



**TOGETHER
WE OVERCOME.
TOGETHER
WE GROW.
TOGETHER
WE SUCCEED.**

2020 ANNUAL REPORT



MISSION

To be a trusted partner by creating a culture of people helping people that meets the needs of our members and the communities we serve.

VISION

Offer financial opportunity, choice, and value while building relationships that provide a memorable experience in the lives of our members and the communities we serve.

HISTORY

Freedom Federal Credit Union began in 1953 as MATCOM Federal Credit Union. The Credit Union started in Baltimore and later moved to Harford County in support of the Edgewood Arsenal, (which became part of Aberdeen Proving Ground). We received our Harford County community charter in 1999 and changed our name to Freedom Federal Credit Union in 2000. In 2020, Freedom expanded our community charter to include Baltimore County. Today, Freedom serves individuals who live, work, worship, volunteer, attend school, or have family in Harford and Baltimore County. We also support local businesses with savings, checking, loans, and other business services. We're proud to call Harford and Baltimore County home, and to continue to support both local consumers and businesses for all of their banking needs.

THE FREEDOM ADVANTAGE

Freedom Federal Credit Union is different from other financial institutions. Sure, we offer the same financial services that banks do, but it's how we are different that really matters. Here are some of the ways we structure ourselves to always put you, our members, first.

NOT-FOR-PROFIT

Freedom operates to promote the well-being of our members. We are a not-for-profit organization, which means we reinvest any profits we make back into the organization. That allows us to provide higher savings rates, lower loan rates, and fewer fees, all while supporting the Harford and Baltimore County communities where we live and work.

MEMBER-OWNED

Freedom is owned and controlled by its members. Each and every member owns a part of the Credit Union. Your opinion matters. Your vote counts. You elect a volunteer board of directors to manage us.

COMMUNITY SUPPORT

Freedom believes in a strong connection with the communities we serve. Through financial education, donations, sponsorships, scholarships, workplace partnerships, and volunteerism, Freedom is committed to keeping our Harford and Baltimore County communities strong.



BOARD OF DIRECTORS

Michael Kaiser
Chairman of the Board

Richard Gerety
Vice Chairman

George Heidelmaier
Secretary

Lisa Ermatinger
Treasurer

Benjamin Casole
Director

James Church, Jr.
Director

Ronnie Davis
Director

Kirk Kinder
Director

Brian Robinson
Director

SUPERVISORY COMMITTEE

Deborah Bloom
Chairperson

Alma Talbert
Secretary

Jim Church, Jr.
Member

Nick Pindale
Member

Cathy Blount
Member

EXECUTIVE LEADERSHIP

Michael MacPherson
President and CEO

Michele Young
Chief Operating Officer

Keith Gill
Chief Financial Officer

Chris Eliopoulos
Senior Vice President,
Lending

Carmen David Mirabile
Senior Vice President,
Marketing

Stacie Sloan
Senior Vice President,
Member Services

Robert Wehland
Senior Vice President,
Business Banking



CHAIRMAN'S REPORT



2020 and the impact of COVID-19 has provided all of us many challenges, both personally and professionally. It was a year like no other, one that required all of us to be creative, to be flexible, and to rethink the things that matter most.

Freedom was no different. Although some of our organizational goals for 2020 changed, our focus on our members' needs were never compromised. We were focused on you more than ever. We offered numerous programs to assist our members, business owners, and community partners to get through these difficult times:

- We provided emergency financial assistance and payment relief programs to members who were directly impacted by the pandemic, including deferred payments, skip-a-pay options, fee waivers, loan extensions, loan modifications, and expedited credit decisions.
- We expanded our personal loan options, including our Anything Loan, with a very low interest rate and deferred payments up to 90 days.
- Our Call Center Operations were expanded to better support our members who needed help.
- Our community outreach and financial support never wavered. We continued to provide the financial support to community organizations as planned throughout the year. Every dollar that was budgeted to support community initiatives were honored and distributed, even though most events and initiatives were canceled.
- We provided guidance and support to businesses on how to apply for Paycheck Protection Program (PPP) financial assistance.

Despite all the challenges that 2020 brought us, and as a result of our membership looking to Freedom as a true financial partner, Freedom had another strong year financially. Assets grew to \$380M at year end, a 19% increase over 2019. Deposits increased by \$58.8M for the year – 20.5% over 2019. And loan volume increased by \$40.6M for the year – 15.7% over 2019. Overall, our Net Income was \$940,000 for the year.

We also added 2,765 new members to Freedom in 2020. To all the new Freedom members, I say, welcome, and you made a great decision to be part of the Freedom family. I look forward to you learning all about the Freedom Advantage first-hand. You can be assured that when you become a member of Freedom, our focus is all about you.

The most important measurement of a credit union's soundness is its capital ratio. Freedom Federal Credit Union is considered well-capitalized, as our year-end capital ratio finished at 8.12%. By all measurements, 2020 was a year of strong financial performance, achievement, and success.

Equally critical to the performance numbers, is the fact that Freedom continued to grow as a safe and sound financial institution, with continued focus in meeting and caring for each of our member's needs.

Freedom is certainly not the largest financial institution, or the largest credit union, for that matter. Nor do we want to be. Our growth is purpose-driven. Our growth is wholly dependent on the needs of our members and the communities we serve, and the value that our members find in us as a trusted financial partner. Our size allows us to offer our members all the same banking products, services, and technology you can get from any bank or credit union, but married with a supreme...and unique...focus on the member experience. We grow, not to have the biggest bottom line on the balance sheet, but to be able to offer our members a quality financial experience with the support our shared communities deserve.

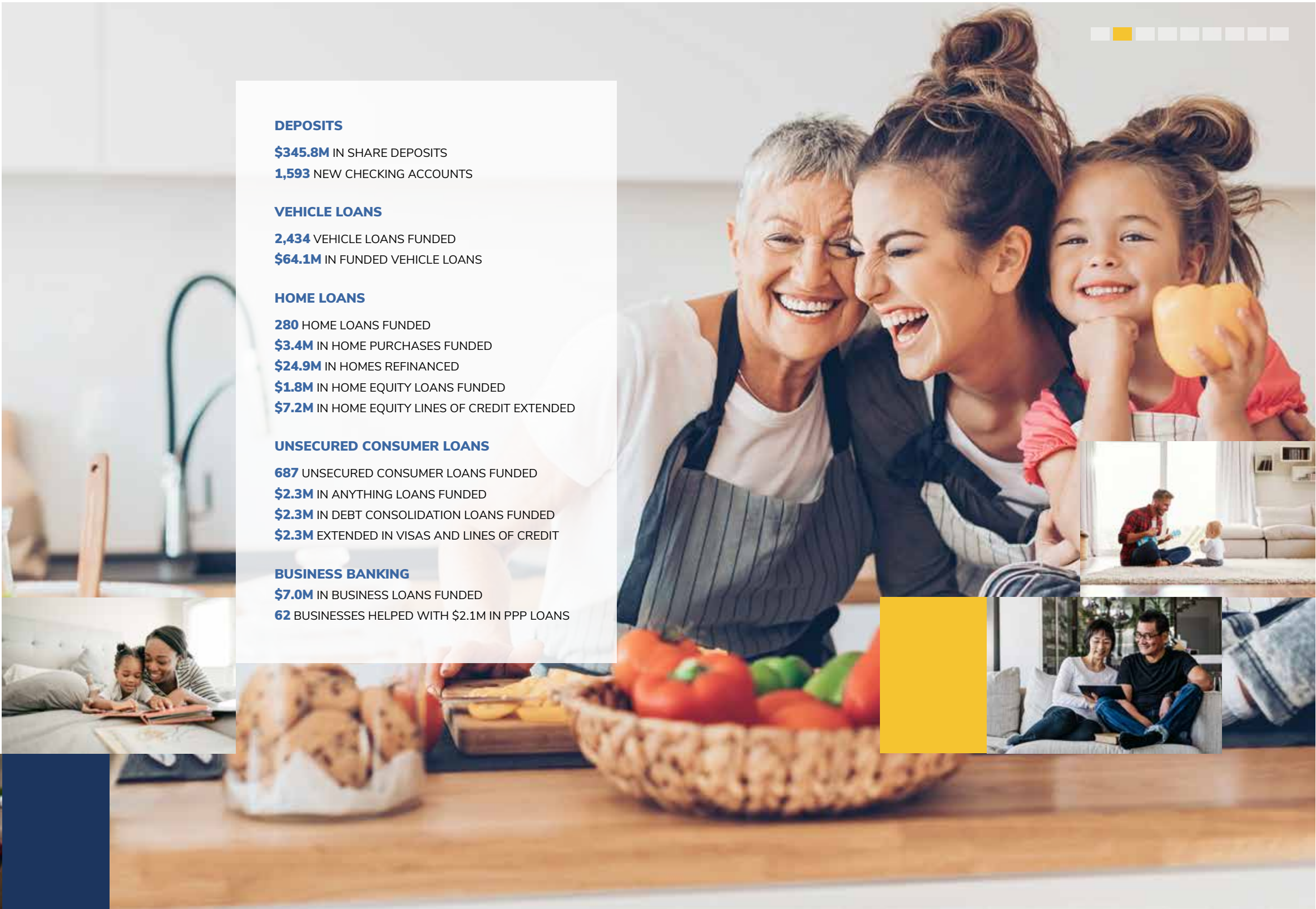
Our focus on our products, service, technology, and the expansion of our field of membership has helped us position Freedom for continued future growth.

Thank you, once again, for the loyalty and trust you place in Freedom as your financial partner. There will be more challenges ahead and we will be ready to meet them together. And, together, we will overcome them for an even better, brighter future.

2020 was a year that showed us we can weather any storm and persevere through anything that is thrown our way. Through challenges and difficult times, we come out on the other side all the better for it.

Respectfully Submitted,

Michael Kaiser
Chairman of the Board



DEPOSITS

\$345.8M IN SHARE DEPOSITS
1,593 NEW CHECKING ACCOUNTS

VEHICLE LOANS

2,434 VEHICLE LOANS FUNDED
\$64.1M IN FUNDED VEHICLE LOANS

HOME LOANS

280 HOME LOANS FUNDED
\$3.4M IN HOME PURCHASES FUNDED
\$24.9M IN HOMES REFINANCED
\$1.8M IN HOME EQUITY LOANS FUNDED
\$7.2M IN HOME EQUITY LINES OF CREDIT EXTENDED

UNSECURED CONSUMER LOANS

687 UNSECURED CONSUMER LOANS FUNDED
\$2.3M IN ANYTHING LOANS FUNDED
\$2.3M IN DEBT CONSOLIDATION LOANS FUNDED
\$2.3M EXTENDED IN VISAS AND LINES OF CREDIT

BUSINESS BANKING

\$7.0M IN BUSINESS LOANS FUNDED
62 BUSINESSES HELPED WITH \$2.1M IN PPP LOANS

PRESIDENT/CEO REPORT



Six years ago, we made a pledge to uphold the core value of the Credit Union Cooperative of People Helping People by focusing on creating a memorable experience for members, employees, and the communities we serve. Year after year, we stayed true to this philosophy and it drove our achievements. As we reflect on the year that was 2020, it affords me the opportunity to tell you how important that strategic focus has been and how it has played a role throughout the year.

Over the years, we worked on improving various processes and products; we put greater effort into expanding and enhancing call center capabilities and online services; we refined every avenue to allow you to conduct the business you need virtually – all in the name of convenience and to provide you with options that would create a better experience. As it turned out, these efforts were also the key in adapting to the “contactless” world thrust upon us by an unexpected pandemic. Before times had changed, we were already prepared, or preparing, for you to have the ability to conduct business without leaving your home.

As a result, and despite the situation, we never shut down, we never stopped serving. Yes, we have had to keep our distance, we have had to modify some operational aspects, but, like always, we were here, we heard you and we responded. We responded not just to your traditional needs or to your many questions, but also to those of you who needed extra help because of the various impacts created by the virus on our lives and our economy. We helped numerous businesses by providing more than \$2M in PPP loans with the Small Business Administration. We assisted members by processing over 1,400 loan payment deferral requests on over \$26M in loans, including mortgage deferrals. We also provided lunches and PPE supplies, like masks and hand sanitizers, to first responders.

Of course, you, our members, were also key to our ability to successfully adapt to this crisis. Every step of the way, you have been resilient, understanding, supportive, and more. You

demonstrated the most important part of a cooperative; that we achieve more together, when we work towards a common purpose. We are grateful for you and we appreciate you.

Let us also not lose sight of our appreciation and gratitude for the employees of Freedom; especially those who continued, and continue, to come in every day, staying on the front lines, working tirelessly every day to ensure they provide the service you have come to expect from Freedom.

I think it's important to emphasize that Freedom has not only risen to the challenge of the day, but even in the worst of times, continues to move forward in our vision and mission. For example, our expansion of our field of membership into Baltimore County. This was a logical step in Freedom's evolution as nearly 3,000 Freedom members were already Baltimore County residents through some affiliation with Harford County. We heard directly from so many Baltimore County residents over the years that they wished they could join Freedom. With just a few credit unions, but numerous big banks in Baltimore County, we know Freedom will provide the exact type of financial institution so many have said they want.

Because of the way Freedom is structured as a financial cooperative, the health and strength of our shared organization is strongly dependent on you, the membership, being engaged and utilizing our products and services. The more members that are an active part of our Credit Union by using its products and services, the better our ability to offer lower cost loan options, higher deposit rates, better technology and access, and more community support. Our expansion into Baltimore County allows Freedom to provide our unique financial offerings to more consumers that need them, and provides a much-needed alternative to the big banks. In doing so, we will be able to increase our membership, and the ability to serve all our members and our shared communities.



2020 HIGHLIGHTS

- Funded over \$180,000 in community support through sponsorships, scholarships, and donations within the Harford County Community – honoring every commitment that was budgeted for Community Support in 2020
- Awarded over \$4,000 to Harford County Educators through our Golden Apple Scholarship Awards Program
- Provided emergency financial assistance and payment relief programs to members who were directly impacted by the pandemic
- Expanded our personal loan options to include low interest rates and deferred payments up to 90 days
- Funded more than \$2M in PPP loans with the Small Business Administration
- Assisted members by processing over 1,400 loan payment deferral requests on over \$26M in loans, including mortgage deferrals
- Provided lunches and PPE supplies throughout Harford and Baltimore Counties for First Responders and Essential Personnel
- Hosted dozens of virtual financial education seminars throughout Harford County schools, Aberdeen Proving Ground, and with Baltimore and Harford County Workplace Partners
- Presented the third annual #FreedomtoHelpChallenge social media contest to benefit local Baltimore and Harford County nonprofit organizations
- Updated our online Financial Education Center, consisting of free, online, interactive modules covering key financial concepts, and made them available in both English and Spanish
- Partnered with The Kelly Group to offer Freedom members professional, guided financial planning and investment services
- Replaced all Debit Cards with a sleek, modern look and Contactless Tap-and-Go Technology
- Launched a new Online Banking Platform
- Expanded our Call Center Operations to support our at-home banking services
- Awarded MemberXP's Best of the Best Award for Member Transaction Experience
- Awarded MemberXP's Best of the Best Award for Consumer Loan Experience
- Awarded Best of Harford Honorable Mention for Banks and Credit Unions by Harford Magazine
- Recognized by the Daily Record as one of the Best Mortgage Lenders
- Awarded AARP's BankSafe Certification for our efforts to help stop financial exploitation

EXPANSION

Our expansion into Baltimore County allows Freedom to provide our unique financial offerings to more consumers that need them, and provides a much-needed alternative to the big banks. In doing so, we will be able to increase our membership, and the ability to serve all our members and our shared communities.



FINANCIALS

2020 was a year of solid financial performance and growth. Our net worth ratio for 2020 was a healthy 8.12%. This statistic measures the “reserves” Freedom has built to weather any future downturns in the economy.

Freedom ended 2020 with total assets of \$380M, which represents an 18.9% increase over 2019. Deposits increased \$58.8 million for the year, to a total of \$346M. This represents a 20.5% increase over 2019.

Loans increased \$40.6 million for the year, which represents a 15% increase over 2019. Mortgage Loans were up \$15.4 million, Business Loans were up \$11.3 million, New Autos were up \$7.4 million, and Used Autos were up \$5.8 million.

Freedom continues to be a strong supporter of the Harford and Baltimore County business communities. Business owners continued to see the value that Freedom brings to them. In 2020, Freedom supported 62 local businesses and provided \$7.0M in loans to our business members.

Overall, Freedom produced a net income of \$940,000 for the year.

THE FUTURE IS BRIGHT IN 2021

We are constantly looking at ways to enhance our processes and services to make partnering with Freedom easier and more convenient. In 2021, we will continue to focus on the financial needs of our membership, and what’s best for you. We plan to offer new products and services to continue to elevate and enhance your banking experience with us.

Access and availability are a focus for us in 2021. Technology took the spotlight as it became a critical necessity in almost every aspect of our lives. So, we focused on making it easier to engage with us without ever leaving home. Enhancements to our Online Banking and Mobile Banking platforms made it easier to make payments and deposits, view transactions, check balances, transfer funds, and apply for loans right from our website or mobile app. In 2021, we will continue to enhance our digital services to make it even easier and faster than ever to manage your accounts from anywhere.

We are excited to continue our plans for building partnerships with Baltimore County residents, businesses, and community organizations, and to show them what the Freedom Advantage is all about. We are working hard to provide the best financial institution and structure we can, to serve not only our new communities within Baltimore County, but all of Harford County as we always have.

We will also continue to live up to our commitment to our social responsibility, strongly supporting those communities we serve. We have made it our mission to be a trusted financial partner that does more than just banking, by creating a community and culture of support. As we continue to grow together, we now have even more opportunity to do good in the communities we serve, for even more organizations, businesses, and people across both Harford and Baltimore Counties.

Freedom is an organization best qualified to meet the financial needs of both Harford and Baltimore Counties. We strive to build and maintain strong, honest relationships with members, our employees, and the communities we serve. We work hard to provide you with everything you need to succeed financially, to provide you a voice in the decision-making of the Credit Union, and the ability to empower yourself.

I would like to thank our Board of Directors for their leadership and commitment during a challenging year, and their ability to guide and serve in the best interests of our members.

I would like to thank, again, all of our employees, who stayed strong, resilient, and never wavered from our focus to always serve as strong advocates for our members, each and every day.

Most importantly, I want to thank all of you, our members, for your ongoing trust and confidence, and in the face of all the challenges this last year has brought us, your flexibility, perseverance, and willingness to do things differently. Together, we will continue to build on our great legacy for many years to come.

Respectfully Submitted,

Michael MacPherson
President and CEO





SUPERVISORY COMMITTEE REPORT



The Supervisory Committee serves as an independent representative of Freedom's members, as mandated by The Federal Credit Union Act. The major purpose of the Committee is to protect and safeguard Freedom members' assets. The Committee monitors internal controls, guards against loss, detects areas of fraud and errors, and promotes effectiveness and efficiency of operations. The Committee ensures laws, regulations, and internal policies and procedures are established according to established laws, and carried out faithfully. Freedom's Senior Management and staff, the Supervisory Committee, and Rowles & Company, LLP, the outside certified public accounting (CPA) firm, as well as an internal audit firm, work together to provide a strong control function, as well as ensure members receive the best possible service.

Rowles & Company, LLP performs an annual audit of the Credit Union's financial statements in accordance with generally accepted auditing standards. The internal audit firm administers a comprehensive risk assessment and internal audit program, and reports findings to the Committee to ensure compliance with procedures, policies, and federal laws and regulations. Freedom Senior Management and staff, interact with Rowles & Company, LLP, the internal audit firm, and the National Credit Union Administration (NCUA) examiners in executing the various audit objectives.

In 2020, the Committee reviewed and acted upon all procedural concerns, addressed all personnel and member problems that arose during the year, and took appropriate action to resolve issues. The Committee conducted monthly review of Freedom's financial reports and related statements during 2020. Rowles & Company, LLP performed the Verification of Member Accounts and conducted the 2020 External Annual Audit for the Supervisory Committee in January of 2021. The financial report, as presented in this Annual Report, is extracted from that audit.

This Annual Audit Report (as of Dec 31, 2020) contains no reportable conditions. It is the opinion of the Supervisory Committee that the affairs of Freedom Federal Credit Union are being managed responsibly.

All comments and concerns should be sent to:
Supervisory Committee
Freedom Federal Credit Union
2019 Emmorton Road
Bel Air, MD 21015
(Please do not send payments to the Supervisory Committee.)

Respectfully Submitted,

Deborah Bloom, Chair
Alma Talbert, Secretary
Jim Church, Jr., Member
Nick Pindale, Member
Cathy Blount, Member

INDEPENDENT AUDITOR'S REPORT

REPORT OF INDEPENDENT AUDITORS ON SUMMARY FINANCIAL STATEMENTS

The accompanying summary financial statements, which comprise the summary balance sheets as of December 31, 2020 and 2019, and the summary statements of income for the years then ended, are derived from the audited financial statements of Freedom of Maryland Federal Credit Union as of and for the years ended December 31, 2020 and 2019. We expressed an unmodified audit opinion on those audited financial statements in our report dated April 1, 2021.

The summary financial statements do not contain the statements of comprehensive income, changes in members' equity, cash flows, and all the disclosures required by accounting principles generally accepted in the United States of America. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of Freedom of Maryland Federal Credit Union.

MANAGEMENT'S RESPONSIBILITY FOR THE SUMMARY FINANCIAL STATEMENTS

Management is responsible for the preparation of the summary financial statements on the basis described in Note 1 of Freedom of Maryland Federal Credit Union's audited financial statements.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion about whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with auditing standards generally accepted in the United States of America. The procedures consisted principally of comparing the summary financial statements with the related information in the audited financial statements from which the summary financial statements have been derived, and evaluating whether the summary financial statements are prepared in accordance with the basis described in Note 1 of the audited financial statements. We did not perform any audit procedures regarding the audited financial statements after the date of our report on those financial statements.

OPINION

In our opinion, the summary financial statements of Freedom of Maryland Federal Credit Union as of and for the years ended December 31, 2020 and 2019, referred to above are consistent, in all material respects, with the audited financial statements from which they have been derived, on the basis described in Note 1 of the audited financial statements.

Rowles & Company, LLP
Baltimore, Maryland
April 1, 2021



8100 Sandpiper Circle, Suite 308, Baltimore, Maryland 21236
443-725-5395 Fax 443-725-5074 • Website: www.Rowles.com



BALANCE SHEET

Years Ended December 31	2020	2019
ASSETS		
Cash and cash equivalents	\$ 50,928,472	\$ 45,442,995
Loans to members, net	298,689,513	257,986,888
Investment securities available for sale	18,447,172	4,858,673
Federal Home Loan Bank stock	287,500	275,600
National Credit Union Share Insurance Fund deposit	3,142,148	2,670,719
Perpetual contributed capital	1,367,927	1,367,927
Accrued interest receivable	852,881	697,220
Property and equipment	4,379,681	4,592,258
Investment in credit union service organization	435,027	401,635
Prepaid expenses and other assets	1,044,261	945,184
Total assets	<u>\$ 379,574,582</u>	<u>\$ 319,239,099</u>
LIABILITIES AND MEMBERS' EQUITY		
Members' share accounts	\$ 345,838,324	\$ 287,068,498
Accrued expenses and other liabilities	2,625,375	2,275,645
Total liabilities	<u>348,463,699</u>	<u>289,344,143</u>
Members' equity		
Regular reserve	3,857,922	3,857,922
Undivided earnings	26,976,496	26,036,598
Accumulated other comprehensive income	276,465	436
Total members' equity	<u>31,110,883</u>	<u>29,894,956</u>
Total liabilities and members' equity	<u>\$ 379,574,582</u>	<u>\$ 319,239,099</u>

These summary financial statements do not constitute a complete presentation. The complete set of audited financial statements, including the statements of comprehensive income, changes in members' equity, cash flows, and the notes to the financial statements, is available at the Park Avenue Branch during normal hours of operation.

STATEMENTS OF INCOME

Years Ended December 31	2020	2019
INTEREST INCOME		
Interest on loans	\$ 12,575,938	\$ 12,389,517
Interest on investments	479,839	827,243
	<u>13,055,777</u>	<u>13,216,760</u>
INTEREST EXPENSE		
Dividends on members' shares	2,283,053	1,736,133
	<u>2,283,053</u>	<u>1,736,133</u>
Net interest income	10,772,724	11,480,627
PROVISIONS FOR LOAN LOSSES		
Net interest income after provisions for loan losses	<u>10,245,373</u>	<u>10,601,007</u>
NON-INTEREST INCOME		
Card services	1,232,192	1,276,862
Share draft fees	562,601	760,658
Debit card incentive bonuses	285,000	–
Loss on disposal of property and equipment	–	(19,011)
Gain on sale of loans	–	52,208
Other	640,257	665,396
	<u>2,720,050</u>	<u>2,736,113</u>
NON-INTEREST EXPENSE		
Compensation and benefits	6,264,936	5,811,998
Office occupancy	832,209	830,020
Office operations	874,384	814,631
Education and promotion	508,854	486,565
Loan and card servicing	1,152,182	1,112,911
Data processing and professional services	1,931,947	1,976,794
Other	461,013	582,212
	<u>12,025,525</u>	<u>11,615,131</u>
NET INCOME	<u>\$ 939,898</u>	<u>\$ 1,721,989</u>

COMMUNITY AND FINANCIAL SUPPORT



Humane Society of Harford County thanks Freedom for delivering lunch and PPE.



Boys & Girls Clubs of Harford and Cecil Counties received a complimentary lunch and large bag of hand sanitizers to use throughout the clubs.



Harford County Public Schools was gifted contactless thermometers for HCPS buildings and 6,000 custom face masks, enough for every teacher, administrator, and support staff member across the county.



Breathe 379 became the Grand Award Winner of Freedom's 3rd Annual #FreedomToHelpChallenge.



Freedom stopped by to thank the Northern Precinct of the Harford County Sheriff's Department with a catered lunch.



Upper Chesapeake Hospital staff working over the Christmas holiday got a special meal delivered on Christmas Day by Freedom.



Four Harford County Public School teachers were selected to receive \$4,000 in classroom grants as a part of Freedom's Annual Golden Apple Awards Program.



The Southern Precinct of the Harford County Sheriff's Department was also delighted to receive a complimentary lunch for their continued efforts to protect and serve through the pandemic.



Freedom delivered lunch and PPE to Dakota Paradise Assisted Living.



The food service team at Harford Memorial Hospital got a special surprise with a catered lunch from Freedom.



In January 2020, Freedom employees volunteered for the United Way of Central Maryland's Project Homeless Connect.



Prior to the pandemic, Freedom participated in the Miracle League of Harford County's Bowling Fundraiser.

BRANCHES

EDGEWOOD BRANCH
8213 Hoadley Road
Building E 5002
Gunpowder, MD 21010

FOREST LAKES BRANCH
1990 Rock Spring Road
Forest Hill, MD 21050

FOUNTAIN GREEN BRANCH
1304 E. Churchville Road
Bel Air, MD 21014

PARK AVENUE BRANCH
2019 Emmorton Road
Bel Air, MD 21015

SWAN CREEK BRANCH
1830-C Pulaski Highway
Havre de Grace, MD 21078

CONTACT US

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P.O. Box 1545
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24/7/365 Member Service

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WEBSITE:
freedomfcu.org



Federally Insured by NCUA