

MOVING OUR COMMUNITY **FORWARD**

2018

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



Saratoga's Community Federal Credit Union

THE ART OF GIVING BACK



As your local credit union, we're committed to making sure our community stays strong. We show our support not only by providing loans and other services that grow our economy, but also by getting behind causes and events in the area. We're involved in many community programs year-round, including "Art in Public Places" through Saratoga Arts. On a monthly basis, we highlight a different local artist here at our credit union. Stop by to admire the talent and perhaps even purchase a work of art!



CHIEF EXECUTIVE OFFICER'S REPORT



As we enter 2019, I want to reflect on the progress we have made, as well as the exciting future for our credit union, our members and our employees.

2018 was a highly successful year in revitalizing our credit union and securing a future as a major financial institution in the Saratoga County region. We made significant strides to strengthen our position through our firm commitment to maintaining an adequately capitalized institution, providing superior service, delivering the highest-quality technology

solutions, responding to members' needs and focusing on sustainable growth.

Our staff prioritized being innovative, while better serving our members, by implementing and delivering successful product and service enhancements that serve the market through strong integration and multichannel strategies.

Our data processing software enhancements offer a wide selection of solutions to our core platform and our ability to integrate, enabling members to manage their finances at any time, on any device, and meet any single banking need.

For 2019, we have introduced our staff to three strategic themes:

- 1. Focus on our membership and employee value propositions** by providing every member the opportunity to have the lifestyle they desire and deserve, and by providing every employee the opportunity to set clear paths for career advancement.
- 2. Focus on excellent service to our membership** by hiring and retaining top talent and including employees in the decision-making process.
- 3. Focus on the balance of both traditional and electronic banking services** to ensure the needs of all members are met and the basic philosophy of "People Helping People" is maintained.

Our mission, vision, values and solutions are all essential ingredients in helping our members achieve success.

None of this would be possible without the support of a dedicated Board of Directors and outstanding staff. I thank you for your continued confidence and for allowing me to be your Chief Executive Officer.

All of us continue to keep our mission in front of us: "To make a meaningful difference in the financial well-being of the members and the communities we serve."

Thank you for your continued support; we are proud to be your financial institution.

Don Denofio Chief Executive Officer

OUR DOOR IS OPEN
to all who live, work and/or worship
IN SARATOGA COUNTY
as well as all family members.

PRESIDENT'S MESSAGE



Rainbows, butterflies, sunshine and gentle breezes are words that come to my mind about your credit union in 2018. When you hear these words, how do they make you feel – maybe happy, unburdened, carefree? Certainly, they do not evoke negative thoughts, but positive, encouraging and enlightening thoughts.

Your credit union experienced some clouds over the past couple of years, but the sun has been shining down on us this year. The economy has been good to us, our members have supported us, and we have a great management team and a staff who thinks of our members

as part of their family. We have added a new “friend” who attends our meetings and spends his days keeping us on a slow and steady climb. “Virgil the Turtle,” who unexpectedly showed up as a picture on a screen during a presentation and has now taken the form of a ceramic turtle (with a great personality), continually reminds us that all good things come when you follow a slow and steady forward motion that is strategically planned and carefully implemented.

Your credit union is a great financial institution offering all the services of a megabank, but the difference is that WE CARE about each member and the community we serve. We are not striving to make a profit, but to make a difference in each of our members’ lives using integrity, individualization and innovation. I could share many stories of how your credit union has made a difference in someone’s life, and we look for these opportunities each day. I hope each of you has been positively impacted by your experience as a member. Wouldn’t you like your family and friends to have the same experience that you have had?

“Virgil” tells us it is time to grow our membership by sharing our services with more people and encouraging our current members to use more of our services. We challenge you to help us spread the message that we are small enough to know you and big enough to provide you with every service you need from a financial institution. Additionally, there is a cash bonus in it for you for every member you refer!

I am proud of the accomplishments of your board, management and staff in 2018. We look forward to another great year in 2019! And, we wish you a great year filled with good health, peace and happiness and thank each of you for your continued loyalty!

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

// We challenge you to help us spread the message that we are small enough to know you and big enough to provide you with every service you need from a financial institution.



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 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 that 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 60 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, 2018

Assets	2018	2017
Cash	\$281,031	\$381,531
Investments	3,859,235	8,974,016
Loans		
Real Estate Loans < 20 Years	11,346,566	10,342,909
Real Estate Loans > 20 Years	8,844,090	6,103,276
Member Business Loans	0	216,076
Business Purpose Loans	18,632	18,060
Lines of Credit – Credit Cards	4,369,087	4,608,692
Indirect Lending	970,981	1,013,617
Other Loans	7,616,013	7,869,872
Total Loans	33,165,369	30,172,502
Allowance for Loan Loss	(367,660)	(373,827)
Net Total Loans	32,797,709	29,798,675
Non-Interest Bearing Assets		
Fixed Assets	343,189	368,535
Other Assets	1,484,195	1,692,924
Total Non-Interest Bearing Assets	1,827,384	2,061,459
Total Assets	\$38,765,359	\$41,215,681
Liabilities, Shares and Equity		
Liabilities	\$10,107	\$31,498
Shares	36,116,850	38,655,589
Equity	2,638,402	2,528,594
Total Liabilities, Shares and Equity	\$38,765,359	\$41,215,681

TREASURER'S REPORT



I am thrilled to report this year's financial condition and growth of your credit union. The board and management have worked tirelessly over the past three years to put your credit union in a position to achieve what we did this past year. The strategic and difficult decisions made in 2016 and 2017 were the right decisions that solidified the credit union's financial footing and allowed us to have a breakout 2018.

Our already strong lending portfolio grew stronger, with Net Loans increasing by 10% to \$32.8 million. Even in this economic environment of increasing interest rates, mortgage loans increased from \$16.4 million to \$20.2 million. We also strategically reduced our indirect loans and auto loans portfolio to secure a healthy loan portfolio that yields an appropriate return while reducing our exposure risk.

Total Net Income grew to \$109,800, up from a net loss of \$104,300 in 2017. This gain in net income is even more impressive in that it comes even after contributing \$184,350 to our allowance account and making a required and strategic accounting write-down of \$112,800. Not only did management bolster the credit union's solid financial health, but it also improved net income by over \$214,000.

Further demonstrating the credit union's financial health, our Net Worth Ratio increased from 6.14% to 6.81%. This key ratio measures the credit union's capital adequacy and has been a focus of the board and management for several years. Delinquent Loans remained under 2% for the third straight year. Net Charge-Offs decreased by more than half, from 1.3% to 0.61%. Return on Assets improved from -0.26% to 0.28%. Return on Equity similarly improved, from -4.13% to 4.16%. Lastly, Operating Expenses decreased from 91.74% to 84.98%, as management looked at every function of the credit union to cut costs and improve efficiency without sacrificing member service and quality of operations.

The massive turnaround in 2018 was no accident. This was the result of thousands of man hours of work, deliberation, analysis and strategic planning by the board and management over many years. I sincerely hope you are as proud of our credit union as I am.

Respectfully submitted,
Drew Jarosh Treasurer

Financial Highlights

	2003	2008	2013	2018
ASSETS	21,390,579	28,995,257	38,584,315	\$38,765,000
SHARES	\$19,303,007	\$25,799,726	35,588,466	\$36,117,000
LOANS	\$17,262,636	\$19,463,765	\$32,213,147	\$33,165,000

// Our members have trusted us for over 60 years and can be assured that we will continue to maintain the highest level of vigilance and integrity, today and every day.



Board of Directors

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

Supervisory Committee

Richard Thompson Chairperson
Kari Cushing Committee Member
Lynn Goodness Committee Member

ALM Committee

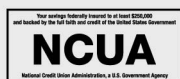
Jane Decoteau Committee Member
Patricia Hatlee Committee Member
Drew Jarosh Committee Member

Management

Don Denofio Chief Executive Officer
Megan Armstrong Chief Operations Officer
Rachael Geelan Chief Financial Officer
Lisa McCoy Business Development Officer
Leslie Barry Branch Manager

Staff

Amanda Baker Accounting Assistant
Colleen Brower Savings & Loan Counselor
Marlena Gannon Card Services Specialist
Jessica Herring Savings Counselor
Barbara Kenyon Savings & Loan Counselor
Despina Kotsakis-Smith Branch Supervisor
Kathleen McCune Business Development Representative
Felicia McGann Member Services Support Specialist
Danielle Reynolds Accounting/Collection Clerk
Tasha Rodriguez Resolution Specialist



Federally insured by NCUA



23 Division Street
Saratoga Springs, NY 12866

518.583.2323 | www.saratogafcu.org

OUR MISSION

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