

Focused on what matters.
Dedicated to family.

2014 Annual Report



FAMILY FIRST
FEDERAL CREDIT UNION

MESSAGE FROM THE PRESIDENT/CEO AND CHAIRMAN

Members are Our Family.

Reaching your Financial Goals is Our Business.

We are very pleased to report that your credit union enjoyed a year of significant growth in 2014, while also maintaining a very safe and sound overall financial profile. Our Board of Directors has strategically identified continued growth as the key to remaining relevant in an increasingly competitive financial services marketplace.

There is only one reason for the credit union's continued existence: To serve our 13,400 members, and to partner in helping our members reach their financial goals. In order to live up to this responsibility, Family First focuses each day on our core values of Family, Integrity, Relationships, Service and Trust.

Our 2014 financial results demonstrate the success of our dedicated staff in providing the products and services that our members depend on to take them through the stages of their financial lives. At the end of 2014, our assets had increased by \$21.2 million, or 16% and our member loan balances had grown by \$28.2 million, or almost 30%! In addition, 1,950 new members made the choice to trust Family First for their financial needs in 2014.

The staff and management of the credit union completed several projects and initiatives throughout the year to ensure that members were provided with enhanced products, service and convenience. Some of these highlights included:

East Rochester Branch – the towns of East Rochester, Perinton, and Pittsford have mainly been served by our Perinton branch in the Cedarwood Office Park since 2000. Due to constraints within the office park, this branch was unable to offer drive-up or ATM services, and did not have the level of visibility from the road that we like to offer to members. The new branch is a full-service, credit union owned facility located at 375 Fairport Road in East Rochester, featuring a 24 hour ATM, drive-up service, and a community conference room. Following the opening of this branch in September 2014, there has been a significant increase in existing member traffic and new memberships opened at this enhanced location;

Website – an enhanced website was created and launched in 2014, and provides a more engaging and dynamic presence to our existing and future members. As more members choose to do their banking electronically, our website has become one of our primary communication channels and allows members to stay connected with the credit union on their own schedule. With the new site, members can access an optimized site from the device of their choice; desktop, tablet, or mobile phone. Social channels have been integrated, along with a new blog and news feed to communicate with the members. The feedback we have received from the members has been very positive and many have found the site much easier to move through and read.



CHRISTINE PETERS
President/CEO



JAMES COSTELLO
Chairman of
the Board

"We are very pleased to report that your credit union enjoyed a year of significant growth in 2014, while also maintaining a very safe and sound overall financial profile."

Product Enhancements – we are committed to continually enhancing product offerings to provide our members with more options to assist them in meeting their financial goals at every stage of life. In 2014, we introduced our high-interest rate Pinnacle checking account, which rewards members with an above market interest rate when they choose to bring their direct deposit relationship to the credit union, access their statements electronically and perform a qualifying number of debit transactions each month. We also developed financing options for vacation properties and non-owner occupied investment properties, as well as an option to finance auto leases through the credit union without leaving the auto dealership's location.

In addition to serving our members directly, we also believe strongly in giving back to the communities where our members live, work and conduct business. Some notable examples of this from 2014 include:

- Our “Member of the Week” program was introduced and paid out almost \$8,000 to 26 existing Credit Union members;
- We hosted our very popular Fall Harvest event at our Webster branch, providing free children's activities, educational sessions, and refreshments. This event is open to the entire community;
- We participated in the United Way's Day of Caring and Clean Sweep days in both Henrietta and East Rochester, which are days set aside each year to help maintain and beautify the communities we serve;
- We also sponsored the 2014 Penfield Business Association Golf Tournament, which benefits the Sheperd Home, a hospice home located in Penfield;
- In partnership with the Eastside YMCA and the Town of Penfield, we were the title sponsor of The Family First Penfield 5K Challenge race, with proceeds going to Invest in Youth at the Eastside YMCA.

Looking ahead, we are excited to continue the growth and success of Family First in 2015. Some key areas of focus this year will be:

- The conversion of our debit and credit cards to secure “chip” technology, and replacing/upgrading our ATMs to support this technology;
- The ability to utilize Apple Pay with Credit Union VISA cards;
- All branches will be Wifi enabled by the end of 2015;
- Offering members the ease of electronically signing and submitting documents when coming to a branch isn't convenient.

This report would not be complete without recognizing two individuals we lost in 2014 who were vital to the history and foundation of this credit union. Gary Lazenby, a founding member who served on our board for 31 years until the time of his passing last year, and Molly Szumiloski, also a member since shortly after the Credit Union formed in 1969. Mrs. Szum, as she was affectionately called by members and employees, was the widow of our former President/CEO Leonard Szumiloski, and also a long term employee dating back to the 1970s, who opened the Szumiloski home to serve as the credit union branch during our early years. Finally, we would like to extend sincere appreciation to each of our member/owners for their continued trust and confidence in us to oversee their credit union. And as always, thank you to our dedicated employees and committed volunteers, who work tirelessly to ensure that our members can confidently bank on us. For Life.

Sincerely,



Christine Peters
President/CEO



James Costello
Chairman, Board of Directors

STATEMENT OF INCOME

FOR THE YEARS ENDING

DECEMBER 31, 2014 & 2013

	<u>2014</u>	<u>2013</u>
INTEREST INCOME		
LOANS TO MEMBERS	\$5,566,761	\$4,863,151
INVESTMENTS	\$206,422	\$289,015
TOTAL INTEREST INCOME	\$5,773,183	\$5,152,166
INTEREST AND DIVIDEND EXPENSE		
DIVIDENDS ON MEMBER AND NON-MEMBER DEPOSITS	(\$480,000)	(\$462,212)
INTEREST ON BORROWED FUNDS	(\$39,193)	(\$217)
TOTAL INTEREST AND DIVIDEND EXPENSE	(\$519,193)	(\$462,429)
NET INTEREST INCOME BEFORE PROVISION FOR LOAN LOSSES	\$5,253,990	\$4,689,737
PROVISION FOR LOAN LOSSES	(\$293,029)	(\$93,109)
NET INCOME AFTER PROVISION FOR LOAN LOSSES	\$4,960,961	\$4,596,628
NON-INTEREST INCOME		
FEES, CHARGES AND OTHER OPERATING INCOME	\$2,307,018	\$1,771,344
NON-INTEREST EXPENSES		
COMPENSATION AND BENEFITS	\$3,100,042	\$2,802,936
OFFICE OCCUPANCY AND OPERATIONS	\$1,899,177	\$1,623,862
PROFESSIONAL AND OUTSIDE SERVICES	\$977,949	\$869,315
FEDERAL OPERATING FEE	\$25,754	\$29,344
NCUA CHARGES	\$-0-	\$91,351
ASSOCIATION DUES	\$40,311	\$39,836
TOTAL NON-INTEREST EXPENSES	\$6,043,233	\$5,456,644
NET INCOME	\$1,224,746	\$911,328

STATEMENT OF FINANCIAL CONDITION AS OF DECEMBER 31, 2014 & 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
CASH AND CASH EQUIVALENTS	\$1,155,290	\$1,550,499
INVESTMENTS IN CERTIFICATES OF DEPOSIT	\$16,420,000	\$24,547,000
OVERNIGHT DEPOSITS AT FINANCIAL INSTITUTIONS	\$1,650,177	\$3,828,255
CASH VALUE OF INSURANCE ANNUITY INVESTMENT	\$1,458,590	\$1,414,771
CAPITAL SHARES OF CORPORATE CREDIT UNION	\$173,007	\$173,007
FHLB Stock	\$556,900	\$137,600
LOANS TO MEMBERS, NET	\$127,054,331	\$97,877,081
ACCRUED INTEREST RECEIVABLE	\$454,869	\$371,702
PREPAID EXPENSES AND OTHER ASSETS	\$699,679	\$585,665
PROPERTY AND EQUIPMENT, NET	\$5,856,125	\$3,860,130
NCUSIF DEPOSIT	\$1,208,347	\$1,141,894
TOTAL ASSETS	\$156,687,315	\$135,487,604
LIABILITIES AND MEMBERS' EQUITY		
LIABILITIES		
MEMBER AND NON-MEMBER DEPOSITS	\$128,394,949	\$118,670,523
BORROWINGS	\$10,000,000	\$-0-
ACCRUED DIVIDENDS PAYABLE	\$12,695	\$2,507
ACCOUNTS PAYABLE, ACCRUED EXPENSES, AND OTHER LIABILITIES	\$1,495,373	\$1,255,022
TOTAL LIABILITIES	\$139,903,017	\$119,928,052
MEMBERS' EQUITY		
REGULAR RESERVE	\$2,451,043	\$2,451,043
UNDIVIDED EARNINGS	\$14,333,255	\$13,108,509
ACCUMULATED OTHER COMPREHENSIVE INCOME	\$-0-	\$-0-
TOTAL MEMBERS' EQUITY	\$16,784,298	\$15,559,552
TOTAL LIABILITIES & MEMBERS' EQUITY	\$156,687,315	\$135,487,604

IN MEMORIAM

Family First recently lost two very important members of our credit union family. Both of these individuals were dedicated to Family First and giving the best to its members. They will be greatly missed.



Gary W. Lazenby
1945 - 2014

Gary spent 31 years in service of Family First as a Board Member. He was also known in the community for being both a teacher and a principal in the Penfield School District for many years.



Molly M. Szumiloski
1936 - 2015

Molly was the wife of former Family First President and CEO Len Szumiloski. She was very involved in the early years of the credit union and was still a part of our Family First community.

LEADERSHIP, LAUGHTER, LEGACY

We're proud to award the **Eighth Annual Len Szumiloski Scholarships** in the name of the former President and CEO of Family First (then known as the Penfield Federal Credit Union) from 1972 to 1997. Len passed away in 2005, but his spirit lives on in the credit union's love for the community and the people it serves.



For 2014-15, we asked applicants to select a topic from Family, Integrity, Relationships, Service and Trust, and to describe how important it is in their everyday lives and future. The two student members selected were evaluated not only on their essay submissions, but their excellent scholastic records, extracurricular activities, community involvement, and a focus on the credit union's and our founder's philosophy of "people helping people." We are pleased to award our two \$500 scholarships to Jenna Lynch from Victor Senior High School and Emily Prescott from Fairport High School. Congratulations!

SUPERVISORY COMMITTEE MESSAGE



HUGH FRANKLIN

Chairman of the Supervisory Committee

The basic function of the Supervisory Committee is to monitor the safety and soundness of the credit union.

In short, to make sure your funds are secure. We do that by conducting a series of reviews and audits to validate various facets of the credit union that include: audits of loan files, surprise cash counts at the teller line, cash counts of the vault, and verification of closed accounts.

The committee also reviews internal controls such as operational and financial standards, financial statements, external auditor's report, maintenance of internal controls, and verifying the investment holdings of the credit union. In addition, we are responsible for overseeing the financial reporting process to all governmental agencies and ensuring that management has established an effective structure of internal controls. We have engaged an "internal" auditor to assist us with this process.

We are also in charge of scheduling and monitoring an audit by a Certified Public Accounting firm. We have contracted with The Bonadio Group to conduct an audit of the credit union's financial records and system of internal controls as of December 31, 2014. The auditors report directly to the Board of Directors and Supervisory Committee on any findings. We are pleased to announce that again this year there weren't any exceptions to report.

The current Supervisory Committee members include: Hugh Franklin, Chairman; Ken Dell, Greg Evershed, Barbara Moehle and Brian Short. We also want to recognize Mark Richards, who "retired" after ten years as a volunteer on the committee.

To contact the Committee, you may write to us at PO Box 25393, Rochester, NY 14625 or e-mail us by going to www.familyfirstny.com, clicking on "Contact Us" and submitting the form.

Thank You To Our Employees Celebrating Their Anniversary With Family First.

We Appreciate All You Do.



JEAN SWEET
Lending
30 Years



JAMIE FRANCIS
Financial Service Representative
10 Years



MARISA LANGHAM
Financial Service Representative
10 Years



JENNIFER MCCOY
Lending
10 Years



EILEEN WOLANSKI
Human Resources
5 Years



TATIANA CLADER
Mortgage Officer
5 Years

FAMILY FIRST OF NY FEDERAL CREDIT UNION

CHRISTINE PETERS, *President/CEO*

BOARD OF DIRECTORS

JAMES COSTELLO, *Chairman of the Board*

MARK SANSOUCI, *Vice-Chairman of the Board*

RYAN PAYMENT, *Secretary/Treasurer*

DONNA DEDEE

HUGH FRANKLIN

DON MILTON

BARBARA MOEHLE

Locations

East Rochester | 375 Fairport Road

Henrietta | 1225 Jefferson Road | Frontier Commons

Penfield | 2520 Browncroft Boulevard

Webster | 850 Ridge Road

Hours

Monday, Tuesday, Thursday: 9 a.m. – 4:30 p.m.

Wednesday: 10 a.m. – 4:30 p.m.

Friday: 9 a.m. – 6 p.m.

Saturday: 9 a.m. – 1 p.m.

Contact Us

585.586.8225 | www.familyfirstny.com

