

Annual Report 2009

May 24, 2010

UHS Employees'  
Federal Credit Union  
607.763.6565  
www.uhsefcu.org

# Dollars & Dreams

A Newsletter for Members of  
UHS Employees' Federal Credit Union

## Who's Who At Your CU

**Jack Ewald (WMC)**  
Chief Executive Officer

**Karen Thurber (BGH)**  
Assistant Manager/  
Senior Loan Officer

**Jennifer Brant (WMC)**  
Operations Specialist

**Colleen Collins (BGH)**  
Loan Officer

**Karen Havill (WMC)**  
Accounting Clerk

**Stacie Russell (BGH)**  
Teller

**Carolyn Kolba (WMC)**  
Member Service Rep.

**Debbie Weil (WMC)**  
Member Service Rep.

**Megan Gray (WMC)**  
Sr. Member Service Rep.

**You can reach any of your  
Credit Union Staff by calling 763.6565.**

## Scholarship Winner!!

Congratulations to **Melissa Foster**, winner of our Annual Credit Union Scholarship! Melissa takes home the Grand Prize, a \$2000 ZERO PERCENT student loan! We wish Melissa all the best as she graduates from Susquehanna Valley High School and continues her education at SUNY Purchase in the fall with a focus on Graphic Design!

## For Every Graduate!

Your Credit Union has gift cards...  
...available year round!

## How much interest do you like to pay on your car loan?

In the months of May & June, check out this deal on new and used car loans; all you need is direct deposit & an active debit card:

- New Cars, as low as 2% APR.
- Used Cars, as low as 4% APR.
- Fuel Efficient? 34mpg combined city/hwy gets the rate lowered an *additional* 1% APR!
- Additional Rate Discounts Available
- Get pre-approved now & lock-in this low-rate for three months while you shop!

## Who do you like to pay interest to?

When you pay interest here, your money stays here to:

- Pay the dividend rate on your Credit Union savings account, holiday club, & certificates.
- Keep all of our loan interest rates low.
- Pay the staff that help you every day at both branches. Don't they deserve it?
- Invest in new stuff, like e-statements & electronic bill-payment (move your loans here & we'll get this stuff sooner!)
- Build Credit Union capital so we stay strong, even when Wall Street giants fall around us.

## Chairman's Report

The Board of Directors has been working hard in 2009 through the challenges we have faced during the national financial crisis, including the challenge of serving more Members and doing more for existing Members who are fed up with the fees and mergers of other mainstream banking providers. Looking forward, the Board continues to seek service improvements for all Credit Union members. A strategic focus in the near and intermediate term is to improve Credit Union facilities in order to better serve existing and new Members; we're out of space. Improved facilities will allow us to make our Credit Union more user-friendly, increase Member privacy, and improve our operating efficiency. While some other institutions may be cutting services and raising fees, we are looking to expand the quality and number of valuable services as more UHS employees and their family members are using more Credit Union services than ever before. Our Board looks forward to working with United Health Services to plan facility improvements that are in everyone's best interests.

Behind the scenes we've invested in our Credit Union staff with exciting new hires, and promotions of high-performing Credit Union employees, throughout 2009 into critical roles such as Accounting Clerk, Operations Specialist, and Member Service Representative. Senior Loan Officer and Credit Union Assistant Manager, Karen Thurber, and Loan Officer Colleen Collins, have been working hard to support Member loan demand, particularly in the first two quarters of 2010. CEO Jack Ewald has been doing a great job of ensuring the strength of our Credit Union on multiple fronts.

Our Community Outreach Program continues to grow each year allowing the Credit Union to take some additional steps to assist Members facing hardships during the holidays, providing funding to local children's organizations, and more! Dedicated employee leaders such as Loan Officer Colleen Collins have also ensured that Credit Union teams walk in partnership with UHS teams in many of the important community fundraising walks.

Another key goal for 2010 is to increase our volunteer leadership base, both on our Board of Directors and on Board Committees, to ensure that governance, committee functions, and Member representation all remain strong and translate to strong guidance for, and support of, our professional staff. Please consider lending your expertise and support as a volunteer Credit Union leader; your contribution will be felt daily by all of our Members.

Respectfully submitted,

*Lee King*

Chairman

## CEO's Report

2009 was a year that proved the Credit Union's strength and resiliency. For all the volatility in our economy and financial markets, and despite many external and one-time hits our Credit Union took in 2009, our small Credit Union remains one of the strongest capitalized financial institutions in our region, and in the nation, with a capital ratio exceeding 12%, and a service level to Members that remained strong and stable through it all.

Five extraordinary charges in 2009, totaling approximately \$236,375, left us with a net loss for the year of \$206,138.52. The charges are briefly summarized as follows:

\$ While the financial sector's collapse last year was almost entirely avoided by our Credit Union due to our conservative lending and investing policies and practices, Corporate Credit Unions (which are wholesale Credit Unions that serve only natural-person Credit Unions like ours) were exposed to the volatile marketplace due to their size and the nature of their business. While they largely fared better than the large banks that made the news, they have still been heavily affected by investment losses. As our Credit Union, like most credit unions in the country, is a member/owner of one of these Corporate Credit Unions, we were the ones who shared the impact of the losses with all of the other credit union owners (no taxpayer bailout for us; we cleaned it up ourselves).

Corporate losses hit credit unions twice. First, we paid the cost of our federal insurance fund's expenses relating to stabilizing all Corporate Credit Unions, which thanks to Congressional action we can spread over several years, rather than all at once. Secondly, we had to share the bill for losses at our own specific Corporate Credit Union with all of the other credit union owners of that institution. These two costs combine to be a majority of the extraordinary expense in 2009.

\$ As our Credit Union grew and firmly exceeded the \$10MM mark in total assets, growing pains in 2009 included additional accounting requirements that added a one time dividend accrual cost.

\$ In 2009, the Credit Union changed from paying Members their monthly dividends on the first day of the following month, to paying on the last day of the current month. This change resulted in a one-time charge due to 13 months worth of dividends hitting our books in 2009.

\$ In 2009 we made a change to our Allowance for Loan Loss Methodology, which resulted in a large one-time charge as our Allowance for Loan Losses had to be significantly increased and that increase comes directly from our bottom-line.

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**Elect Your Board...**

## Annual Elections, May 24, 2010 Russell Room, Binghamton General Hospital

Your Credit Union's Annual Meeting is on Monday, May 24th, at 3:00pm. A light meal will be served at 3:00pm, and the meeting will start at 3:30pm. Five seats are up for election to our Board. Listed below are the five Credit Union Members running for these seats as of press-time. Those receiving the most votes will hold the longer-term seats. Please come vote in your new Board and learn more about your Credit Union.

### Robert Carangelo (re-election)

Bob Carangelo comes to us with over 10 years at UHS Hospitals, most of which was spent in Food & Nutrition at Binghamton General. He became part of the Quality Management department in August 2009 and has since been working as part of the Lean Six Sigma Initiative, improving the patient experience in a multitude of processes, from the Wilson ED to the Forms Approval Process. Bob also brings to the table his Bachelor's degree in Economics from the University at Buffalo as well as an MBA from our very own Binghamton University. As a former small business owner, Bob brings his accounting knowledge and his set of "new" eyes to look at the way the Credit Union works and how it can evolve to serve the members better. Having been appointed to the board in October of 2009, Bob seeks to retain his position on the Board and to continue to contribute toward the betterment of the Member experience.

### Tim Haun (election)

As a Member of our Credit Union for nearly 40 years, and a former Credit Union Director, Tim has seen the Credit Union grow and change greatly over the years, and hopes to bring that insight to the table when he re-joins the Board. Tim recognizes the importance of operating a full-service financial institution that can provide Members with a suite of modern financial services, while also strongly valuing the importance of a small, focused, and personal on-site Credit Union.

### Jeff Oliver (re-election)

Jeff has found serving the Credit Union on the Board of Directors rewarding and interesting, even through the recent economic downturn. He believes that it's important to have this benefit available to employees throughout the UHS System, and to ensure that we provide an even higher level of services for our members going forward. Jeff looks forward to seeing the Credit Union grow even further in coming years, and to ensuring that the Credit Union enjoys a solid foundation as it grows in partnership with UHS.

### Lorna Steigerwald (election)

Lorna serves as the Director of Human Resources at Ideal Senior Living Center. She is looking forward to serving all Credit Union Members during her term on the Board of Directors, while adding the valuable perspective of Ideal Credit Union Members and Members working at other smaller UHS sites to Board planning and discussions. Lorna also serves as the Home Tour Chair of the Preservation Association of the Southern Tier, and on the Broome Community College Advisory Committee.

### Andrew Sturckler (election)

A nine-year employee in Food & Nutrition at Binghamton General, Andrew also graduates this year from BCC with an associates degree in accounting, with plans to pursue a Bachelor's degree in accounting at Binghamton University. As a Credit Union member for many years, Andrew looks forward to learning about the inner-workings of the Credit Union, and promoting the Credit Union as a valuable employee benefit for all UHS employees.

## CEO's Report

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With 2009 behind us, 2010 has certainly been looking up financially with our first quarter net income totaling \$60,654.85. We will continue to be haunted by some external charges in 2010, as we will face the continued annual cost of rebuilding our federal insurance fund in partnership with all credit unions nationwide for many years, and additional write-downs of our remaining membership capital in our Corporate Credit Union. These two charges will combine to consume nearly all of our first quarter net income in 2010, though after that there is little remaining exposure to additional losses from those sources in 2010.

The challenges we face in 2010 are eclipsed by our successes and opportunities. Our continued conservative loan underwriting standards and successful collection efforts have allowed us to reduce our allowance for loan loss in the first four months of the year and put that money back into our bottom-line. Our continued growth in the number of solid low-cost financial services like our free checking and debit card services that our Members are making use of have continued to post strong month-over-month growth, and our one-at-a-time service attitude with each of our Members has kept the loyal relationship working both ways between our Credit Union and our steadily growing Membership. As has been true for the past forty years, our steady commitment to low-cost basic financial services with a major investment in Member-focused Credit Union staff will trump the flash-in-the-pan competition, recession, or anything else this fast-paced economy can throw our way.

Respectfully submitted,

*Jack Ewald*

Chief Executive Officer

## Statement of Condition (unaudited)

### Balance Sheet

Years	2008	2009
Loans to Members (net)	\$7,409,316	\$7,242,130
Cash & Investments	\$2,890,106	\$4,342,385
Furniture & Equipment	\$18,646	\$17,172
Other Assets	\$98,399	\$146,465
<b>Total Assets</b>	<b>\$10,416,467</b>	<b>\$11,748,152</b>

Accts Payable & Other Liab.	\$55,459	\$57,465
<b>Total Liabilities</b>	<b>\$55,459</b>	<b>\$57,465</b>

Shares & Share Drafts	\$6,629,058	\$7,598,597
Certificates of Deposit	\$2,089,715	\$2,655,993
<b>Total Shares &amp; Deposits</b>	<b>\$8,718,773</b>	<b>\$10,254,590</b>

Reserves	\$195,189	\$195,189
Undivided Earnings	\$1,447,046	\$1,240,908
Unrealized Gains (Losses)	\$0	\$0
<b>Total Equity</b>	<b>\$1,642,235</b>	<b>\$1,436,097</b>

### Income Statement

Years	2008	2009
Interest on Loans	\$534,633	\$576,886
Interest on Investments	\$101,587	\$79,793
Other Revenue	\$160,667	\$55,342
Grant Revenue	\$2,500	\$2,972
<b>Total Revenue</b>	<b>\$799,387</b>	<b>\$714,993</b>

Employee Comp & Benefits	\$337,814	\$350,296
Employee & Director Training	\$17,938	\$9,704
Office Operations Expense	\$121,635	\$139,381
Member Ed. & Promotion	\$8,644	\$6,535
Loan Servicing Expense	\$31,049	\$18,143
Professional & Outside Svcs.	\$10,096	\$31,348
Federal Operating Fees	\$1,920	\$2,480
Misc. Operating Expense	\$8,064	\$11,372
NCUSIF Stabilization Expense	\$0	\$13,739
<b>Total Non-Interest Expense</b>	<b>\$537,160</b>	<b>\$582,998</b>

Dividends paid to Members	\$162,941	\$206,046
Interest on Borrowed Money	\$198	\$87
Provision for Loan Loss	\$0	\$132,000
<b>Total Paid to Members</b>	<b>\$162,941</b>	<b>\$206,046</b>

<b>Net Income (Loss)</b>	<b>\$99,088</b>	<b>(\$206,138)</b>
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## More Fun Facts

	2008	2009
Debit Card Volume by \$	\$5.0MM	\$5.8MM
Debit Card Volume by #	123,662	154,001
Member Checking Accts.	969	1,050
Active Debit Card Accts.	593	685

Discounted B-Mets tickets...  
saved members \$1,992 in 2009!

## Protect Your Identity

- Do not give out financial information.
- Report lost or stolen checks and debit/credit cards immediately.
  - Lost Credit Union Debit Card? Call 607.763.6565 After Hours: 1.800.543.5073
- Closely guard PIN numbers and ATM receipts
- Shred financial solicitations
  - No shredder? Bring it in. We'll do it.

You can get a free copy of your credit report every year at [www.annualcreditreport.com](http://www.annualcreditreport.com) or by calling 1.877.322.8228. This is the ONLY official way to get your free annual credit report with no strings attached.