

Statement of Financial Condition

	2018	2017
ASSETS		
Loans to Members	\$17,123,177	\$15,669,569
Cash	\$233,425	\$179,746
Investments	\$25,292,938	\$29,050,444
Other Assets	\$467,558	\$555,818
Total Assets	\$43,117,098	\$45,455,577

LIABILITIES & MEMBER'S EQUITY

Member Shares	\$38,356,592	\$39,976,885
Outside Borrowings	\$695,000	\$1,500,000
Total Liabilities	\$149,445	\$195,873
Equity	\$3,916,062	\$3,782,819
Total Liabilities & Equity	\$43,117,098	\$45,455,577

For a comprehensive overview of income & expenses, go to: www.wmfcu.org and click on Annual Report.

MISSION STATEMENT

Our mission is to be the familiar face that guides our membership to financial stability by building lifelong relationships with each individual and providing them with the solutions needed to meet their unique goals.



WOBURN MUNICIPAL FEDERAL CREDIT UNION

BOARD OF DIRECTORS

Kathy Connolly	Chairman of the Board
Loretta Schuck	Vice Chairman
Kathleen McSweeney	Secretary
Joan Sweeney	Treasurer
William McGrath	Director
Jane O'Connor	Director

STAFF

James McCorkle	President/CEO
Frank Harmon	Vice President Finance
Patricia Norton	Operations/Plastic Card Services
Diane Woods	Loan Officer
Ashley Antonuccio	Lead Member Service Rep.
Maureen Masterson	Member Service Rep.
Rita Gibson	Member Service Rep.
Patricia Rossi	Member Service Rep.

People Helping People



WOBURN MUNICIPAL FEDERAL CREDIT UNION

Savings

Share Accounts
Share Draft Accounts
Payroll Deduction
Term Share Accounts
IRA Share Accounts
Money Market Accounts
Holiday Clubs
All Purpose Clubs
MasterCard Debit Card

Services

Audio Response
Home Banking
Mobile Banking
Direct Deposit
Payroll Deduction
Notary Public

Lending

New/Used Automobile Loans
Home Equity & 2nd Mortgages
Recreational Loans
Student Loans
Lines of Credit
Personal Loans
MasterCard

People Helping People



WOBURN MUNICIPAL FEDERAL CREDIT UNION

ANNUAL REPORT 2019



www.wmfcu.org

Main Office
8 Cedar Street
Woburn, MA 01801
Phone: (781) 933-2600

www.wmfcu.org

Main Office
8 Cedar Street
Woburn, MA 01801
Phone: (781) 933-2600

President's Report

As President, my goal is to ensure that Woburn Municipal Federal Credit Union keeps pace with our members' evolving financial and technology needs while remaining financially safe and sound. 2018 saw the credit union continue to make changes as we looked to streamline processes, reduce expenses and make the overall member interaction easier and more memorable. Overall the Credit Union system continues to be healthy, sound and strong and 2019 looks like it will be another good year.

As we look back on last year, a couple of significant accomplishments should be noted, first, loans grew by just under \$1.45 million, investment income grew by over \$94,000 and the credit union posted a positive net income for the fourth consecutive year. Net worth is strong while delinquencies and loan charge-offs continue to be significantly below the national average. Although there were plenty of positives, we did see a slight decrease in shares.

2018 also saw the credit union complete numerous enhancements and upgrades that are designed to make the member experience easier and more secured. The hi-lights include, the first two Credit Union branded ATM's for our members, the roll out of our on-line membership application, e-Doc's, which allow us to send documents requiring members signatures in a secure fashion thus allowing members to electronically sign the documents and return them to us without having to come to the branch and finally increased security on our Home Banking login. Along with system and technology changes we also recognized how we communicate with our members had to change. In 2018 we rolled out our social media platforms (Facebook, Twitter and LinkedIn) which gave us the opportunity to communicate news, information and promotions to our members in a non-traditional manner. Lastly, financial literacy continues to be something that we take seriously and 2018 saw us roll out our in-depth online Financial Education Center on our website. To go along with the online program, we also began to teach a financial literacy to two 8th grade classes in the Kennedy Middle School.

As we look forward to the New Year, Woburn Municipal Federal Credit Union will continue to focus on innovative ways to make us more efficient. We will begin the year rolling out our third branded ATM, which will be located in the O'Brien hockey rink and we will continue to look for opportunities to add more ATM's in Woburn and the surrounding communities. At our Annual Meeting will be announcing our new name and with that we will be introducing our new streamlined website at the beginning of May. We are committed to moving your credit union forwarded and will continue to look for opportunities to grow membership and add new products and services. As with any change there is a learning curve and we thank the membership for their patience and understanding as we continue to improve the overall member experience. While we upgrade our technologies, we will continue to focus on increasing membership while trying to maximize our return on all investments.

As life continues to change and get faster it's important to remember that Woburn Municipal Federal Credit Union is here for you. We have a knowledgeable and professional staff to meet your financial needs and we've partnered with licensed professionals to handle your complex financial needs. We take pride in our ability to work with members, one on one, and help them solve their financial problems all while not putting them in a difficult position for years to come. We want members to know that if they are having difficulty, we are willing to work with them.

To achieve these goals, it takes an exceptional team of individuals whose dedication makes this credit union what it is. First, I would like to thank our

dedicated Board of Directors, whose leadership and vision help to continue to improve your credit union. Also, I would like to express my sincere gratitude to the committed and dedicated employees, who make your credit union an exceptional and friendly place to conduct your financial business. Finally, credit unions are like partnerships and Woburn Municipal Federal Credit Union would not be where we are if it wasn't for our dedicated business partners at Members Mortgages and Northeast Planning and Associates.

As we look forward to the coming year please know that we are committed to providing you the highest level of member service while continuing to enhance our product line, services and technology. Rest assured Woburn Municipal Federal Credit Union does not need an excuse for being committed to the membership; we always have been and always will be 'not for profit, but for service'.

James M. McCorkle
President and Chief Executive Officer

Supervisory Committee Statement

To accomplish the objectives of the supervisory committee for 2018, an independent firm specializing in credit union examinations, Conant Associates, was engaged to perform an annual comprehensive examination of the Credit Union's operations as required by NCUA regulations. The Supervisory Committee also had Conant Associates assist in completing various other examinations listed in the supervisory committee handbook.

Conant Associates has been visiting the credit union on a monthly basis and reporting back to the supervisory committee findings related to these additional examinations.

The results of these examinations are then presented to the Board of Directors to document the accounting records and reports are being effectively maintained within the Credit Union and practices are being administered in accordance with existing rules and regulations.

The members of the Supervisory Committee sincerely appreciate the support and assistance provided by the Board of Directors, and the Credit Union management and staff throughout the year.

Sincerely
Charles R. Conant IV
Conant Associates

Chairman's Message

On behalf of the Board of Directors and Staff I would like to thank our loyal membership for their continued support of the Credit Union.

2018 was a very successful year as we had a positive net income for the fourth year in a row. When it comes to the key ratio benchmarks, Woburn Municipal Federal Credit Union continued a positive trend and most of our ratios improved meaning the credit union remains strong and ready to serve our members. The biggest increase we saw last year was in our total loan portfolio, which saw our net loans increase \$1.45million, with automobile loans increasing by almost \$700,000 dollars.

One of our goals for 2018 was to complete several enhancements and technological upgrades that are intended to make the member experience easier and more secured. We also wanted to focus on Financial Literacy and to accomplish this we rolled out an extensive Financial Education Center on our website and our staff began to teach Financial Literacy to two 4th grade classes at the Kennedy Middle School. Finally understanding the changing landscape in how people stay informed we rolled out a new Social Media Platform (including Facebook, Twitter and LinkedIn). It is our hope that our membership will find these platforms easier to stay informed and up to date with all the happenings at the credit union.

As we look forward to the New Year, innovation will still be at the forefront of our goals. At the end of February, we will have our third ATM in place. This new ATM will continue to allow our members to access their money when they need it at no charge. Other things our members can look forward to in 2019 will be a new website that will be easier to not only navigate but also easier to view on phones and tablets and during the second quarter members will be introduced to our new name. Although the name will be changing members can be assured that they will continue to see the same people and receive the same exceptional service that they've come to expect.

I would like to take this opportunity to acknowledge and thank Jim and the entire staff for the tireless efforts to make your credit union the best it can be. Also, I would like to thank the Board of Directors for volunteering their time and making the commitment to make sure that your credit union will be here for another 50 years.

As we move forward in 2019 I'm proud to say that we continue to maintain our profitability while growing deposits and loans and reducing expenses. During this year, we will be working to grow the membership by getting out and visiting all our Select Employee Groups while continuing to make sure our membership is informed of everything we have to offer. In closing I would like the membership to know that your Board of Directors take their mission very seriously and we are all committed to the Credit Union mantra of "People Helping People" Remember this is your credit union!!

Thank You
Kathleen Connolly
Chairman of the Board

Treasurer's Report

In 2018, Woburn Municipal Federal Credit Union earned \$133,243 an increase of \$29,382 or 28% increase over year ending 2017 of \$103,861. Prior year Results were \$90,181 for 2016 and \$1,253 for 2015.

Net Charge offs of \$31,102 represents a significant increase over the 2017 net amount of \$230, yet slightly higher than the amount reported in 2016 of \$26,622.07.

For the 6th consecutive year there was not an NCUA Assessment. BUT there was a refund for the first time from NCUA in the amount of \$30,895. Another one has been announced for 2019 though for a smaller amount unknown at this time.

Woburn's liquidity position in 2018 continued its' strength as was the case in 2017 and 2016. Woburn's Capital ratio ended at 9.08% up from 8.32% in 2017 also up from 8.70% in 2016.

Overall Assets decreased to \$43,117,097 from \$45,455,577 in 2017 a decrease of \$2,338,480 or 5.14% though from 2016 to 2018 assets grew \$840,413 or 1.98%.

Total Deposits were \$38,356,592 a decrease from \$39,976,885 2017 this represents a 4.05% decrease however deposits have stayed relatively flat since 2017 of \$38,435,025. Note that 64% of the 2017 deposit growth appears to have shifted outward due to volatility in interest rates that started in late 2017 and continued through 2018.

The Cost of Funds / Dividends paid totaled \$60,802 versus \$50,262 in 2017 (an increase of \$10,540 or 21%) as opposed to \$57,321 in 2016. Unlike 2015 and 2016 – the interest rate environment had become more volatile in late 2017 through 2018 this along with the temporary deposit growth caused this increase. Management did increase the MMDA rates as well as the CD rates, along with having run Specials to compete for funds.

Borrowing costs substantially increased in 2018 by \$25,916 – basically to fund the deposit outflow of the above mentioned \$1,620,000 and the loan funding mentioned below. Though liquidity remained steady the timing of maturities of investments versus that of deposit withdrawals caused the borrowings and their costs to increase throughout the year while interest rates had risen.

Total Loans before the Allowance for year ending 2018 of \$17,195,479 versus \$15,738,684 in 2017 an increase of \$1,457,000 or 9.26%. Since year ending 2015 (new management) the loan portfolio has grown from \$12,432,000 to \$17,195,479 an increase of \$4,763,479 or 38% for 3-years.

This Increase in the portfolio resulted in an increase in Loan Interest Income for 2018 of \$24,732. Totaling \$742,434 for year ending 2018.

Allowance for loan losses remain fully funded at \$72,302. Though delinquencies have shown some volatility, namely with 2-Real Estate Loans these should not cause any material affect to the allowance account for 2019.

To fund both the above-mentioned increase in loans \$1,457,000 as well as the deposit out flow of \$1,620,000 totaling \$3,077,000. Management had to increase borrowings throughout 2018 even though the ending balance was \$695,000 versus \$1,500,000 2017. In addition to the borrowing activity, Investments had been prematurely cashed in to fund this amount. The Investment Portfolio ending Balance \$24,254,000 versus \$26,805,000 a decrease of \$2,551,000.

HOWEVER, the Income earned in 2018 \$538,709 versus 2017 \$444,910 an increase of \$93,799 or 21% This was accomplished by rolling over maturities into shorter term CD products in a higher interest rate environment.

Total Operating expenses did increase again in 2018 and 2017 as well as 2016, this was for many reasons. The acceleration of Fixed Assets and pre-pays as well as implementation of other critical necessities. Expenses totaled \$1,293,898 versus \$1,232,970 in 2017 an increase of \$60,928 or 4.90%. Expenses totaled \$1,123,065 in 2016.

In conclusion, 2018 represented another solid improvement not only over the 2017 and the 2016 results but also versus the budget. Looking forward to 2019, Management and the Board will continue what it has started and per the budget, expect another solid year in profits as well as growth in the lending portfolio. All while introducing newer plans and strategies.

Joan Sweeney
Treasurer