



# 2019

ANNUAL REPORT

Federally Insured by NCUA

## CEO/President's Letter

The State Farm Federal Credit Union (SFFCU) annual report always provides a great opportunity for reflection, and this year is no different. A lot of great work happened in our Credit Union during 2019, and it's my honor and pleasure to share some highlights.

First, I know audit results are not top of mind for many of our members. However, performance in audits and examinations is a key way to measure a financial institution's stability. Once again, I'm pleased to share that your Credit Union is excelling in this area. We received very positive results and feedback this past year during the examination conducted by our federal regulator, the National Credit Union Administration (NCUA). We also performed extremely well in audits conducted by CliftonLarsonAllen LLP and the State Farm Internal Audit team.

A large part of our ongoing success is rooted in a history of conservative investment strategies, reserving appropriately for risks, and maintaining sound operating policies and procedures. While markets and trends change over time, our commitment to providing members with a safe, secure, and dependable financial partner will always persevere. Similar to past years, this approach produced many notable highlights in 2019, some of which include:

- The Credit Union ended 2019 with over \$4.2 billion in assets, which is the third year in a row our assets exceeded \$4 billion. Our capital position remained strong as well, ending the year at 14.2 percent.
- Over \$420 million was provided to members in loans and lines of credit during 2019, resulting in a total loan portfolio over \$896 million.

- Members received over \$71.6 million in dividends, which included no reductions to dividend rates in 2019 despite industry trends. We appreciate that our Board of Directors supports rewarding members throughout the year in the form of higher rates vs. holding dividends for "end of year" payouts.

A number of other notable improvements were made this past year as well. Our Member Protection Program benefits were enhanced, providing greater coverage for individuals who take advantage of this great product. We improved member service by decreasing processing times for loan and new account applications. And, we kicked off the project to implement our new online banking system and mobile app in 2020! I'm thrilled with the advanced features and ease of use this new platform offers, and hope you take the time to log in and experience it for yourself.

To say that I'm proud of everything we accomplish together is an understatement. The continued support and trust you, as members, place in the Credit Union is what allows us to fulfill our mission of members helping members. As one of the most highly utilized benefits in State Farm's Total Rewards Package, we are focused on delivering value both now and into the future, just like we have since 1936. Thank you for everything you do to make your Credit Union a success.

Respectfully submitted,



**Thomas W. DeWitt**  
*CEO/President*

## Statement of Financial Condition

December 31, 2019 (unaudited)

(000's)

### Assets

Cash and cash equivalents	\$7,271
Investments – held-to-maturity	\$166,267
Investments – available-for-sale	\$3,173,996
Loans	\$896,873
Less: allowance for loan losses	(\$5,230)
Other assets	\$50,381
<b>Total assets</b>	<b>\$4,289,558</b>

### Liabilities

Accounts payable	\$153
Other liabilities	\$246
<b>Total liabilities</b>	<b>\$399</b>

### Shares/Deposits

Shares (regular)	\$3,480,087
All other shares and deposits	\$182,719
<b>Total shares and deposits</b>	<b>\$3,662,806</b>

### Equity

Regular reserve	\$44,735
Other retained earnings	\$563,312
Acc. unrealized G & L on securities	\$18,306
<b>Total equity</b>	<b>\$626,353</b>
<b>Total liabilities, shares and equity</b>	<b>\$4,289,558</b>

## Statement of Changes in Members' Equity

<b>Balance – December 31, 2018</b>	<b>\$567,861</b>
<b>Comprehensive Income:</b>	
Net income	\$27,354
<b>Other Comprehensive Gain:</b>	
Change in unrealized gain/loss on securities available for sale	\$31,138
<b>Total comprehensive income</b>	<b>\$58,492</b>
<b>Balance – December 31, 2019</b>	<b>\$626,353</b>

## Statement of Income

For the Period Ending December 31, 2019 (unaudited)

(000's)

### Interest Income

Interest on loans	\$34,460
Income on investments	\$72,559
<b>Total interest income</b>	<b>\$107,019</b>

### Interest Expense

Dividend expense – regular shares	\$67,995
Dividend expense – other shares/deposits	\$3,643
<b>Total interest expense</b>	<b>\$71,638</b>

**Provision for loan losses** **\$5,721**

**Net interest income after provision for losses** **\$29,660**

### Non-interest Income

SF Mutual Contributed Service Income	\$12,772
Other non-interest income	\$1,619
<b>Total non-interest income</b>	<b>\$14,391</b>

### Non-interest Expense

Salaries and benefits – SF Mutual Contributed Service	\$10,193
Occupancy – SF Mutual Contributed Service	\$1,732
Travel and conference expense	\$49
Association dues	\$132
Contributions	\$33
Office operations	\$800
Office operations – SF Mutual Contributed Service	\$847
HR budget costs	\$1,181
Marketing and Development	\$48
Loan servicing	\$814
Professional and outside services	\$257
Share insurance premium (NCUSIF)	\$0
Federal operating fee	\$611
Misc. operating expense	\$0
<b>Total non-interest expenses</b>	<b>\$16,697</b>

**Net income** **\$27,354**

## Supervisory Committee Report

The Supervisory Committee is responsible for ensuring that the Board of Directors and management of the State Farm Federal Credit Union (SFFCU) meet required financial reporting objectives, establish practices and procedures sufficient to safeguard members' assets, and operate in compliance with governing laws and regulations.

In order to meet these responsibilities, the Committee engaged CliftonLarsonAllen LLP, an independent public accounting firm, to perform a financial audit and verification of member accounts for 2019. The final report is expected later this year and will be available upon request by contacting the Credit Union.

The Supervisory Committee also oversees internal audits to ensure SFFCU operations are in compliance with SFFCU's policies and procedures and that internal controls are in place to protect member assets.

In addition, examiners from regulatory agencies such as the National Credit Union Administration (NCUA) conduct separate reviews to evaluate the performance and risk profile of the Credit Union.

We would like to express our appreciation to the Board, management, and staff of the Credit Union for their continued support.

The Supervisory Committee works in the best interest of you. We are proud to volunteer our time and services to the members of the Credit Union. If we can be of any assistance, please contact the Committee.

**Kelly Dunn**

*Chair – Supervisory Committee*

## Board of Directors

**Mike Mailloux**

Chairperson ..... Bloomington, IL

**Neil Jackson**

Secretary..... Washington, DC

**Tamara Jacquot**

Treasurer..... Bloomington, IL

**Jeffrey Attwood**..... Bloomington, IL

**Dean Danklefsen**..... Tulsa, OK

**Thomas W. DeWitt** ..... Bloomington, IL

**Rashawnda Harvey** ..... Richardson, TX

**Teresa Herrera**..... Richardson, TX

**Holly Roberts**..... Cincinnati, OH

## Supervisory Committee

**Kelly Dunn** .....Chairperson

**Patty Kimberlin**

**Shannon Moreland**

**Vance Sawyer**

**Hilary Wahlheim**