

2018

Annual Report



MUTUAL SECURITY
CREDIT UNION



THE CHAIRMAN AND CEO REPORT

*Pictured: MSCU CEO Larry Holderman,
Great Valley Chamber of Commerce
(GVCC) Board Director George Mitchell,
GVCC President & CEO Bill Purcell,
State Senator Eric Berthel,
and MSCU President Hank Baum*

Solidifying the Future.

2018 proved to be another exciting year for Mutual Security Credit Union (MSCU). MSCU saw its highest growth rate since 2009 when our assets grew 10.4% and reached over the \$300 million mark. This growth is attributed to you, our members and owners, for taking advantage of our deposits, loans, and financial offerings. We also welcomed the addition of nearly 1,000 new members into our 27,800+ strong community and named Hank Baum as the new MSCU President as part of our succession plan. As you explore our financial results on the following pages, feel heartened knowing that behind each and every result there are people. People who, thanks to the credit union difference, are able to enjoy a safe, reliable car with an affordable loan; teach their children the value of savings; and so much more.

To us, being a full-service financial institution means doing more than simply providing financial products and services. MSCU continues to remain ‘well capitalized’ as defined by our regulators, meaning your credit union is on solid footing which gives us the ability to expand our services to meet your needs and expectations. We’re very proud that we were able to prioritize and build upon the following efficiencies in 2018 to solidify our future:

Member Experience: We listened to your feedback and have incorporated the ability for members to instantly receive debit cards at all our major retail branch locations, expanded our Member Care Team hours and holiday coverage, and added the option to make deposits and loan payments from other financial institutions. We have also updated our website to deliver a better user experience and after a lot of research, look forward to unveiling a new innovative online banking provider in Fall 2019.

Community Outreach: We were delighted to continue our organization-wide Veterans’ Day volunteer initiative to assist local veterans in our community on a day dedicated to thanking them for their service. We also were happy to provide low-cost relief loans for victims of the May 2018 tornados, as well as loans to federal employees during the government shutdown.

Accessibility: In our effort to increase our presence in the community and accessibility of our services, we opened a new Select Employer Group at Masonicare Ashlar Village in Wallingford and purchased a new location for our Norwalk branch that is scheduled to open in September 2019.

Financial Education: To make sure we’re providing our members with the best guidance to secure their financial well-being, twelve of MSCU’s associates graduated from a Financial Counseling Certification Program and are readily available to those who need assistance.

In 2019 as we celebrate 65 years of service, we will continue to focus on the financial needs of our membership. Our commitment to elevate the well-being of Western Connecticut consists of making sure you have the financial resources you need today, tomorrow, and in the future – so you can live comfortably and enjoy your life. Thank you for allowing MSCU to be a part of your lives and entrusting us to do the right thing for you, our team, and our communities – now and in the future.

**Bruce M. Likly, Chairman
Larry F. Holderman, CEO**

THE CREDIT COMMITTEE REPORT

In 2018, the MSCU lending team closed 3,494 loans that totaled \$97.6 million in new loan originations.

HOME LOANS

Through \$32.5 million in mortgages and home equity loans or lines of credit, we assisted nearly 150 members unlock the door to a new home or turn their dream project into a reality.

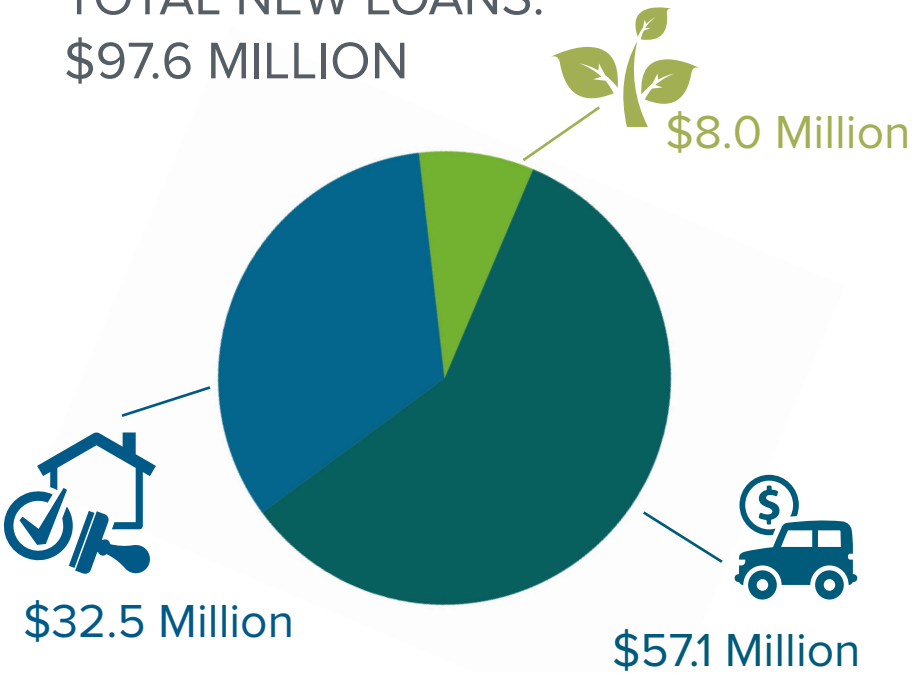
VEHICLE LOANS

With over \$57 million in new and used car loans in 2018, we helped our members with their transportation needs and put 2,409 cars on the road.

GREEN LOANS

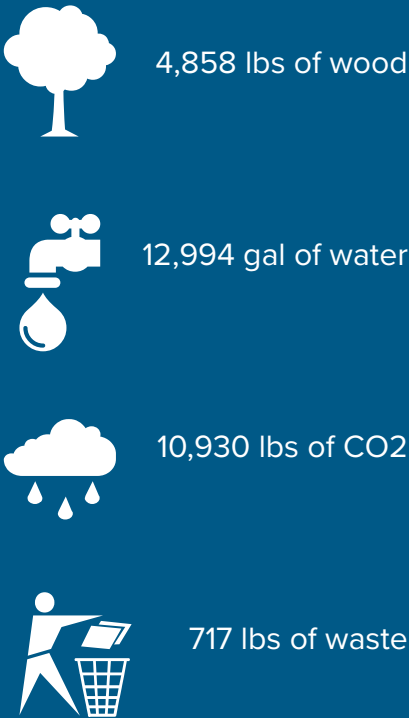
We helped 315 members increase their energy efficiency and lower their carbon footprint with a green loan. This included 115 Smart-E loans that gave members access to affordable home energy improvements and 89 electric vehicle loans that helped members reduce car emissions and fuel costs.

TOTAL NEW LOANS: \$97.6 MILLION



MSCU’s 2018 Enviornmental Savings

To help reduce our carbon footprint and help the community that our members live in, MSCU uses an e-signature and digital agreement solution that enabled us to save the following in 2018:





BOARD OF DIRECTORS

- Bruce Likly
Chairman
- Robert Marages
Vice Chairman, Employee Relations Committee
- Kenneth Decker
Treasurer
- Robert Basta
Chairman, Supervisory Committee
- Robert Lubus
Secretary, Employee Relations Committee

THE SUPERVISORY COMMITTEE REPORT

The Board of Directors appoints volunteers from the membership to serve on the Supervisory Committee. The Committee’s purpose is to report to the members on the financial soundness and integrity of Mutual Security Credit Union.

The Supervisory Committee reviews MSCU’s financial reports, arranges for an independent accounting firm to perform an annual audit of MSCU and conducts an annual verification of member accounts.

In reviewing, we found positive member responses that showed MSCU was providing fast, accurate service and members were very satisfied.

For the year 2018, the Committee selected Doeren Mayhew CPAs and Advisors to perform an audit of MSCU’s financial statements, account records, policies and procedures.

Also, several audits were performed by the firm of Shatswell MacLeod & Company, P.C. and CastleGarde to review internal processes and controls.

The Committee agrees with the assessments and recommendations and concludes that MSCU is operating in an efficient and financially sound manner.

"I want to thank you again for connecting me with the folks at MSCU who helped me straighten out my finances while I was receiving unemployment."
- Barb, MSCU Member

"I cannot thank MSCU enough for all of your help with my financial issues. The staff have been so patient and understanding and beyond that, just consummate professionals."
- Nancy, MSCU Member

"I have been a member for 20 years and get better service here than I do at the banks! Great people to work with especially when you hit hard times!"
- Theresa, MSCU Member

BALANCE SHEET

	December 2018	December 2017
Assets		
Cash and Investments	\$10,031,195	\$9,884,723
Net Loans	\$285,803,914	\$258,289,291
Other Assets	\$14,115,842	\$12,510,875
Total Assets	\$309,950,951	\$280,684,889
Liabilities and Equities		
Non-Maturing Shares	\$191,667,581	\$183,323,579
Certificate Shares	\$82,649,824	\$66,543,076
Other Liabilities	\$13,113,073	\$9,699,053
Total Shares and Liabilities	\$287,430,478	\$259,565,708
Equity	\$22,520,473	\$21,119,181
Total Shares, Liabilities and Equity	\$309,950,951	\$280,684,889

INCOME STATEMENT

Interest Income	\$11,506,891	\$10,593,073
Interest Expense	\$1,560,620	\$1,037,570
Other Non-Interest Income	\$3,366,887	\$2,864,298
Operating Income	\$13,313,157	\$12,419,801
Operating Expenses	\$10,970,203	\$10,175,659
Provision for Loan Losses	\$941,662	\$2,020,500
Gain/Loss - Sale of Assets	-	\$26,809
Net Income	\$1,401,292	\$250,451



COMMITTEE MEMBERS

Supervisory Committee

- Robert Basta
Chairman
- Karin Guzek
- Linda Smitas

Credit Committee

- Paul Anderson
Chairman
- Hank Baum
- Larry Holderman
- Stephen Osowiecki



Elevating Our Community.

COMMUNITY INITIATIVES

We're committed to elevating Western Connecticut by focusing our volunteer efforts and charitable giving in the areas of financial education, health & human services, housing, and enviornmental programs.



Employee Volunteerism

MSCU employees spent Veterans Day volunteering at local veteran organizations including Homes for the Brave to thank those who fought for our country during our company-wide volunteer day.

Local Food Banks

In 2018, MSCU stayed committed to fighting hunger in our communities and participated in initiatives such as the 11th Annual Fill-a-Truck Food Drive for St. Vincent DePaul Mission of Waterbury and partnered with a local church in the City of Bridgeport to deliver over 50 frozen turkeys and 75 bags of groceries.

Financial Literacy

Multiple MSCU employees were proud to participate in The Credit Union League of Connecticut's Financial Reality Fair to help local students understand the importance of budgeting and best practices for working in the real world! MSCU employees also offered complimentary workshops on home-buying, budgeting, and financial wellness to the community throughout the year.

Health and Human Services

MSCU collected holiday gifts for St. Vincent DePaul; spread awareness and raised funds for 21 Strong in honor of Down Syndrome Awareness Day; wore red for the American Heart Association's 'Go Red for Women' campaign; rode in the Pan-Mass Challenge to raise funds for the Dana-Farber Cancer Institute; and participated in Griffin Hospital's Valley Goes Pink in 2018!



Enviornmental Programs

In an effort to help our community increase its energy efficiency and lower its carbon footprint, MSCU employees participated in panel discussions with the Milford Energy Advisory Board to highlight the perks of electric vehicles and EV financial incentives, attended conferences and put on seminars to educate contractors on alternative financing solutions with the CT Green Bank.



Scholarships

Over \$6,000 in scholarships were awarded to member college-bound students in recognition of their contribution to the community and their academic achievements.



Listed below are a few of the many select employer groups we'd like to thank for their continued collaboration:

ASML

Boehringer Ingelheim

Cartus

Collins Aerospace

Global Steering Systems

Masonicare

Norwalk Board of Education

Perkin Elmer

The Platt Brothers & Company

Scholastic Corporation

Timex Group USA, Inc.

Torrco

Truelove & Maclean Inc.

Whole Foods Market

William Raveis Real Estate

Wilton Board of Education



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