

Audited Consolidated Financial Statements

**XCEL FEDERAL CREDIT UNION
AND SUBSIDIARY**

December 31, 2020



Firley, Moran, Freer & Eassa, CPA, P.C.

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INDEPENDENT AUDITOR'S REPORT

To the Supervisory Committee and Board of Directors
XCEL Federal Credit Union
Bloomfield, New Jersey

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of XCEL Federal Credit Union and its subsidiary which comprise the consolidated statements of financial condition as of December 31, 2020 and 2019, and the related consolidated statements of income, comprehensive (loss) income, members' equity, and cash flows for the years then ended and the related notes to the consolidated financial statements (collectively, the "financial statements").

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of XCEL Federal Credit Union and its subsidiary as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Sirley, Moran, Green & Esser, CPA, P.C.

Syracuse, New York
April 30, 2021

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

XCEL FEDERAL CREDIT UNION AND SUBSIDIARY

	December 31,	
	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 27,714,680	\$ 22,638,391
Certificates of deposit	17,727,000	15,018,000
Investments--available for sale	24,802,438	11,944,672
Investment--Federal Home Loan Bank Stock, at cost	989,000	1,166,500
Loans to members, net	116,210,006	122,364,558
Accrued interest receivable	409,971	485,678
Property and equipment, net	4,947,939	5,308,556
National Credit Union Share Insurance Fund (NCUSIF) deposit	1,657,092	1,617,924
Other assets	<u>5,189,854</u>	<u>6,019,805</u>
TOTAL ASSETS	<u>\$199,647,980</u>	<u>\$186,564,084</u>
LIABILITIES AND MEMBERS' EQUITY		
LIABILITIES		
Members' share accounts	\$183,051,825	\$169,372,117
Accrued expenses and other liabilities	<u>1,263,757</u>	<u>1,596,208</u>
TOTAL LIABILITIES	184,315,582	170,968,325
MEMBERS' EQUITY	<u>15,332,398</u>	<u>15,595,759</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u>\$199,647,980</u>	<u>\$186,564,084</u>

CONSOLIDATED STATEMENTS OF INCOME

XCEL FEDERAL CREDIT UNION AND SUBSIDIARY

	Year ended December 31,	
	2020	2019
Interest income:		
Loans	\$ 6,781,971	\$ 7,688,268
Investments	823,978	1,129,936
TOTAL INTEREST INCOME	<u>7,605,949</u>	<u>8,818,204</u>
Interest expense:		
Dividends on members' share accounts	1,166,224	1,353,314
NET INTEREST INCOME	<u>6,439,725</u>	<u>7,464,890</u>
Provision for loan losses	<u>103,180</u>	<u>2,050,998</u>
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	6,336,545	5,413,892
Non-interest income (loss):		
Service fees	1,050,317	1,537,044
Other operating income	333,422	16,809
(Loss) gain on sales of loans	<u>(668,958)</u>	<u>3,596</u>
TOTAL NON-INTEREST INCOME	714,781	1,557,449
Non-interest expense:		
Compensation and employee benefits	3,257,139	3,533,410
Office occupancy and operations	2,350,566	2,501,057
Loan servicing	889,586	835,032
Professional and outside services	303,327	348,718
Education and promotion	<u>173,528</u>	<u>229,106</u>
TOTAL NON-INTEREST EXPENSE	<u>6,974,146</u>	<u>7,447,323</u>
INCOME (LOSS) BEFORE NON-OPERATING GAIN	77,180	(475,982)
Non-operating gain:		
Gain on credit union merger	<u>-0-</u>	<u>4,780,059</u>
NET INCOME	<u>\$ 77,180</u>	<u>\$ 4,304,077</u>