



2020
ANNUAL
MEETING
REPORT

Proud and Thankful for
our Essential Members

Improving people's lives
with creative solutions

 **SCIENT**
Federal Credit Union®

Services

SAVINGS & CHECKING PROGRAMS

- Share Savings Accounts
- Free Checking with eStatements
- Interest Checking Account
- Regular and Premium Money Market Accounts
- Share Certificates
- Change Maker Savings Account
- Club Accounts
- Individual Retirement Accounts (IRAs)
- Coverdell Education Savings Accounts

CONSUMER LOANS

- Auto Loans
- Signature Personal Loans
- Personal Line of Credit
- Consumer Visa® Card*
- Business Visa® Card*
- Deposit Secured Loans
- Education Loans
- Executive Reserve Lines of Credit

MORTGAGE & EQUITY LOANS

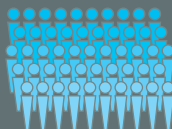
- Fixed-Rate Mortgages
- Adjustable-Rate Mortgages
- SMARTChoice Mortgages
- Jumbo Mortgages
- No Closing Cost Mortgages
- Fixed-Rate Home Equity Loans
- Home Equity Lines of Credit

ACCESS YOUR ACCOUNTS ANYWHERE, ANYTIME

- Mobile App with Mobile Deposit
- Online Banking
- Free Unlimited Online Bill Payment
- Free Email Alerts on Transactions
- Free SMS Text Alerts
- Free ATM Transactions at over 30,000 CO-OP® Network ATMs Nationwide
- Free Account Transactions at over 5,000 CO-OP® Shared Branches Nationwide
- Payment Access via Apple Pay®, Samsung Pay™, Android Pay™

*Through Elan Financial Services

2020
by the numbers



20,705
Total Members



66,745,096
Auto Loans Made



46,865,057
Mortgage Loans Made



5,808,037
Consumer Loans Made

Letter from the Chairman & President/CEO

Let us start by thanking the Scient staff and their families for their dedication and cooperation throughout the challenges of this pandemic. There have been some excellent success stories both inside and outside of business. We also wish our membership good health and economic stability in the coming months, and our thoughts are with those who have compromised family members due to the viral outbreak, especially those who have lost loved ones. The Scient team also thanks the first responders, nurses, doctors, medical staff, mental health professionals, postal and delivery professionals and all other essential workers that are heroically helping people in need. We are proud to acknowledge that many of these individuals are members of our credit union! We are also proud to be associated with Pfizer, developers of the first COVID-19 vaccine approved for emergency use in the U.S. as well as, all of the crucial CT postal personnel working tirelessly to ensure rapid distribution of medications and other critical supplies to those unable to leave their homes. Scient appreciates your support and dedication during these unprecedented times!

We are pleased to report that 2020 was a good year for Scient, with loan originations of \$119.4 million and 7.5% deposit growth, and earnings of more than \$1.475 million, which nearly doubled the \$755 thousand budgeted. With an increasing number of financial options available to the public, Scient's growth continued with nearly 1,100 new members and nearly 21,000 at year's end. Our total assets climbed 7.7% to \$272.5 million.

Financial metrics met or exceeded the plan for 2020, in part due to strong collection efforts. Scient's provision for loan loss expense of \$499 was \$671 thousand, or 57%, better than budget! Our mortgage originations of \$46.9 million far exceeded the \$17.25 million budgeted.

With sustained profitability over the last five years, Scient is investing in innovative technology (new website launched February 17, 2021) that improve our services and put the right platforms in the hands of our members to conduct business in-person and, in a challenging environment, online and mobile.

Our 2020 initiatives met or exceeded our plan expectations. Notable success stories in 2020 include our successful Debit Card and Secure Now Online Banking conversions, as well as safely navigating Scient and its members throughout the ongoing COVID-19 pandemic.

In 2021, we anticipate adding more features and functions to the mobile app and website and providing our members with Card Controls through the use of the Scient Mobile App. Multiple technology upgrades are planned, such as replacing hardware pertaining to its business continuity plan, as well as upgrading Scient's firewall monitoring. Other initiatives include enhancements to employee recognition and wellness programs.

As you can imagine, 2021 is shaping up to be a challenging year, and keeping our focus will be critical for our excellent staff.

Throughout the COVID-19 pandemic, Scient has taken the personal safety of its members and staff very seriously. On March 19, 2020, the Colver Avenue branch lobby was closed and transactions were restricted to the drive-up lane only. Scient mobilized its team to work remotely, rotating staff on-site and from home. We increased our in-office hygiene through simple steps such as; encouraging active and frequent hand washing, distributing disinfecting wipes (to disinfect work areas) and making sure disinfecting hand soap and hand sanitizer are more prominent throughout the workplace. Our cleaning staff was instructed to disinfect all handrails, door handles and kitchen surfaces nightly. Scient continues to observe social distancing protocols and regularly monitors this evolving situation. We will continue to follow guidance from the Governor of Connecticut and the CDC. While a branch re-opening date is difficult to predict at this time we want you, the members, to know that precautions will be in place to protect your safety and the safety of Scient employees.

At Scient, we thank you for your membership, and look forward to **improving people's lives with creative solutions**. Wherever you are, we are with you to help meet your financial needs.

Glenn Wilcox
Board Chairman

Chris Maynard
President & CEO

Treasurer's Report

Scient had a very successful year in 2020. The credit union continued to operate profitably and added substantially to its capital reserves during the year. Scient earned \$1.475 million in 2020, with a Return on Assets of 56 basis points. Net Worth as measured by our regulators, aggregated \$25.1 million at year-end 2020 and Scient continues to be classified under current regulations as 'Well Capitalized'. Assets at year-end were \$272.5 million, a \$19.4 million or 7.7% increase over the prior year.

Scient's success shows in its results:

- \$119.4 million in loans to members were granted in 2020 and \$225 million in loans were outstanding as of year-end. Scient's Interest Income on loans for the year was \$8.75 million, a \$150 thousand, or 1.7% decrease, from the prior year.
- \$243.3 million was on deposit at the credit union as of year-end, a 7.5% increase from the prior year. Over \$1.2 million in interest was paid on deposits held at Scient in 2020.

Operating expenses were reduced year-over-year by \$170 thousand, driven by reduced or delayed spending due to COVID-19. The provision provided for loan losses of \$500 thousand was below the prior year by an amazing \$540 thousand! In addition, Scient now services over \$36 million of member real estate loans and \$53 million of auto loans that it has participated to other credit unions.

Scient continues to work closely with its members experiencing financial difficulties. Scient's loan restructuring program at year-end extended to 35 members, with 4 approved for the program in 2020. The collections department, working with members, recovered \$181 thousand in previously charged-off loans in 2020.

Scient's liquidity, or cash position, remains well managed. Scient had limited borrowings during the year with none outstanding at year-end. Scient had \$39.9 million in unused lines of credit for liquidity at year-end.

As Treasurer and a Scient Board member for many years, I would like to personally thank each and every member for making Scient Federal Credit Union what it is today. We truly value you, our members/owners, and appreciate your continued relationship as your credit union.

Sincerely,

Adam Smogowicz

Treasurer

Statements of Financial Condition

ASSETS		
	2020*	2019*
Cash & Cash Equivalents	\$21,436,601	\$9,430,765
Interest Bearing Deposits	\$4,980,000	\$2,241,000
INVESTMENTS		
Available for Sale	\$12,436,277	\$6,665,860
Held to Maturity	\$242,423	\$397,920
Loans to Members		
Net Allowance for Loan Losses	\$223,698,270	\$224,279,635
Accrued interest receivable	\$770,381	\$758,278
Prepaid & Other Assets	\$4,002,239	\$4,299,062
Property & Equipment	\$2,717,671	\$2,877,701
NCUSIF Deposit	\$2,253,808	\$2,199,943
TOTAL ASSETS	\$272,537,670	\$253,150,164

LIABILITIES & MEMBER EQUITY		
	2020*	2019*
LIABILITIES		
Members' Share & Savings Accounts	\$243,273,499	\$226,278,569
Borrowed Funds	-	-
Accounts Payable & Accrued Liabilities	\$3,957,028	\$3,180,844
Total Liabilities	\$247,230,527	\$229,459,413
MEMBER EQUITY		
Regular Reserve	\$1,582,525	\$1,582,525
Undivided Earnings	\$23,487,240	\$22,011,886
(Accumulated Other Comprehensive Loss)	\$237,378	\$96,340
Total Member Equity	\$25,307,143	\$23,690,751
TOTAL LIABILITIES & MEMBER EQUITY	\$272,537,670	\$253,150,164

*Unaudited–Audited financial statements as of 6/30/20 & 6/30/19 are available upon request.

Statements of Income

	2020*	2019*
INTEREST INCOME		
Loans to Members	\$8,745,571	\$8,893,084
Investments	\$470,254	\$619,533
Total Interest Income	\$9,215,825	\$9,512,617
INTEREST EXPENSE		
Members' Shares & Savings	\$1,212,953	\$1,866,423
Borrowed Funds	\$10,924	-
Total Interest Expense	\$1,223,877	\$1,866,423
Net Interest Income	\$7,991,948	\$7,646,194
Provision for Loan Losses	\$499,480	\$1,038,626
NET INTEREST INCOME After Provision for Loan Losses	\$7,492,468	\$6,607,568

	2020*	2019*
NON-INTEREST INCOME		
Miscellaneous Operating Income	\$896,290	\$1,067,674
Fees & Service Charges	\$853,641	\$914,905
Gain on Sale of Loans, Net	\$505,488	\$727,856
Total Non-Interest Income	\$2,255,419	\$2,710,435
	\$9,747,887	\$9,318,003
NON-INTEREST EXPENSE		
Compensation & Employee Benefits	\$4,527,257	\$4,465,576
Office Operating & Occupancy	\$1,916,902	\$1,964,775
Loan Service Expense	\$995,743	\$1,098,108
Other Operating	\$714,373	\$729,591
Other	\$118,258	\$320,708
Total Non-Interest Expense	\$8,272,533	\$8,578,758
NET INCOME (LOSS)	\$1,475,354	\$739,245

Board of Directors



Glenn Wilcox
Chairman



Karen Walters
Vice Chair



Adam Smogowicz
Treasurer



Grace Vandal
Secretary



Brian Oat
Director



Jeff Mastracchio
Director



Travis Williams
Director



David Hood
Associate Director

Supervisory Committee

Cynthia O'Brien
John Podurgiel
Barb Segelstein
Grace Vandal
Donna Zyry

Officers & Directors

Chris Maynard, *President and CEO*
Tina Waterman, *Director of Lending*
Irv Hagewood, *Director of Collections*
Shalin Peck, *Director of Operations*
John Belanger, *Director of IT*
Matthew Sosnowski, *Director of Call Center and Member Services*
Janice Mapel, *Director Human Resources*

Supervisory Committee Report

The primary responsibility of the Supervisory Committee is to serve as a means of checks and balances at the Credit Union. We are comprised of a group of dedicated volunteers that are appointed by the Board of Directors. It is our responsibility to ensure that Scient Federal Credit Union establishes and maintains appropriate policies, procedures, and internal controls that safeguard members' assets and privacy and fulfill the credit union's financial and regulatory responsibilities.

There were numerous internal audits that were performed this past year on the Credit Unions Policies, Procedures and Regulatory requirements. The frequency of these audits is based upon a Risk Assessment that is reviewed at least annually and updated as needed throughout the year to maintain a high level of compliance. These audits help us to identify any potential concerns or issues and have them addressed before they become a bigger problem.

Based on our activities and the results of our recent exam, the Supervisory Committee believes that the Credit Union is performing appropriately to sustain a safe and secure future; and that it is well managed with a strong commitment to serving its membership of almost 21,000. As your representatives, the Supervisory Committee will continue to perform oversight activities so that we are confident members' financial interests and privacy are well protected as we move forward in the new year.

I wish to thank my fellow committee members and our internal auditor for their hard work and outstanding support during this past year.

On behalf of the entire Committee, we appreciate the opportunity to serve you, the members, and look forward to a secure and successful 2021. We want to ensure that our members are happy with our products, services, and staff at all times as the Credit Union continues to grow.

We urge you to contact any member of the credit union's staff, management or board with any comments or questions that you might have. You may also report any issues anonymously to the Supervisory Committee through the "Report It" link located on the Credit Union website. You can also mail the Supervisory at:

Thank you and have a SAFE & Healthy 2021,

John A. Podurgiel
Chair of the Supervisory Committee

Scient Federal Credit Union

Attn: Supervisory Committee
60 Colver Ave
Groton, CT 06340



SCIENT

Federal Credit Union®

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Main Office**
60 Colver Avenue
Groton, CT

Groton, CT—Pfizer
445 Eastern Point Road
Building 220
Amenities Corridor
Groton, CT

New Haven, CT—USPS
50 Brewery Street
New Haven, CT

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with creative solutions**

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