



**SOUTHERN
CHAUTAUQUA**
FEDERAL CREDIT UNION

(716)665-7000 | www.665-7000.com



Annual Report
2018

Making Members Feel
Like Family Since 1954



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2018 State of the Union~President's Report

Welcome to the Twentieth Annual Meeting of the Southern Chautauqua Federal Credit Union. The Credit Union was initially chartered in December of 1953. I take this opportunity to report to you, our members, on the State of the Credit Union. Membership is now over 15,000. Assets have also continued to grow and are now over \$82 million. The Board of Directors meet monthly to support our great management team and staff. They continue to provide our members with the best possible financial products and services in the area. Southern Chautauqua continues to go way beyond the normal expectations of a financial institution. Allow me to highlight some of our services:

* The VITA program continues to expand with more of our staff being trained to prepare income taxes free of charge to eligible Chautauqua County residents. This past year, over 1,000 residents had free help in filing their federal income taxes. Forty-two of our Staff volunteered to be trained so that they could do the filings properly. The staff did their volunteer work on Credit Union time. What a community service!

* The Credit Union donated over \$49,400.00 to 100 local charities, community projects and school organizations in the past year.

* Our management and staff donated over 1,000 hours of volunteer work to more than 40 local charities and community projects last year.

* Our CU employees worked all year to raise donations for our CU Scholarship Fund. The Fund provided Eight - \$700.00 scholarships to graduating seniors who are CU members from local schools. (Purchase a candy bar from one of our tellers to help out!) Thanks!

* Our staff collaborated with the Family Learning Zone at the Gateway Center and Greenpath to provide local residents with financial education – skills such as check writing, balancing a ledger, and steps needed to establish good credit.

* The Kids' Credit Union continues to expand and now touches over 2,600 students in nine school districts. Fredonia was just added this past year. The CU now has over 1,200 children's accounts with total assets of over \$1,400,000. Children in the participating schools are learning the value to saving money and receiving an education in early financial planning. Yes, even second graders can be introduced to the values of saving. Forty-five members of Kids Credit Union will be graduating seniors this year!

* The CU participates in Junior Achievement in local schools, teaching over 100 students about finances.

First Name	Length of Service
Heather	13
Karen	1
Ryan	0
Kimberly	16
Alexandra	4
Shaa	5
Steven	3
Leslie	2
Edith	2
Courtney	4
Candace	7
Melissa	5
Anne	10
Helen	0
Joseline	0
David	15
Mackenzie	2
Rachel	2
Elia	2
Lindsey	1
Maisie	1
Rylea	0
Michelle R	11
Debra	24
Jenna	4

Employees & Years of Service

First Name	Length of Service
Charlene	4
Amy	5
Kylee	1
Amy	10
Molly	9
Leanna	0
Teena	6
Christine	6
Madison	4
De An L	14
Lacey	4
Geraldine M	53
John E	32
Dana	7
Sarah	1
Krista	2
Melissa	9
Amber	8
Amber	10
Lindsay	4
Sierra	2
Lindsay	5
Rebecca	11
Janell	5
Melissa	4
Jennifer	9

* The CU is now in its fifth year of a used car loan program using GPS trackers. By placing a GPS unit in their car, a borrower will be able to get a loan for the purchase of a used car. This is a loan that the borrower would not be eligible for otherwise. This has allowed many individuals to acquire a car so that they could get to work. There are currently 561 GPS loans outstanding with over \$3.5 million in the loan portfolio. These are, understandably, risky loans being granted to C, D and E paper. Our management and staff monitor these loans very carefully to try to prevent loss. It is still a viable service that no other financial institution in the area provides.

Notice that all I have reported so far is how the Credit Union provides a lot of community services and financial education opportunities. We are second to none in all of Chautauqua County in the way in which we support our local community.

Now to the report on finances which John will also touch on. Some highlights:

* The Credit Union has a very strong Loan to Share ratio at 92.84%

* Our gross Income is in the top 98% of Credit Unions our size.

* The Credit Union has a very healthy Return on Assets of 0.89%.

* The Credit Union has a robust online suite, including Mobimoney, allowing members to control their debit cards, turning it on/off as needed. Great for security. This year we added, the ability to deposit checks remotely through our APP. It's easy. Take a picture and submit!

Southern Chautauqua Federal Credit Union looks forward to serving our Chautauqua County community in the year to come. I wish you all a happy, healthy and financially secure 2019.

Our Goals: Growth ~ Commitment ~ Success ~ Integrity

Boost, Believe In, Build and Support your Community!

Mel Feather,

President of Southern Chautauqua Federal Credit Union Board of Directors

A Message from John

Success. How do you define success?

Most of us probably have a slightly different definition of success. I would say that depending on what facet of my life I am in, I have different definitions. When measuring the success of Southern Chautauqua Federal Credit Union, I would proudly say there are several accolades that prove our success.

Within Mel's report he has pointed several of these accolades out:

Community involvement--I know of no other similar sized financial institution that comes close to matching our community involvement.

Finances--We continue to lead the pack (609) of credit unions of similar size across the United States. Our performance is public information and can be found at www.NCUA.gov. Our charter number is 9107—take a look!

Awards--We have been recognized often in the past and this year is no exception. Locally, by the United Way of Southern Chautauqua County, and nationally, by the National Youth Involvement Board. Within our peer group, our Kids' Credit Union program placed second for the nation for the highest number of individuals reached. Our Director of Financial Education, Charlene Austin, received first place for the highest number of presentations by an individual. Jeremy Cybulski, NYIB's Vice Chairman said, "The Kids' Credit Union is an inspiration to our nation."

The staff of the credit union are led by an outstanding group of individuals, each who won't stand to be just good, they strive to be great. Leaders who understand that the rewards for being part of this organization are not within our compensation package, but deep in our hearts. The heart-warming reward of the appreciation that pours out from our members is second to

Financials

Statement of Financial Condition		as of 12/31/2018
ASSETS		
Consumer Loans	\$63,201,935.72	
Real Estate Loans	\$5,334,884.44	
Total Loans		\$68,536,820.16
(Less Allowance for Loan Losses)	\$(1,212,124.04)	
Cash	\$2,991,972.20	
Investments	\$5,726,000.00	
Other Assets	\$6,612,779.20	
TOTAL ASSETS		\$82,655,447.52
LIABILITIES & EQUITY		
Total Liabilities		\$1,168,357.07
Member Deposits	\$72,873,364.16	
Non-Member Deposits	\$946,680.00	
Total Deposits		\$73,820,044.16
Regular Reserve	\$445,708.39	
Undivided Earnings	\$7,221,337.90	
Total Reserves		\$7,667,046.29
TOTAL LIABILITIES & EQUITY		\$82,655,447.52

Income Statement		as of 12/31/2018
OPERATING INCOME		
Income from Loans	\$4,730,710.37	
Income from Investments	\$204,607.48	
Income from Miscellaneous	\$2,003,048.69	
TOTAL OPERATING INCOME		\$6,938,366.54
OPERATING EXPENSES		
Operating Expenses	\$4,241,614.23	
Dividend Expenses	\$602,868.08	
Non-Operating Expenses	\$1,357,184.08	
TOTAL OPERATING EXPENSES		\$6,201,666.39
TOTAL NET INCOME		\$736,700.15



Board of Directors & Supervisory Committee

Melvin Feather	...Board President
William Caldwell	...Board Vice President
James Casini	...Board Secretary
Rod Beckerink	...Board Treasurer
Ted Kapuscinski	...Board Member
Taras Korol	...Board Member
Jared Chrispell	...Board Member
Shawn Howard	...Board Member
Bruce Hendricks	...Board Member / Supervisory Chair
Timothy Smeal	...Associate Board Member
Christine Fosberg	...Associate Board Member
Beryl Emley	...Supervisory Committee Member
Roberta Schruise	...Supervisory Committee Member

none. I could not have planned what we are, become what we are, or continue to shine without them. I will further state that each of the members of the leadership team would say the same about their entire staff. Our success starts with the wonderful people who work here and make up SCFCU.

Our dedicated Board of Directors consists of upstanding members of our community, most of who serve in additional voluntary roles in our county. I am blessed to have individuals who have served on this board for more than 40 years. They truly understand where we started, where we've been, and where we are going. The addition of new board members has created a cohesive and collaborative effort, merging the wisdom of the past and the innovation of the future.

Southern Chautauqua Federal Credit Union has always 'done what's best for the membership'. That driving value is as strong today as it was in the early days of the organization. I want to thank our members for telling our story to their friends and family, allowing us to continue to grow.



School Branches

As an extension of our award-winning Kids' Credit Union, Southern Chautauqua FCU (SCFCU) opened school-based branches at Southwestern Central and Jamestown High Schools (JHS). Our goal was simple: to partner with area high schools to assist students in becoming financially productive adults. In 2018, we added a third school-based branch at Frewsburg Central School!

In addition to providing banking services and scholarships to students, SCFCU offers internships to students at the branches. As the only financial institution in the county that is also a federally-designated Community Development Financial Institution (CDFI), SCFCU operates school-based branches as part of our commitment to provide educational resources to the community. There is no cost to participating schools.

Students complete an application process and interview for the internship. Interns learn about the many different aspects of banking, including: processing transactions, providing members with great customer service, and marketing their branch to fellow students and staff. To date, SCFCU has had 25 student interns, and those at the Jamestown school-based branch are even being paid for their internships! The city of Jamestown was one of sixteen localities in New York State to receive a \$1,000,000 grant as part of the Empire State Poverty Reduction Initiative (ESPRI). In partnership with ESPRI, JHS has added work-based learning to its innovative curriculum, and SCFCU's school-based branch provides a perfect opportunity for students to gain knowledge of the financial services industry.

SCFCU also offers products and services designed specifically for students, including a co-branded debit card with the corresponding school's logo. Our program uses a Teach, Test, Try concept that requires students to learn the basics of each product level before they are eligible to participate. The process begins in ninth grade with each grade level's financial education building throughout their high school years:

- **9th grade: Student Savings Account** teaches students how to build good saving habits
- **10th grade: Student Checking Account** with Visa Debit Card lets students plan for and manage expenses, as well as experience online and mobile banking
- **11th grade: Credit Builder "Loan" (Up to \$500)** helps students take the first steps to establishing credit in a safe, controlled environment
- **12th grade: Line of Credit** allows students to test their new skills and positively impact their credit with the support and guidance of SCFCU staff.

Kids' Credit Union

The success of our innovative Kids' Credit Union program continued in 2018, as Southern Chautauqua FCU received two awards from the National Youth Involvement Board (NIYB) in the Less Than \$150 Million asset category! Our Kids' Credit Union program was awarded second place *in the nation* for the "Highest Number of Individuals Reached", and our Director of Financial Education, Charlene Austin, received the first place award for the "Highest # of Presentations by an Individual"! The NIYB was founded by The Credit Union National Association (CUNA) in the 1970's to increase credit union membership under age 18. Upon notifying SCFCU of the awards, Jeremy Cybulski, NIYB's Vice Chairman said, "The Kids' Credit Union is an inspiration to our nation".

SCFCU's in-school program begins in second grade with savings goals for each academic year and a monthly financial education lesson. During the 2017-2018 school year, SCFCU provided 405 financial education presentations to over 2,000 elementary and middle school students. Since its inception in 2004, the Kids' Credit Union program has grown to include 9 school districts throughout Chautauqua County. Students who choose to become KCU members are given a schedule to follow the growth of their money. Those who join by second grade will graduate with \$10,000 if they continue through the 10-year process!

Currently, the KCU program has 1,229 members, including 185 who joined in 2017-2018 school year, and 45 who will be graduating Seniors in 2019. As of December 2018, KCU members have \$566,340 in savings and \$878,600 in CDs, bringing total Kids' Credit Union assets to \$1,444,940!

Total KCU members: **1229**

New members added in 2017-2018 school year: **185 2017-2018 school year, 66 new Aug 2018-Dec 2018 (173 for 2018)**

Total amount in savings altogether: **\$566,340.30**

Total amount in CD's altogether: **\$878,600**

Total assets: **\$1,444,940.30**