

# 2018

ANNUAL  
REPORT



**ROOTED IN OUR  
COMMUNITY**

*Freedom*  
CREDIT UNION

# President's Report

When we say Freedom Credit Union is **rooted in our community**—the theme for our 2018 Annual Report—we can back it up. As a credit union, we are a cooperative financial institution owned by our members. We embrace a supportive spirit and that is clearly reflected in the way we conduct business, as well as the many charities and organizations we support for the betterment of our entire community.

Major charitable initiatives in 2018 included the annual Summer Food Drive to benefit the Food Bank of Western Massachusetts, which helped provide 1,543 meals for neighbors seeking food assistance throughout the four counties, as well as the “Bed for Every Child” and “Cherish the Children” campaigns. In all, Freedom provided charitable and sponsorship contributions to over 110 local beneficiaries. We try to support both larger organizations that can have a major impact in our communities, as well as smaller initiatives that are near and dear to the hearts of our members. Freedom Credit Union offered 10 scholarships for \$1,250 each to eligible, qualifying student members, helping to support the future strength of our community. In addition, as part of the Pioneer Valley Chapter of the Cooperative Credit Union Association, Freedom was proud to award one of seven scholarships available to eligible high school seniors in our region.

Our members have a say in how Freedom Credit Union is run, which means we are always listening. New and improved services over the past year included the introduction of three digital wallets—Apple Pay, Google Pay and Master Pass—for our MasterCard debit cards, enhanced mobile card controls, and 24/7 telephone applications for consumer loan products.

Looking ahead, we're already making progress on several projects this year, including implementation of Video Chat, eSign and eReceipts for deposit accounts and branch transactions and an enhanced account online application system, to serve you, the members, better. With our recent merger with West Springfield Federal Credit Union, we are also delighted to have added an eleventh branch location while welcoming approximately 3,000 new members to our Freedom family, further strengthening our roots in the community.

We hope you are as proud as we are of all that we have accomplished together in 2018.



**Glenn S. Welch**  
*President and CEO*

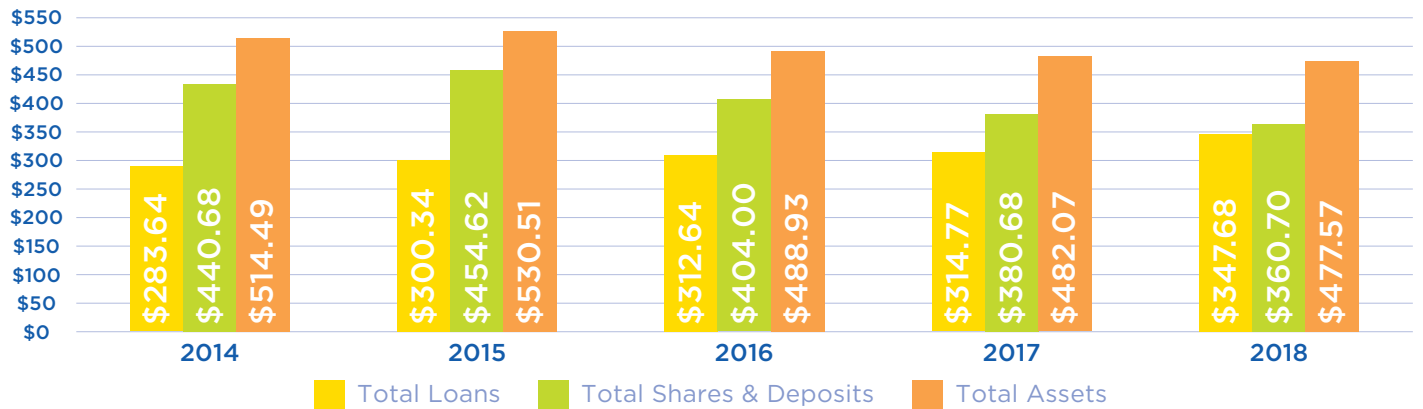


**Donald C. Emerson**  
*Chairman, Board of Directors*

# Highlights from 2018

## Freedom's Financial Performance

In Millions



## Finances

- ▶ Net income of over \$4.1 million, an increase over 2017 of \$225,000 or 5.8%
- ▶ Solid return on assets of 0.85%; our peer average was 0.72%
- ▶ Excellent audit results
- ▶ Improvement versus 2017 in net interest margin, operating expense/gross income, delinquencies and charge offs
- ▶ Further diversification in investment types, i.e. stock portfolio and private label investments

## Operations/IT

- ▶ Awarded leadership institution status by the Massachusetts IOLTA committee—offering IOLTA (Interest on Lawyers Trust Accounts)
- ▶ Rolled out three digital wallets for our MasterCard debit cards—Apple Pay, Google Pay and Master Pass—to provide our members a simple, fast and secure check out experience eliminating the need to swipe or insert your card to make a purchase
- ▶ Alongside the digital wallets, enhanced mobile card controls were introduced allowing our members the ability to set up notifications for transactions according to spending limits, transaction types, merchant types and location and even the ability to deny certain transactions in those categories with their mobile device
- ▶ Deployed software defined Wide-Area network infrastructure and upgraded entire virtual infrastructure to improve network speed and performance and to enhance business resilience and system restore capabilities

## Lending

- ▶ Began offering 24/7 telephone applications for consumer loan products
- ▶ Closed over \$24 million in Member Business Loans
- ▶ Home Equity Loan volume rose by 38% over 2017
- ▶ #6 in mortgage loan market share among local lenders in Pioneer Valley

## Community Donations

Throughout 2018, Freedom contributed nearly \$106,000 to community events and nonprofit organizations supporting education, health care, affordable housing, advocacy services, youth programs, cultural arts and other key areas. (This only includes contributions in excess of \$250 and does not include employee time spent volunteering at various nonprofit/charitable organizations.)

# Consolidated Statements of Financial Condition

## Assets

	2018	2017
	(In Thousands)	
Cash and cash equivalents	\$ 2,256	\$ 2,662
Interest bearing deposits	1,995	2,734
Securities available for sale, at fair value	73,590	107,955
Securities held to maturity, at amortized cost	9,204	13,506
Loans to members, net of allowance for loan losses of \$2,181 and \$2,190 respectively	345,508	313,008
Factoring receivable	7,852	5,369
Accrued interest and fees receivable	1,092	1,114
Property and equipment, net of accumulated depreciation	5,803	6,030
Federal Home Loan Bank of Boston Stock, at cost	2,334	2,443
Other real estate owned	328	0
Officer life insurance loan receivables	8,035	7,641
NCUSIF deposit	3,571	3,694
Investment in life insurance	14,047	13,681
Property held for sale	0	295
Prepaid expenses and other assets	1,963	1,945
<b>Total assets</b>	<b><u>\$ 477,578</u></b>	<b><u>\$ 482,077</u></b>

## Liabilities and Members' Equity

### Liabilities:

Members' shares and savings accounts	\$ 360,705	\$ 380,688
Borrowings	34,015	23,818
Accounts payable and accrued expenses	3,720	1,937
<b>Total liabilities</b>	<b><u>398,440</u></b>	<b><u>406,443</u></b>

### Members' Equity:

Regular reserves	8,264	8,264
Members' equity	72,087	67,964
Accumulated other comprehensive income	(1,213)	(594)
<b>Total members' equity</b>	<b><u>79,138</u></b>	<b><u>75,634</u></b>
<b>Total liabilities and members' equity</b>	<b><u>\$ 477,578</u></b>	<b><u>\$ 482,077</u></b>

# Consolidated Statements of Income

	2018	2017
	(In Thousands)	
<b>Interest income:</b>		
Interest on loans	\$ 14,295	\$ 13,813
Interest on investments	<u>3,421</u>	<u>3,101</u>
<b>Total interest income</b>	<b><u>17,716</u></b>	<b><u>16,914</u></b>
<b>Interest expense:</b>		
Dividends on shares and savings accounts	1,560	1,582
Interest on borrowed funds	<u>852</u>	<u>572</u>
<b>Total interest expense</b>	<b><u>2,412</u></b>	<b><u>2,154</u></b>
Net interest income	<u>15,304</u>	<u>14,760</u>
Provision for loan losses	<u>150</u>	<u>40</u>
Net interest income, after provision for loan losses	<u>15,154</u>	<u>14,720</u>
<b>Non-interest income:</b>		
Member service fees	2,313	2,350
Gain on sale of investment securities	33	64
Loss on sale of fixed assets	(83)	(74)
Mortgage banking income	317	452
Increase in cash surrender value of life insurance	366	362
NCUA assessment refund	330	0
Other non-interest income	<u>2,167</u>	<u>1,639</u>
<b>Total non-interest income</b>	<b><u>\$ 5,443</u></b>	<b><u>\$ 4,793</u></b>
<b>Operating expenses:</b>		
Compensation and benefits	8,675	8,664
Office occupancy and operations	5,270	5,136
Education and promotion	962	575
Loan service expense	452	339
Professional and outside services	681	491
Travel and conferences	254	254
Other	<u>179</u>	<u>155</u>
<b>Total operating expenses</b>	<b><u>\$ 16,473</u></b>	<b><u>\$ 15,614</u></b>
<b>Net income, net of provision for loan losses</b>	<b><u>\$ 4,124</u></b>	<b><u>\$ 3,899</u></b>

# Award-Winning Employees

As part of our Annual Holiday Dinner in 2018, President and CEO Glenn Welch bestowed the distinguished President's Award to Carmelinda "Melin" Menas, Branch Officer. 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 Melin's nomination:

*"As we focus on member service and member experience, Melin truly sets the example for all staff in her efforts to offer the best solutions to her members in a manner that earns return business and high praise. Beyond helping her members day in and day out, Melin helps coordinate training and cross training for new hires to the credit union before they transfer to their assigned branches, and always assists other branches on a daily, weekly and monthly basis with staffing needs, often floating to other locations to accommodate members for loan closings or to accommodate branch management needs. Melin sets a prime example for branch leadership, teamwork and service."*



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!

## **2018 GEM Recipients**

David Bass Jr, Teller, Main Office  
Kathleen Sanville, Consumer Loan Underwriter  
Kate-Lyn Reigner, Operations System Administrator  
Charlene Smolkowicz, Commercial Credit Manager  
Melin Menas, Branch Officer, Main Office  
Eugene Marceau, Network Administrator



**Glenn Welch with President's  
Award winner, Melin Menas**



# Board of Directors



**Donald C. Emerson, Chairman**



**Louis G. Guillette, Vice Chairman**



**William T. Carey, Treasurer**



**John R. Reigner, Security Officer**  
*Past Chairman, 2009–2012*



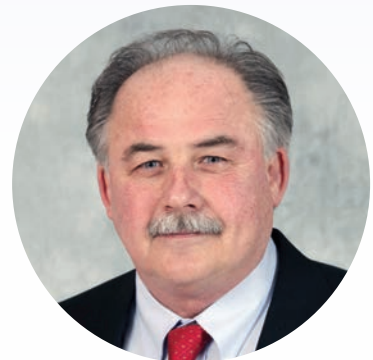
**Lawrence Bouley, Director**  
*Past Chairman, 2015–2018*



**Richard T. Grover, Director**  
*Past Chairman, 2002–2004*



**Brian D. Harrington, Director, Clerk**



**William G. O'Brien, Director**  
*Past Chairman, 2006–2009*



**F. Rory Santaniello, Director**



**Donald R. Senecal, Director**



**Charles J. Simonich, Director**  
*Past Chairman, 2012–2015*

## Branch Locations

### Hampden County

#### *Chicopee*

1976 Memorial Drive  
(413) 532-5085

#### *Downtown Springfield*

1976 Main Street  
(413) 739-6961

#### *Feeding Hills*

959 Springfield Street  
(413) 786-6200

#### *West Springfield*

58 Union Street  
(413) 733-6108

#### *Ludlow*

645 Center Street  
(413) 505-5800

#### *Putnam Academy (Springfield)*

1300 State Street  
(413) 505-5850

#### *Sixteen Acres (Springfield)*

296 Cooley Street  
(413) 505-5700

### 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

Hours vary by branch. Please visit [freedom.coop](http://freedom.coop) for details.

## Member Contact Center

(413) 739-6961    (800) 821-0160

## Hours

Monday, Tuesday, Wednesday . . . . . 8:00 AM–4:30 PM  
Thursday, Friday . . . . . 8:00 AM–6:00 PM  
Saturday . . . . . 8:30 AM–1:00 PM



[freedom.coop](http://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.