

ANNUAL REPORT

2020



CECIL COUNTY SCHOOL EMPLOYEES' FEDERAL CREDIT UNION

"Members Are Our First Priority"

Into the Future

AGENDA

February 4, 2021

4:30 P.M.

1. Greeting and Introductions – Jim Raab, President, Board of Directors
2. Reading and approval (or correction) of the minutes of the last annual meeting held on January 30, 2020
3. Report of the Manager by Kim Wyre, Manager of Cecil County School Employees' Federal Credit Union
4. Loan Report
5. Report of the Supervisory Committee by Thomas Shaffner, Chairperson of the Supervisory Committee for Cecil County School Employees' Federal Credit Union
6. New Business (other than election)
7. Election – Nominating Committee: Tom Shaffner
8. Adjournment

2020 Annual Meeting Cecil County School Employees Federal Credit Union Elkton Middle School

Kim Wyre (serving in place of President Jim Raab who was unable to attend) called the Annual Meeting of the Cecil County School Employees Federal Credit Union to order at 4:40 PM on Thursday, January 30th at Elkton Middle School.

Kim welcomed everyone and highlighted several items including the new web site nearing completion, the credit union's competitive loan rates, and NCUA's assessment that the credit union is well capitalized. She reminded everyone that the credit union is always looking to add new products and suggestions and comments are welcome. She also thanked our two retirees, Carol McKinney and Louise Kirk for their years of service to the credit union. Kim noted the credit union is actively seeking a new loan officer to replace Louise Kirk and that position is advertised on our web page. She outlined some of the position changes within the credit union including Jody Leftwich (operations manager) and Kandi Sutton (member services manager).

The minutes from the 2019 meeting, as noted in the annual report, were approved. Todd Harvey gave the supervisory committee report. He highlighted how the supervisory committee reviews policies and credit union practices to ensure compliance with NCUA guidelines. The supervisory committee also arranges for outside auditors to examine credit union operations. There are two (2) independent audits done annually with the credit union. Questions or comments are always welcome.

Kim Wyre reviewed the loan report reminding members that making loans is one of the credit union's primary functions. This year the credit union completed 621 loans totaling \$5,141,389.19. This represented a slight decrease from the 2018 loan totals. Additionally, the credit union Visa portfolio includes 979 accounts with a total balance of \$2,093,059.36. Kim reminded everyone the credit union rates are competitive and loan processing can be done quickly.

Kim also reminded everyone of the financial services available from the Kelly Group. She then reviewed the credit union's profit loss report and asked if there were any questions. As she reviewed the credit union's balance sheet Kim noted membership (3671) was down slightly (-40 from 2019) which was due in part of the credit union working to clean up current and inactive accounts and appropriately removing accounts that had been closed. She also noted loans (2285) were down slightly (-42) from 2019. Kim again highlighted that the credit union is well capitalized and our capital position (8.0%) continues to be strong.

Board member, Sonny Tenney, presented the slate of nominees for board of directors which included Randy Sheaffer, Jeff Bundy and Todd Harvey. Given there were no new nominations from the floor all those board members were approved by acclamation.

The following door prizes were awarded:

Frank Gray/Sandra Berry	movie tickets
Jane Brown	\$50.00 VISA card
Carol Duff	\$100.00 VISA card
Peggy Stewart	\$200.00 VISA card

The annual meeting was adjourned at 5:10 PM.

Respectfully submitted

Todd Harvey
Secretary CCSEFCU Board of Directors

President & Manager's Report

On behalf of the Credit Union Board of Directors, staff, and committee members, we welcome you to Cecil County School Employees' Federal Credit Union's Annual Meeting.

In 2020, your Cecil County School Employees' Federal Credit Union was negatively impacted by the Pandemic and experienced a slight decline in our membership and loan volume. We expect this trend to improve slowly over the next few years as the economy recovers; however, the Board of Directors is committed to ensuring that we continue to meet NCUA criteria for a well-capitalized Credit Union.

We are always looking for ways to deliver new value-added products and services to our members. Thus, to solidify our commitment to the future, we have the completed new website which is more streamlined as well as mobile friendly. As always, when we enhance products and services, we keep our members in mind. If any of our members have suggestion or comments on what they would like changed or added to the website, please contact us directly.

It is with deepest sympathy that we mention the passing of two long-term employees: Nancy Rosciszewski and Carol McKinney. Nancy was our custodian and part of our Credit Union family for over 20 years. Carol retired in December of 2019, but continued to work with us part time processing school deposits. Carol was part of our family for over 15 years as our Operations Manager.

We are happy to welcome Valerie Williamson who is our new Loan/Compliance Manager. Valerie brings years of lending and compliance experience and we are excited to welcome her.

You might have noticed in our communications and marketing pieces our new trade name Cecil County Credit Union. This was done in part to being more inclusive to our other Select Employee Groups like private schools, Cecil College, and Union Hospital (Christina Care) just to name a few. Our official name on legal documents remains the same.

We would like to thank the members of the Board of Directors, the Supervisory Committee, and the employees for all of their hard work and dedication throughout the year. I would also like to take this opportunity to invite any member who would be interested in joining our leadership team to talk to one of the Board members so that we can contact you.

Thank you for trusting this Credit Union to serve you and your families. With your support, we will continue to help all of our members forge a fantastic financial future.

Kimberly L Wyre, Manager/CEO

James G Raab, President

Loan Report

Making loans to our members is one of the Credit Union's primary functions. We completed 267 loans in the amount of \$2,759,337.30 during the 2020 calendar year. This is a decrease of \$2,382,051.89 over last year. In addition to this our Visa credit card portfolio consist of 995 accounts with a total balance of \$1.865.939.35.

Our rates are very competitive with other lending institutions in our area. Loan applications may be submitted in person, by mail, fax (410-398-0032), online via our website www.ccsefcu.org or by using the mobile app.

The loan department reviews loan requests daily; this helps to process loans very quickly. Some loans take longer to process than others, but we make every effort to make checks available in a timely manner.

Communication between Loan Officer, Credit Union Manager, and the Board of Directors is ongoing in order to offer competitive rates and products. Always read our Credit Union Newsletter, or check out our website to keep up with promotions being offered and ways to save money.

The purpose of the member-owned and operated Cecil County School Employees' Federal Credit Union is to provide easy access to our diversified membership for their changing financial needs.

Respectfully,

Cecil County School Employees' FCU Staff and Board of Directors



CECIL COUNTY SCHOOL EMPLOYEES'
FEDERAL CREDIT UNION

"Members Are Our First Priority"

REPORT OF THE SUPERVISORY COMMITTEE FOR 2020

The primary functions of the Supervisory Committee are to perform internal appraisals on all aspects of the credit union's operations, and to ensure that the credit union is in compliance with laws and regulations. Also, it is the Supervisory Committee's responsibility to guarantee that the Board of Directors carries out its plans, policies and procedures. Much time is spent adapting and writing regulatory policies into our credit union's operation. At the monthly meetings of the Board of Directors, selected existing policies are reviewed on an annual schedule in order to make any changes to maintain compliance.

In 2020, the Supervisory Committee arranged for an outside auditor to examine the credit union's operations. Barbacane, Thornton & Company, CPA, in Wilmington, DE continue to audit the CCSEFCU's records annually. Further, the National Credit Union Administration (NCUA) examines the credit union annually. So there are two (2) outside independent evaluations done annually on our credit union.

During the audit and examination the Supervisory Committee chair meets with the regulatory examiners. Upon completion the committee, along with management and the Board of Directors, acts in response to the examiners findings to strengthen the financial and operational solvency of the credit union and to ensure that the assets of all our members are safeguarded. We would like to commend the staff for its adaptability to work through the unusual circumstances caused by the virus.

The Supervisory Committee is confident that your credit union will continue to provide excellent service to all its members. We are available to any CCSEFCU member who has a question, comment or suggestion for improving credit union services. Contact can be made through the credit union office or on the credit union website, www.ccsefcu.org. We look forward to serving you in the coming years.

Respectfully submitted,

Thomas A. Shaffner, Chair
R. Joseph Buckley

**Cecil County School Employees'
Federal Credit Union**

Profit and Loss Statement

<u>Income</u>	Year Ending December 31, 2020
Interest on Loans	\$ 853,421.81
Investment Income	192,527.15
Visa Credit/Debit Card Interchange	169,772.07
Other Operating Income	82,309.47
TOTAL INCOME	\$ 1,298,030.50
<u>Expenses</u>	
Compensation	\$ 319,086.22
Employee Benefits	53,257.19
Travel & Conference	(11,750.00)
Association Dues	12,472.72
Federal Supervision & Examination	8,466.35
Provision for Loan Losses	389,405.00
Interest on Borrowed Funds	0.00
Professional & Outside Services	369,844.99
Annual Meeting	(800.00)
Office Operations	67,511.11
Office Occupancy	20,640.26
Loan Servicing	109,471.82
Educational & Promotional	23,893.11
Miscellaneous Expense	24,407.07
NCUSIF Reimbursement	0.00
Corporate Stabilization Premium	0.00
NCUA Stabilization Reserve	0.00
Dividends	73,195.65
Gain on Investments	0.00
TOTAL EXPENSES	\$ 1,459,101.49
GAIN(LOSS) ON INVESTMENTS	
NET PROFIT	\$ (161,070.99)
DISTRIBUTION OF NET PROFIT	
Regular Reserve	\$
Undivided Earnings	\$ (161,070.99)
Capital Position	7.03%

Cecil County School Employees' Federal Credit Union
Balance Sheet

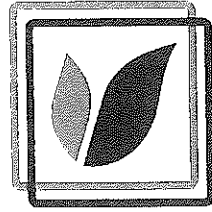
<u>ASSETS</u>	<u>Dec. 31, 2020</u>	<u>Dec. 31, 2019</u>	<u>NET CHANGE</u>
Outstanding Loans	\$ 11,942,533.83	\$ 14,259,744.57	\$ (2,317,210.74)
Cash in Bank	\$ 3,781,679.39	\$ 1,510,847.14	\$ 2,270,832.25
Investments	\$ 15,634,714.09	\$ 13,706,447.42	\$ 1,928,266.67
All Other Assets	\$ 120,928.01	\$ 144,320.98	\$ (23,392.97)
Furniture & Fixtures	<u>\$ 19,301.62</u>	<u>\$ 21,477.65</u>	<u>\$ (2,176.03)</u>
TOTAL ASSETS	\$ 31,499,156.94	\$ 29,642,837.76	\$ 1,856,319.18

CAPITAL & LIABILITIES

Members' Savings	\$ 28,891,654.65	\$ 26,938,009.09	\$ 1,953,645.56
Total Liabilities	\$ 123,882.12	\$ 131,006.16	\$ (7,124.04)
Allowance for Loan Losses	\$ 290,338.16	\$ 219,469.51	\$ 70,868.65
Regular Reserve	\$ 266,130.57	\$ 266,130.57	\$ -
Undivided Earnings	<u>\$ 1,927,151.44</u>	<u>\$ 2,088,222.43</u>	<u>\$ (161,070.99)</u>
			\$ -
			\$ -
TOTAL CAPITAL & LIABILITIES	\$ 31,499,156.94	\$ 29,642,837.76	\$ 1,856,319.18

ADDITIONAL FACTS

Number of Current Members	3,357	3,671	(314)
Number of Current Loans	2,149	2,285	(136)



THE KELLY GROUP

Greetings members.

In these difficult times we have been living through, I suspect that you find it particularly rewarding when you provide personable, efficient and significant services to members who trust you and appreciate what you do. Similarly, we at The Kelly Group are touched by, and grateful for, the tremendous devotion and support expressed by our clients.

This support and devotion were particularly notable and helpful in the last few months as The Kelly Group transitioned from being a dually licensed firm under the umbrella of a Broker/Dealer, to an independent Registered Investment Adviser licensed only under the Securities and Exchange Commission. The logistics of our move were complex, but because of effective communication, tremendous teamwork, and—most important—the enthusiastic cooperation of our amazing clients, the transition ran more smoothly than we could have hoped, especially with all the distractions.

What does a conversion to an RIA mean to our clients? We made this move to become more independent and flexible, enhance our technology—both internal and client facing—streamline operational processes, and improve efficiencies. The bottom line is that we expect to be able to provide, going forward, an even better and more valuable client experience.

But while The Kelly Group has gone through a very positive and substantial change, we continue to adhere to certain eternal principles and practices that serve as reliable anchors in times of great stress. For example, in the area of investing:

- What most protects investors is a long-term financial plan. Adhering to that plan through all the fears (and fads) of an investing lifetime, tends to keep us on the straight and narrow, and helps us to avoid sudden emotional decisions.
- We believe the short-term future is unpredictable. Trying to make investment strategy out of “expert” prognostication—much less financial journalism—always sets investors up to fail.
- And so perhaps the most important virtue of all is patience. We witnessed the value of patience this past year soon after Covid-19 first appeared on the world stage. Beginning in February, the equity market went down 34% in 33 days. Almost as suddenly as the market crashed, it completely recovered, surmounting its February 19 all-time high on August 18. While both the decline and the recovery were particularly dramatic, the lesson learned was not unusual. Patience pays off.

These are some of the investment policies The Kelly Group and its clients have been following all along. If anything, our experience in 2020 validated our approach even further. But 2020 taught us more than to continue adhering to basic investing principles. We also learned much about qualities we take for granted that are inside of us all, such as: our indomitable spirit, unconquerable resilience, and zest for life.

As always, The Kelly Group and its employees thank you for your trust and confidence in continuing to choose us as your Wealth Management firm. We wish you and your family the best in 2021.

Best regards,

A handwritten signature in black ink, appearing to read 'Bryan E. Kelly', with a stylized flourish at the end.

Bryan E. Kelly, CFP®

Managing Partner

The Kelly Group is a trade name of Kelly Financial Group, LLC, a registered investment adviser. SEC registration does not constitute an endorsement of the firm by the Commission, nor does it indicate that the adviser has a particular level of skill or ability. For more information about our services, please see our Brochure and Relationship Summary, available on the SEC's website at www.adviserinfo.sec.gov, and on The Kelly Group's website at www.kellyria.com.

DIRECTORS AND COMMITTEE MEMBERS

BOARD OF DIRECTORS

James Raab, President
Randy Sheaffer Vice-President
Betty L. Gray Treasurer
Thomas Shaffner Member
Edward A. Herr Member
Karen Hammond Member
Maurice Tenney Member
Jeff Bundy Member
Todd Harvey Secretary

SUPERVISORY COMMITTEE

Thomas Shaffner, Chair
Gary Lewis
R Joseph Buckley

MARKETING COMMITTEE

Candace Vogelsong
Kandi Sutton

The purpose of the member-owned and operated Cecil County School Employees' Federal Credit Union is to provide easy access to our diversified membership for their ever changing financial needs.

OFFICE STAFF

Kimberly L. Wyre, CEO

Jody R Leftwich, Office Operations Manager

Kandi Sutton, Member Service Manager

Valerie Williamson, Loan / Compliance Manager

Gary Lewis, Loan Officer

Carol A. Duff, Head Teller

Susan Broskey, Teller, Collections

Jane A. Brown, Teller

Peggy A. Stewart, Part-time Teller

John T. Browne, Part-time Accounting Clerk

The goal of the Cecil County School Employees' Federal Credit Union is to offer financial stability and competitive rates in a personalized, friendly atmosphere.

