

Audited Consolidated Financial Statements

**XCEL FEDERAL CREDIT UNION
AND SUBSIDIARY**

December 31, 2019



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, 2019 and 2018, and the related consolidated statements of operations, comprehensive income (loss), 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, 2019 and 2018, 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.

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

Syracuse, New York
March 30, 2020

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

XCEL FEDERAL CREDIT UNION AND SUBSIDIARY

	December 31,	
	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents	\$ 22,638,391	\$ 17,242,887
Certificates of deposit	15,018,000	12,201,000
Investments--available for sale	11,944,672	5,921,536
Investment--Federal Home Loan Bank Stock, at cost	1,166,500	1,279,400
Loans to members, net	122,364,558	121,123,748
Accrued interest receivable	485,678	460,595
Property and equipment, net	5,308,556	4,678,288
National Credit Union Share Insurance Fund (NCUSIF) deposit	1,617,924	1,447,978
Other assets	<u>6,019,805</u>	<u>5,793,854</u>
TOTAL ASSETS	<u>\$ 186,564,084</u>	<u>\$ 170,149,286</u>
LIABILITIES AND MEMBERS' EQUITY		
LIABILITIES		
Members' share and nonmembers' deposit accounts	\$ 169,372,117	\$ 157,425,105
Accrued expenses and other liabilities	<u>1,596,208</u>	<u>1,615,200</u>
TOTAL LIABILITIES	170,968,325	159,040,305
MEMBERS' EQUITY	<u>15,595,759</u>	<u>11,108,981</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u>\$ 186,564,084</u>	<u>\$ 170,149,286</u>

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS
XCEL FEDERAL CREDIT UNION AND SUBSIDIARY

	Year ended December 31,	
	2019	2018
Interest income:		
Loans	\$ 7,688,268	\$ 7,477,421
Investments	1,129,936	593,181
TOTAL INTEREST INCOME	<u>8,818,204</u>	<u>8,070,602</u>
Dividend and interest expense:		
Members' share and nonmembers' deposit accounts	1,353,314	1,329,614
Borrowed funds	-0-	10,537
	<u>1,353,314</u>	<u>1,340,151</u>
NET INTEREST INCOME	7,464,890	6,730,451
Provision for loan losses	<u>2,050,998</u>	<u>3,080,617</u>
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	5,413,892	3,649,834
Non-interest income:		
Service fees	1,537,044	1,707,821
Other operating income	20,405	297,711
TOTAL NON-INTEREST INCOME	<u>1,557,449</u>	<u>2,005,532</u>
Non-interest expense:		
Compensation and employee benefits	3,533,410	2,706,380
Office occupancy and operations	2,501,057	2,101,897
Loan servicing	835,032	744,922
Professional and outside services	348,718	291,721
Education and promotion	229,106	170,464
TOTAL NON-INTEREST EXPENSE	<u>7,447,323</u>	<u>6,015,384</u>
LOSS BEFORE NON-OPERATING GAIN	<u>(475,982)</u>	<u>(360,018)</u>
Non-operating gain:		
Gain on credit union merger	<u>4,780,059</u>	<u>-0-</u>
NET INCOME (LOSS)	<u>\$ 4,304,077</u>	<u>\$ (360,018)</u>

See accompanying notes to consolidated financial statements.