

ANNUAL REPORT

2021



Chairperson's Message to Our Members

What a year 2021 was! It was the continuation of 2020 and who would have thought that it would continue into 2022? But IT HAS!

The combination of the pandemic, the economy, the world's unrest tested your credit union's management, staff, and Board of Directors as well as the policies and procedures that were in place. I am proud to say we did not fail in any area. We stayed the course through some difficult times by being guided by our vision and mission of "making a meaningful difference in the financial well-being of the members and communities we serve." The basic principle on which credit unions were formed "People helping People" was our motive for not giving up when the hills appeared to be mountains. Everything that tested us made us stronger, more determined and better equipped for the next occurrence.

We don't have a crystal ball to forecast the future but we know there will continue to be challenges in 2022 and maybe beyond for our members, our credit union and our country but I can assure you that we are prepared to be the best financial institution in the greater Saratoga Springs/Ballston Spa 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 you each good health, peace and happiness from your Board of Directors.

Jane Decoteau
Chairperson

Financial Highlights

	1991	2001	2011	2021
Assets	\$9,312,918	\$15,779,092	\$40,261,760	\$58,081,541
Shares	\$8,765,893	\$14,478,706	\$27,557,733	\$54,937,959
Loans	\$7,758,163	\$10,023,885	\$36,617,875	\$39,257,978
Members	2,571	4,435	5,270	5,733

President / CEO Report

There is no doubt the challenges of recent years continued into 2021 for our members, our employees, and the communities we serve.

Facing economic uncertainty, the continuing pandemic, and human resource challenges, we worked together to continue to provide the highest quality of member service. We were able to meet the needs of all members, especially those who experienced health, career, child care and changing life style challenges.

Our online product and service offerings and network of nearly 5,500 branch locations allowed members to work in a remote environment and continue to perform transactions both online and at nearby branch locations.

In addition to the pandemic, we were also challenged by cybersecurity threats and human resource issues that impacted the normal course of operations. As a result, we continued to improve and safeguard the member experience through enhanced cybersecurity assessments and testing. We also enhanced our human resource benefits to ensure our employees have a balanced home and work life and a safe and secure work environment that is understanding to their personal needs.

The ongoing commitment to our strategic themes provided the guidance for our success during these challenging times:

- Provide every member the opportunity to have the lifestyle they desire and deserve, and every employee to have

the opportunity to set clear paths for career improvement.

- Provide excellent service to our membership by hiring and retaining top talent and include employees in the decision making process.
- Provide both traditional and electronic banking services to assure the needs of all members are met, and the basic philosophy of people helping people is maintained by ensuring a safe and sound credit union.

As we enter 2022, we realize there are significant challenges ahead of us and believe we are well positioned to focus on our Core Values of Integrity, Innovation and Individualization.

We believe we can make a positive difference in your life in the coming year.

Don Denofio
President/Chief Executive Officer



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 76 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 Chairperson



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Treasurer's Report

I would first like to express appreciation to the SCFCU management and staff who all work hard to make the experience of members the best it can be. We should all be proud of how our members and colleagues have embraced new and innovative ways to continue to use and provide outstanding services. The credit union's goals are to remain safe, compliant and financially sound.

Similar to 2020, the theme in 2021 was asset growth. In 2021, the credit union's assets grew to \$58,081,541, another historic high. To put that in context, the credit union's total assets hovered around \$40 million for the past decade, from 2010 through 2019, then rapidly increased to \$47,656,570 by the end of 2020 and continued on the same trajectory through 2021. The influx of federal stimulus dollars over the past two years has driven this growth.

The credit union's loan portfolio also grew in the current year. Overall, loans increased 13.78%, from \$34,502,604 at the end of 2020 to \$39,257,978 by the end of 2021. Growth in the automotive and recreational vehicles segments led the way. As a result of the credit union's expanded footprint into Ballston Spa and marketing activities throughout Saratoga, there were six months during 2021 that the credit union closed over \$1 million in new loans. Credit quality remained high, as delinquent loans remained constant at 0.15% for 2021, which is below our peer average of approximately 0.60%. The economic environment has been challenging for the financial services industry. However, rates are expected to tick upwards throughout 2022 and SCFCU's commitment to solid underwriting and prudent lending policies will mitigate risk and stimulate earnings.

The credit union had a notable year of earnings in 2021. Net income for the year was \$50,177. While this is a decrease in comparison to \$118,298 earned in the prior year, remaining profitable speaks to the hard work of management considering the challenging economic environment. Interest income decreased by \$152,860 from the prior year driven by the low interest rate environment and the slowing growth of the mortgage portfolio. Other operating income increased by \$279,471 from 2020 to 2021 in part as the result of a payout received related to the Members United liquidation of 2010.

The credit union's Net Worth (equity) increased to \$3,113,959 in 2021. With the continued influx of stimulus dollars and growth in our assets, the credit union's net worth ratio declined from 6.82% as of the end of 2020 to 5.58% by the end of 2021, which is below the regulatory standard of 7%. The decrease of this ratio resulted in the classification of the credit union from adequately-capitalized to undercapitalized. Simply put, the growth of assets over the past two years from \$40 million to \$58 million has far out-paced growth in net income and equity. As the economy recovers and spending returns to normal, we expect this ratio to climb back above the 7% threshold.

We are grateful you are part of our growing credit union. Thank you for your continued dedication and loyalty and for choosing Saratoga's Community Federal Credit Union.

Respectfully submitted,

Nathan Towne
Treasurer

Statement of Financial Condition

DECEMBER 31, 2021 AND 2020

ASSETS	2021	2020
Cash	\$495,316	\$340,683
Investments	16,542,222	10,890,182
Loans		
Real Estate Loans <20 Years	14,024,167	13,731,075
Real Estate Loans >20 Years	9,893,390	9,165,656
Business Purpose Loans	4,000	3,196
Lines of Credit - Credit Card	3,812,873	3,608,497
Indirect Lending	337,954	641,078
Other Loans	11,214,025	7,353,102
Total Loans:	39,286,409	34,502,602
Allowance for Loan Loss	(65,978)	(100,005)
Net Total Loans	39,220,431	34,402,599
Loans Held for Sale	-	\$453,300
Non-Interest Bearing Assets		
Fixed Assets	295,544	303,190
Other Real Estate Owned	-	-
Reposessed Assets	-	-
Other Assets	1,528,028	1,266,616
Total Non-Interest Bearing Assets	1,823,572	1,569,806
Total Assets:	\$58,081,541	\$47,656,570
LIABILITIES SHARES AND EQUITY		
Liabilities	\$29,623	\$34,046
Shares	54,937,959	44,558,743
Equity	3,113,959	3,063,781
Total Liabilities Shares and Equity	\$58,081,541	\$47,656,570

BOARD OF DIRECTORS

Jane Decoteau
Donald Nickson
Timothy McGuiggan
Nathan Towne
Richard Thompson
Michael Miller
Barbara Doane

Chairperson
Vice Chairperson
Secretary
Treasurer
Director
Director
Director

SUPERVISORY COMMITTEE

Richard Thompson
Kari Cushing
Lynn Goodness

Chairperson
Committee Member
Committee Member

ALM COMMITTEE

Jane Decoteau
Nathan Towne
Barbara Doane

Committee Member
Committee Member
Committee Member

MANAGEMENT & STAFF

Don Denofio
Megan Armstrong
Rachael Geelan
Lisa McCoy
Paige Carlquist

President/Chief Executive Officer
Vice President/Chief Operations Officer
Vice President/Chief Financial Officer
Vice President/Branch Operations
Branch Manager

Saratoga Branch

Colleen Brower
Brittani Henderson
Deborah Leavitt
Luke Tefft

Savings & Loan Counselor
Savings & Loan Counselor
Savings Counselor
Card Services Specialist

Ballston Spa Branch

Barbara Kenyon
Megan Burdick
Cristella Parsons

Savings & Loan Counselor
Savings & Loan Counselor
Savings & Loan Counselor

Support Staff

Amanda Baker
Amanda Stannard
Despina Kotsakis-Smith

Accounting Assistant
Resolution Specialist
Accounting Assistant



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Ballston Spa Branch

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saratogamortgage.org