technology solutions; reinvest those savings in new products and services.
- Implement an Auto Leasing program to expand borrowing options.
- Continually enhance Risk Rating score models that allow management to make sound decisions for the future of the organization and the well-being of its members.
- Integrate credit card account access, history, electronic statements, and payments ability in online and mobile banking.
- While a majority of members have gravitated to digital options, there is and always will be a segment of our membership that prefers a face to face experience; therefore we'll continue to invest in our existing brick and mortar locations while also researching opportunities for new locations.
- Ensure that competitive loan and deposit rates plus exceptional member service, positions Sun East as an institution of choice in attracting new members and retaining existing members.
- Continue to support, sponsor, and participate in local community outreach initiatives.

In addition to the items listed above we'll be holding Member Appreciation events throughout 2019 and giving cash back in the form of special promotional offers; it's our way of thanking members for choosing Sun East over the past 70 years. For details on these special events and offers, be sure to follow us on Facebook and Instagram @SunEastFCU or visit [www.suneast.org](http://www.suneast.org).

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. After all, it's that focus, coupled with your trust and belief in Sun East that has sustained our growth over the past 70 years and will propel us to even greater heights over the next 70 years.

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. Kaczinski, President & CEO

# Supervisory Committee Chairman's Report

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

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, 2018 through December 31, 2018 and reported an unmodified opinion. In 2018, 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.



John Stipe  
**Committee Chairman**

## In Memoriam of Thomas L. Paulick 1944 - 2018

**A life that touches others goes on forever.**  
— Author Unknown



The staff, volunteers, and members of Sun East will be forever grateful for the dedicated and loyal service that Thomas 'Tom' Paulick provided during his years of volunteer service with Sun East.

Tom was a long-time employee of Sun Oil Refineries and served on the Supervisory Committee at Sun East. He performed his duties with integrity and always kept the best interest of our members at heart.

Tom conducted himself with honor and he served the members of Sun East well. Sun East would also like to thank Tom's family for their generosity in sharing his time with us for committee meetings, educational conferences, and special credit union events.

Tom's commitment to our 'people helping people' philosophy was admirable and his contributions were invaluable. His memory will forever be present in the hearts and minds of his family, friends, colleagues, and fellow credit union members. May he rest in peace.



# Statement of Income

STATEMENT OF INCOME	2017	2018
<b>INTEREST INCOME</b>		
Loans	15,410,686	18,473,223
Securities and Deposits in other FIs	1,292,068	1,284,226
<b>Total Interest Income</b>	<b>16,702,754</b>	<b>19,757,449</b>
<b>INTEREST EXPENSE</b>		
Member Deposits	2,160,951	2,916,940
Borrowed Funds	-	202,779
<b>Total Interest Expense</b>	<b>2,160,951</b>	<b>3,119,719</b>
<b>Net Interest Income</b>	<b>14,541,803</b>	<b>16,637,730</b>
<b>PROVISION FOR LOAN LOSSES</b>	<b>1,480,074</b>	<b>2,219,265</b>
<b>Net Interest Income After Provision for Loan Losses</b>	<b>13,061,729</b>	<b>14,418,465</b>
<b>NON-INTEREST INCOME</b>		
Service Charges and Fees	3,730,880	4,959,146
Gain (Loss) on Investments, Net	-	-
Other Non-Interest Income	3,627,085	4,286,604
<b>Total Non-Interest Income</b>	<b>7,357,965</b>	<b>9,245,750</b>
<b>NON-INTEREST EXPENSE</b>		
Employee Compensation and Benefits	8,785,833	9,000,147
Office Operations	7,602,373	8,061,511
Office Occupancy	1,556,431	1,579,636
Other	685,488	915,960
<b>Total Non-Interest Expense</b>	<b>18,630,125</b>	<b>19,557,254</b>
<b>NET INCOME (LOSS)</b>	<b>1,789,569</b>	<b>4,106,961</b>

# Statement of Financial Condition

STATEMENT OF FINANCIAL CONDITION	2017	2018
<b>ASSETS</b>		
Cash and Cash Equivalent	30,336,821	31,796,345
Deposits in other FIs	200,604	430,340
Certificates in other FIs	997,000	997,000
Investment Securities	7,924,584	2,868,258
Prefund\CDA Investments	15,555,399	15,422,996
Other Investments	5,339,795	5,388,673
Loans, Net	431,867,994	503,082,647
Property and Equipment	9,045,224	8,649,673
NCUSIF Deposit	4,608,525	4,860,751
Other Assets	20,346,194	20,726,908
<b>Total Assets</b>	<b>526,222,140</b>	<b>594,223,591</b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
Members' Accounts	481,507,528	545,897,257
Notes Payable	-	-
Accrued Expenses and Other Liabilities	2,057,647	3,852,486
<b>Total Liabilities</b>	<b>483,565,175</b>	<b>549,749,743</b>
Regular Reserve	11,798,177	11,798,177
Undivided Earnings	32,563,211	36,670,172
Accumulated Other Comprehensive Income	(1,704,423)	(3,994,501)
<b>Total Members' Equity</b>	<b>42,656,965</b>	<b>44,473,848</b>
<b>Total Liabilities and Members' Equity</b>	<b>526,222,140</b>	<b>594,223,591</b>

“We are **heroes** in each and every member, employee and community interaction undertaken as we will build relationships that create lasting legacies, **one person at a time.**”

Sun East Mission Statement



# Sun East Volunteers Giving Back!

*"You make a living by what you get. You make a life by what you give."  
— Winston Churchill*



Sun East employees donated, wrapped, and delivered gifts to CADES students and adults during the holidays.



Sun East's replica of Rapunzel's Tower won 1st Place in the CADES' Putt Putt Palooza fundraising event, benefiting the CADES Van Fund.



Sun East Team at the Get Your Rear in Gear Walk & Fun Run in Philadelphia, benefiting the Colon Cancer Coalition.



## CORPORATE OFFICE

P.O. BOX 2231  
Aston, PA 19014-0231  
877-5-SUNEAST

[www.suneast.org](http://www.suneast.org)

Follow us on   @SunEastFCU



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.