

hartford
firefighters'
federal
credit union

2021 ANNUAL REPORT

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***"Responding
first to the
financial
needs of our
members"***

2021

Annual Meeting - Virtual

Tuesday, April 26th, 5:30pm

FIRE DEPARTMENT
CITY OF HARTFORD



CLASS 1
DEPT.

MINUTES *from the*

2020 ANNUAL MEETING

"Lynch asked each reporting member to read aloud their report to the attendees.."

The 71st Annual (virtual) meeting was called to order by President Helene Lynch at 17:35 hours. She ascertained that a quorum was present. She then appointed CEO Bryan Woodward as Recording Secretary. The minutes of the 2020 meeting were read by Woodward. George Camarco motioned to accept. Nick Vendetta provided a second. All ayes. Next, President Lynch asked each reporting member to read aloud their report to the attendees. Chairman, Treasurer, Lending, CEO, and Supervisory and

were all presented. President Lynch next asked if there was any Old Business to discuss. There was none. Under New Business – There was none. President Lynch informed all present that there were no seats on the Board up for re-election this year. President Lynch then asked for a motion to adjourn. Nick Vendetta motioned and George Camarco Seconded. All Aye. Meeting adjourned at 18:01. President Lynch immediately called to order a special meeting of the membership to discuss expulsion of those

members who caused the credit union a loss during 2020. Bryan Woodward reported that there were nine members that cost us monies during the year. They were W. Aponte, D. Ayala, J. D'Amato, J. Earle, R. Farmer, B. Fierravante, T. Milledge, A. Volpe, and C. Wright totaling \$59,959.81. The members present were urged to vote "Aye" and approve the expulsion of those members. George Camarco motioned and Nick Vendetta Seconded. All Aye. We are pursuing repayment on all these

accounts even though they are being expelled. A motion to adjourn was made by George Camarco. Judy Faenza seconded. All ayes. There being no further business, the meeting was adjourned at 18:16 hours.

Respectfully Submitted,
Bryan Woodward
Recording Secretary

MESSAGE *from the* CHAIR

" HFFCU was awarded a 5-star status from the Bauer Financial Institute as one of the best financial institutions in CT..."

I am very pleased to once again announce that Hartford Firefighters Federal Credit Union remains strong and profitable as we completed the second year of difficult financial times. We had hoped that Covid was a one-year ordeal, but we all found out what a mutating virus means as we dealt with it yet again. The Board of Directors kept well informed on the challenges that 2021 presented to our staff and supported the initiatives of the team as they tried to

combat them. One major accomplishment was that we converted our debit and credit card program to a new processor in order to provide additional and more modern features to these programs. We saw a common theme among all financial institutions in 2021 in that share balances grew, and loan volume was steady if not lower than prior year. Traditionally, HFFCU invests all of their excess cash into high yielding accounts, but COVID greatly impacted the return of those

investment causing us to lose almost 50% of the normal yield (income). In September, the BOD approved a recommendation to look into alternative investment strategies in order to improve a declining bottom line. With average rates over 3%, we began to see the benefit in the 4th quarter and expect this strategy to continue to payoff for many years to come. We ended the year 64% better than the income from the year prior, ranked second place in the 2021 Hartford

Courant's Best Places to Work and also received a 5-Star recognition from Bauer Financial, our 2nd year in a row... all accolades to the hard work and dedication our staff provides to our members every day and especially during difficult times.

Respectfully,

Helene Lynch
President

MESSAGE *from the* CEO

"HFFCU members saved over \$2.3 million dollars in 2020 and borrowed \$4.7 million.."

Well, we finally saw the end of year two with this virus that interrupted our lives. Gladly, we are seeing light at the end of the tunnel and a return to normalcy. As bankers, we saw the impact it had on our members...obviously the medical impact, but also the financial. Many received assistance from the government in the form of stimulus checks, while others may have had to lean on unemployment as job security was not always a guarantee. Many of us worked in an office with reduced staff or didn't even come to the office at all. We all had to endure the changes needed to make it through, while keeping our distance and

wearing our masks.

Here at HFFCU, we stayed diligent in providing as many ways as possible to allow you to perform your banking needs in any form that you felt most comfortable using. And while we offered and closed many loans in 2021, we saw savings deposits increase as well.....quite a bit. This happened as members were saving the extra money they received from the stimulus checks or they simply weren't leaving the house and therefore not spending. This anomaly happened across American and not just here at HFFCU. It has been said that once that fear subsided, everyone started to spend and thus

created the supply chain issue. HFFCU members saved over \$2.3 million dollars in 2020 and borrowed \$4.7 million. The increase in savings dropped our Net Capital a bit to 11.02%, but we remain very healthy financially and in the top third of all credit unions in Connecticut, especially those in our asset size. In 2021 we also welcomed our new Loan Officer that we hope that you have all had the opportunity to meet Emerilda (Emmy). With over 30 years of service to the credit union, Judy has decided to reduce her hours and work Part Time. We often miss her presence and guidance around the office as she is the model for member service.

Cathy has taken on the new responsibility of managing everything about our debit and credit cards since we converted to our new vendor (PSCU). In addition, she also manages all of our digital services. We have a great team....we have great members! Onward to 2022!

Respectfully,

Bryan Woodward
Chief Executive Officer

REPORT *from the* TREASURER

" more people saved than borrowed in 2021 producing less loan income than in years past...".

After another trying year of economic uncertainty, the Treasurer of the HFFCU remained focus on our returns and impact to our capital. As mentioned, more people saved than borrowed in 2021 producing less loan income that in years past. Stimulus checks were a great contributor to this phenomenon, as we saw Share balances grow over \$2.3 million dollars in just one year. We are now at \$25.3mm in Assets (\$20mm just 2 short years ago). The increase in shares

caused our Net Capital to drop 86 basis points to end at 11.02%, still way over the required 7% by the NCUA, who regulates all Credit Unions. As a result of these shares, we saw our investment portfolio increase by \$2.1mm over 2020 year-end results, though the rates we were able to invest in declined sharply throughout the year, causing us to look for alternatives as mentioned in the Presidents report. With all the stress on the economy, HFFCU ended the year with a net profit of \$87k, a great feat in such a

difficult year. Some highlights – Assets grew 9%, Liabilities dropped 16%, total loans increased 23% (with the addition of Participations, Loan to Share ratio increased to 24%, Yield on investments dropped 32bp and Delinquency remained very low at under .11%. Each year, we hire the services of Whittlesey and Hadley to perform our internal audit and BSA/ACH audit. I am happy to report that HFFCU came through these audits with very high remarks, no critical findings and in

excellent financial standing. Your credit union remains financially strong and maintains the structure to weather the hardships that others may not be able to endure. Please see the enclosed financials and reach out to me with any questions.

Respectfully,

Theodore Borowski
Treasurer

REPORT *from the* SUPERVISORY COMMITTEE

" all areas of the Credit Union received Exceptional status reports...".

The Supervisory Committee is responsible for the auditing of the credit union's financial statements and performing member statement of account verifications. This has been accomplished by selecting, hiring, and facilitating an audit by independent certified public accountants. Hartford Firefighters Federal Credit Union hired the firm of Whittlesey, LLC to perform the audit for the year ending December 31, 2021. The Supervisory Committee then reviews reports issued by them with

accompanying follow-up procedures performed as necessary. In addition, the Credit Union League of Connecticut was also hired to perform both BSA/AML and ACH audits assuring that we follow all regulatory requirements set forth by the NCUA. Audits of our IT security, Business Continuity, Disaster Recovery Planning, and Internal and External vulnerabilities are also tested annually. Finally, we audit the financials of our most critical vendors via our Vendor Management program. The Supervisory Committee meets

monthly to audit internal controls including Cash Management, Loan Review, ACH processes and Closed Accounts. This comprehensive internal audit schedule for the year was developed between the Supervisory Committee and Management. The schedule was designed so that the appropriate areas of the credit union are addressed based upon the overall risks to the credit union. We are happy to announce that all areas of the Credit Union received Exceptional status reports including a Camel 2 from the

NCUA and Meets or Exceeds from everyone else. Your money is safe here at HFFCU. Your Supervisory Committee continues to focus on ensuring that proper controls exist and are functioning at Hartford Firefighters Federal Credit Union

Respectfully Submitted:
Nicholas Vendetta
Committee Chairman

REPORT

from the

LENDING DEPARTMENT

" Eight out of twelve months produced greater month end totals than in 2020..."

The Lending department was very busy in 2021. From a loan origination perspective, it was a banner year with over \$5.2mm loans put on the books. This was 149% (\$1.7mm) greater than just one year prior. This was a result of some very strategic promos combined with improved departmental strategies and hard work. Eight out of the twelve months produced greater month end totals than in 2020. There were 180 new loans put on the books

during this time. We averaged about 15 loans per month with a high of \$1.2mm booked in July. Of our total, we booked \$1.10mm in Used Autos, 689k in Personal Loans, and 788k in Home Equities. Due to the government stimulus checks, many existing loans were paid down or paid off which minimized the overall impact of such a productive year. It also reduced the number of loan requests overall since many members had extra cash which offset the need to borrow.

Imagine the year we could have had if Covid was a non-issue! With the increase in loan volume, there is always a concern of the potential impact to our collection activity, but that was not the case in 2021. We maintained a very low delinquency ratio and ended the year at .11% which is over 50% less than 2020. We did incur a couple of charge offs, but nothing that hampered our reserves. We remain adequately reserved as required by the NCUA and have

been adjusting for the new CECL method which calls for even more contribution to protect against losses. The bottom line, our loans are being paid and are performing as we expect them to perform. Overall Credit Risk at HFFCU is in great shape and we look forward to yet another productive year serving the needs of our members.

Respectfully,

Emerilda Zego
Loan Officer/Collections

REPORT *of* FINANCIALS

Financial Report as of December 31, 2021

Assets	2021	2020
Loan to members	5,199,732	3,491,142
Notes & Contracts Rec.	0	0
Allowance for Loan Losses	(21,551)	(13,523)
Accounts Receivable		
Cash	166,738	168,986
Investments	12,325,000	12,660,000
Accrued Income	45,382	45,507
Prepaid & Deferred Expense	94,891	86,822
Land	95,672	95,672
Building	312,808	311,858
Furniture & Equipment	100,600	95,635
NCUSIF Deposit	201,991	168,600
OREO	0	0
Other Assets	6,793,355	5,900,609
TOTAL	25,316,639	23,011,307

Liabilities & Equity	2021	2020
Accounts Payable	66,792	90,430
Other Liabilities		
Taxes Payable		
Shares	17,912,365	15,855,769
Regular Reserve	756,594	756,594
Undivided Earnings	2,051,988	1,965,151
Unrealized Inv. Gain/Loss	0	0
TOTAL	20,787,739	18,667,944

Income and Expense Statement	2021	2020
Income		
Interest on Loans	295,428	487,812
Interest Refunds		
Income on Investments	222,994	237,758
Fees and Charges	120,458	159,082
Other Income	284,597	5,984
TOTAL	923,477	890,636

Expenses		
Compensation	303,807	318,279
Employee Benefits	67,699	64,309
Travel & Conference	824	278
Association Dues	3,528	16,131
Office Occupancy	71,890	69,345
Office Operations	68,813	65,518
Educational & Promotional	10,106	
Loan Servicing	17,804	89,527
Professional/Outside Services	117,550	123,207
Provision for Loan Loss	19,500	48,000
Cash Over/Short	326	102
Miscellaneous	862	0
TOTAL	822,978	819,124

Non-Operating Gain/(Loss)	4,500	4,828
Dividend Expense	23,433	20,458
Annual Gain/(Loss)	86,837	55,883

STAFF *and* BOARD OF DIRECTORS

Staff:

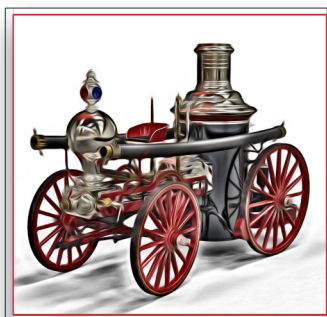
Bryan Woodward	CEO
Judith Faenza	Assistant Manager
Emerilda Zeqo	Loan Officer / Collections
Cathy Moree	Plastics / EFT Coordinator
Cassandra Wilke	Member Services

Board of Directors:

Helene Lynch	Chair
Brian Kennedy	Vice President
Ted Borowski	Treasurer / Secretary
Priscilla Diaz	Director
Nicholas Vendetta	Director
George Camarco	Director
Brian Thompson	Director

Supervisory Committee:

Nicholas Vendetta	Chair
George Camarco	Member
Brian Thompson	Member



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