



UNITED STATES
SENATE FEDERAL
CREDIT UNION

2020 ANNUAL REPORT



EXECUTIVE REPORT

Year 2020 was unprecedented, filled with calamity and to-date the worst health and economic crisis of our lifetime. The Credit Union had to reinvent how we conducted business in order to serve and meet the needs of our members. The goal, however, was clear. We had to execute a plan to remain viable and keep your Credit Union operating for you. **Our plan focused on four primary objectives:**

1. Assuring the safety and health of our employees and members.
2. Avoiding a decline in the exceptional member services you expect.
3. Advancing the financial health of your Credit Union.
4. Adjusting our strategic posture to grow the Credit Union for the future.

With these four guiding principles, our Executive team quickly moved to crisis management. The team worked tirelessly, enhancing and executing our business continuity plan. With mandated state and local stay-at-home orders looming and operational in certain areas, we moved the entire Credit Union to a remote environment within a span of three weeks. It was a massive undertaking for the organization and required full engagement from our volunteer board members, leadership and entire team.

This successful operations transition speaks volumes about the culture and people working on your behalf at the United States Senate Federal Credit Union (USSFCU). The commitment from our valuable staff to take care of our members, is immeasurable. Without them, we would've been unable to accomplish this feat. We celebrate today because they stayed focused on remaining present for you when you, our valued members, needed us the most.

The Credit Union offered assistance in a variety of ways. **Here are a few programs designed specifically to aid our members facing hardship:**

Deferment Loans

Over 900 members received COVID-19 relief from the Credit Union through the granting of deferments for 90 or 180 days on their loans. A number of members had multiple loans, bringing the total to 1,200 loans with over \$50 million in balances.

Fees Waived

We were able to waive late fees for Visa® cardholders, totaling \$46,000 over three (3) months—an average of over \$15,000 per month. We also reversed an additional \$10,000 in loan late fees, and close to \$38,000 in Non-Sufficient Funds (NSF) fees from March to August.

Member Wellness Checks

Implemented member wellness checks via telephone to assure the most vulnerable among us have a connection to accomplish their financial tasks. A number of members expressed profound appreciation for us reaching out.

Helping our Small Businesses Survive

The Credit Union partnered with the U.S. Small Business Administration (SBA) and participated in the Paycheck Protection Program (PPP) loan program. This program provided much needed financial assistance to the small businesses in our communities. We processed 83 PPP loan applications for a total of \$1.9 million. And, 100% of the PPP loan applications received were funded, impacting 123 jobs. To-date, as of the printing of this article, all our members' businesses that secured funding through the Credit Union are still in business. Many of these loans were already forgiven by the SBA, and we anticipate most, if not all, will fall into this category as the PPP program winds down.

Community Aid

In May and December of 2020, the USSFCU Board of Directors pledged \$45,000 and \$40,000, respectively, to assist local food banks in their efforts to combat food insecurity due to the COVID-19 pandemic. These funds and others were distributed as follows:

- » \$15,000 to the Maryland Food Bank, Manna Food Center in Montgomery County and pantries in Prince George's County.
- » \$30,000 was split equally between the Capital Area Food Bank and Blue Ridge Area Food Bank. We organized a donation match campaign with both food banks to raise an additional \$4,845 for Capital Area and \$1,557 for Blue Ridge.
- » During the 2020 holiday season, we participated in a virtual toy drive with donations totaling \$8,949.
- » We made another donation of \$20,000 to the Capital Area Food Bank with a match campaign, raising an additional \$31,746 in contributions from our members.
- » We also worked with the Safeway Foundation to give away \$20,000 in \$50 gift cards to buy food for those in need at two underserved Washington, DC Safeway stores on Christmas Eve.

As certain aspects of the stay-at-home orders were lifted in late summer, we reopened our branches by appointment only. After months of remote operation, it was a pleasure to be able to see you again. In welcoming you back, we furnished the branches with the appropriate social distancing markers and personal protective gear to ensure a safe environment. We will continue to keep safety and health at the forefront.

Despite the challenges, the Credit Union prospered financially. While many financial institutions would consider just "breaking even" a successful year, we realized over \$2.6 million in Net Income and achieved record milestones in the following areas:

Assets: \$1.14 billion | **Member Deposits:** \$1.031 billion
Loans to Members: \$780,894,344

In addition to our financial success, we launched the following new member enriching products and services during the year to enhance your banking experience. **We are pleased to present the scorecard on those initiatives:**

ACH Originations to Loans

Completed: April of 2020

You can now pay your USSFCU loan(s) via ACH Origination with another financial institution, initiated by USSFCU.

Payment Reset

Completed: July of 2020

Based on eligibility requirements, the ability to lower your auto loan payments by extending the loan term. This feature modifies the loan with no refinance process, no manual payment and no modification fees.

MyCardRules App

Completed: December of 2020

An easy-to-use mobile app that lets you put all kinds of different controls on your debit, credit or ATM cards. You can manage all your card transactions right from your mobile device.

Finally, we revamped our organizational structure to meet the changing evolution of technology. Technology was critical to quickly move to a remote environment and enabled our success. We continue to build the infrastructure, with the goal of providing you the best financial products and services.

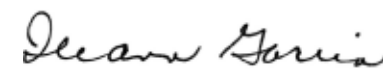
While the effects of the pandemic are ubiquitous and challenging, one thing is constant—USSFCU will continue to live by the credit union philosophy of "people helping people." With our collective efforts working together, we are confident our Credit Union will continue to flourish and prosper. Our Federal regulator, the National Credit Union Administration (NCUA), and external auditor, Doeren Mayhew CPAs and Advisors, agree with us. They, once again, record we earned good reviews and ratings during our yearly examinations.

On behalf of the Board of Directors, Management and staff, we say thank you. We are very proud of our success—and without you none of what we celebrate is possible.

Respectfully,



Timothy L. Anderson
President & CEO



Ileana Garcia
Chair of the Board

Online Banking—FICO Education

Completed: May of 2020

Provides the FICO credit score, an explanation of how the score was derived and a simulator of ways to boost your score.

After Hours Call Center

Completed: December of 2020 | Launched: First Quarter of 2021

Extended after hours service to better serve you, including evenings, weekends and holidays.



SUPERVISORY COMMITTEE REPORT

During 2020, the United States Senate Federal Credit Union (USSFCU) Supervisory Committee consisted of five actively engaged volunteers appointed by the Board of Directors (the Board). In accordance with the Federal Credit Union Act and USSFCU By-laws, the Supervisory Committee engaged external auditors to help assure that USSFCU's audited financial statements accurately represented its financial condition. The audit results identified that USSFCU complied with applicable laws and regulations. The Supervisory Committee's oversight and accountability responsibilities remained unaffected by the COVID-19 pandemic due to the USSFCU's robust information technology, which allowed the Committee to effectively conduct its work remotely.

Financial

The Supervisory Committee engaged the independent accounting firm Doeren Mayhew CPAs and Advisors to render an opinion about the presentation of USSFCU's 2020 financial condition. Doeren Mayhew will discuss its final report with the Supervisory Committee and the Board of Directors in June of 2021.

Internal Controls

The Supervisory Committee engaged the independent auditors RSM US LLP to help assure that USSFCU Management complied with applicable regulations and requirements and maintained an effective system of internal controls designed to provide reasonable assurance that assets were safeguarded against loss or unauthorized use. Throughout 2020, RSM US LLP made various control and procedural recommendations in specific audit areas. The Supervisory Committee discussed the recommendations during quarterly meetings with RSM US LLP and Management. Management reported that it satisfactorily addressed or is working to address RSM US LLP's recommendations that the Committee agreed were prudent or required. Further, the Supervisory Committee requested RSM US LLP to review and revisit specific areas of USSFCU operations. The Supervisory Committee continues to receive the results of these evaluations, and Management will actively implement the additional controls and procedures recommended by RSM US LLP, as the Committee considers prudent or required.

On behalf of the Supervisory Committee, I would like to thank the USSFCU Board of Directors, Management and staff members for supporting the Committee's important oversight work. As a highly dedicated team, the Supervisory Committee members are committed to help assure the Credit Union's fiscal soundness for our valued members.

Respectfully,

A handwritten signature in black ink that reads "Deborah Yarborough".

Deborah Yarborough
Chair, Supervisory Committee



NOMINATING COMMITTEE REPORT

Effective May 19, 2021, three (3) seats on your United States Senate Federal Credit Union (USSFCU) Board of Directors expire.

Pursuant to Article V of our By-laws the Board Chair appointed a Nominating Committee consisting of Board Directors Bertie Bowman, Chris Dey and myself.

We are pleased to inform you that the following candidates submitted applications indicating their interest in seeking nomination and further expressing their willingness to accept office if elected:



Jay Moore
(Incumbent Director)



Judy Rainey
(Incumbent Director)



Chris Shunk
(Incumbent Director)

Each of the candidates have met the USSFCU volunteer service requirements, and were found to be a member in good standing as well as highly qualified for Board service.

Nominations for expiring seats and vacancies could also have been made through signed petitions by obtaining the signatures of one percent (1%) of the USSFCU membership (approximately 412 members in good standing). Petitions filed under this procedure had to be submitted to the Nominating Committee as of the close of business on April 5, 2021. As of that date, there were no petitions submitted.

Since the number of nominees equals the number of expiring terms and vacancies to be filled, a ballot election was not necessary, and the three (3) nominees named above will be elected by acclamation.

Please join me in congratulating the three nominees as they continue to volunteer their time and talent in the service for each of you, the valued members of our United States Senate Federal Credit Union.

Respectfully,

Tom Wacker
Chair, Nominating Committee



TREASURER'S REPORT

I am pleased to report that the financial performance of USSFCU continues to be very strong.

As of December 31, 2020, Total Assets were \$1.141 billion.

Our net loan portfolio ended the year at \$772.4 million and \$277.7 million in loans were approved; this was an approved loan increase of \$21.2 million, compared to 2019. Our loan delinquency and charge-offs have remained low during this reporting period and lending continues to remain a high-level strategic goal.

Management's calculation of USSFCU's allowance for loan loss was reviewed by our internal and external audit firms, in addition to the National Credit Union Administration (NCUA). They have all indicated that our loan loss reserves continue to be conservatively stated to meet potential loan losses as of December 31, 2020.

In 2020, deposits ended the year at \$1.031 billion.

Your Board has continued to measure the strength of your financial institution by means of total capital. USSFCU completed the year with a very strong capital position (and Net Worth Ratio) of 8.96% of assets or \$103.5 million; therefore, USSFCU remains well capitalized.

To maintain financial soundness, the Asset Liability Management Committee (ALCO), Management and the Board monitor financial activities on a monthly basis. ALCO uses both external and independent models to assess balance sheet risk, return and volatility over various rate cycles. USSFCU's balance sheet risk is currently considered "Low Risk," as calculated by an independent third party as well as our regulatory agency—the NCUA.

Management remains dedicated towards the accuracy and integrity of our financial statements and accompanying footnotes. Our financials are prepared in conformity with the United States generally accepted accounting principles. USSFCU's independent auditor, Doeren Mayhew CPAs and Advisors, has completed the 2020 audit and again issued a favorable opinion. Audited 2020 financial statements are available at ussfcu.org/financials.

We continue to extend our thanks to you, our valued members, for placing your trust in the safety and soundness of USSFCU.

Respectfully,

CHRISTOPHER C. DEY
Board Treasurer



CONDENSED BALANCE SHEET (AUDITED)

- Cash & Cash Equivalents
\$208,565,483
- Loans & Leases to Members, Net
\$772,449,129
- Investments
\$111,521,020
- Property & Equipment, Net
\$15,297,928
- National Credit Union Share Insurance Fund Deposit
\$8,939,849
- Other Assets
\$23,840,310

CONDENSED BALANCE SHEETS (AUDITED)

	As of December 31,	
	2020	2019
Assets:		
Cash and Cash Equivalents	\$ 208,565,483	\$ 199,847,878
Loans and Leases to Members, Net	772,449,129	730,519,930
Investments	111,521,020	46,464,816
Property and Equipment, Net	15,297,928	13,581,262
National Credit Union Share Insurance Fund Deposit	8,939,849	7,748,351
Other Assets	23,840,310	23,590,878
Total Assets	\$1,140,613,719	\$1,021,753,115
Liabilities and Members' Equity:		
Members' Share Accounts	\$1,031,152,119	\$ 915,136,487
Accrued Dividends and Other Liabilities	5,976,194	6,769,431
Total Liabilities	1,037,128,313	921,905,918
Total Members' Equity	103,485,406	99,847,197
Total Liabilities and Members' Equity	\$1,140,613,719	\$1,021,753,115

CONDENSED INCOME STATEMENTS (AUDITED)

	As of December 31,	
	2020	2019
Interest on Loans	\$ 42,650,767	\$ 43,322,668
Interest on Investments	1,708,916	\$5,743,810
Total Interest Income	44,359,683	49,066,478
Interest Expense	(13,352,183)	(14,521,794)
Provision for Loan and Lease Losses	(9,269,247)	(7,200,544)
Net Interest Income after Provision Expense	21,738,253	27,344,140
Non-Interest Income	4,729,112	5,146,003
Non-Interest Expense:		
Compensation and Benefits	(12,865,966)	(12,966,227)
Office Operations	(5,426,389)	(4,960,214)
Other	(5,568,416)	(5,317,604)
Total Non-Interest Expenses	(23,860,771)	(23,244,045)
Net Income	\$ 2,606,594	\$ 9,246,098

These condensed financial statements do not constitute a complete presentation. The complete set of audited financial statements, including the statements of cash flows and changes in members' equity, and notes to financial statements, are available at the Credit Union office during normal hours of operation or through our website at ussfcu.org/financials.

USSFCU'S LEADERSHIP

BOARD OF DIRECTORS

Ileana Garcia
Chair

Tom Wacker
Vice Chair

Christopher C. Dey
Secretary/Treasurer

Herbert "Bertie" Bowman
Director

Jay Moore
Director

Judy Rainey
Director

Margaret P. "Margo" Rushing
Director

Christopher D. Shunk
Director

Anthony J. "Tony" Zagami
Director

EXECUTIVE COMMITTEE

Ileana Garcia
Chair

Christopher C. Dey

Christopher D. Shunk

Tom Wacker

ALCO

Christopher C. Dey
Chair

David Cape

Stephanie Magnell

Laura Parker

Milton Salvador

Christopher D. Shunk

Timothy L. Anderson

Kathy Dalfrey

Omar Ramsay

Jeff Smith

NOMINATING COMMITTEE

Tom Wacker
Chair

Bertie Bowman

Christopher C. Dey

SUPERVISORY COMMITTEE

Deborah Yarborough
Chair

Joe Eckert

Stephanie Magnell

Jay McCarthy

Jay Moore

IT COMMITTEE

Vikram Kulkarni
Chair

Thom Cole

John S. Dutton

Jay Moore

Scott Rodman

Timothy L. Anderson

Mark Fournier

Omar Ramsay

EXECUTIVE MANAGEMENT

Timothy L. Anderson
President & CEO

Kathy Dalfrey
SVP & CFO

Jeff Smith
*Chief Lending
Officer*

Omar Ramsay
*Chief Risk
Management Officer*

Mark Fournier
*Chief Information
Officer*

Heather Mansour
*SVP Human
Resources & Training*

SENIOR MANAGEMENT

Angela Collier
VP Lending

Arthur Green
VP Marketing

Laurie Moody
VP Member Services

James Ruley
VP Business Services

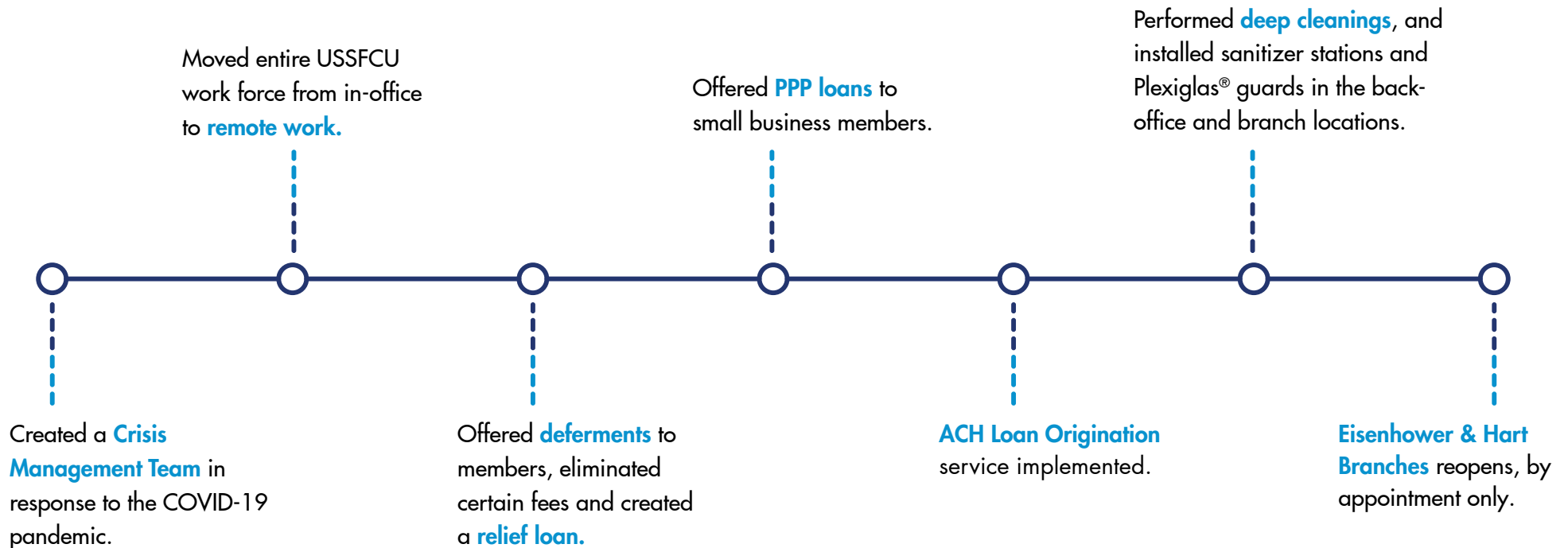
Tina Smith
VP Support Services

Pete Gotthold
Director, Financial Accounting

Stefanie Mortenson
Director, Human Resources

Sue Ruiz
Director, Risk Management

2020 ACCOMPLISHMENTS



2021 ACCOMPLISHMENTS

Launched **Retirement Central** to give our members an easier way to plan, open and manage IRAs.

Renovation is fully underway at our new **Bertie Bowman Headquarters** building and new branch location next to Braddock Station in Alexandria, VA.

Partnered with **CU Student Choice** to provide all new student lending, refinancing and education services to our members.

Introduced **MyCardRules™**—an app-based service that gives members the ability to manage their cards all from a smart phone.

Revamped our **Smart Rewards Platform** to provide more products and a brand new user experience.

Launched an all new **After Hours Call Center** to better serve our members in the evenings, weekends and holidays.



UNITED STATES
SENATE FEDERAL
CREDIT UNION

ussfcu.org