

75
YEARS
1945 - 2020

2019

ANNUAL REPORT

PRESIDENT'S REPORT

Jane Decoteau



It's the first week of February as I write my report for our annual meeting in April. Outside is cold and cloudy and the snow is now rather dirty. There aren't many things that cause a glow with holiday decorations put away for another year. BUT when I sit and think about our credit union I feel warm sunshine. I see rainbows and unicorns. We had such a phenomenal year in 2019. BUT what excites me even more is how that has set us up for an even greater year in 2020.

We are now 75 years old and aging like the finest wine. The aging process for your credit union is a bit different from wine, but with both, the end result is a valuable product that is bragged about by the owners. That's what we are here to do tonight.

The Board, management and staff are working together to make new and better things become a reality this year. We want to provide you with a better experience every time you use our services. Remember Virgil, the turtle who we adopted to keep us moving slow and steady? Well, move over Virgil! We are ready to move and we don't want to run over you. We have adopted a strategic plan for 2020 that will challenge us, but the Board, management and staff have all jumped on board pledging to work together to reach the new goals we have set.

We need your help now to spread the word to family, friends and neighbors about how great your credit union is. Share your experience with everyone! Tell everyone about all the services we offer. We have everything the mega banks have but the difference is WE KNOW and CARE about each member and the communities we serve. Bring in a new member and get a CHECK. There is no limit on how much you can earn doing this. By the way, are you taking full advantage of our services? We want you to use ALL our products as well. Checking, savings, loans, mortgages, bill pay, worldwide ATM's and more! Nervous about technology? Don't be. Come in and we'll get you all set up and be there whenever you need us.

Our goal has not changed. Our goal is to make a positive difference in each of our members' lives with integrity, individualization and innovation. We just want to share this goal with more people.

I am proud of the accomplishments of your Board, management and staff in 2019. We look forward to an awesome year in 2020!

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

Financial Highlights

	2004	2009	2014	2019
Assets	22,394,742	33,918,907	37,737,017	38,914,270
Shares	20,247,808	31,046,129	34,925,747	35,726,397
Loans	18,301,484	20,740,850	28,837,333	34,891,964
Members	4,851	5,154	5,071	5,641

SUPERVISORY COMMITTEE REPORT

Richard Thompson



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 75 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, 2019

Assets	2019	2018
Cash	\$330,837	\$281,031
Investments	2,306,607	3,859,235
Loans		
Real Estate Loans < 20 Years	12,886,380	11,346,566
Real Estate Loans > 20 Years	8,975,564	8,844,090
Business Purpose Loans	10,752	18,632
Lines of Credit - Credit Cards	4,232,459	4,369,087
Indirect Lending	758,386	970,981
Other Loans	8,028,423	7,616,013
Total Loans	34,891,964	33,165,369
Allowance for Loan Loss	(255,116)	(367,660)
Net Total Loans	34,636,848	32,797,709
Non-Interest Bearing Assets		
Fixed Assets	321,757	343,189
Other Assets	1,318,221	1,484,195
Total Non-Interest Bearing Assets	1,639,978	1,827,384
Total Assets	\$38,914,270	\$38,765,359

Liabilities, Shares and Equity		
Liabilities	242,389	10,107
Shares	35,726,397	36,116,850
Equity	2,945,484	2,638,402
Total Liabilities, Shares and Equity	\$38,914,270	\$38,765,359

TREASURER'S REPORT

Drew Jarosh



We are celebrating another banner year for our credit union! Last year, I was thrilled to report to you that the difficult decisions made by the Board and management in 2016 and 2017 paid off well in 2018 with a major swing to positive numbers. In 2019, we built off of that success, maintained our strategic positioning, further solidified the strong financial foundation built over the past several years, and nearly tripled our credit union's annual net income.

One of our credit union's most significant strengths is our ability to issue new, secure, beneficial loans to our members. We utilize a relationship-based pricing structure to our loans making us unique amongst our peers in our area. This strategic advantage allowed us to increase our loan portfolio by 5.2% from \$32.8 million at the end of 2018 to \$34.6 million in 2019. To put that into perspective, our peers, on average, saw loan growth of just over 4% in 2019. Our real estate loans increased 1.7% from \$20.1 million to \$21.9 million. With our well-diversified loan portfolio, the credit union's net income increased from \$110,000 in 2018 to \$307,000 in 2019, a 180% increase!

I am happy to report that this increase in net income and strong expansion of our loan portfolio occurred while the Board and management simultaneously worked to make the credit union more financially secure. Since we had been ensuring a well-funded allowance for loss provision account for several years, our allowance account only required a contribution of \$86,000 in 2019, down by more 40% from 2018's contribution. While net income nearly tripled, non-interest expenses remained nearly flat increasing from \$2.0 million in 2018 to \$2.1 million in 2019. Delinquent loans averaged only 0.85%, down from 2.0% in 2018 and less than our peer average of 1.03%. Net charge offs decreased from 0.60% in 2018 to 0.58% in 2019. In short, income has increased without taking on additional risk. I am confident in the financial security of our credit union.

Further evidence of the credit union's success is seen in our ratios monitored by our examiners. Our Return on Assets increased from 0.27% to 0.77% putting us above our peer average of 0.61%. Return on Equity similarly improved from 4.16% to over 10.4%. Net Worth Growth improved from an already impressive 10.85% to 11.15%, further distancing ourselves from our peer average of 5.13%. Finally, our most important indicator, our Net Worth Ratio, improved from 6.81% to 7.57% putting us above the key 7% mark for the first time in many years.

The Board and management have worked tirelessly to ensure the continued success of our credit union. Our trajectory shows that the financial footing we have built is strong, sturdy, and capable of supporting our growth into the next decade. The Board and management will continually strive to serve you by enacting a prudent, long-term vision of the credit union that we believe will make all of our members proud.

Respectfully submitted,

Drew Jarosh
Treasurer

CHIEF EXECUTIVE OFFICER'S REPORT

Don Denofio



A lot has changed since we received our charter in 1945, but our commitment to supporting the Saratoga community remains stronger than ever.

In 2019, we reached out to our members to validate our Member Value Proposition. The response was overwhelming and the underlying message was that members bank here because we continue to operate like a credit union.

Member loyalty appeared to be the driving factor for our success. It was not about our size, our rates, or our products and services. It was about our people and their commitment to who we are. It was about everyone being treated the same regardless of a credit

score or account balance. It was about listening to everyone's needs and being prepared to present solutions. It was about being a credit union.

We also reached out to residents of the greater Saratoga area who are not credit union members and asked what would inspire them to bank with Saratoga's Community FCU. Many respondents pointed to improved access and convenience. It was then that we realized we have not properly marketed the extensive shared branch services offered in our area.

As a result, we made an effort to expand our shared branch program to include 35 local branch offices, 6,000 national and international locations, and 30,000 surcharge-free ATMs. Your credit union now has more branch locations and surcharge-free ATMs than any other network in the United States.

The results of our surveys started a conversation. Is there a need for a new branch strategy, extended banking hours, alternative lending programs, merger opportunities, and increased advertising and community involvement?

At our annual board planning session we discussed opportunities in Saratoga County by exploring new branch locations and a main office facility to provide expanded member services and extended banking hours. We also discussed reaching out to other credit unions similar in size and culture, to combine operations to better serve the membership, and continue operating like a credit union.

After 75 years, we can say with confidence that our success is a direct result of our Member Value Proposition: "To provide every member the opportunity to have the lifestyle they desire and deserve, by offering financial solutions for the sole purpose of helping members realize their financial dreams, and not profit for their investors."

We look forward to 2020 with a commitment to our community and a passion for improving the lives of our membership.

Our successes over the years would not have been possible without the commitment of a dedicated Board of Directors, a knowledgeable staff, and supportive membership.

I thank each of you for contributing to another successful year.

Don Denofio

Chief Executive Officer



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— Don Denofio —



Introducing our directors, committee members, management and staff who work hard to go above and beyond in providing you a true member experience.

Board of Directors

Jane Decoteau President/Chairperson

Donald Nickson Vice President/ Vice Chairperson

Timothy McGuiggan Secretary

Drew Jarosh Treasurer

Richard Thompson Director

Michael Miller Director

Nathan Towne Director

Supervisory Committee

Richard Thompson Chairperson

Kari Cushing Committee Member

Lynn Goodness Committee Member

ALM Committee

Jane Decoteau Committee Member

Drew Jarosh Committee Member

Management

Don Denofio Chief Executive Officer

Megan Armstrong Chief Operations Officer

Rachael Geelan Chief Financial Officer

Lisa McCoy Branch Manager

Staff

Amanda Baker Accounting Assistant

Colleen Brower Savings & Loan Counselor

Barbara Kenyon Savings & Loan Counselor

Despina Kotsakis-Smith Branch Supervisor

Kathleen McCune Business Development Rep.

Danielle Reynolds Accounting/Collection Clerk

Jonathan Rivera Card Services Specialist

Tasha Rodriguez Resolution Specialist

Joanne Smith Mortgage Account Executive

Luke Tefft Savings Counselor

Meghan Welcyng Marketing Specialist



Federally insured by NCUA



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