2020
ANNUAL REPORT

FOUNDERS
FEDERAL CREDIT UNION

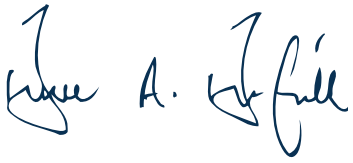
FOUNDERSFCU.COM • 1-800-845-1614
FEDERALLY INSURED BY NCUA.

FROM THE PRESIDENT

2020 was an unusual year. I don't think any of us could have anticipated the magnitude and devastation of a global pandemic. Nor could we have been prepared for the duration of it.

That's why it means even more to me and to our team to be able to report to you that your credit union efficiently and swiftly adapted to the new environment. We worked to protect the health and well-being of our employees and members. We quickly and securely moved hundreds of employees to remote operations in their homes. We temporarily closed our lobbies with our employees continuing to offer exceptional member service through our drive thrus and other remote channels. In June of 2020, after only two months, we successfully reopened all our branches for a full member experience once again and brought our remote employees seamlessly back into our offices.

Your board of directors and management team at Founders – along with all employees - remained driven to put our members first and that is why 2020 was a year of significant advances for your credit union. I am a firm believer of when you do the right things, the right way, for the right reasons, you set yourself up for success. And, you know you can Relax … because you're with Founders.



Bruce A. Brumfield
PRESIDENT AND CHIEF EXECUTIVE OFFICER



20
20

NET WORTH

$ IN MILLIONS

NET LOANS

$ IN MILLIONS

NET INCOME

$ IN MILLIONS

TOTAL ASSETS

$ IN MILLIONS

MEMBERSHIP

Founders Federal Credit Union finished 2020 with another year of records. We had a net loan growth of $110.8 million, bringing us to **over $3 billion in assets**.

When COVID-19 hit our communities, Founders immediately began waiving fees for our Skip A Pay program, **saving our members almost $285,000 in fees** alone. Our members also **received over $3.8 million in total benefits** through our Payment Protection Program.

We launched our Hospital Employee Choice Mortgage to celebrate and reward our front-line workers with special savings, which led to our First Responders Choice Mortgage launched earlier this year.

We also worked to **set up assistance for our employees** not just through the pandemic, but through any financial hardships or disasters they might face with our Employee Relief Fund.

In 2020, our entire country engaged in many important conversations and, at Founders, we engaged in them as well. We reiterated our commitment to embracing diversity and inclusion within our organization, our membership and our communities. We implemented **diversity and equity training** so we could be part of the solution and not just part of the conversation.

We continued **rewarding our most loyal members** with our Loyalty Select program and products: Edge Up, Dividend Amp and Cash In – being especially popular among our members.

Member Loyalty and strong growth resulted in a **record net income of $31.5 million**. To better serve our members, we renovated many of our offices, upgraded technology and completed the replacement of all ATMs with the newest ATM models with touchscreen technology. Founders Online remains popular with our members and, our Contact Center answered almost **705,000 calls assisting our members** with questions, information and financial transactions.

Our Cyber-Security team consistently worked to enhance and test our security systems to ensure our **members' identity remains protected and to ensure they are defended against fraud** and scams. Information Technology - along with a team from each area of the credit union - **completed a successful core conversion**.

And, in the midst of everything else, Founders entered into an **agreement to merge with ArrowPointe Federal Credit Union** which will be voted on by their membership in just a couple of months. If approved, ArrowPointe will become a part of Founders, offering their membership greater service options with more locations.

Founders is going strong with a commitment to doing the right thing and seeing our members through the good times and bad. Our employees are committed to the communities we serve, **donating countless hours** volunteering with hundreds of organizations and throughout our school systems. Giving back is a cornerstone of who Founders is and, in 2020, even as we reduced our budget to better manage the pandemic, we **donated more than $3 million to our communities** to improve the quality of life for all people.


Bruce Brumfield,
President & CEO


J.C. Rainey, Jr.,
Chairman, Board of Directors


Roy A. Hunt,
Vice Chair, Board of Directors


Joseph C. Keenan, Ph.D.,
Secretary, Board of Directors

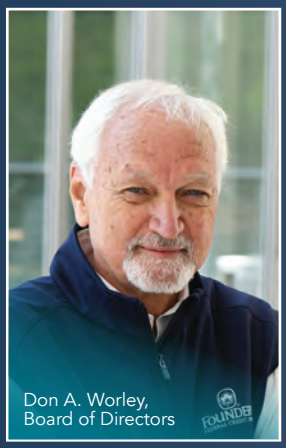

Harlean V. Carter,
Board of Directors


Amy B. Faulkenberry,
Board of Directors


Ron W. Gray, DDS,
Board of Directors


Charles D. Waddell,
Board of Directors


S. Marvin Waldrep,
Board of Directors


Don A. Worley,
Board of Directors

BOARD OF DIRECTORS

EXECUTIVE MANAGEMENT


Bruce Brumfield,
President & CEO


Elizabeth Bagwell,
Chief Audit Officer


Bob Bender,
Chief Technology Officer


Michelle Bragg,
Chief Human Resource Officer


Scott Garbett,
Chief Information Officer


Tony Gilreath,
Chief Financial Officer


Larry Higgins,
Chief Legal Counsel


Joe McCain,
Chief Procurement Officer


Nicki Nash,
Chief Marketing Officer


Jennifer Parker,
Chief Strategy &
Quality Assurance Officer


Geri Rucker,
Chief Operations Officer -
Lending, Cards and Services


Keith Wilson,
Chief Operations Officer -
Branches and Deposits


Wylie Wood,
Chief Recovery Officer

CONSOLIDATED FINANCIAL STATEMENTS

(CONDENSED)

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

ASSETS

	As of December 31, 2020	2019
	(dollars in thousands)	
ASSETS:		
Cash and Cash Equivalents	$508,782	$163,928
Securities and Other Investments	93,494	110,045
Loans, Net of Allowance for Loan Losses of $25,645 and $23,233 for 2020 and 2019, respectively	2,337,089	2,226,328
Property and Equipment	80,872	79,085
Other Assets	76,962	74,170
Total Assets	$3,097,199	$2,653,556

LIABILITIES AND MEMBERS' EQUITY

	As of December 31, 2020	2019
	(dollars in thousands)	
LIABILITIES:		
Members' Share and Savings Accounts	$2,582,757	$2,143,418
Borrowings and Notes Payable	100,150	130,244
Other Liabilities	32,687	31,366
MEMBERS' EQUITY	381,605	348,528
Total Liabilities and Members' Equity	$3,097,199	$2,653,556

CONSOLIDATED STATEMENTS OF INCOME

	For the years ended December 31, 2020	2019
	(dollars in thousands)	
Interest Income	$134,090	$128,534
Interest Expense	30,535	32,824
Net Interest Income	103,555	95,710
Provision for Loan Losses	15,074	14,894
Net Interest Income After Provision for Loan Losses	88,481	80,816
Non-Interest Income	55,573	59,807
Non-Interest Expense	112,529	112,546
Net Income	$31,525	$28,077

To request a full version of our Consolidated Financial Statements, please call us at 1-800-845-1614 or send a message through our Contact Us form located on our website at foundersfcu.com.

SUPERVISORY COMMITTEE REPORT

The Supervisory Committee is appointed by the Board of Directors in accordance with the Federal Credit Union Act. Its primary responsibilities to the membership are to ensure the effectiveness of the system of Internal Control, adherence to established policies and procedures, and the overall safety and soundness of Founders Federal Credit Union.

The Internal Audit Department reviews credit union operations and annually updates a formalized risk assessment of all products and services. In addition, numerous audits are conducted to determine the effectiveness and efficiency of operations, reliability of financial reporting and compliance with respective policies and procedures. Audit findings, recommendations and management's responses to audit reports are presented to the Supervisory Committee and management.

To accomplish our annual goals, the Supervisory Committee engages an independent public accounting firm to audit the consolidated financial statements as well as management practices and procedures to ensure they are sufficient to safeguard members' assets. To assist in fulfilling our responsibilities, the Supervisory Committee retained the services of the certified public accounting firm of Doeren Mayhew, CPAs and Advisors to perform an audit in accordance with auditing standards generally accepted in the United States of America and to express an opinion on the fairness of the consolidated financial statements. Their audit report, which contained an unmodified opinion dated March 26, 2021, confirmed the credit union's consolidated financial statements for 2020 and 2019 were materially correct and presented in conformity with accounting principles generally accepted in the United States of America.

The 2020 and 2019 audited consolidated financial statements of Founders Federal Credit Union and related independent auditors' report can be obtained by sending a message through our Contact Us form online at foundersfcu.com or by contacting us at 1-800-845-1614. Based upon the report of the certified public accounting firm, and a thorough review of the credit union's operations, we believe Founders Federal Credit Union is well managed and financially sound.

Roy Hunt, Chairman

Jason Ackerman | Sherri Gregory | Kim Skinner | Kofi Wright


FOUNDERS
FEDERAL CREDIT UNION