

2019 Annual Report



A celebration of **70**

Message from the Chairman and the CEO

Some of our finest work comes through service to others.
— Gordon B. Hinckley

Thanks to the loyalty and dedication of our members, volunteers, and employees; Sun East delivered strong growth and financial performance in 2019 while making great progress modernizing and improving member experience, operations, brand and culture.

We celebrated our 70th Anniversary and paid homage to our humble beginnings by rewarding the people who made those 70 years possible; our members! Sun East gave back over \$50,000 throughout 2019 in the form of several sweepstakes that were open to all members; festive branch events that included a chance to grab for cash in our money machine; and above average, high-yield certificate and money market offers to encourage savings.

Sun East continued to invest significantly in the commercial side of the business. In 2019, we saw the success of that work, with double-digit growth in business loans; the transitions of 3 levels of business checking accounts based on the varying needs of different types of businesses; and the development of business debit and credit cards to help small businesses better manage cash flow and track expenses.

In addition, management focused on prudent capital stewardship as demonstrated by our strong capital position; enhancing our virtual and digital technologies to improve the overall member experience; and redesigning our employee training programs to assess members' needs and provide beneficial solutions.

By almost every measure, 2019 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:

- Increased Assets by \$71.5 million to \$665 million; equivalent to an increase of 12%.
- Increased Shares by \$66.1 million to \$611 million; equivalent to an increase of 12.1%.
- Increased Loans by \$46.4 million to \$548 million; equivalent to an increase of 9.3%.
- Capital ended the year at \$55 million with a net worth Ratio of 8.02%.
- Increased membership to 52,102.
- Over \$50,000 was returned to members in the form of 70th Anniversary Celebration giveaways like the Home Equity Sweepstakes, the Checking & Direct Deposit Sweepstakes, sporting event tickets, cash machine winnings, and other prizes.
- Automated the Skip-A-Pay feature within online banking to allow members the flexibility to skip their Auto and/or Personal Loan payments with a few clicks.
- Launched a new Leasing program with CULA to provide members with additional financing options.
- Expanded our commercial business line to include Business Credit and Debit Cards.
- Implemented DocuSign, an electronic signature platform, which gives members the flexibility to sign financial documents virtually without having to visit a branch.



Thomas Crawford,
Chairman



Michael J. Kaczinski,
President & CEO

- Officially closed the West Goshen branch to redeploy funds towards other products and services, such as the above-average Max-Yield, hybrid CD/Money Market account and improved electronic services.
- Mitigating delinquency through enhanced communications such as early-stage reminder emails.
- Served over 900 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.
- Continued to combat fraud and mitigate overall risk through enhanced training, increased auditing, advanced software platforms, and the Enterprise Risk Management program.
- The SERVICE team raised funds in excess of \$15k 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, an organization benefitting children and adults with intellectual and physical disabilities; staff also participated in numerous other community outreach events, participated in local chambers of commerce networking events, and facilitated student and teacher scholarship programs in support of education combined with community service.

As we reflect on these collective achievements of 2019, 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.

We are entering the new year at a time when all major economies have been brought to a standstill due to the worldwide pandemic. The impact has been high-speed and widespread, and the next few months will be very difficult for all individuals and businesses.

We are staying close to our members, aligning ourselves to their evolving priorities, staying lean and agile, finding newer ways to create value, and launching more unique offerings that address current imperatives. Maintaining drive-thru accessibility, keeping branch lobbies open while others remained close, providing member relief through waiving fees, special relief loans, loan payment deferments, and support to small businesses through the Federal PPP loan program are all things that are helping the lifeblood of our community.

While we know that 2020 will be a challenging year, we'll keep looking for ways to:

- Enhance product offerings for consumers and businesses that are affordable, beneficial, and convenient.
- Look for opportunities to improve the member experience both in-branch and virtually.
- Through financial education and outreach we'll continue to bring awareness of the credit union philosophy of 'people helping people' to the next generation.
- Continue to look for ways to maintain a strong capital position in order to provide the greatest member value.
- Invest in ongoing training programs to ensure that we're hiring and maintaining knowledgeable employees to assist members on their financial journeys; from childhood to retirement.

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 fueled our growth over the past 71 years and will propel us to even greater heights in the future.

Thank you for giving us the opportunity to be part of your financial journey; it's our privilege to serve you!



Thomas Crawford, Chairman of the Board



Michael J. Kaczynski, President & CEO

Supervisory Committee Chairman's Report

We are what we repeatedly do; excellence then is not an act, it is a habit.
— Aristotle

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, 2019 through December 31, 2019 and reported an unmodified opinion. In 2019, 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.



Jack Crawford
Committee Chairman

In Memoriam of Kenneth D. Thomas 1950 - 2020

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 Kenneth 'Ken' Thomas provided during his years of volunteer service with Sun East.

Ken was a long-time employee of Alger Oil 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.

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

Ken'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	2018	2019
INTEREST INCOME		
Loans	18,473,223	22,504,551
Securities and Deposits in other FIs	1,284,226	2,431,477
Total Interest Income	<u>19,757,449</u>	<u>24,936,028</u>
INTEREST EXPENSE		
Member Deposits	2,916,940	6,164,020
Borrowed Funds	202,779	1
Total Interest Expense	<u>3,119,719</u>	<u>6,164,021</u>
Net Interest Income	<u>16,637,730</u>	<u>18,772,007</u>
PROVISION FOR LOAN LOSSES	2,219,265	2,083,385
Net Interest Income After Provision for Loan Losses	<u>14,418,465</u>	<u>16,688,622</u>
NON-INTEREST INCOME		
Service Charges and Fees	4,959,146	5,334,187
Gain (Loss) on Investments, Net	-	-
Other Non-Interest Income	4,286,604	4,446,941
Total Non-Interest Income	<u>9,245,750</u>	<u>9,781,128</u>
NON-INTEREST EXPENSE		
Employee Compensation and Benefits	9,000,147	10,385,307
Office Operations	8,061,511	8,406,162
Office Occupancy	1,579,636	1,628,990
Other	915,960	730,325
Total Non-Interest Expense	<u>19,557,254</u>	<u>21,150,784</u>
NET INCOME (LOSS)	<u>4,106,961</u>	<u>5,318,966</u>

Statement of Financial Condition

STATEMENT OF FINANCIAL CONDITION	2018	2019
ASSETS		
Cash and Cash Equivalent	31,796,345	53,218,256
Deposits in other FIs	430,340	269,275
Certificates in other FIs	997,000	1,495,000
Investment Securities	2,868,258	5,266,783
Prefund\CDA Investments	15,422,996	2,354,254
Other Investments	5,388,673	5,936,936
Loans, Net	503,082,647	549,056,173
Property and Equipment	8,649,673	8,608,710
NCUSIF Deposit	4,860,751	5,463,141
Other Assets	20,726,908	34,055,332
Total Assets	<u>594,223,591</u>	<u>665,723,860</u>
LIABILITIES AND MEMBERS' EQUITY		
Members' Accounts	545,897,257	611,977,115
Notes Payable	-	-
Accrued Expenses and Other Liabilities	3,852,486	3,993,147
Total Liabilities	<u>549,749,743</u>	<u>615,970,262</u>
Regular Reserve	11,798,177	11,798,177
Undivided Earnings	36,670,172	41,580,942
Accumulated Other Comprehensive Income	(3,994,501)	(3,625,521)
Total Members' Equity	<u>44,473,848</u>	<u>49,753,598</u>
Total Liabilities and Members' Equity	<u>594,223,591</u>	<u>665,723,860</u>

“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 Celebrates 70 Years by Giving Back to Our Community!

Even if you just change one life, you've changed the world forever.

— Mike Satterfield



Home Equity anniversary sweepstakes winner, who won 7 loan payments up to \$700 per month paid for by Sun East.



Prize winners of a pair of kids bikes for donating school supplies to local, deserving schools during Sun East's 70th Anniversary celebration events.



After the conclusion of three 70th Anniversary celebration events, Sun East recognized a Grand Prize winner who won tickets to Philadelphia Union, Phillies and Flyers games along with a 60" LED TV.



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



Sun East employees and members donated unwrapped items to the U.S. Marine Corps Toys for Tots Program to help less fortunate children share in the magic of the holidays.



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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.