

2017 Family First Annual Report



Stronger Together





MESSAGE FROM THE PRESIDENT/CEO AND CHAIRMAN

The Credit Union mission of “People Helping People” is one we live by at Family First Credit Union. When we looked deeper into that phrase, the words “Stronger Together” stood out as one of the foundations of “People Helping People”. By working together and trusting one another we are able to grow and achieve more, whether it’s a family, an organization or a community. As we look back on 2017 and how we surpassed 15,000 members for the first time in our history, we realized that Family First and our members really are stronger together.

Financially Strong

Looking at our 2017 financial results, our performance keeps us among the strongest capitalized credit unions in the Rochester area with a 10.5% capital ratio. To go along with this, our assets grew by 8.6% to \$195 million. We’re excited to be passing the \$200 million mark soon! Loans provided to members grew by 9.5% to \$160 million. This loan growth was across all loan products as we continue to diversify the collateral and interest rate risk of the portfolio while also maintaining safety and soundness. Member share deposits grew by 6.8% to \$148 million. The efforts of our staff and referrals from our existing members are the driving factors for this solid growth. With strong competition in Rochester, we’re proud of these achievements.

As you look across New York State, the growth trajectory for credit unions has demonstrated that more and more people are turning to credit unions for their financial needs. In 2018, we look forward to continuing to be a financial institution that generates deposits locally and lends those deposits back into our community.

Strong Service Offerings

Building an array of strong banking solutions for our members is just as important as providing superior service to our members. Those solutions involve more than just introducing a new savings account. In 2017 we introduced new products and innovative technology and continued to make improvements to our facilities to provide even more convenience for you, our members.

New Products and Enhancements are always a focus as we look to offer additional financial solutions to our members. We have partnered with several 3rd party experts who are able to expand our portfolio of offerings. These affiliations include home and auto insurance through Liberty Mutual, life insurance and annuities through Mass Mutual, and merchant services for small businesses through Sales Sense Payments. We want to become your one stop shop for all of your financial needs.

Technology Innovation: Electronic fraud continues to be a serious concern for everyone. Family First implemented an enhanced fraud detection system to ensure the safety of our members’ deposits, which is priority #1. We also completed work on the MobiMoney mobile app, which provides members with balance and usage alerts as well as the ability to manage the on/off controls for their VISA debit and credit cards. We continue to look for new technologies that will make life easier for our members!

Convenience is a crucial component of member satisfaction and in 2017 Family First completed the renovation of the Henrietta branch which now provides a drive up ATM, a night drop, and a more inviting, yet private, service design. In addition, we introduced mobile wallets that utilize Apple Pay, Android Pay and Samsung Pay.



TOM DAMBRA
President/CEO



MARK SANSOUCI
Chairman of
the Board

*“Building an array of
strong banking solutions
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Strong Messages and Awareness

We take great pride in spreading our message to both members and non-members, educating them on what we have to offer and providing ways for them to reach their financial goals. While we used to be Rochester's "best kept secret", we now have an opportunity to tell the community all of the positive things your credit union does.

In 2017 we began a sponsorship of the Seven Figures podcast hosted by Sandy Waters of Entercom Radio/98.9 The Buzz. In addition to spreading the word about Family First, we are able to deliver financial education to listeners in Monroe County. Several of our employees have been interviewed on the podcast, offering their financial expertise. We will continue to share our messages through the podcast during 2018. We also continue to widen our footprint within Monroe County and a new branch on the west side of Rochester is planned for 2018. The broad reach of radio advertising will ensure Family First's message is delivered to the right audience.

Strong Communities

The communities we serve are invaluable to us and each year we donate both our time and financial support to sponsor local events, groups and small businesses. Our most important focus is our members and giving back to them through our Member Appreciation Week, our annual Fall Harvest Festival, and our visit from Santa.

We ensure that any monetary donations will enrich the communities we serve and make them stronger. In 2017 we sponsored various Penfield, Webster, Fairport and East Rochester school district events, the Eastside and Bay View YMCA Drive 4 UR Community fund raisers, the Penfield Symphony Orchestra and the East Rochester Artists United production of the Wizard of Oz. During the summer months, we sponsored the Penfield Central School District's Booster Club Golf Tournament, the Danielle Downey Credit Union Classic Golf Tournament, the Rochester Chapter Credit Union Scholarship Golf Tournament and the Shepherd Home Golf Tournament. Annually we award two \$1,000 scholarships to local high school seniors for their future educational needs. We donate and participate in a variety of other community activities each year.

Strong Team

We would never see the success or truly be stronger together without our team of dedicated employees. They are the most valuable asset here at Family First. We all work together day in and day out to support one another and ensure our members receive superior service and exceptional products.

In addition, our staff members raise funds throughout the year by paying to wear jeans on Fridays. Those funds are then used to support causes chosen by the staff. Annually the team has contributed many Thanksgiving dinners to those in need and provided entire Christmas celebrations for families. Our generous and caring staff are a perfect example of why we are stronger together.

Closing Thoughts

Because of members like you working with us, we have experienced another successful year at Family First. The work continues as we are constantly looking for ways to improve your financial lives and ensure that Family First stands above the rest for services and solutions. Make sure to let us know how we are doing and don't forget to participate in our annual member survey. We look forward to another great year in 2018, knowing that truly, we are stronger together.

Sincerely,

Tom Dambra
President/CEO

Mark Sansouci
Chairman, Board of Directors



STATEMENT OF INCOME

FOR THE YEARS ENDING

DECEMBER 31, 2017 & 2016

	<u>2017</u>	<u>2016</u>
INTEREST INCOME		
LOANS TO MEMBERS	\$7,435,458	\$6,688,526
INVESTMENTS	\$347,583	\$259,460
TOTAL INTEREST INCOME	\$7,783,041	\$6,947,986
INTEREST AND DIVIDEND EXPENSE		
DIVIDENDS ON MEMBER AND NON-MEMBER DEPOSITS	(\$735,874)	(\$661,138)
INTEREST ON BORROWED FUNDS	(\$271,247)	(\$154,179)
TOTAL INTEREST AND DIVIDEND EXPENSE	(\$1,007,121)	(\$815,317)
NET INTEREST INCOME BEFORE PROVISION FOR LOAN LOSSES	\$6,775,920	\$6,132,669
PROVISION FOR LOAN LOSSES	(\$453,188)	(\$218,115)
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	\$6,322,732	\$5,914,554
NON-INTEREST INCOME		
FEES, CHARGES AND OTHER OPERATING INCOME	\$2,345,959	\$2,381,351
NON-INTEREST EXPENSES		
COMPENSATION AND BENEFITS	\$3,644,938	\$3,326,572
OFFICE OCCUPANCY AND OPERATIONS	\$2,593,049	\$2,468,420
PROFESSIONAL AND OUTSIDE SERVICES	\$1,138,548	\$1,158,191
FEDERAL OPERATING FEE	\$39,412	\$30,599
NCUA CHARGES	\$-0-	\$-0-
ASSOCIATION DUES	\$32,602	\$30,380
TOTAL NON-INTEREST EXPENSES	\$7,448,549	\$7,014,162
NET INCOME	\$1,220,142	\$1,281,743



STATEMENT OF FINANCIAL CONDITION AS OF DECEMBER 31, 2017 & 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
CASH AND CASH EQUIVALENTS	\$1,725,897	\$1,490,091
INVESTMENTS IN CERTIFICATES OF DEPOSIT	\$13,639,000	\$15,129,000
OVERNIGHT DEPOSITS AT FINANCIAL INSTITUTIONS	\$2,975,000	\$4,925,000
CASH VALUE OF INSURANCE ANNUITY INVESTMENT	\$1,588,344	\$1,544,713
CAPITAL SHARES OF CORPORATE CREDIT UNION	\$173,007	\$173,007
FHLB Stock	\$685,100	\$556,700
LOANS TO MEMBERS, NET	\$160,645,901	\$146,792,679
ACCRUED INTEREST RECEIVABLE	\$611,961	\$542,328
PREPAID EXPENSES AND OTHER ASSETS	\$6,408,994	\$1,921,650
PROPERTY AND EQUIPMENT, NET	\$5,453,579	\$5,557,261
NCUSIF DEPOSIT	\$1,490,183	\$1,376,587
TOTAL ASSETS	\$195,396,966	\$180,009,016
LIABILITIES AND MEMBERS' EQUITY		
LIABILITIES		
MEMBER AND NON-MEMBER DEPOSITS	\$159,675,958	\$148,816,436
BORROWINGS	\$13,000,000	\$10,000,000
ACCRUED DIVIDENDS PAYABLE	\$25,465	\$15,463
ACCOUNTS PAYABLE, ACCRUED EXPENSES, AND OTHER LIABILITIES	\$2,171,769	\$1,859,737
TOTAL LIABILITIES	\$174,873,192	\$160,691,636
MEMBERS' EQUITY		
REGULAR RESERVE	\$2,451,043	\$2,451,043
UNDIVIDED EARNINGS	\$18,111,347	\$16,891,205
ACCUMULATED OTHER COMPREHENSIVE INCOME	(\$38,616)	(\$24,868)
TOTAL MEMBERS' EQUITY	\$20,523,774	\$19,317,380
TOTAL LIABILITIES & MEMBERS' EQUITY	\$195,396,966	\$180,009,016



FAMILY FIRST IS PROUD TO SUPPORT OUR COMMUNITY



Throughout 2017, 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.

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, the external auditor's report, maintenance of internal controls, and verification of 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, 2017. 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.

After our NCUA examination this year, the examiner's report included the following comment: "You have a knowledgeable and active supervisory committee that ensures adequate internal controls are maintained".

The current Supervisory Committee members include: Hugh Franklin, Chairman; Ken Dell, Greg Evershed and Brian Short.

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.

LEADERSHIP, LAUGHTER, LEGACY

We're proud to award the **Eleventh 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 the 2017-18 academic year, 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 their future. The two student members selected were evaluated not only on their essay submissions, but their scholastic records, extracurricular activities, community involvement, and with a focus on the credit union's and our founder's philosophy of "people helping people." We are pleased to award \$1,000 scholarships to Tessa Clark from Webster Schroeder High School and Karli Fosco from Victor Senior High School. Congratulations and good luck in all your future endeavors!

Thank You To Our Employees Celebrating Their Anniversary With Family First We Appreciate All You Do.



MARY WOJNOWSKI
Director of Lending
20 Years



KATHY PROIETTI
Operations Specialist
15 Years



PAMELA RICCI
Controller
15 Years



AMY SPAGNOLO
Executive Assistant
15 Years



JODI ARBOGAST
Loan Officer
10 Years



SUZANNE BRETT
Financial Service Representative
10 Years



JOE CELLURA
Information Technologies Manager
10 Years



ADAM BARANES
Financial Service Representative
5 Years



AJIA CHERRY
Member Service Representative
5 Years



ANDREA COSTANZO
Accountant
5 Years



STEVE O'REILLY
Systems Analyst
5 Years



LYNN SIUDYM
Collector
5 Years

FAMILY FIRST OF NY FEDERAL CREDIT UNION

THOMAS DAMBRA, *President/CEO*

BOARD OF DIRECTORS

MARK SANSOUCI, *Chairman of the Board*

RYAN PAYMENT, *Vice-Chairman of the Board*

BARBARA MOEHLE, *Secretary/Treasurer*

JAMES COSTELLO

DONNA DEDEE

HUGH FRANKLIN

DONALD MILTON

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

