



Building A
FANTASTIC
Future
Together



2018 Annual Report



People Caring About People



CHAIRMAN'S REPORT



Passing the Baton

On Friday, February 1st, we bid a fond farewell to our long-time President and CEO, Gary Moritz, as he entered a well-earned retirement. With a career at Sun Federal spanning 39 years, the last 30 years as President and CEO, Gary had a huge impact on the organization as well as every person with whom he came in contact during that time. On behalf of Sun Federal, I want to

W.A. Carr

thank Gary for his leadership and contributions that have helped make our credit union what it is today. He left some large shoes to fill. We wish him, and his wife Joy, a long, healthy, and happy retirement.

Our new President/CEO is Brian Hughes. Brian has served Sun Federal for many years, both as our Chief Financial Officer and more recently as our Executive Vice President. He possesses a wealth of experience and proven abilities, gleaned from his service at Sun Federal as well as other organizations prior to coming to Sun Federal.

Your Board of Directors, after an intensive process, selected Brian as our leading candidate for the position and offered him the job, which he accepted. Hiring a President/CEO is the single most critical duty with which a Board of Directors is tasked, and it is something we have to get right. We believe Brian is that right choice. He has the full support of the entire Board, and we are looking forward to working with Brian to bring positive change and growth to Sun Federal, so that we can beneficially impact the lives of an ever-increasing number of members.

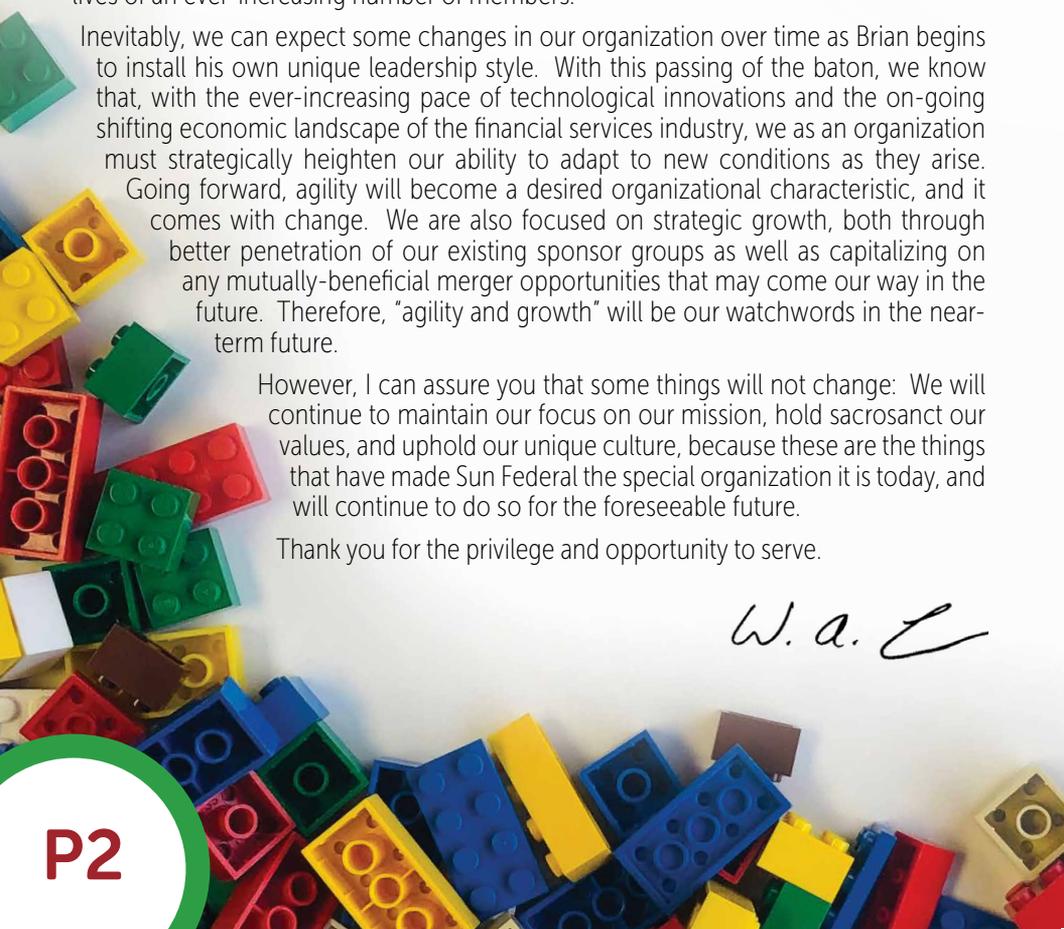
Inevitably, we can expect some changes in our organization over time as Brian begins to install his own unique leadership style. With this passing of the baton, we know that, with the ever-increasing pace of technological innovations and the on-going shifting economic landscape of the financial services industry, we as an organization must strategically heighten our ability to adapt to new conditions as they arise.

Going forward, agility will become a desired organizational characteristic, and it comes with change. We are also focused on strategic growth, both through better penetration of our existing sponsor groups as well as capitalizing on any mutually-beneficial merger opportunities that may come our way in the future. Therefore, "agility and growth" will be our watchwords in the near-term future.

However, I can assure you that some things will not change: We will continue to maintain our focus on our mission, hold sacrosanct our values, and uphold our unique culture, because these are the things that have made Sun Federal the special organization it is today, and will continue to do so for the foreseeable future.

Thank you for the privilege and opportunity to serve.

W. a. C





PRESIDENT'S REPORT



Brian Hughes

Building a Fantastic Future Together

We may not have had the opportunity to meet just yet, but I wanted to introduce myself. My name is Brian Hughes and by now you may have heard that our long-time President/CEO, Gary Moritz, has retired. Along with his retirement came my appointment to President/CEO by your Board of Directors.

Gary has been both a mentor and friend to me and to many of you. He led and fostered a mission-centered organization that was about building relationships with all of you. Together we have grown to over \$500MM in assets, 130+ employees and 35,000+ members. Through all the years, I never lost sight of what was modeled for me each day by our wonderful team...relationships matter; that you, our members, matter.

This past year we continued to advance our four-year vision of transformation. We opened our first high-touch high-tech office in St. Davids, PA using interactive teller machines we named *Harmony* (Comfort & Technology Together in Harmony). In addition to Harmony's ATM feature, members have the option to directly interact with one of our own real, Member Service Representatives on the screen. This iMSR (Interactive Member Service Representative) is also in communication with the employees who are physically in the branch office. This teamwork allows our employees to spend as much time as desired helping members with financial and/or product advice. Today, Harmony also resides inside our Ellis and Arrowhead branches and the drive-thru lane at our Detroit Avenue location.

Also, we're working toward making the atmosphere of our branch lobbies more like a living room where we can have a conversation with each member, learn their story and be more intentional about improving the quality of our members' lives. So far, our members have shared with us that they really enjoy this. So, what else is in store for our Sun Federal family of members, employees and volunteers? The overwhelming majority of you have shared with us in surveys, letters, posts and in-person stories that you love how we serve you. We believe we can build on what you love about us while continuing to transform.

We have committed a lot of energy, resources and people towards a deeper commitment to our mission of impacting lives by transforming the member experience. At your work (if your employer is one of our 300+ sponsor groups) you will encounter our expanded team of Business Development Officers ready to help you experience our products, services and financial education.

When you visit, one of our 12 branch locations you will encounter our new high-touch and high-tech experience. In 2019 we plan on extending our "living room" experience with more trusted advisors in our lobbies along with more iMSRs at our West Lawn, Northeast, Reynolds Road, Executive Parkway and the rest of the drive-thru lanes in Toledo.

Your experience with us at home (in your "pajamas" if you like) will be easier and faster. Whether you prefer your mobile phone, tablet or PC, looking up your account history, making a loan payment, paying a bill, seeing all of your assets in one place, becoming a member or applying for a loan, your experience will be frictionless.

No matter how you choose to connect with your credit union, our goal is always to do what we do best; build relationships with you and in some way help transform your life.

With our continued commitment to our mission, your support & honest feedback, I can see our next sunrise just over the horizon...it is inspirational, breathtaking and represents building a fantastic future together!

67TH ANNUAL MEETING MINUTES



Dave Wilde welcomed everyone in attendance and announced the winners of the Maria Fanelli Levine Memorial Trust Scholarship as follows:

- 1st Place –Allison Huffman from Tipp City, OH
- 2nd Place – Alyssa Lambrecht from Oregon, OH
- 3rd Place – Dustin Aiton from Oregon, OH

Dave Wilde & Jennifer Compton announced the winners of the “Teacher of the Year” award as follows:

- Paul Genzman..... Teacher at Ottawa Hills High School
- Karla Gyurke..... Teacher at Coy Elementary
- Karen Herrera..... Teacher at Jefferson Jr. High School
- Courtney Foore..... Teacher at Waterville Primary School
- Michael Helgren Student at Ottawa Hills High School

Chairman William Carr called the meeting to order at 6:34 pm and verified a quorum was present. Approximately 322 members were in attendance. The Chairman indicated that minutes from the previous Annual Meeting were available for reference on each table and entertained a motion to suspend the reading. Member W. Don Lieder moved, member Elizabeth Henderson seconded: the motion carried.

Chairman William Carr gave a special welcome to those who joined Sun Federal through the recent merger with AP Federal Credit Union noting “the larger we are the more we can impact people’s lives and prevail.” Sun Federal had a great year with many successes and also surpassed the half a billion dollar mark due to this merger. The Chairman also introduced the newest board member Kay Jones.

President/CEO Gary Moritz reflected on the stories that were shared earlier in the evening and gave special thanks to volunteers and other passionate leaders who have a caring spirit and serve in missional ways. Sun Federal believes in living the mission and will continue to embrace and serve members through the passionate care of Sun Federal employees.

Supervisory Committee Chairman Ed Fiscus gave an update on audit activity. The Supervisory Audit performed by Cindrich Mahalak and the Regulatory Exam performed by the NCUA were completed and received a good rating with no major areas of concern. The results of the election are as follows: Tom Ryan and Les Santaniello have been re-elected to the Board of Directors for three more years.

Chairman William Carr gave closing comments, and entertained a motion to adjourn. Member Gary Moritz moved, member Dan Madigan seconded, the motion carried and the meeting adjourned at 6:55 pm.

-  **BOARD MEMBERS PRESENT:**
-  William Carr
-  Walter Barrett
-  J.Michael Jesionowski
-  Tom Ryan
-  Les Santaniello
-  Christy Gordon
-  Kay Jones
-  **ASSOC. DIRECTORS PRESENT:**
-  Dan Madigan
-  **EMERITUS MEMBERS PRESENT:**
-  W. Donald Lieder
-  **SENIOR MANAGERS PRESENT:**
-  Gary Moritz
-  Brian Hughes
-  Marcia Bourdo
-  Dawn Cameron
- Jim Keilholz
- Dave Wilde
- **OTHERS:**
- E. Fiscus
(Supervisory Chair)
- Adorn Grabarczyk
(Rec. Secretary)



STATEMENT OF FINANCIAL CONDITION

12/31/2018

ASSETS

Consumer Loans
\$ 127,329,450

Real Estate Loans
\$ 216,900,320

Total Loans
\$ 344,229,770

(Less Allowance for Loan
Losses) \$ (1,658,283)

Cash
\$ 29,679,935

Investments
\$ 109,381,555

Other Assets
\$ 29,415,497

TOTAL ASSETS \$ 511,048,475

LIABILITIES & EQUITY

Liabilities
\$ 2,169,849

Member Share
Deposits
\$ 465,911,674

Members' Equity
& Reserves
\$ 50,590,101

Unrealized Equity
Adjustments
\$ (7,623,150)

**TOTAL LIABILITIES
& EQUITY** \$ 511,048,475

INCOME STATEMENT

12/31/2018

INCOME

Income from Loans
\$ 16,095,568

Income from
Investments
\$ 3,455,953

Other Income
\$ 6,431,699

TOTAL INCOME \$ 25,983,220

EXPENSES

Operating
Expenses
\$ 18,445,389

Dividends
Paid to Members
\$ 4,522,831

Non-Operating
Expenses
\$ 1,185,192

TOTAL EXPENSES \$ 24,153,412

**CONTRIBUTION TO
MEMBERS' EQUITY** \$ 1,829,808

INTRODUCING



Member Value Program



Our New Member Value Program With Rewards & Special Perks

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MVP - It's Simply Rewarding

At Sun Federal Credit Union we like to reward our members. That's one of the many things that makes us different! **With our new Member Value Program (MVP) coming this Spring, all members can win!**

What MVP Is All About

The MVP was made to enhance your membership experience and give you even more reason to embrace SFCU while positively impacting your financial future. MVP rewards you for doing your regular banking with us...it's that simple.

It's Easy To Join - You've Probably Already Done It

To be a part of the MVP all you need is:

- **A Sun FCU Savings (Regular or IRA) AND**
- **A Sun FCU Checking Account AND**
- **One of These:**
 - **Certificate (Regular or IRA)**
 - **Money Market**
 - **Loan**

Sounds pretty easy, right? Log into your account through Online & Mobile Banking, visit any branch or call (800) 786-0945 to see if you already have what you need to receive rewards.

Enjoy These Perks and Rewards

The rewards of MVP* are pretty simple...

- **Save money on service fees**
- **Enjoy higher rates on a variety of deposits**
- **MVP-only promotions**

sunfederalcu.org

* MVP rewards applies to all non-Business accounts

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Impacting Our Members

IN 2018

35,386 members AS OF 12/31/18

MEMBERS EARNED

\$2.47 million

MORE IN FINANCIAL BENEFITS*

EACH EARNED
\$39 more
IN DIVIDENDS*

EACH
saved \$31
IN FEES*

*Compared to like credit unions nationwide.



Impacting Our **COMMUNITY**

OVER THE PAST 5 YEARS

\$140,000+

HAS BEEN GIVEN TO THE COMMUNITIES WE SERVE



www.sunfederalcu.org | (800) 786-0945



Federally Insured by NCUA. Privately Insured by ESI