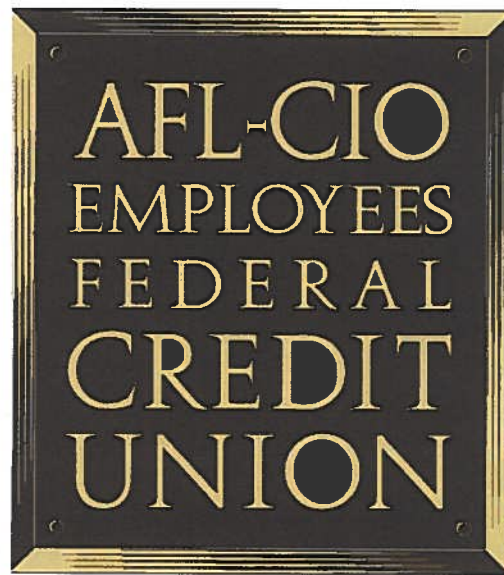


***AFL-CIO EMPLOYEES  
FEDERAL CREDIT UNION***



**Annual Meeting of the Membership  
Annual Meeting Report**

**October 23, 2020**



# **AFL-CIO EMPLOYEES FEDERAL CREDIT UNION**

The Primary Financial Institution of Union Families

## **ANNUAL MEMBERSHIP MEETING October 23, 2020**

### **Agenda**

- 1. Opening Remarks– Meeting Introduction – Bob James, CEO**
- 2. Ascertainment of a Quorum- Richard Womack**
- 3. Reading and Approval or Corrections of the Minutes of the Last Annual Meeting- Richard Womack**
- 4. Chairperson’s Report – Richard Womack, Chairperson**
- 5. CEO’s Report- Bob James, CEO**
- 6. Treasurer’s Report – Elizabeth Powell, Treasurer / Chidi Onyewu, CFO**
- 7. Supervisory Committee Report – Brandon Rees, Committee Chairperson**
- 8. Unfinished Business**
- 9. New Business**
- 10. Elections – Glen Jackson, Nominating Committee Chairperson**
- 11. Question & Answers**
- 12. Adjournment**

## MINUTES

The following are the **Minutes of the April 26, 2019, Annual Membership** meeting of the AFL-CIO Employees Federal Credit Union, held in the 4<sup>th</sup> floor conference room at 555 New Jersey Avenue, NW, Washington, DC, 20001.

Chairman Richard Womack called the meeting to order at 1:09 P.M. and noted the presence of the following attendees:

### **Roll Call**

Board members present: Richard Womack, Dan Dyer, Marcia Reid, Samantha Connolly, Mary Love, Rita Flynn, William Lucy

Board members participating via telephone: Glen Jackson

Supervisory Committee members present: Brandon Rees, Cecilia Bingham

Supervisory Committee member participating via telephone: None

Management present: Robert James, CEO and Chet Conner, Collections Manager.

Management participating via telephone: None

Members/Staff in attendance as noted on the sign-in sheet.

### **Agenda**

Agenda for the meeting was presented by President Richard Womack. A motion was made to adopt the agenda. The motion was duly seconded and carried unanimously.

### **Minutes**

A motion to dispense with the reading of the Minutes and adopt the Minutes, as distributed, was duly made and seconded. The motion carried unanimously.

### **Chairman's Report**

Richard Womack reported that the Credit Union has moved in the right direction. There's been growth in membership, loans and innovations in technology, such as – EMV chips on bank cards, mobile banking and remote deposit capture. A motion was made to adopt the Chairman's Report. The motion was duly seconded and carried unanimously.

### **Treasurer's Report**

Bob James thanked the Members for their membership and presented the annual financial report brochure which included the Statements of Financial Condition and the Statements of Income. We were able to reduce office expenses, office occupancy costs, manage compensation and fringe benefits, reduce monthly expenses by \$9,000 - \$9,500 per month. A motion was made to adopt the Treasurer's Report. The motion was duly seconded and carried unanimously.

## **Supervisory Committee's Report**

Brandon Rees reported that the Supervisory Committee consists of voluntary members. The role of the supervisory committee is to ensure that the credit union's financial reporting objectives are met, according to the NCUA agreed upon procedures. Brandon expressed appreciation to the staff for their assistance in fulfilling the duties. A motion was made to adopt the Supervisory Committee's Report. The motion was duly seconded and carried unanimously.

## **New Business – None**

**Elections** – Election Committee Chair, Dan Dyer reported that there are two (2) seats expiring on the Board of Directors – Richard Womack and Glen Jackson. They both were nominated accepted as candidates for the Board. There were no other nominees. Vote of acclimation to accept their continuation on the Board for three (3) year terms.

Mary Love commended the Credit Union on the positive turn on the financial condition. It's a great credit union that has money to lend and great staff!

Richard Womack thanked the Board and the Staff and commended the Supervisory Committee for the guidance and growth.

Bob James recapped the following developments for 2018:

- Chip debit cards (EMV Chip)
- Remote deposit capture
- Upgraded website
- Ability to transfer between lending institutions
- Working on remote signature capture
- Need to upgrade computers and servers
- Lending innovations – Fresh Start Package (no credit check); member Loyalty Loan Programs; Credit Counseling Program; Partnership with Union (i.e. – Furlough Employee Loans)

A member made a request to explore integrations with Apple Pay and Google Pay. Bob responded that we are looking into those as options. Board member Rita Flynn asked if we could get a credit card program again. Bob James responded that he would like to, but first we have some hurdles that we must overcome.

## **Adjournment**

There being no further business to come before the membership, a motion to adjourn the meeting was made and seconded, which motion carried unanimously. Meeting adjourned at 1:44 PM.

**Respectfully submitted,**

**Marcia Reid - Secretary**



# AFL-CIO EMPLOYEES FEDERAL CREDIT UNION

The Primary Financial Institution of Union Families

Joint Message from the Chairman and Chief Executive Officer

To Our Valued and Loyal Credit Union Members:

We greatly appreciate and would like to thank our members, the Board, staff, and volunteers for your continued loyalty to your AFL-CIO Employees Federal Credit Union (AFL-CIO EFCU).

The AFL-CIO EFCU (CU) has been serving and supporting Union members and their families since 1952. In 2019, we celebrated our sixty-seventh (67<sup>th</sup>) anniversary as a financial institution serving within the credit union industry. The CU has faced many challenges and obstacles through the years. However, we have remained operational due in large part to our loyal members and volunteers. Since 2016, the CU has been focused on improving the member experience and member service quality to become a more efficient 21<sup>st</sup> Century credit union for union members and their families.

One of the challenges, reducing expenses, has been the business need to maintain and improve the CU's provision of services to its membership. CU members rely on their CU to provide products and services that are competitive in an ever-evolving financial services environment. Reducing expenses impacts the membership and member services. However, the management team continues furthering efforts at reducing expenses without sacrificing services to the membership. We continue to look forward to a strong and improved fiscal outlook for the future. We are resolved to continue to provide our members with the quality service they deserve.

In 2019, the Board and Management Team continued our efforts to make decisions that are in the best interests of CU members. The CU continued technology improvements by replacing outdated computer equipment and improving efficiencies to better assist members. The CU continued working on remote signature capture capability on our loan documents and internal forms (i.e., Wire Transfer, Change of Address, New Membership Application, etc.). Financial institutions must be vigilant in upgrading and improving how they deliver services remotely. The CU continues to improve technology through our core systems that will further help to improve delivery channels to the membership. The CU has completed its plan of having EMV chip technology, mobile banking, and remote deposit capture capability in place for members.

The Board of Directors, Management, and staff want to thank you for your continued support and commitment. Thank you for making the AFL-CIO Employees Federal Credit Union your Primary Financial Institution. We are honored to be your financial services partner.

Sincerely,

Richard Womack  
Board Chairman

Robert James  
Chief Executive Officer



# AFL-CIO EMPLOYEES FEDERAL CREDIT UNION

The Primary Financial Institution of Union Families

## Chief Executive Officer Report

In 2016, the credit union embarked on a plan to restore profitability, improve technology, and delivery channels to our members. We developed and implemented the plan. We decided on a five-year plan. The plan began with laying out how to reduce credit union office expenses and office occupancy expenses.

Reducing office expenses and office occupancy expenses is ongoing and continues to be a key in the credit union remaining profitable. From 2016 through 2019, the credit union reduced these expenses by approximately \$159,140 per year. The credit union successfully negotiated expense reductions with some vendors to maintain long term relationships. The credit union continues to look for expense reductions. Reducing office occupancy expenses was essential in the credit union returning to profitability.

For a financial institution, technology is an important part of how we function. Technology can also be cost prohibitive if not managed appropriately. The credit union performs extensive due diligence before entering into technology agreements to ensure cost savings and expected performance standards. In 2017, the credit union began to improve technology to improve service delivery to members. In 2017, the credit union enhanced internet banking to move it into the 21<sup>st</sup> century. The credit union retired its lending platform and enhanced the technology. In 2018, the credit union introduced EMV chip technology to the debit card program to reduce the potential for fraud. The credit union introduced mobile banking in October 2018 and remote deposit capture in November 2018 to assist members with a virtual remote banking experience. In 2019, the credit union updated phone switches, servers, and computers to improve transmission speed. In 2020, the plan continues with developing and implementing remote signature capture on forms and payment-to-payment (P2P) services for members.

The credit union is greatly appreciative of our members. The credit union will continue to strive toward improved delivery services for members and striving to reduce expenses.

Sincerely,

A handwritten signature in black ink, appearing to read "R. James".

Robert James  
Chief Executive Officer

**AFLCIO EMPLOYEES FEDERAL CREDIT UNION****Statement of Financial Condition****Balance Sheet****For Years Ended December 31, 2018, 2019 and YTD September 30, 2020**

<b>Assets</b>	<b>YTD</b>		
	<b>2,018</b>	<b>2,019</b>	<b>9/30/2020</b>
Cash	5,117,962	6,645,720	8,969,726
Loans to members, net allowance for loan losses	31,827,035	33,622,042	32,213,909
Accrued Income Receivable	146,353	137,022	148,646
Investment Securities Available for Sale at Fair Value	12,535,882	8,549,261	9,578,270
Other Investments	119,850	117,700	114,755
Property and Equipment, net Accumulated Depreciation	58,593	114,903	109,613
Prepaid Expenses and Other Assets	261,453	336,935	351,393
Foreclosed and Repossessed Assets	0	77,083	25,781
NCUSIF Deposit	430,372	411,201	401,654
<b>TOTAL ASSETS</b>	<b>50,497,501</b>	<b>50,011,867</b>	<b>51,913,746</b>
<b>Liabilities and Members' Equity</b>			
<b>Member Share and Savings Accounts</b>	45,325,995	44,331,244	45,942,202
Notes Payable	0	0	0
<b>Dividends Payable</b>	0	0	0
Accounts Payable, Accrued Expenses and Other Liabilities	65,747	83,554	126,974
<b>Total Liabilities</b>	<b>45,391,742</b>	<b>44,414,798</b>	<b>46,069,175</b>
<b>Members' Equity, Partially Restricted</b>	<b>5,105,758</b>	<b>5,597,069</b>	<b>5,844,570</b>
<b>Total Liabilities and Members' Equity</b>	<b>50,497,501</b>	<b>50,011,867</b>	<b>51,913,746</b>

**AFLCIO EMPLOYEES FEDERAL CREDIT UNION****Statement of Financial Condition****Income Statement****For the Years Ended December 31, 2018, 2019 and YTD September 30, 2020**

	2,018	2,019	YTD 9/30/2020
<b>INTEREST INCOME</b>			
Interest on Member Loans	1,646,545	1,737,343	1,256,002
Investment Income	366,386	386,990	197,001
Total Interest Income	2,012,931	2,124,332	1,453,003
<b>INTEREST EXPENSE</b>			
Members' Share and Saving Accounts	36,069	35,441	40,703
Net Interest Income Before Provision for Loan Losses	1,976,862	2,088,891	1,412,300
Provision for Loan Losses	(211,177)	(177,109)	37,979
<i>Net Interest Income After Provision for Loan Losses</i>	1,765,685	1,911,782	1,450,279
<b>NON-INTEREST INCOME</b>			
Fees and Other Operating Income	512,385	444,158	288,833
Other Gains (Losses)	(1,347)	0	0
<i>Total Noninterest Income</i>	511,039	444,158	288,833
<b>NON-INTEREST EXPENSES</b>			
Employee Compensation and Benefits	1,295,667	1,265,475	957,630
Office Occupancy and Operations	707,085	654,150	483,426
General and Administrative	177,092	166,401	117,977
Professional and Outside Services	83,625	89,910	48,154
Member Insurance Premium	0	0	0
Miscellaneous Expenses	1,466	0	50
<i>Total Noninterest Expenses</i>	2,264,935	2,175,935	1,607,237
Net Operating Income (Loss)	11,789	180,005	131,875
Non-Operating Expense (Income)	0	0	0
<b>NET INCOME</b>	<b>11,789</b>	<b>180,005</b>	<b>131,875</b>





# **AFL-CIO EMPLOYEES FEDERAL CREDIT UNION**

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## **Supervisory Committee Report to Members of the AFL-CIO Employees Federal Credit Union At the 2020 Annual Meeting**

The Supervisory Committee is responsible for the annual audit of the AFL-CIO Employees Federal Credit Union. The Supervisory Committee consists of volunteer members of the Credit Union who are appointed by the Credit Union's Board of Directors. The Supervisory Committee is responsible for ensuring that the Credit Union's financial reporting objectives are met and that the Credit Union has practices and procedures in place to safeguard members' assets.

In accordance with NCUA requirements, the Supervisory Committee conducts internal audits, verifies members' accounts, and monitors the internal controls of the Credit Union. To help fulfill our responsibilities, the Supervisory Committee has engaged the CPA auditing firm CliftonLarsonAllen LLP to perform certain agreed-upon procedures that are required by the National Credit Union Administration. After performing these agreed-upon procedures, CliftonLarsonAllen LLP has provided the Supervisory Committee with its independent accountant's report for the year ended December 31, 2019. The Supervisory Committee has reviewed its findings with management, and the report has been provided to the Credit Union's Board of Directors.

The Supervisory Committee takes its responsibility to the Credit Union and its members seriously, and we thank the Credit Union's staff, management, and the Board for their cooperation in the performance of our duties. Please direct any questions, concerns, or interest in volunteering to become a Supervisory Committee member to Brandon Rees, Chair of the Supervisory Committee, by sending an email to [brees@aficio.org](mailto:brees@aficio.org) or by mail c/o AFL-CIO, 815 16<sup>th</sup> Street NW, Washington D.C. 20006.