

A photograph of a man with a beard and curly hair, wearing a light blue shirt, laughing heartily while holding a young girl with curly hair. The girl is wearing a green and blue striped shirt. They are sitting on a couch with a blue and white patterned blanket. The background shows a wooden desk with a potted plant and some papers.

# 2020

Annual  
Report



# MISSION STATEMENT

Central One Federal Credit Union strives to be its members' Primary Financial Institution by providing access to a comprehensive set of financial products and services at an industry-leading level of service quality.

2020

Central One is proud to have received the following awards:

- Voted one of the **Top Credit Unions in Central MA-** Worcester Telegram & Gazette readers
- Named a **Top 50 fastest growing lender** by Banker and Tradesman for January-June, 2020
- A **2020 Top Lender in MA-Credit Union** by Banker and Tradesman
  - #8 for Single Family Loans by Volume
  - #10 in Number of Loans
  - #9 for Condos in # of loans
  - #8 for Refinancing in Volume of Loans
  - #8 for Refinancing in # of loans
- Lori Gaskins (#1) and Jillian Hildebrand (#5) named **Top Credit Union Loan Originators** in Central MA by Banker and Tradesman
- Feefo **Gold Standard Award**



## ENHANCEMENTS&NEWPRODUCTS

- Introduced free **Premium Checking Account** - rewarding members with cash back, ATM reimbursement, discounts on consumer loans, and more.
- **eStatements** - now available both online and through our mobile banking app.
- Our mobile banking app is now **Smartwatch** compatible.
- Added ability to report travel notifications in **Card Control** app.
- **Commercial Loan Applications** - now available online.
- Partnered with **Zogo** to provide a gamified app approach to financial literacy.

# FROM THE CHAIRMAN



**Robert H. McLaren**  
Chairman of the Board

Last year, the deadly COVID-19 pandemic deeply impacted everyone worldwide in one way or another. I am so proud to report that Central One Federal Credit Union successfully met the challenges presented by the pandemic head-on. The management team quickly enacted several operational changes and safeguards designed to continue offering our entire slate of world-class member services while maintaining a safe environment for both members and staff. Since last spring, Central One continues to update its protocols as environmental conditions evolve. Our transaction follow-up surveys confirm that members are extremely pleased with the services they receive.

Central One experienced record asset growth in 2020. The pandemic dramatically depressed consumer discretionary spending for many of our members, particularly those who managed to work remotely. That combined with federal stimulus payments served to boost savings. Member deposits increased by \$110 million, an incredible 24% jump last year.

Late last year, Central One completed the construction and operation of the new Member Support Center in Auburn, next to the Auburn branch. This modern, well-equipped facility of nearly 30,000 square feet has relieved space constraints in the Shrewsbury main office. This new location will now house the member support call center, loan origination center, and loan servicing department.

In March of 2021, Central One's independent federal regulatory agency, the National Credit Union Association (NCUA) approved our proposed significantly expanded field of membership, effectively increasing our geographic service territory more than four-fold, from 25 to 114 Massachusetts cities and towns.

These two recent achievements put Central One in a very good position to further improve service for existing members and to offer service to a significantly expanded membership, thereby increasing operational efficiency.

Once again, I wish to thank my fellow board and committee members for their support, cooperation, and direction last year. I'd also like to thank the staff and leadership of the credit union for their dedication and work ethic in supporting the credit union through a very challenging and uncertain year. Lastly, and most importantly, I'd like to thank our 35,000 members who continue to put their trust in their credit union to meet all their financial needs.

Sincerely,

A handwritten signature in dark ink, appearing to read "Robert H. McLaren".

**Robert H. McLaren**  
Chairman of the Board

## 2020 Financial Highlights

Net Income  
**\$3,722,000**

Net Worth  
**8.87%** "Well Capitalized"

Member Satisfaction  
**98.20%**

World Class Service  
**86.23%**  
of positive surveys received

# CUSO<sup>\*</sup> INFO

**3,321** accounts at  
W.F. Financial and  
Oak Tree Insurance Agency

## OAK TREE INSURANCE AGENCY

Added **348 new clients** in 2020. Book of Business increased **5%**

## W.F. FINANCIAL SERVICES

Added **100 new clients** in 2020

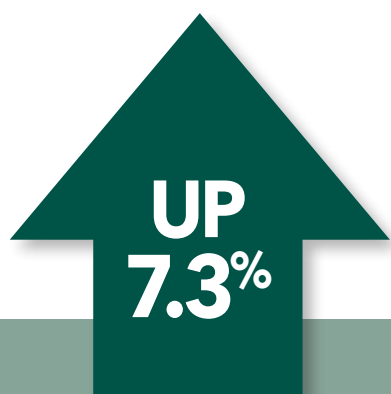
Assets under management **\$236 million - up by 9%**

## AUTO ADVISORS

**\$1.6 million** in member vehicle loans.

Members saved an average of **\$5,000** from dealer pricing, financing and additional add-ons.

# 2020 LOAN HIGHLIGHTS



Total Loans to Members



Member Business Loans



Mortgages

\* Credit Union Service Organizations



# FROM THE PRESIDENT



**David A. L'Ecuyer**  
**President/CEO**

During 2020, the credit union faced, perhaps, the most difficult challenge in its 65-year history—the COVID-19 global pandemic. I am extremely proud of the credit union's oversight and management of this unprecedented challenge. Within five business days of the World Health Organization declaring COVID-19 as a global pandemic, the credit union had transitioned 80% of its non-retail staff to work from their homes successfully. Strict protocols were put into place to ensure the highest levels of security and productivity so that the membership was only minimally aware of any structural changes made to our service offerings.

While Central One was managing the pandemic, it also put the finishing touches on its new Member Support Center next to our Auburn branch on Southbridge Street. This facility houses the call center, loan and mortgage origination, and loan servicing operations. The new facility will allow a potential doubling of the back office staff to support the credit union's future growth for decades.

Additionally, the credit union pursued approval from its regulators to obtain an expanded "Field of Membership" to support the credit union's future growth. This approval increases the eligibility to join the credit union for residents from 25 towns to well over 100 towns in central and eastern Massachusetts.

Under the immense pressure of providing all of its services to the membership during this pandemic, including our Investment and Insurance programs, the credit union was able to implement Payment Protection loans through the government's Payment Protection Program. The credit union has made several million dollars of these "forgiveness" loans to small businesses in the area to support them during this crisis.

Lastly, with all of the challenges of managing all operations at the credit union during this historically tricky environment, it also worked to receive the highest survey scores for member service in over 20 years.

I wish to thank the staff of the credit union for their hard work and cooperation. I want to thank the members for their support, the volunteer board of directors, and the committee members, for their leadership and direction.

Sincerely,

**David A. L'Ecuyer**  
**President/CEO**



# 2020 BY THE NUMBERS

The recent global pandemic changed everyone's course of direction and daily tasks became challenging for all.

Throughout the uncertainty, our branches remained open and available to our members.

Many members utilized the credit union's exceptional "bank at home" technology, providing them the safety and security of conducting their banking without visiting a branch.

Central One's goal continues to be a supportive partner to help make your life easier, not only for today, but for the future.

ONLINE LOAN  
APPLICATIONS  
WENT UP

**25%** ↑

ONLINE DEPOSIT  
APPLICATIONS INCREASED

**43%**

SUPPORTING SMALL BUSINESSES  
PPP LOANS TO  
**215 BUSINESSES**  
TOTTALLING OVER  
**\$7 MILLION**

NUMBER OF  
COMMUNITY  
ORGANIZATIONS  
SUPPORTED

**93**

MOBILE DEPOSIT  
GREW OVER

**33%**



**76,000**  
MEMBER SUPPORT  
PHONE CALLS

↑ **15%**  
INCREASE

ESTATEMENT  
ADOPTION  
INCREASED

**15%**

**4** SHRED DAY EVENTS:  
**15 TONS**  
OF PAPER SHREDDED

**3,700**  
ONLINE CHATS

↑ **26%**  
INCREASE

## Financial Education

Central One's Financial Education  
Online Center available

**24/7**

**3,376** USERS

ZOGO Financial Education  
Mobile App

**13,300**

MODULES COMPLETED

TOTALING  
**664.5**  
HOURS ON APP

# CFO'S LETTER



**Joseph D. Rollo**  
CFO

Central One Federal Credit Union's total assets increased by 16.8% and at year-end were \$648 million compared to \$555 million in 2019.

Total loans on December 31, 2020, were \$527 million. The credit union had strong growth in our loan portfolio, increasing \$35.7 million or 7.3%. Mortgages were up 21.9%, and Member Business Loans increased 12.2%, with over 200 Paycheck Protection Program loans totaling over \$7 million originated to assist local small businesses.

The credit union ended the year with \$563 million in share balances, up from \$454 million in 2019, a \$109 million or 24.1 percent increase. As a result of the strong deposit growth, the amount of borrowed funds decreased by \$19.0 million.

The credit union's capital serves as the foundation for developing growth programs and adding new products and services for our membership. Capital at December 31, 2020, was \$57.5 million. The net worth ratio is 8.87%, down from 9.69% in 2019, as a result of solid asset growth. The NCUA, our regulator, considers a net worth ratio of 7% or higher to be "well-capitalized."

Central One Federal Credit Union earned \$3,722,000 in net income compared to \$4,010,000 in 2019.

As interest rates fell to historic lows, the credit union's net interest margin increased by \$158,000. Fee income increased 13.6 percent due to increased mortgage refinance activity, while operating expenses as a percentage of assets decreased to 2.75% from 3.04% in 2019. Overall, Central One had a very successful year. We are very proud of our staff's hard work and our members' loyalty during this challenging year caused by the COVID-19 pandemic.

## In 2020:

Total assets grew to  
**\$648 MILLION**

Member savings increased to  
**\$563 MILLION**

Loans to members grew to  
**\$527 MILLION**

↑  
**16.8%**

↑  
**24.1%**

↑  
**7.3%**

Sincerely,

A handwritten signature in black ink that reads "Joseph D. Rollo".

**Joseph D. Rollo**  
CFO

# CONSOLIDATED BALANCE SHEETS

Years ended December 31, 2020 and 2019 (In Thousands)

	2020	2019
<b>Assets</b>		
Cash and due from banks	\$ 49,728	\$ 13,330
Investment securities held to maturity, at cost	20,151	2,605
Investment securities, available for sale	2,068	1,610
Other investments, at cost	11,160	11,656
Deferred compensation plan assets	5,117	4,592
Loans to members, net of allowance of \$1,547 and \$1,273 in 2020 and 2019, respectively	525,822	490,417
Premises and equipment, net	20,331	16,421
Accrued interest receivable	1,529	1,681
Foreclosed real estate	176	—
Prepaid expenses and other assets	5,658	7,073
Stock of the Central Liquidity Facility	1,226	1,141
National Credit Union Share Insurance Fund deposit	4,927	4,215
	<u>\$ 647,938</u>	<u>\$ 554,741</u>
<b>Liabilities and Members' Equity</b>		
Members' share accounts	\$ 562,642	\$ 453,549
Non-member deposits	8,037	7,045
Short term borrowings	248	26,000
Accrued and other liabilities	5,701	5,419
Long term borrowings	19,199	12,440
	<u>595,827</u>	<u>504,453</u>
<b>Total liabilities</b>		
Members' equity		
Regular reserve	4,982	4,982
Undivided earnings	52,478	48,756
Accumulated other comprehensive loss	(5,349)	(3,450)
	<u>52,111</u>	<u>50,288</u>
<b>Total members' equity</b>	<u>\$ 647,938</u>	<u>\$ 554,741</u>

## CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY

Years ended December 31, 2020 and 2019 (In Thousands)

	Regular Reserve	Undivided Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance, December 31, 2018	\$ 4,982	\$ 44,746	\$ (4,541)	\$ 45,187
Comprehensive income (loss)	—	4,010	1,091	5,101
Balance, December 31, 2019	4,982	48,756	(3,450)	50,288
Comprehensive income (loss)	—	3,722	(1,899)	1,823
Balance, December 31, 2020	\$ 4,982	\$ 52,478	\$ (5,349)	\$ 52,111



# CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

Years ended December 31, 2020 and 2019 (In Thousands)

	2020	2019
Interest income		
Loans	\$ 20,250	\$ 19,863
Investment securities	538	425
Interest-bearing deposits	192	378
Total interest income	20,980	20,666
Dividend and interest expense		
Members' share accounts	4,201	3,675
Borrowings	625	995
Total dividend and interest expense	4,826	4,670
Net interest income	16,154	15,996
Provision for possible loan losses	605	428
Net interest income after provision for possible loan losses	15,549	15,568
Non-interest income		
Customer service fees and commissions	1,714	1,716
Credit and debit card income	1,748	1,758
Loan and servicing fees	1,960	913
Unrealized gain on deferred compensation plan assets	525	745
Realized gain on sale of foreclosed real estate	—	32
Other income	78	139
Total non-interest income	6,025	5,303
Non-interest expenses		
Compensation and employee benefits	11,724	10,662
Occupancy costs	743	724
Operating expenses	5,385	5,475
Total non-interest expenses	17,852	16,861
Net income	3,722	4,010
Other comprehensive income (loss)		
Net adjustments pertaining to defined benefit and other post employment benefit plans	(1,885)	1,104
Net unrealized losses on investment securities, available for sale	(14)	(13)
Comprehensive income	\$ 1,823	\$ 5,101

Notes to Consolidated Financial Statements: (as of December 31, 2020)

The accounting firm Bollus Lynch LLP conducted the audit of our consolidated financial statements.

The complete disclosure and footnotes are available at the Credit Union upon request.

# COMMITTEEREPORTS

## THE SUPERVISORY COMMITTEE

is the members' link to their credit union. The committee plays a critical role in helping to safeguard the credit union's assets by ensuring adherence to established internal controls, and ongoing examination of accounting records, and loan documentation.

Additionally, the committee is involved in evaluating and reviewing policies and procedures in terms of their effect on the quality of services, as well as the safety of the members' funds. In this regard, the member satisfaction survey has been an excellent source by which we measure your satisfaction. Only if you respond to these surveys, whether critical or complimentary, can we be of better service to you. Our 2020 survey results showed over 97% member satisfaction.

The Supervisory Committee is also responsible for the annual audit. The

annual audit has certified that Central One Federal Credit Union was found to be in conformity with generally accepted accounting principles. The management letter that was issued disclosed no material weaknesses or reportable conditions in the internal controls.

As an organization, we also engage the services of Wipfli LLP to perform quarterly internal control audits of our operations to ensure that the Credit Union is in compliance with federal rules and regulations regarding credit unions, as well as our own internal policies and procedures.

The committee wishes to thank the Board of Directors, management, staff, and most importantly, the members for their support that further ensures your Credit Union's continued success.

Respectfully submitted,  
Gregory J. O'Connor, Chairperson



(L - R) Christine A. Baril,  
Gregory J. O'Connor - Chair  
and Elaine M. Racine.  
Not Pictured: Diane L. Collins.

## THE PLANNING COMMITTEE

provides management assistance and direction in facilities improvements, branch expansion, and periodic charter review.

The new Auburn Member Support Center was completed this fiscal year. It will provide much needed space for back office functions now and in the years to come allowing Central One to continue to provide the outstanding level of service you, our members, have come to expect.

The regulatory filings we made last fiscal year to increase the number of cities and towns we can serve was approved. This approval allows us to serve a geographic area more than four times our

current size. This will provide a very significant foundation now and in the future for your credit union to continue to grow in an increasingly competitive business.

Your Planning Committee members Deborah Drew, Keith Early, Jeffrey Pond and I will continue to focus on providing you with "World Class Service" for your current and future financial needs. We thank the Board of Directors, management, and staff for their continued support. Most importantly, we thank you, our members, for your unwavering support in the continued success of Central One Federal Credit Union.

Respectfully submitted,  
Anthony C. Pini, Chairperson



(L - R) Keith P. Early, Jeffrey M. Pond,  
Deborah J. Drew, and  
Anthony C. Pini - Chair

# BOARD OF DIRECTORS

## BOARD OF DIRECTORS

Robert H. McLaren, Chairman	2021
Anthony C. Pini, Vice-Chairman	2023
Jeffrey M. Pond, Secretary/Treasurer	2023
Roland G. Carlson	2022
Christine A. Baril	2022
Deborah J. Drew	2022
Keith P. Early	2023
Charles M. Giacoppe	2021
Michael T. Gregory	2021

## Term Expires

## ASSOCIATE DIRECTORS

Gregory J. O'Connor	2003
Thomas J. McCarthy	2020
Cardinal Welch	2020

## Appointed

# COMMITTEES 2020-2021

## *In Memoriam*

### **Roland "Rollie" Carlson**

We were saddened to lose our longstanding board member and former board chairman, Roland "Rollie" Carlson in 2020. Mr. Carlson served on Central One's board of directors for 26 years, where he was elected chairman of the board from 2010 to 2019 and served on the Personnel, Governance, and Nominating Committees.



**The Executive Committee** is the leadership of the Credit Union's Board of Directors, consisting of the Board officers.

(L - R) Anthony C. Pini - Vice Chair, Jeffrey M. Pond - Secretary and Robert H. McLaren - Chair



**The Asset Liability Management Committee** is responsible for the review and analysis of the interest rate risk and liquidity risk in the balance sheet.

(L - R) Keith P. Early, and Charles M. Giacoppe  
Not Pictured: Thomas J. McCarthy, Joseph D. Rollo - Chair, David A. L'Ecuyer, Jeffrey A. Dunn, David V. Kaiser



**The Personnel Committee** oversees the staff and VP goals programs, pay scale grades and the CEO's performance and compensation.

(L - R) Roland G. Carlson, Christine A. Baril - Chair, and Charles M. Giacoppe. Not Pictured: Jeffrey M. Pond



**The Member Business Loan Committee** is responsible for establishing member business loan policy, as well as reviewing and approving large member borrowing relationships.

Anthony C. Pini - Chair  
Not Pictured: Michael T. Gregory, David A. L'Ecuyer - Vice Chair, Joseph D. Rollo - Secretary, Michael T. Murphy, Jeffrey A. Dunn

**Election Committee**  
Deborah J. Drew, Chair  
Roland G. Carlson  
Gregory J. O'Connor  
Thomas J. McCarthy

**Security Officer**  
Jill A. Rogers

**Nominating Committee**  
Jeffrey M. Pond, Chair  
Christine A. Baril  
Keith P. Early

**IT Steering Committee**  
Neal R. Reardon, Chair  
Ryan A. Angelo  
Jeffrey A. Dunn  
Deborah J. Drew  
David V. Kaiser  
David A. L'Ecuyer  
Joseph D. Rollo  
Thomas J. McCarthy  
Karen E. Mills

# OURTEAM

## **MANAGEMENT**

President/CEO, David A. L'Ecuyer  
Chief Financial Officer, Joseph D. Rollo  
SVP of Lending, Jeffrey A. Dunn  
SVP of Operations & Information Systems, Karen E. Mills  
SVP of Retail Services, David V. Kaiser  
VP of Commercial Lending, Michael T. Murphy  
VP of Information Systems & Technology, Neal R. Reardon  
VP of Human Resources, Kerry R. Crutchley  
AVP of Administration and Training, Kathryn E. Shaw  
AVP of Member Support, Christine Bates  
AVP of Retail Services, Owen J. Russell  
Director of Card Services, Eva M. Polymeros  
Director of Consumer Lending, Kellie A. Drew  
Director of Facilities, William P. Hamilton  
Director of Residential Mortgages, Deborah J. Cormier

Accounting Manager, Vanessa Marchand  
Compliance Manager and Security Officer, Jill A. Rogers  
Data Operations Manager, Mandy L. Corfey  
Electronic Services Manager, Jen Ogle  
IT Project Manager, John A. LeBlanc  
Marketing Manager, Susanne R. Drugge  
Member Support Manager, James F. Flavin  
Senior Network/Server Manager, Ryan A. Angelo  
Project Manager, Sandra H. Dunay  
System Support Manager, Charles A. Frail

## **BRANCH MANAGERS**

Auburn, Bryan C. Stockhaus  
Northborough, Heather L. Forchilli  
Shrewsbury, Owen J. Russell  
Westborough, Rajani Koduri



*We're not a bank. **We're better!***

800-527-1017 | [centralfcu.com](http://centralfcu.com)

Auburn | Northborough | Shrewsbury | Westborough

