

Sustainable Excellence



2015 Annual Report





MESSAGE FROM THE PRESIDENT/CEO AND CHAIRMAN

Understanding and Embracing Sustainable Excellence.

A credit union that embraces the philosophy of sustainable excellence is well positioned to be a vital part of the community, today, and into the future. Our Board of Directors, along with the dedicated staff and volunteers of Family First, embrace and demonstrate the characteristics of what it takes to be sustainably excellent. Five of those characteristics can be found below...



TOM DAMBRA
President/CEO

Financial Performance

Our 2015 financial results were stellar. Our assets grew by 8.6%, loans provided to members grew by 9.4% and member shares grew by 9.0%. It was a record year for mortgage originations as we helped to make homeownership a reality for our members with over \$34 million in mortgage loans. The efforts of our staff and referrals from our existing members are the driving factors for this solid growth. Our credit union has reached an asset level of \$170 million, while maintaining a disciplined culture of safety and soundness. In 2016, we look forward to continuing to be a financial institution that generates deposits locally and lends those deposits to our friends and neighbors.



JAMES COSTELLO
Chairman of
the Board

Member and Employee Satisfaction

In 2015, the position of Member Service Manager was established to facilitate the expansion and focus of a quality member service experience. A structured goal program was developed to help staff identify areas of focus to assist our current members and bring new members to the Credit Union. Also, a formalized member onboarding marketing program was introduced in 2015. We look forward to continuing to nurture the culture of a member focused financial institution that is here to help our community thrive economically.

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Employee training and career counseling is an area that we recognize is critical to the Credit Union’s success and to our employees’ satisfaction. A renewed emphasis in these areas has become a focus and will carry us into the coming years.

Operating Efficiency and Effectiveness

55 hard-working employees, along with our volunteer board and committee members, serve the over 14,000 members of Family First each day. This is pretty impressive given the tens of thousands of employees that megabanks employ to deliver their service, which is typically subpar to Family First. Our 4 locations throughout Monroe County give us the opportunity to expand our membership, which is unique for a credit union our size. We are looking to further diversify our portfolio in the coming year as we expand lending and deposit services for business members.

Community Well Being

The credit union movement is centered around “People, not Profit”. It is in Family First’s mission to give back to our community. A very special event that took place in 2015 was the dedication of the Gary Lazenby Pavilion at the Eastside YMCA. Gary was a long time Board Member of Family First who passed away in 2014. It was our honor to dedicate the Pavilion in his name and commemorate him for his 31 years of service as a Board Member.

We take pride in either hosting, sponsoring, or participating in the following:

Family First Harvest Festival, Santa comes to Family First, East Rochester Clothing Drive for the ER Schools and “My Friend’s Closet,” Penfield Business Association Golf Tournament to benefit Shepherd Home, East Rochester Clean Sweep, Town of Penfield 5K, Penfield Coaches vs. Cancer Basketball Tournament, and many others.

Innovation

The face of financial services has changed over the last decade and most certainly will change in the coming decades. In 2015 we implemented online, secure signature capability as an added convenience for our members. EMV chip technology was incorporated into our debit card offering and we expect that same technology to be available in our credit cards during 2016. Infrastructure is key to innovation and these are just a few of the upgrades that took place in 2015: Updated telephone hardware and systems, wireless internet access for members and visitors, redundant data connections for business continuity and physical security system upgrades to video systems.

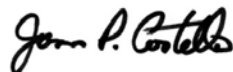
As we look to the future, we recognize how important technology will be to our continued success. Mobile banking, remote deposit capture, person to person, business to business and those products that are unknown at this point will continue to evolve. We will work hard to bring these technologies to you to make your banking even easier, while continuing to be “right around the corner” at your local branch should you need us.

Transition is natural for any organization, however, it takes a lot of hard work to get it right. In 2015, your Board of Directors spent a significant amount of time identifying a new President for the organization. These were big shoes to fill as Christine Peters had done an excellent job leading Family First over the last 8 years. We would like to thank Christine for all of her contributions to Family First and we wish her all the best in the next stage of her career. Finally, we would like to thank our members for their continued trust in our organization as we deliver sustainable excellence each and every day.

Sincerely,



Tom Dambra
President/CEO



James Costello
Chairman, Board of Directors



S T A T E M E N T O F I N C O M E
F O R T H E Y E A R S E N D I N G
D E C E M B E R 3 1 , 2 0 1 5 & 2 0 1 4

	<u>2015</u>	<u>2014</u>
INTEREST INCOME		
LOANS TO MEMBERS	\$6,412,273	\$5,566,761
INVESTMENTS	\$172,127	\$206,422
TOTAL INTEREST INCOME	\$6,584,400	\$5,773,183
INTEREST AND DIVIDEND EXPENSE		
DIVIDENDS ON MEMBER AND NON-MEMBER DEPOSITS	(\$633,585)	(\$480,000)
INTEREST ON BORROWED FUNDS	(\$118,831)	(\$39,193)
TOTAL INTEREST AND DIVIDEND EXPENSE	(\$752,416)	(\$519,193)
NET INTEREST INCOME BEFORE PROVISION FOR LOAN LOSSES	\$5,831,984	\$5,253,990
PROVISION FOR LOAN LOSSES	(\$245,934)	(\$293,029)
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	\$5,586,050	\$4,960,961
NON-INTEREST INCOME		
FEES, CHARGES AND OTHER OPERATING INCOME	\$2,441,653	\$2,307,018
NON-INTEREST EXPENSES		
COMPENSATION AND BENEFITS	\$3,316,431	\$3,100,042
OFFICE OCCUPANCY AND OPERATIONS	\$2,226,549	\$1,899,177
PROFESSIONAL AND OUTSIDE SERVICES	\$1,139,610	\$977,949
FEDERAL OPERATING FEE	\$28,026	\$25,754
NCUA CHARGES	\$-0-	\$-0-
ASSOCIATION DUES	\$40,880	\$40,311
TOTAL NON-INTEREST EXPENSES	\$6,751,496	\$6,043,233
NET INCOME	\$1,276,207	\$1,224,746

STATEMENT OF
FINANCIAL CONDITION
AS OF DECEMBER 31, 2015 & 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
CASH AND CASH EQUIVALENTS	\$1,433,612	\$1,155,290
INVESTMENTS IN CERTIFICATES OF DEPOSIT	\$13,184,000	\$16,420,000
OVERNIGHT DEPOSITS AT FINANCIAL INSTITUTIONS	\$9,400,119	\$1,650,177
CASH VALUE OF INSURANCE ANNUITY INVESTMENT	\$1,501,560	\$1,458,590
CAPITAL SHARES OF CORPORATE CREDIT UNION	\$173,007	\$173,007
FHLB STOCK	\$555,300	\$556,900
LOANS TO MEMBERS, NET	\$135,519,395	\$127,054,331
ACCRUED INTEREST RECEIVABLE	\$500,782	\$454,869
PREPAID EXPENSES AND OTHER ASSETS	\$898,094	\$699,679
PROPERTY AND EQUIPMENT, NET	\$5,675,544	\$5,856,125
NCUSIF DEPOSIT	\$1,329,080	\$1,208,347
TOTAL ASSETS	<u>\$170,170,493</u>	<u>\$156,687,315</u>
LIABILITIES AND MEMBERS' EQUITY		
LIABILITIES		
MEMBER AND NON-MEMBER DEPOSITS	\$139,944,142	\$128,394,949
BORROWINGS	\$10,118,053	\$10,000,000
ACCRUED DIVIDENDS PAYABLE	\$15,430	\$12,695
ACCOUNTS PAYABLE, ACCRUED EXPENSES, AND OTHER LIABILITIES	\$2,032,363	\$1,495,373
TOTAL LIABILITIES	<u>\$152,109,988</u>	<u>\$139,903,017</u>
MEMBERS' EQUITY		
REGULAR RESERVE	\$2,451,043	\$2,451,043
UNDIVIDED EARNINGS	\$15,609,462	\$14,333,255
ACCUMULATED OTHER COMPREHENSIVE INCOME	\$-0-	\$-0-
TOTAL MEMBERS' EQUITY	<u>\$18,060,505</u>	<u>\$16,784,298</u>
TOTAL LIABILITIES & MEMBERS' EQUITY	<u>\$170,170,493</u>	<u>\$156,687,315</u>

FAMILY FIRST IS PROUD TO SUPPORT OUR COMMUNITY



Throughout 2015, the Family First staff and management participated in a number of activities that supported the East Rochester, Henrietta, Penfield and Webster communities. As a local financial institution, our employees live in the communities we serve, and we are happy to help and demonstrate our commitment to those communities.

LEADERSHIP, LAUGHTER, LEGACY

We're proud to award the **Ninth 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 2015-16, we asked applicants to select a topic from Family, Integrity, Relationships, Service and Trust, our Family First values, 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 \$1,000 scholarships to Matthew Ambalavanar from Webster Schroeder High School and Leah Cooney from Webster Thomas High School. Congratulations and good luck in all your future endeavors!

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, 2015. 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 and Brian Short. We also want to recognize Barbara Moehle who "retired" after many 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.**



MARY CICERO
Accounting
20 Years



HEATHER BURKHART
Member Services
10 Years



AMY DORSCHIED
Collections
10 Years



ALICE HOOKER
Member Services
5 Years

FAMILY FIRST OF NY FEDERAL CREDIT UNION

TOM DAMBRA, *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 MOEHLER



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

