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# 2023 ANNUAL REPORT

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Improving people's lives  
with creative solutions

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**SCIENT**  
Federal Credit Union®

# Services

## SAVINGS & CHECKING PROGRAMS

- Share Savings Accounts
- Free Checking with eStatements
- Checking Plus Account
- MySci Savings and Checking Accounts
- Regular and Premium Money Market Accounts
- Share Certificates
- Change Maker Savings Account
- Club Accounts
- Individual Retirement Accounts (IRAs)
- Coverdell Education Savings Accounts

## CONSUMER LOANS

- Vehicle Loans
- Signature Personal Loan
- Personal Line of Credit
- Consumer Visa® Card\*
- Business Visa® Card\*
- Deposit Secured Loan
- Education Loans
- Executive Reserve Line of Credit

## MORTGAGE & EQUITY LOANS

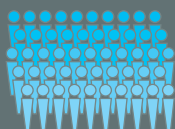
- Fixed-Rate Mortgages
- Adjustable-Rate Mortgages
- SMARTChoice Mortgages
- No-Closing-Cost Mortgages
- Fixed-Rate Home Equity Loans
- Home Equity Line of Credit

## ACCESS YOUR ACCOUNTS ANYWHERE, ANYTIME

- Mobile App with Mobile Deposit
- Online Banking
- Free Unlimited Online Bill Payment
- Free Account Alerts via email or text
- Free ATM Transactions at over 30,000 CO-OP® Network ATMs Nationwide
- Free Account Transactions at over 5,000 CO-OP® Shared Branches Nationwide
- Payment Access via Apple Pay®, Samsung Pay™, Android Pay™

\*Through Elan Financial Services

**2023**  
by the numbers



**19,537**  
Total Members



**\$49,475,502**  
Auto Loans Made



**\$27,278,931**  
Mortgage Loans Made



**\$3,867,610**  
Consumer Loans Made



## Letter from the Board Chair & President/CEO

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Thank you for this opportunity to serve and to address you on behalf of the Scient staff, the Leadership team, and the Board of Directors. As always and most importantly, I'd like to recognize and appreciate the efforts of the entire Scient staff for their dedication and diligence throughout yet another challenging year. On behalf of the Board of Directors, I'd like to particularly thank and recognize the Scient Leadership Team for their unwavering dedication in managing the credit union through an unpredictable at best and most challenging economic environment, while still guiding and mentoring the staff throughout the year. We truly are fortunate to have them — our All-Star cast of players, leading us! As well, I offer a huge and heartfelt thank you to you all, the members of our Scient family, for your support and trust.

On the 2023 financial front, we report loan originations of just over \$80 million, deposit balances over \$280 million, and net income of just over \$1.5 million. Our total assets climbed almost 4% to just over \$350 million. Scient's provision for credit loss expenses reflect the outstanding efforts and performance of our Collections team.

With sustained profitability over the last eight years, Scient continues to invest in innovative technologies to enhance our services enabling members to seamlessly conduct business in-person as well as online and mobile. Overall, our 2023 initiatives met and exceeded our plan expectations. In 2023, we upgraded our banking systems, including online bill pay, home banking, and mobile banking, to provide you with top-notch products and services. Scient's new Online Banking tools offer enhanced presentation and interfaces, as well as more features to help you with your financial needs.

Throughout the year, Scient remained committed to its presence in the community, increasing its engagement and outreach in the local community through financial education programs, event sponsorships, and food drives, to name a few. We will continue to look for additional opportunities to be strong community partners in meaningful ways. Also to note, the All-Star Leadership Team also provided fun and engaging events to appreciate the staff throughout the year.

Finally, we thank you for your membership and look forward to improving our member's lives with creative solutions. Wherever you are, we are with you to help meet your financial needs.

Karen Walters  
*Board Chair*

Chris Maynard  
*President & CEO*

# Treasurer's Report

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The credit union continued to operate profitably and added to its capital reserves during the year. Scient earned \$1.51 million (of which \$1.58 million was received from the sale of Visa B stock shares). Scient produced a Return on Assets (ROA) of 43 basis points. Net Worth was negatively impacted by one-time, \$1.1 million CECL (Current Expected Credit Losses) adjustment to undivided earnings as required by the Financial Accounting Standards Board (FASB). Net Worth at year end 2023 aggregates to \$30.9 million, an increase of \$400 thousand from 2022. Scient continues to be classified under current regulations as 'well-capitalized'. Assets at year-end were \$355.7 million, up \$13.3 million, or 3.9% over the prior year.

## **Scient's success shows in its results:**

- \$80.6 million in loans to members were granted in 2023 and \$297.6 million in loans were outstanding as of year-end. Scient's Interest Income on loans for the year was \$12.0 million, a \$2.7 million, or 28.9% increase, from the prior year.
- \$281.6 million was on deposit at the credit union as of year-end, a 4.7% decrease from the prior year. Over \$4.0 million in interest was paid on deposits held at Scient in 2023.

Operating expenses increased year-over-year by 4.3%, or \$358 thousand, driven by inflation and core processor conversion-related costs. The provision provided for credit losses of \$856 thousand was slightly above budget by \$46 thousand. In addition, Scient now services \$20.2 million of member real estate loans and \$14.5 million of auto loans that it has participated in other credit unions.

Scient continues to work closely with its members experiencing financial difficulties. Scient's loan restructuring program at year-end extended to 30 members, with 4 approved for the program in 2023. The collections department, working with members, recovered \$174 thousand in previously charged-off loans in 2023.

Scient's liquidity, or cash position, remains well managed. Scient tapped into its borrowing lines to replenish cash due to deposit run-off experienced in 2023. Borrowings outstanding at year-end were \$43 million. Scient had \$35.9 million in unused lines of credit for liquidity at year-end.

As Treasurer and a Scient Board member for many years, I would like to personally thank each and every member for making Scient Federal Credit Union what it is today. We truly value you, our members/owners, and appreciate our continued relationship as your credit union.

Sincerely,

Adam Smogowicz

*Treasurer*

## Statements of Financial Condition

ASSETS		
	2023*	2022*
Cash & Cash Equivalents	\$18,679,587	\$4,199,327
Interest Bearing Deposits	\$1,952,002	\$301,311
INVESTMENTS		
Available for Sale	\$24,246,903	\$25,743,476
Held to Maturity	\$170,705	188,219
Loans to Members		
Net Allowance for Loan Losses	\$294,978,579	\$296,637,211
Accrued Interest Receivable	\$1,009,123	\$892,270
Prepaid & Other Assets	\$9,344,518	\$9,121,610
Property & Equipment	\$2,835,302	\$2,726,527
NCUSIF Deposit	\$2,476,402	\$2,578,924
<b>TOTAL ASSETS</b>	<b>\$355,693,122</b>	<b>\$342,388,875</b>

LIABILITIES & MEMBER EQUITY		
	2023*	2022*
LIABILITIES		
Members' Share & Savings Accounts	\$281,623,085	\$295,409,567
Borrowed Funds	\$43,000,000	\$18,000,000
Accounts Payable & Accrued Liabilities	\$4,163,560	\$3,134,809
<b>Total Liabilities</b>	<b>\$328,786,645</b>	<b>\$316,544,376</b>
MEMBER EQUITY		
Regular Reserve	-	-
Undivided Earnings	\$30,931,283	\$30,522,647
(Accumulated Other Comprehensive Loss)	(\$4,024,806)	(\$4,678,148)
<b>Total Member Equity</b>	<b>\$26,906,477</b>	<b>\$25,844,499</b>
<b>TOTAL LIABILITIES &amp; MEMBER EQUITY</b>	<b>\$355,693,122</b>	<b>\$342,388,875</b>

## Statements of Income

	2023*	2022*
INTEREST INCOME		
Loans to Members	\$12,000,620	\$9,306,690
Investments	\$1,121,171	\$663,821
<b>Total Interest Income</b>	<b>\$13,121,792</b>	<b>\$9,970,511</b>
INTEREST EXPENSE		
Members' Shares & Savings	\$4,032,073	\$1,211,404
Borrowed Funds	\$1,553,901	\$349,524
<b>Total Interest Expense</b>	<b>\$5,585,974</b>	<b>\$1,560,928</b>
<b>Net Interest Income</b>	<b>\$7,535,818</b>	<b>\$8,409,583</b>
Provision for Loan Losses	\$855,601	\$428,487
<b>NET INTEREST INCOME After Provision for Loan Losses</b>	<b>\$6,680,218</b>	<b>\$7,981,096</b>

	2023*	2022*
NON-INTEREST INCOME		
Miscellaneous Operating Income	\$849,252	\$919,253
Fees & Service Charges	\$995,753	\$871,213
Gain on Sale of Loans, Net	\$5,999	\$8,093
<b>Total Non-Interest Income</b>	<b>\$1,851,004</b>	<b>\$1,798,559</b>
	<b>\$8,531,222</b>	<b>\$9,779,655</b>
NON-INTEREST EXPENSE		
Compensation & Employee Benefits	\$4,567,053	\$4,270,681
Office Operating & Occupancy	\$2,013,676	\$2,093,762
Loan Service Expense	\$1,000,753	\$873,462
Other Operating	\$742,809	\$1,018,845
Other	(\$1,303,672)	(\$989,064)
<b>Total Non-Interest Expense</b>	<b>\$7,020,619</b>	<b>\$7,267,686</b>
<b>NET INCOME (LOSS)</b>	<b>\$1,510,602</b>	<b>\$2,511,969</b>

\*Unaudited –

Audited financial statements as of 6/30/23 & 6/30/22 are available upon request.

## Board of Directors

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Karen Walters  
*Board Chair*



Grace Vandal  
*Vice Chair*



Adam Smogowicz  
*Treasurer*



Brian Oat  
*Secretary*



Glenn Wilcox  
*Director*



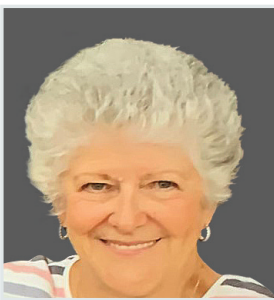
Jeff Mastracchio  
*Director*



Travis Williams  
*Director*



Steve Caldwell  
*Associate Director*



Barbara Paul  
*Associate Director*

## Supervisory Committee

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Alex Bancroft

Rosalia Gonzales

Mark Topliff

Grace Vandal

Harry Watson, Jr.

## Officers & Directors

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Chris Maynard, President and CEO

John Belanger, Vice President of IT

Irv Hagewood, Vice President of Collections

Shana Heon, Vice President of Finance & Accounting

Janice Mapel, Vice President of Human Resources

Shalin Peck, Vice President of Operations

Matthew Sosnowski, Vice President of Member Services and Marketing

Nicholas Breton, Vice President of Lending

# Supervisory Committee Report

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The primary responsibility of the Supervisory Committee is to serve as a means of checks and balances at the Credit Union. We are comprised of a group of dedicated volunteers appointed by the Board of Directors. It is our responsibility to ensure that Scient Federal Credit Union establishes and maintains appropriate policies, procedures, and internal controls that safeguard members' assets and privacy and fulfill the credit union's financial and regulatory responsibilities.

There were numerous internal audits that were performed this past year conducted by CPA firm, Doeren Mayhew, on the Credit Union's Policies, Procedures, and Regulatory requirements. The frequency of these audits is based upon a Risk Assessment that is reviewed at least annually and updated as needed throughout the year to maintain a high level of compliance. These audits help us to identify any potential concerns or issues and have them addressed before they become a bigger problem.

Based on our activities and the results of our recent exam, the Supervisory Committee believes that the Credit Union is performing appropriately to sustain a safe and secure future; and that it is well-managed with a strong commitment to serving its membership of 19,537. As your representatives, the Supervisory Committee will continue to perform oversight activities so that we are confident members' financial interests and privacy is well protected as we move forward in the new year.

I wish to thank my fellow committee members and the Doeren Mayhew team for their hard work and outstanding support during this past year. In addition, I would like to thank the credit union's compliance/risk manager, Courney Burns, for her invaluable assistance to the committee.

On behalf of the entire Committee, we appreciate the opportunity to serve you and look forward to a secure and successful 2024. We want to ensure that our members are happy with our products, services, and staff at all times as the Credit Union continues to grow.

We urge you to contact any member of the credit union's staff, management, or board with any comments or questions that you might have. You may also report any issues anonymously to the Supervisory Committee through the "Report It" link located on the Credit Union website.

Thank you,

Alex Bancroft

*Chair of the Supervisory Committee*



# SCIENT

Federal Credit Union®

**Corporate and  
Main Office**

60 Colver Avenue  
Groton, CT

**Pfizer Groton, CT**

445 Eastern Point Road  
Building 220  
Amenities Corridor  
Groton, CT

**New Haven, CT—Postal**

50 Brewery Street  
New Haven, CT

**New London, CT**

243 Bank Street  
New London, CT

**Improving people's lives  
with creative solutions**

**scientfcu.org**

