

# ANNUAL REPORT 2019

# GHS

■ FEDERAL CREDIT UNION ■



## MESSAGE FROM THE PRESIDENT/CEO AND BOARD CHAIRMAN

### **Dear Members,**

Reflecting on 2019, GHS Federal Credit Union had a remarkable year. From a financial perspective, your credit union performed very well, with total assets of \$ 147.8 million. Total loan values grew by \$6.5 million to reach \$128.3 million, while total deposits came to \$132.9 million, with net worth of 10.44%. GHS realized these financial accomplishments by marshaling our resources, which continues to allow us to offer the most innovative products and services in the marketplace.

Our 2019 accomplishments were providing:

- a safe and secure Information Technology infrastructure;
- an educational, interactive and extraordinary website experience;
- affordable home and automobile loans;
- teaching financial literacy to our young and underserved community;
- incalculable hours of financial coaching and counseling to improve member budgets;
- support and donations to charitable organizations within our community.

Success like this echoes the values that guide your GHS Team and are the building blocks for GHS in the future.

Sadly, in December, 2019 one of our dear Board of Director Volunteers passed away. We wish to pay tribute to Mr. Larry Maier and his hard work and dedication to GHS. We would like to thank Patricia Clark of one of our longstanding Board of Director volunteers, who is retiring from the Board of Directors right after this meeting. Mrs. Clark has dedicated 21 years of knowledge, commitment and enthusiasm to help guide GHS to the organization it is today. On behalf of the Board of Directors, management and employees, we wish Pat a long and very happy retirement. GHS will continue to build a diverse and inclusive Board of Directors and Supervisory Committee. If any member is interested in applying to be a GHS Board of Director / Supervisory Committee volunteer, please send a letter of interest to Tony Frontera, GHS Nominating Committee Chairperson.

GHS is fortunate to have excellent and dedicated employees and volunteers. All GHS Team members are eager to continue to learn, grow and give the very best every day. We are proud to employ a team, dedicated to helping our members reach their financial goals.

Currently, we are operating in a dramatically different environment, complete with new headwinds that didn't exist at the start of 2020 related to the COVID-19 pandemic. This situation has compelled us to seemingly change overnight, in virtually every aspect of our lives. We understand that we have an important role to play in supporting our members as you adapt to new ways of living and working as a result of this pandemic. While COVID-19 has created an unprecedented set of social, economic and financial market challenges that we must now navigate, your GHS Team has not wavered in putting member needs first. We know that our community will weather this storm, as we have so many others in the past and are optimistic about the future. We are ready to embrace change and to help our members and our community thrive and grow. For 2020, we will measure ourselves in terms of innovation and member satisfaction. GHS still cherishes old fashioned values and tough times like these are when the true spirit of GHS shines brightest for "A Relationship of Lifetime."

We thank you for your continued membership and hope you share the excellent benefits of GHS membership with all of your friends and family members.

Respectfully submitted,

**Jason Aurelio**  
Chairperson

**Howard Meller**  
President/CEO

## SUPERVISORY COMMITTEE REPORT

The Supervisory Committee serves as a group of volunteer representatives of the GHS Federal Credit Union membership. The committee members bring a variety of professional experience to aid with the performance of various duties and reviews. The Committee meets regularly with senior management and external auditors to ensure that controls are in place to protect members' assets. The GHS Supervisory Committee currently consists of Brandon Sunderlin, Chairperson, Nicholas Spencer, Vice Chairperson, Ethan Cook, Secretary, John Hussar and Mark Knebel.

GHS Federal Credit Union continues to maintain a viable and sound operation based upon the findings of our external auditors, along with the Committee's own observations and analysis. The success of the Credit Union is a direct result of the sincere hard work and dedication of each staff member and management.

*Respectfully submitted,*

**Brandon Sunderlin, CPA**

GHS Supervisory Committee Chairperson



**THE FREEDOM  
TO CHOOSE  
HOW YOU USE IT**

**GHS**

FEDERAL CREDIT UNION

**PERSONAL LOANS**



EQUAL HOUSING  
OPPORTUNITY

**NCUA**



**Fiscal Year Ended December 31, 2019**

GHS Federal Credit Union's stable financial performance continued through 2019 as shown by our increase in net income, strong loan growth, and other key areas as outlined below.

Members' Equity (Excluding Other Comprehensive Income)	2019	2018	Change
	\$15.4 million	\$14.9 million	3.5%

GHS capitalized on lending opportunities in our field of membership in 2019. These opportunities resulted in gross loan growth of \$6.5 million, or 5.4%. The inflow of cash from loan payments and maturities were mainly used to fund new loans. Any excess funds were invested in short term instruments to maintain liquidity. Certificate of deposit investments decreased by \$6.9 million or 51.8% in 2019. The impact of the three short-term rate decreases by the Federal Reserve in the third and fourth quarters of 2019 did not have a material impact on net income. The overall yield on loans increased in 2019 as new loans with higher rates replaced paid off loans at lower rates. With increased net income, total members equity excluding Other Comprehensive Income increased in 2019 by 3.5%.

In 2019, GHS was able to grow the loan portfolio by focusing on markets that showed demand. At year-end 2019, the Credit Union had \$127.0 million in net outstanding member loans as compared to \$120.5 million at year-end 2018.

In 2019 core deposits increased by \$3.3 million or 2.5% as members saved more than they spent during the year. Investment balances decreased by \$3.0 million in 2019 as proceeds from maturing investments were used to fund new loans. Excess funds from loan repayments and maturities were kept in short-term investment accounts depending upon cash flow and liquidity needs. Interest income from loans and investments totaled \$7.2 million, a 14.7% increase from the prior year. As the loan portfolio grew in 2019, the provision for loan losses also grew. This resulted in net income of \$514,501, an increase of 69.4%.

The 2019 GHS strategic plan called for the Credit Union to maintain its asset size. Our "well capitalized" designation by NCUA definition remained unchanged through fiscal year 2019. The Board of Directors and management continue to commit to superior member service, sound judgment and fiscal responsibility to ensure that GHS Federal Credit Union continues to operate with financial strength and stability.

Respectfully submitted,  
**Jeanette O. Tillotson**  
 Treasurer

## IN MEMORY OF GHS BOARD MEMBER, LARRY MAIER



We remember GHS board member, Larry Maier who served as a valued member of our committee and board for many years. Mr. Maier was appointed to the GHS Supervisory Committee on August 25, 2009, and was later elected to the board of directors in May of 2010. Mr. Maier passed in December of 2019.

Mr. Maier was a long standing member of our community and resident of the Town of Maine, having retired from IBM where he held many positions in engineering, supervisory and management with worldwide responsibilities. Prior to his time with IBM, Mr. Maier's tenure in the workforce included a full time position as a professor/chairperson of the chemistry department at Broome Community College, a pharmaceutical chemist position at Norwich Pharmacal, and a polymer chemist at Xerox Corporation. His expertise in finance, contract administration, large-scale procurement, and program and project management made Mr. Maier an admirable member of our GHS board and the Greater Binghamton community. His accomplishments are not only remembered by his colleagues, but also acknowledged with a number of U.S. patents in various fields in his name.

He was an advocate within the community, having completed six years on the Cornell Cooperative Extension-Broome County Board of Directors before his incumbency on the GHS board of directors. Aside from his professional career, Mr. Maier spent much of his free time reading and enjoying all aspects of the outdoors, especially gardening.

## OUT IN OUR COMMUNITY



## STATEMENT OF CONDITION

<b>ASSETS</b>	<b>2019</b>	<b>2018</b>
Cash and Cash Equivalents	\$9,328,583	\$5,325,676
Certificates of Deposits	6,460,000	13,406,000
Investment Securities, Available for Sale	2,791	8,352
FHLB Stock	70,600	70,200
Loans to Members, Net	126,982,034	120,546,724
Accrued Interest Receivable	382,358	382,518
National Credit Union Share Insurance Fund Deposit	1,297,583	1,306,393
Premises and Equipment, Net	2,383,881	2,451,175
Prepaid Expenses and Other Assets	873,906	694,709
<b>TOTAL ASSETS</b>	<b>\$ 147,781,736</b>	<b>\$144,191,747</b>

<b>LIABILITIES</b>	<b>2019</b>	<b>2018</b>
Members' Shares	\$132,937,120	\$129,656,555
Accrued Expenses and Other Liabilities	773,422	759,551
<b>TOTAL LIABILITIES</b>	<b>\$133,710,542</b>	<b>\$130,416,106</b>

<b>MEMBERS' EQUITY</b>	<b>2019</b>	<b>2018</b>
Members' Equity, Substantially Restricted	14,071,194	13,775,641
<b>TOTAL MEMBERS' EQUITY</b>	<b>\$14,071,194</b>	<b>\$13,775,641</b>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>\$147,781,736</b>	<b>\$144,191,747</b>

## STATEMENT OF AUDITING PROCEDURES

The Supervisory Committee retained Wojeski & Company CPAs, P.C., a public accounting firm, to conduct an independent audit of GHS Federal Credit Union's financial statements. The audit report is available at the Main Branch for review by membership. The Supervisory Committee also authorizes quarterly audits to review the operations and systems of internal controls of the credit union. The audit programs are prepared in accordance with NCUA guidelines.

*\*Note: The deposit in the National Credit Union Share Insurance Fund (NCUSIF) is in accordance with NCUA regulations, which require the maintenance of a deposit by each insured credit union in an amount equal to one percent of its insured shares.*

## STATEMENT OF INCOME

INTEREST INCOME	2019	2018
Interest on Loans to Members	\$6,902,831	\$5,906,950
Interest on Investments	307,406	411,812
<b>TOTAL INTEREST INCOME</b>	<b>\$7,210,237</b>	<b>\$6,318,762</b>

INTEREST EXPENSE	2019	2018
Dividends on Members' Shares	559,655	\$474,259
Interest on Borrowed Funds	0	0
<b>TOTAL INTEREST EXPENSE</b>	<b>\$559,655</b>	<b>\$474,259</b>
<b>NET INTEREST INCOME</b>	<b>\$6,650,582</b>	<b>\$5,844,503</b>
Provisions for Loan Losses	1,618,350	1,265,450
<b>NET INTEREST INCOME AFTER PROVISIONS FOR LOAN LOSSES</b>	<b>\$5,032,232</b>	<b>\$4,579,053</b>
<b>NON-INTEREST INCOME</b>	<b>\$2,557,307</b>	<b>\$2,609,557</b>

NON-INTEREST EXPENSE	2019	2018
Compensation and Benefits	\$2,726,492	\$2,442,361
Office and Occupancy	1,724,389	1,626,731
Advertising and Promotion	296,032	319,645
Depreciation and Amortization	128,988	164,001
Other	2,199,137	2,332,152
<b>TOTAL NON-INTEREST EXPENSE</b>	<b>\$7,075,038</b>	<b>\$6,884,891</b>
<b>NET INCOME</b>	<b>\$514,501</b>	<b>\$303,719</b>

**UNLOCK YOUR EQUITY**  
WITH A GHS HOME EQUITY LOAN

RATE AS LOW AS  
**2.75% APR**



\*Rate shown is "as low as." APR = Annual Percentage Rate. Minimum loan amount \$10,000. The rates and terms may vary depending upon each individual's credit history and underwriting factors. Credit Union membership required with a \$25 minimum deposit and \$100 membership fee. Some restrictions may apply. Rates and terms are subject to change. Copyright © June 2020 GHS Federal Credit Union. All rights reserved.







■ FEDERAL CREDIT UNION ■  
THE RELATIONSHIP OF A LIFETIME™

### **BOARD OF DIRECTORS**

Jason Aurelio, Chair  
Leonard Lindenmuth, Vice Chair  
Jeanette Tillotson, Treasurer  
Tony Frontera, Secretary  
Patricia Clark  
Mark Knebel  
Scott Cohen, MDr

### **EXECUTIVE MANAGEMENT**

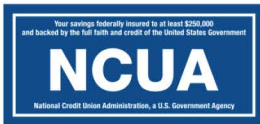
Howard Meller, President/CEO  
Donald Schmitt, Vice President of Finance  
James Warneck, Vice President of Operations

### **SENIOR MANAGEMENT**

Marissa Sweeney, Senior Marketing Professional

### **SUPERVISORY COMMITTEE**

Brandon Sunderlin, CPA, Chair  
Nicholas Spencer, Vice Chair  
Ethan Cook, Secretary  
John Hussar  
Mark H. Knebel



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