



A Message from our CEO John Felton

2012 Financial Reports



Our national economy is affected by political policies that are created to encourage growth through consumer spending. Interest rates are as low as they have been in generations which will benefit people whose stage of life aligns with new home and big ticket purchases. For many of our members who made responsible financial choices throughout their lifetimes and saved money, their expected returns are negatively impacted. At Southern Chautauqua FCU, we are committed to being a resource to the full spectrum of

individuals in our area. Our CD and IRA policies are designed to maximize our members' savings potential. We didn't create the financial climate in which we operate, but we recognize the need to make sound financial decisions that will benefit all of our members and our communities. While we faced many of the same challenges as other financial institutions in 2012, we had a very good year. Southern Chautauqua Federal Credit Union is among the strongest and most successful credit unions in New York State, maintaining top ten status in several indicators of stability and success. As a member, you can be assured that we are continuously looking for ways to help you financially. We want our members to benefit from our great loan rates and debt protection products that we offer at such fantastic prices. We are very proud to say that we have helped our members save thousands and thousands of dollars on loans that they had at other financial institutions. When we look back on 2012, we don't see challenges, but opportunities to better serve our membership.

We are proud to be the home of the Kid's Credit Union. We know that we have a positive effect on not just the kid's credit union savers, but all of Chautauqua County as we teach the kids at Panama, Clymer, Pine Valley, Southwestern, Frewsburg and Westfield the value of an early and sustained savings habit. We have committed our time and money to foster another generation of hard working savers who will see us into the future. In 2012, we taught monthly financial literacy lessons to nearly one-thousand students. Those kids deposited over \$120,000.

We continually strive to be a resource to Chautauqua County. We know that we can have a positive impact on the people, like you, who choose to do their banking at Southern Chautauqua Federal Credit Union. To ensure that we can have an effect on as many people as possible, we look for opportunities to collaborate with non-profit and service organizations. One example that readily comes to mind is the VITA program. This program has allowed us to file hundreds of tax returns free of charge for both members and nonmembers. We have committed to donating up to 2% of our profit to worthy local causes because we take our civic responsibility very seriously. Southern Chautauqua Federal Credit Union is designed to be your financial resource. I hope that your story will inspire your family, friends and neighbors to do their banking at Southern Chautauqua Federal Credit Union. You are our best advertisers; we appreciate your business, your confidence and continued support as we look to build the best credit union in Chautauqua County by far. Your membership has made us what we are today and no words can adequately express the gratitude of the board of directors, management and staff of Southern Chautauqua FCU.

Statement of Financial Condition

| | | as of 12/31/2012 |
|---------------------------------------|------------------|-------------------------|
| ASSETS | | |
| Consumer Loans | \$ 25,593,797.83 | |
| Real Estate Loans | \$ 16,339,378.82 | |
| Total Loans | | \$ 41,933,176.65 |
| (Less Allowance for Loan Losses) | \$ (311,255.99) | |
| Cash | \$ 1,914,102.11 | |
| Investments | \$ 12,052,653.49 | |
| Other Assets | \$ 2,989,857.54 | |
| TOTAL ASSETS | | \$ 58,578,533.80 |
| LIABILITIES & EQUITY | | |
| Total Liabilities | | \$ 2,680,475.91 |
| Member Deposits | \$ 50,980,041.64 | |
| Non-Member Deposits | \$ 996,985.00 | |
| Total Deposits | | \$ 51,977,026.64 |
| Regular Reserve | \$ 445,708.39 | |
| Undivided Earnings | \$ 3,475,322.86 | |
| Total Reserves | | \$ 3,921,031.25 |
| TOTAL LIABILITIES & EQUITY | | \$ 58,578,533.80 |

Income Statement

| | | as of 12/31/2012 |
|---------------------------------|-----------------|------------------------|
| OPERATING INCOME | | |
| Income from Loans | \$ 3,044,079.59 | |
| Income from Investments | \$ 46,002.85 | |
| Income from Miscellaneous | \$ 810,492.47 | |
| TOTAL OPERATING INCOME | | \$ 3,900,574.91 |
| OPERATING EXPENSES | | |
| Operating Expenses | \$ 2,398,315.37 | |
| Dividend Expenses | \$ 541,150.25 | |
| Non-Operating Expenses | \$ 629,532.75 | |
| TOTAL OPERATING EXPENSES | | \$ 3,568,998.37 |
| TOTAL NET INCOME | | \$ 331,576.54 |



WE CONTINUE TO MAKE A DIFFERENCE!

We partnered with organizations and made donations to several local causes in 2012. The list is a brief highlight of some of the ways that we made a difference in Chautauqua County. Cherry Creek Community Association, WACS and Panama Central School Yearbook(s), Falconer and JHS Honor Societies, Southern Tier Babe Ruth Softball, Clymer Tulip Festival, Community Helping Hands, Chautauqua Striders, Lucille Ball Little Theatre, South Dayton, Cherry Creek and Lakewood Volunteer Fire Departments, American Red Cross, Relay For Life, and The Relief Zone in Frewsburg.

In addition to that list, we are a major sponsor of the Russ Germaine Memorial Golf Tournament and the George Batitis Open Golf Tournament.

We held a successful Second Annual Kid's Credit Union Poker Run in June 2012. Our Kid's Credit Union Program is in six school districts where over 1,000 Chautauqua County Kids benefit from monthly financial literacy lessons. As of June 2012, our Kid's Credit Union super savers deposited over \$120,000.

Supervisory Committee Report
Frank Pidgeon, CFE has completed the NCUA required quarterly supervisory audits as of September 30, 2012. No deficiencies were found.

Treasurer's Report
The December 31, 2012 financial reports are available above.

In 2012, Southern Chautauqua FCU added 1039 members and wrote 2078 loans.

A Report From Mel Feather, Board President



Welcome to the Fourteenth Annual Meeting of the Southern Chautauqua Federal Credit Union and the fifty-ninth year since our inception in 1954. I take this opportunity to report to you, our members, on the state of the Credit Union. The local, state and national economies have continued to be slow in recovering from the economic downturn of 2009. There are now a few glimmers of recovery reported, but they seem to remain fragile.

Peoples' faith in their government, especially congress, is at an all time low. What people want, expect and need is a government that WORKS. That is the theme of my message to our members. The Board of Directors works very hard to ensure that your Credit Union works for you. We work to manage and minimize risk but still seek opportunities for growth. We work to support the management and staff in their efforts to enhance the quality of our products and level of service provided to our members. The goal of this Credit Union is to constantly produce 'Good Works'.

- * Through a Federal Capital Grant, the Credit Union works to expand services to the working poor of our community.
- * The Kid's Credit Union continues to grow with more schools and more children participating. We are working to provide an incentive to young people to learn how to save and manage their money.
- * The Credit Union donated over \$10,000 this past year in support of community fund raisers and community activities in all six of our founding school districts. This support helps those community groups to provide good works for their members.
- * Credit Union Employees donated and raised money to provide scholarships to six graduating seniors last year. The money is invested in those students' lives so that they can later go out and do good works.
- * Credit Union staff have taken their time to be trained as part of the VITA program. Our staff works to help eligible members of our community to file their income taxes for free.
- * The good work that we do is well known in the community, resulting in continued growth of our membership. We are still one of the fastest growing credit unions in the State.
- * Good work translates into great returns for our members. This Credit Union gives back to its members more money than any other credit union in the area, by far. Lower interest rates on loans and higher rates on savings result in more money left in the pockets of our members.

Therefore, 'Good Works' continue to be our theme and goal. We continue to provide our members with the best service and rates in the community. We put our members first. We do good works to boost and build Chautauqua County because we believe in its residents and our members. Southern Chautauqua FCU continues to do a common job, uncommonly well. I wish you a happy, healthy and financially secure 2013.

2012 Board of Directors

President: Mel Feather
Vice President: John Ireland
Secretary: Katrina Fisher
Treasurer: Rodney Beckerink
Supervisory Chair: Sheryl Ramsey
Security Officer: William Caldwell
Bill Penfold, Shawn Howard and
Ted Kapuscinski

Credit Union Staff

| | | |
|---------------------------|---------------------------|--------------------|
| Jerry Felton | Investment Specialist | 47yrs. of service |
| John Felton | Chief Executive Officer | 26 yrs. of service |
| Debbie Williams | Sr. Loan Officer | 18 yrs. of service |
| Julie Fisher | Branch Coordinator | 17 yrs. of service |
| Mary Sarno | Purchasing Agent | 16 yrs. of service |
| Lisa Peterson | Chief Operations Officer | 12 yrs. of service |
| Kim Margaglio | Branch Coordinator | 9 yrs. of service |
| David Samuelson | Lending Manager | 8 yrs. of service |
| DeAn Durnell | Branch Coordinator | 7 yrs. of service |
| Heather Kerr | Compliance Officer | 6 yrs. of service |
| Megan Austin | Financial Svc. Rep | 5 yrs. of service |
| Beckie Hultin | Administrative Assistant | 5 yrs. of service |
| Michelle Weilacher | Financial Svc. Rep. | 4 yrs. of service |
| Amy Brown | Financial Svc. Rep. | 4 yrs. of service |
| Anne Rich | Chief Financial Officer | 4 yrs. of service |
| Molly Brown | Teller | 3 yrs. of service |
| Amber Gustafson | Branch Coordinator | 3 yrs. of service |
| Amy Jasper | Teller Manager | 3 yrs. of service |
| Lyle Roof | Chief Information Officer | 3 yrs. of service |
| Melissa Gniewecki | Collections | 2 yrs. of service |
| Joshua Babcock | Teller | 2 yrs. of service |
| Nathan Peterson | Accounting Clerk | 2 yrs. of service |
| Steve Halovich | Teller/Collections | 2 yrs. of service |
| Jennifer Johnston | Accounting Clerk | 2 yrs. of service |
| Holly Welka | Teller | 2 yrs. of service |
| Laura Simons | Marketing | 2 yrs. of service |
| Alyssa Harenda | Teller | 1 yr. of service |
| Amber Yokom | Teller | 1 yr. of service |
| Candace White | Kid's Credit Union | 1 yr. of service |
| Chelsea Honey | Teller | New Hire |
| Adam Hughes | Teller | New Hire |
| Charissa Wallace-Buchanan | Teller | New Hire |
| Dana Gambino | Teller | New Hire |
| Connie King | Receptionist | New Hire |



**SOUTHERN
CHAUTAUQUA
FEDERAL CREDIT UNION**

2012 Annual Report

665-7000
www.665-7000.com

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|---|--|
|  | Lakewood Branch 168 E. Fairmount Avenue |
|  | Cherry Creek Branch 6834 Main Street |
|  | Clymer Branch 562 Clymer-Sherman Road |
|  | Jamestown Community College Branch Hamilton Collegiate Center 525 Falconer Street |
|  | Westfield Branch 7 Elm Street |

