

2016

A N N U A L R E P O R T



Saratoga's Community Federal Credit Union

“ Your credit union provides both choice and convenience, so whether you want to speak to someone face to face, find the nearest ATM or shared branch, or do your banking on your mobile phone, you can rely on us to provide you with a range of convenient ways to bank. ”

Don Denofio, Chief Executive Officer





Chief Executive Officer's Report



Though there remains a lot of economic and regulatory uncertainty, your credit union has been working hard to assist members and minimize the impact of regulation on credit union operations.

Most credit unions have been doing well since the recession. Smaller credit unions have experienced many challenges as we stay focused on our members' needs and navigate the countless new regulations.

As a credit union, we are not required to make large profits to pay dividends. We deliver value to our members as owners through superior service, an extensive range of products and services, lower fees and competitive interest rates.

Our vision is to be the preferred provider of credit union services in the communities we serve. Our strategic plan and multi-year growth initiatives are currently being implemented and include membership growth and retention, loan growth and enhancement, and improvement of the digital experience for our members.

Your credit union provides both choice and convenience, so whether you want to speak to someone face to face, find the nearest ATM or shared branch, or do your banking on your mobile phone, you can rely on us to provide you with a range of convenient ways to bank.

- We're part of the largest ATM network in the USA, allowing members to transact business at over 30,000 surcharge-free ATMs.
- We have over 5,400 full-service branch locations in all 50 states and seven countries where members can perform full-service banking transactions at no charge.
- We provide convenient ways to bank, such as branch banking, mobile banking, internet banking and telephone banking, so members can have access 24/7 at a time and place that suits them.
- We have a dedicated call center to assist members 24/7/365 to perform transactions at no charge.

We exist to serve our members and not our shareholders. It's why we place people before profit. It's what differentiates us from other financial service providers. We go above and beyond to offer fair and affordable financial services and hope that members will take advantage of the benefit.

Don Denofio, Chief Executive Officer

OVER **\$20,000** IN DONATIONS | TO MORE THAN **40** LOCAL ORGANIZATIONS

President's Message



It doesn't seem possible that another year has gone by. I hope it was as good for you as it was for your credit union. I can assure you that we stayed true to the promise we made to you last year in this same room. We told you we were going "Back to Basics," and that is what we did in 2016.

In 2016, we continued to follow our vision and our mission of "making a meaningful difference in the financial well-being of the members and communities we serve." We continued to follow the basic principle on which credit unions were formed:

"People Helping People." We made sound decisions successfully by measuring each of them to make sure that Integrity, Individualization and Innovation were the driving forces in the decisions. Of course, there were bumps in the road in 2016, but as we grew in assets, number of members and number of services, we became more determined to provide the best personal service you deserve and expect. We don't have a crystal ball that will forecast the future, but we know there will be challenges in 2017 for our members, our credit union and our country; however, I can assure you that we are prepared to be the best financial institution in the greater Saratoga Springs community.

I am proud of the accomplishments of your Board, management and staff. We enjoy serving our members and our community. I thank you for putting your trust in us by being a member, and I hope you are enjoying all the benefits of membership. Please invite your family and friends to join so they, too, can own a part of this great financial institution. Wishing each of you good health, peace and happiness from your Board of Directors.

Jane Decoteau, President/Chairperson

“ I am proud of the accomplishments of your Board, management and staff. We enjoy serving our members and our community. ”

Jane Decoteau, President/Chairperson

Supervisory Committee Report



First, I would like to thank the members of the Supervisory Committee, Kari Cushing and 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 that our Board of Directors and staff have 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 SCFCU one of the best financial institutions in Saratoga County.

Respectfully,
Richard L. Thompson, Supervisory Committee Chair

Statement of Financial Condition

As of December 31, 2016

Assets		
Cash	\$	334,031
Investments		11,118,552
Loans		
Real Estate Loans		12,716,617
Member Business Loans		245,179
Credit Cards		4,792,022
Vehicle Loans		6,061,052
Student Loans		1,488,377
Other Loans		1,668,998
Total Loans		26,972,245
Allowance for Loan Loss		(471,299)
Net Total Loans		26,500,946
Non-Interest Bearing Assets		
Fixed Assets		399,954
Other Assets		1,699,467
Total Non-Interest Bearing Assets		2,099,421
Total Assets	\$	40,052,950
Liabilities, Shares and Equity		
Liabilities	\$	27,963
Shares		37,392,069
Equity		2,632,918
Total Liabilities, Shares and Equity	\$	40,052,950

Treasurer's Report



Over this past year, the Credit Union worked together with the Saratoga County community to produce an exceptional year. In 2015, after facing a number of financial challenges, the Board and management worked extensively with regulators and analysts to improve and strengthen operations, rebalance the credit union's assets, and reposition the credit union to take advantage of new opportunities. In 2016, we utilized that repositioning to begin moving the credit union forward even in the face of uncertainty in federal policies and a changing regional economic landscape. Rather than react to the market, the credit union spent 2016 proactively seeking out opportunities to expand and strengthen our financial position for long-term stability and security.

In 2016, management successfully maintained a well-structured loan portfolio of \$27M while also rebalancing it to reflect changes in economy and financial markets. At the same time, loan allowance reserves were appropriately funded, taking into consideration Saratoga County's above-average economic growth. These efforts greatly improved the credit union's risk position and long-term stability. Also during 2016, assets grew by 4.59% to \$40.1M and share balances increased 4.71% to \$37.4M. The loan to share ratio of 72.13% remained considerably higher than our peers' average of 56.92%. The successes reflected by these core financial figures have allowed the credit union to remain healthy and capitalized with a net worth ratio of 6.57%. Additionally, 2016 net income was \$84,813, greatly improving on 2015's figure. Complementing the credit union's well-structured lending portfolio, the Board and management developed and priced member services appropriately, leveraged financial instruments suitably, mitigated financial risk and modified the expense structure. This approach had a positive effect on several key ratios: Return on Equity was 3.22%, Gross Income to Assets was 7.01% and Operating Expense to Gross Income decreased to 81.44% from 92.77%.

2016 was the start of our proactive approach to taking advantage of the credit union's reposition in order to pursue opportunities presented by the fluid market. Successes were had and improvements were realized. The Board and management head into 2017 with full confidence that we are an efficient, nimble, well-positioned credit union that will seek out opportunities for secure and stable growth while making banking personal in our wonderful community.

Sincerely,
Drew Jarosh, Treasurer

Financial Highlights

	2001	2006	2011	2016
ASSETS	\$15,779,000	\$24,679,000	\$40,262,000	\$40,053,000
SHARES	\$14,479,000	\$22,173,000	\$37,108,000	\$37,392,000
LOANS	\$10,024,000	\$19,156,000	\$36,698,000	\$26,972,000

Year End Membership

2001		4,435
2006		4,925
2011		5,270
2016		6,906

6,906
TOTAL MEMBERS



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

Supervisory Committee

Richard Thompson Chairperson
Kari Cushing Committee Member
Lynn Goodness Committee Member

ALM Committee

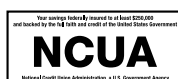
Jane Decoteau Committee Member
Patricia Hatlee Committee Member
Drew Jarosh Committee Member

Staff

Kellie Abbott
Amanda Baker
Dylan Devery
Valerie Donini
Marlena Gannon
Rachael Geelan
Bobbie Jo Kenney
Barbara Kenyon
Despina Kotsakis-Smith
Donald McCann
Lisa McCoy
Tasha Rodriguez



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Federally insured by NCUA

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