

2020 ANNUAL REPORT

# TAKING CARE



# PRESIDENT’S REPORT

Although we have been in business for 98 years and survived many turbulent times, it’s safe to say that we never faced a challenge like COVID-19, one that required us, on March 18, 2020, to make the difficult decision to close our doors to members and offer drive-up service only. However, our staff and members rose above the many trials 2020 threw at us while at the same time **taking care**...of each other and our community.

Our foresight in investing in technology over the past few years paid off during the pandemic, allowing us to conduct business remotely. Together, our staff and members have adapted to new ways of working. Thanks to our extensive ATM network, robust online and mobile banking services, online and telephone loan applications with e-signing capabilities and a video banking solution in our call center, our members were able to access their money and conduct business.

Beyond taking care of business, we also sought new ways to connect, encourage and take care of each other. Senior management celebrated our essential staff and expressed gratitude by standing outside the drive-ups and windows with home-made signs thanking them for all they do. We held virtual cocktail hours, game nights and open phone line Fridays where staff could call in and talk about anything on their minds.

We came up with innovative solutions to take care of our members, as well, such as the Freedom Relief Loan to help those who were struggling due to financial hardships imposed by the COVID-19 pandemic, as well as two rounds of Payroll Protection Program (PPP) loans to member businesses.

Community and member support is a central tenet of our work and there was never a more important time to give back than during the past year. Despite the many challenges we faced, we increased our philanthropic contributions by 17% in 2020, including a \$55,000 community donation in April that was dispersed among several community organizations on the frontlines of the local fight against the COVID-19 pandemic.

Our successes and planning in previous years provided the stability we needed to face the challenges of 2020 head on and offer much-needed help and support to our members, staff and the community as we adapted to the changing times and our changing realities.

Thank you for your continued trust and patronage. As we emerge from the pandemic, we hope you join us in celebrating our shared 2020 accomplishments.



*Glenn S. Welch*

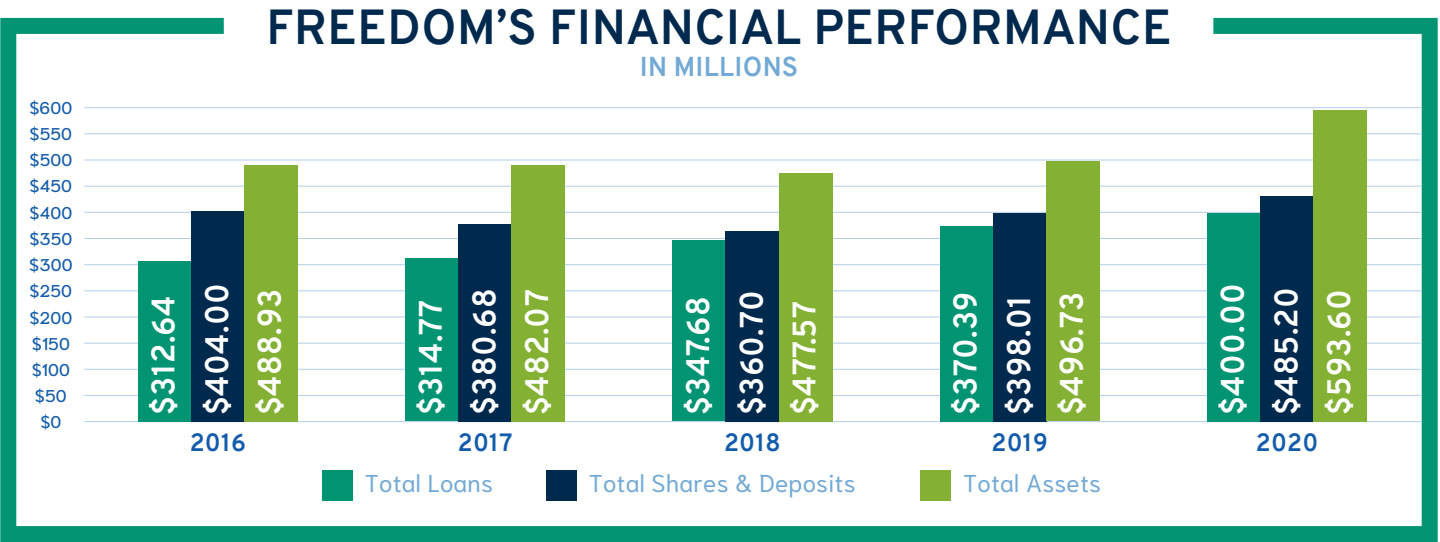
**GLENN S. WELCH**  
*President and CEO*



*Donald C. Emerson*

**DONALD C. EMERSON**  
*Chairman, Board of Directors*

# HIGHLIGHTS FROM 2020



## FINANCES

- The balance sheet increased from \$496.7 million to \$593.6 million; a 19.50% increase
- Total loans increased in 2020 by \$29.6 million or 8.00%
- Total deposits increased in 2020 by \$87.2 million or 21.91%
- Earnings amounted to \$544,000, reflecting a return on average assets (ROA) of 10 basis points or 0.10%
- Net worth ended at 14.57%, a decrease due to the substantial influx of deposits. Our peers’ net worth averaged 10.35%

## LENDING

- Maintained Top Five Market Share status for mortgage lending in the Pioneer Valley, reaching #4
- Joined Mortgage CUSO in August 2020 and created a paperless process that established extensive efficiencies in the mortgage loan department
- Closed over \$3.5mm in SBA PPP loans to local businesses affected by COVID-19
- Produced and promoted a Relief Loan product for members affected by COVID-19 financially, closed over \$600,000 through the end of the year
- Mortgage volume up 65% over 2019
- Assisted more than 450 members with forbearances for consumer, mortgage and MBL loans for a total amount exceeding \$47mm

## OPERATIONS

- Upgraded all ATMs to image deposits
- Upgraded the online account opening process for new and current members
- Implemented an online loan payment portal for members
- Upgraded the mobile app and debit card controls to provide immediate alerts for card transactions
- Implemented POP Video and E-Sign to provide an interactive, secure way for members to connect with us
- Partnered with vendors to provide 24/7 ATM/Debit card and I-Banking support
- Implemented the ability to email member receipts

## MARKETING

- Increased member communication through e-Newsletter, blogs, social media posts, and COVID-19 section on website
- Winner of Reader Raves 2021 (awarded in 2020)
- Launch of new mission/vision statement and new branding commercial



# CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

As of December 31, 2020 and 2019

ASSETS	2020	2019
	(In Thousands)	
Cash and cash equivalents	\$ 19,087	\$ 6,817
Interest bearing deposits	4,152	7,429
Securities available for sale, at fair value	111,408	60,205
Securities held to maturity, at amortized cost	8,395	6,969
Loans to members, net of allowance for loan losses of \$2,425 and \$2,181 respectively	396,917	367,968
Factoring receivable	9,052	9,169
Accrued interest and fees receivable	1,395	1,089
Property and equipment, net of accumulated depreciation	6,353	6,555
Federal Home Loan Bank of Boston Stock, at cost	1,060	952
Other real estate owned	994	1,257
Officer life insurance loan receivables	8,508	8,268
NCUSIF deposit	4,275	3,647
Investment in life insurance	14,782	14,415
Prepaid expenses and other assets	7,228	1,991
Total assets	\$ 593,606	\$ 496,731
LIABILITIES AND MEMBERS' EQUITY		
Liabilities:		
Members' shares and savings accounts	\$ 485,199	\$ 398,005
Borrowings	12,059	7,500
Accounts payable and accrued expenses	8,737	5,347
Total liabilities	\$ 505,995	\$ 410,852
Members' Equity:		
Regular reserves	8,264	8,264
Members' equity	78,246	77,639
Accumulated other comprehensive income	1,101	(24)
Total members' equity	87,611	85,879
Total liabilities and members' equity	\$ 593,606	\$ 496,731

# CONSOLIDATED STATEMENTS OF INCOME

	2020	2019
	(In Thousands)	
Interest income:		
Interest on loans	\$ 15,827	\$ 15,810
Interest on investments	1,846	2,362
Total interest income	17,673	18,172
Interest expense:		
Dividends on shares and savings accounts	2,613	1,946
Interest on borrowed funds	161	690
Total interest expense	2,774	2,636
Net interest income	14,899	15,536
Provision for loan losses	1,075	1,000
Net interest income, after provision for loan losses	13,824	14,536
Non-interest income:		
Member service fees	2,589	2,929
Gain on sale of investment securities	253	320
Mortgage banking income	293	514
Increase in cash surrender value of life insurance	367	368
NCUA assessment refund	0	74
Other non-interest income	2,586	2,564
Total non-interest income	6,088	6,769
Operating expenses:		
Compensation and benefits	9,821	9,661
Office occupancy and operations	6,425	6,071
Education and promotion	1,091	853
Loan service expense	581	415
Professional and outside services	874	759
Travel and conferences	84	234
Other	428	409
Total operating expenses	19,304	18,402
Net income, net of provision for loan losses	\$ 608	\$ 2,873



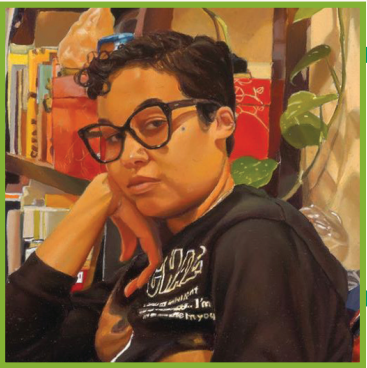
# COMMUNITY SUPPORT

As a credit union, we are a cooperative financial institution owned by our members, and they have a say in how Freedom Credit Union is run. We embrace a communal spirit and that is clearly reflected in the many charities, organizations and events we are able to support for the betterment of our entire western Massachusetts community. Thank you for helping us take care of so many friends and neighbors over the past year!

Our members and staff raised \$5,000 that was matched by Freedom Credit Union for a \$10,000 total donation to The Food Bank of Western Mass in May.



We were delighted to sponsor the “The Outwin: American Portraiture Today” exhibit at the D’Amour Museum of Fine Arts in Springfield. The exhibit premiered at the Smithsonian’s National Portrait Gallery.



We were proud to support the lighting up of the Franklin County Fairgrounds for the holidays to raise money for Big Brothers, Big Sisters of Franklin County and the county sheriff’s office regional dog shelter.



We proudly partnered with UMassFive College Federal Credit Union to donate funds for the Hampshire Hospitality Group to support its program, Hampshire County Heroes, which provided food to the county’s first responders involved in the pandemic response, including police officers, firefighters, emergency medical technicians (EMTs) and dispatchers.



David Chase, our VP of Commercial Lending and Board Member of The Gray House, delivered 22 backpacks for the students using the remote after school programs at The Gray House.



What are the holidays without ugly holiday sweaters? Our masked staff got into the spirit on our Ugly Sweater Day across all our locations. Pictured: Team members in our West Springfield Branch.



We supplied treats galore at our Downtown’s Pop-Up Pumpkin Patch at the William C. Sullivan Regional Visitor Center.



Throughout the month of December, we collected donations to support the Pioneer Valley USO and purchase healthy food and personal care items to benefit members of our military and ensure their holidays were happy. Together, we raised \$2,500.



We had a blast at the West Springfield Council on Aging/Senior Center’s Parking Lot Bingo event. Pictured: Assistant Branch Officer, Cindy LaCombe





# AWARD-WINNING EMPLOYEES

Although we had to forgo our Annual Holiday Dinner in 2020 due to the pandemic, President and CEO Glenn Welch bestowed the distinguished President’s Award to Ashley Daoust, Manager, Deposit Services. The President’s Award honors an employee who is committed to professional excellence, takes pride in the credit union and in him–or herself, is a strong team player and communicator, motivates others and represents the credit union with an overall sense of integrity.

**Here is a portion of Ashley’s nomination:**  
“Throughout her career with Freedom Credit Union, Ashley has been commended for her excellent member service skills and her uncanny ability to “get it done.” Whenever presented with a challenge, she is always heard saying, “We got this” ... it is her mantra! And she stands by it; she does get it done! And just the term “we got this” and not “I got this” shows how she respects her team and her peers at all times and their contributions to every success.”

In 2017, Freedom Credit Union implemented the GEM (Going the Extra Mile) Recognition Program. The following employees received Certificates of GEM Acknowledgment for their out-of–the–ordinary acts of kindness, bright ideas and/or great suggestions. Congratulations to all–and let’s keep identifying those GEMs among us!

## 2020 GEM RECIPIENTS

- Natasha Marcano, Assistant Branch Officer, Main Office
- Melin Menas, Branch Officer, Main Office
- Cindy Lacombe, Assistant Branch Officer, West Springfield
- Dianne Michaud, Assistant Branch Officer, Turners Falls

Glenn Welch with President's Award winner, Ashley Daoust



# BOARD OF DIRECTORS

- Donald C. Emerson, Chairman
- Louis G. Guillette, Vice Chairman
- William T. Carey, Treasurer
- John R. Reignier, Security Officer  
*Past Chairman, 2009–2012*
- Lawrence Bouley, Director  
*Past Chairman, 2015–2018*
- Brian D. Harrington, Director, Clerk
- William G. O'Brien, Director  
*Past Chairman, 2006–2009*
- F. Rory Santaniello, Director
- Donald R. Senecal, Director
- William Flaherty, Director  
*Board of Directors, Vice President, West Springfield Federal Credit Union, 2011–2019*

# SENIOR MANAGEMENT

- Glenn S. Welch  
*President & Chief Executive Officer*
- Louis “Jay” Scungio  
*Senior Vice President & Chief Financial Officer*
- Gina Noblit  
*Vice President, Human Resources*
- Kara B. Herman  
*Vice President, Retail Administration*
- Cheryl L. Podgorski  
*Vice President, Operations*
- Jeffrey M. Smith  
*Vice President & Chief Loan Officer*

# BRANCH OFFICERS

- Carmelinda Menas  
*Main Office and Putnam Academy*
- Michelle Caron  
*Feeding Hills*
- Angela Gotay–Cheverez  
*Chicopee*
- Lisa Pandolfi  
*Ludlow*
- Jamie Convery  
*Sixteen Acres*
- Debra Mainolfi  
*West Springfield*
- Heather Dameworth  
*Northampton and Easthampton*
- Kriste Joy  
*Greenfield*
- Patricia Friedman  
*Turners Falls*

It was with great sadness that we mourned the passing of our friend and longtime board member, Richard Grover, in October. The impact he made on our institution was significant and the effects will be long-lasting. Thank you for your service and rest easy, friend.





# BRANCH LOCATIONS

## Hampden County

**Chicopee**  
1976 Memorial Drive  
(413) 532-5085

**Downtown Springfield**  
1976 Main Street  
(413) 739-6961

**Sixteen Acres (Springfield)**  
296 Cooley Street  
(413) 505-5700

**Putnam Academy (Springfield)**  
1300 State Street  
(413) 505-5850

**Ludlow**  
645 Center Street  
(413) 505-5800

**Feeding Hills**  
959 Springfield Street  
(413) 786-6200

**West Springfield**  
58 Union Street  
(413) 733-6108

## Hampshire County

**Easthampton**  
422B Main Street  
(413) 527-7702

**Northampton**  
226 King Street  
(413) 586-3590

## Franklin County

**Greenfield**  
74 Main Street  
(413) 774-4182

**Turners Falls**  
191 Avenue A  
(413) 774-9909

## Member Contact Center

(413) 739-6961      (800) 821-0160

### Hours

Monday, Tuesday, Wednesday .....	8:00 AM–5:00 PM
Thursday, Friday .....	8:00 AM–6:00 PM
Saturday .....	9:00 AM–1:00 PM

freedom.coop  



Freedom Credit Union is federally insured by the National Credit Union Administration (NCUA). Shares and deposits in excess of NCUA limits are fully insured by the Massachusetts Credit Union Share Insurance Corporation (MSIC). Equal housing lender. NMLS #478769.



**FREEDOM IS YOURS.**