

# PEOPLE helping PEOPLE

.....

INTEGRITY  
INDIVIDUALIZATION  
INNOVATION

.....

We make a meaningful difference in  
the financial well-being of the  
members and communities we serve.



Saratoga's Community  
Federal Credit Union

**2015 Annual Report**

®

## CHIEF EXECUTIVE OFFICER'S REPORT



### *It's back to basics, and beyond.*

Somewhere along the way, many financial institutions lost sight as to why they were founded. Whether it was charter expansion, increased competition, or simply the desire to be the biggest, times changed. Fortunately, we never forgot that our success all began with “people helping people.”

Like banks, credit unions accept deposits and make loans—but unlike banks, credit unions are not in business to make a profit.

Banks exist to make money for their stockholders, not for their depositors. Credit unions exist solely to serve their member-owners, and benefits are returned in the form of lower loan rates and higher deposit rates. At times we may look like a bank and act like a bank, but we are not a bank. We are a financial cooperative; a financial institution that is owned and operated by its Members.

The traditional credit union purpose of “people helping people” has new meaning in today's financial marketplace. Today there is a wider responsibility of helping members navigate through their lives. The financial crises of recent years have caused many of our members to become disheartened with their plans for the future. Some watched their plans collapse and are now looking for ways to put their lives back together. We believe that many would like to return to living within their means. We're confident that many consumers will go back to basics; searching for a viable financial option they can trust and believe in, as they save more and look to establish relationships with credible financial partners. Fortunately, your credit union was founded in times of crises when people needed banking to be more responsible.

We are optimistic that our commitment to helping people through their life journey has value and is meaningful. Times have changed, but our values have not. No matter how much money you have on deposit, you have an equal voice in how your credit union is run. Our culture is our greatest asset; it inspires our employees as well as our members.

For 2016, members can look forward to a number of new services as we enhance and expand our remote service delivery options. A redesign of our website, remote loan applications, 5,500 shared branch locations, 30,000 surcharge-free ATMs, instant issue debit and credit cards, and our ability to transact business and transmit documents securely from our office to you and back, are some of the services we have enhanced to make banking available and affordable to more people than ever before.

Your Board of Directors, management team, and staff have excelled in their efforts to focus on our guiding principles and commit to the things that are most important.

It has been an honor and a privilege to help so many through these challenging and difficult times.

Thank you for sharing the gift of membership.  
Don Denofio, Chief Executive Officer

## PRESIDENT'S MESSAGE TO OUR MEMBERS



At each annual meeting we review the past year and present a roadmap for the current year. This is our 71st year and you ask what more can change? Rules change, laws change, the economy changes, our membership demographics change and technology changes. All these changes are out of our control but we can change how we integrate these changes into our members' lives.

The financial world is very complex and competitive and in order to maintain our edge in the Saratoga County playing field we have had to adopt new products and services continually. Our members have responded positively to these but we must not forget the basic purpose of our credit union is not to compete but to serve. To do that we want to go "back to the basics" and simplify our service. It was interesting to learn that in 2006 Christina Aguilera recorded an album titled Back to Basics. Some of her songs were "Back in the Day", "Here to Stay", "Thank You", and "Welcome". These are credit union expressions and we could write lyrics to go with these titles. I also found the AA's successful 12 Step program is called Back to Basics. There is a Back to Basics Outreach Ministry, a Back to Basics Natural Foods grocery, a Back to Basics Western Store, and even Back to Basics Dog Food. So it would appear that instead of trending we are joining those who support stressing simplicity, adhering to fundamental principles, approach to uncomplicate our complicated lives all with an emphasis on tradition. Going back to basics was the hallmark of the great Vince Lombardi. It was his coaching passion as he started each season by introducing the football to the players. Rephrasing his 5 reasons for returning to the basics:

1

### *New or Forgotten*

We learn something new or forgotten.

2

### *Reconnect*

We reconnect with old members and connect with new and potential members.

3

### *Re-Ignite Our Passion*

Going back to basics is a refresher course which can re-ignite our passion for our purpose.

4

### *Advancements*

We can catch up on advancements in our industry and measure their appropriateness for our credit union.

5

### *Together*

Going back to basics keeps everyone on the team, board, management and staff on the same page.

We are going to bring you back to basics with still the most up to date tools available to enhance and simplify your financial transaction experiences. We are here to serve you and assist you in any way we can.

I would like to thank the Board of Directors, management and our great staff for their hard work, dedication and commitment to the success of your credit union.

Thank you for choosing Saratoga's Community Federal Credit Union to be your financial institution. We hope you are enjoying all the benefits of membership and that you will invite and encourage your family and friends to join also.

With warmest regards on behalf of the Board of the Directors, I remain  
Jane Decoteau, President/Chairperson

# SUPERVISORY COMMITTEE REPORT



First I would like to thank the members of the Supervisory Committee Kari Cushing & Lynn Goodness for their time and input. On behalf of The Committee, I would like to thank both management and staff for their commitment to both the Credit Union and Members.

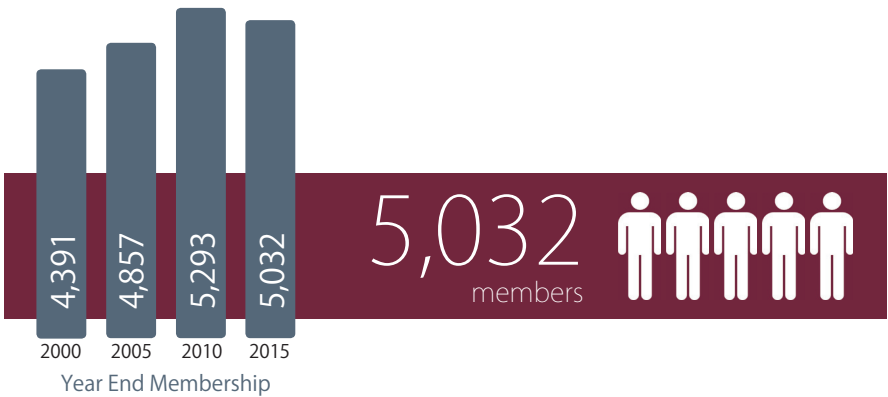
Bringing quality services to our members and providing for our members’ needs in a professional, friendly and courteous way is something our Board of Directors and staff has taken great pride in over the years. Staff education is ongoing and you can see results. The Committee continues to monitor the internal workings of the Credit Union through quarterly and annual audits, and I am happy to report that our Credit Union continues to be financially and operationally safe and sound.

Management and staff have served our members faithfully for another year while keeping up-to-date with the various changes in rules and regulations which seem to increase every year. We especially thank the employees for learning and implementing the many new services that management has started in order to keep our Credit Union competitive with larger institutions. Our members have trusted us for over 70 years and can be assured that we will continue to maintain the highest level of vigilance and integrity today and every day.

I would encourage every member to let us know how you feel about our decisions and our member service. We can only serve you by getting your feedback. Your input in running your Credit Union will help us continue to grow and keep Saratoga’s Credit Union one of the best financial institutions in Saratoga County.

Respectfully,  
Richard Thompson, Supervisory Committee Chairperson

Financial Highlights				
	2000	2005	2010	2015
ASSETS	\$14,221,000	\$22,990,000	\$38,710,000	\$38,213,000
SHARES	\$12,858,000	\$20,827,000	\$35,945,000	\$35,629,000
LOANS	\$10,065,000	\$18,830,000	\$30,704,000	\$30,039,000



## TREASURER'S REPORT



2015 was the year our credit union prepared for the future. After positive financial gains in 2014, the Board and management team worked extensively with regulators and analysts to improve and strengthen our capitalization reserves. Management successfully rebalanced the loan portfolio, which grew from \$28.8M to \$30.0M this past year, to improve yields and shorten durations. At the same time, the loan allowance reserves formula was updated to reflect current environmental factors, to be more conservative, and to prepare us for aggressive growth in the next year.

What is key to this year's financial numbers is the fact that the credit union produced positive cash flow, but directed that cash flow into loan allowance reserves instead of net income. While this solidified our capitalization base much to the delight of regulators, it also temporarily pushed many of our key financial indicators into negative territory. The Board's strategy in 2015 and management's efforts reduced delinquent loans from 1.43% to 1.30% and increased total assets by nearly half a million dollars to \$38.2M. The credit union's net worth ratio remained solid at 6.67%.

In 2016, with the reserve account sufficiently funded, the Board and management will not be playing defense. We are now able to spend this next year increasing membership, expanding lending, and engaging the new financial markets with confidence. We will continually look for opportunities for growth knowing that we are now in a position to pursue those opportunities without overextending the credit union's foundation. 2015 was the year our credit union prepared for the future. *2016 is that future.*

Respectfully submitted,  
Drew Jarosh, Treasurer

## STATEMENT OF FINANCIAL CONDITION

### ASSETS

As of December 31, 2015

Cash	\$ 359,250
Investments	6,406,532
Loans	
Real Estate Loans	14,736,166
Credit Cards	4,944,425
Other Loans	10,358,681
Total Loans:	30,039,272
Allowance for Loan Loss	(392,826)
Net Total Loans	29,646,446
Non-Interest Bearing Assets	
Fixed Assets	443,377
Other Assets	1,357,267
Total Non-Interest Bearing Assets:	1,800,644
<b>Total Assets:</b>	<b>\$ 38,212,872</b>

### LIABILITIES SHARES AND EQUITY

Liabilities	\$ 35,576
Shares	35,629,191
Equity	2,548,105
<b>Total Liabilities Shares and Equity:</b>	<b>\$ 38,212,872</b>



## BOARD OF DIRECTORS

Jane Decoteau	President/Chairperson
Donald Nickson	Vice President/Vice Chairperson
Patricia Hatlee	Secretary
Drew Jarosh	Treasurer
Richard Thompson	Director
Donald Hall	Director
William Karl	Director

## MANAGEMENT

Don Denofio	Chief Executive Officer
Megan Armstrong	Chief Operations Officer
Mark Powers	Chief Financial Officer
Colleen Rourke	Service Center Manager

## STAFF

Amanda Baker	Bobbie Jo Kenney
Amanda Blanton	Barbara Kenyon
Dylan Devery	Despina Kotsakis-Smith
Valerie Donini	Ashley Marble
Marlena Gannon	Ryan Matthews
Rachael Geelan	

## SUPERVISORY COMMITTEE

Richard Thompson	Chairperson
Kari Cushing	Committee Member
Lynn Goodness	Committee Member

## ALM COMMITTEE

Jane Decoteau	Committee Member
Patricia Hatlee	Committee Member
Drew Jarosh	Committee Member



Federally Insured  
by the NCUA



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