

GHS

■ FEDERAL CREDIT UNION ■



THE RELATIONSHIP OF A LIFETIMESM



2018 ANNUAL REPORT

MESSAGE FROM THE PRESIDENT/CEO AND BOARD CHAIRMAN

Dear Members,

In preparing for the start of 2018, your GHS Board of Directors, Executives and Directors met to formulate a fresh GHS strategic plan. During this meeting, there was much discussion surrounding the underserved population in our community and the motto of "When Others Say No, GHS Says YES!" was born. GHS Executives, Directors, Managers and Team Members then took this overall vision statement and helped to develop a variety of financial products and services that make life better, awhile creating a wonderful experience, for every member. With this clear and simple strategy in place, GHS is now striking the right balance between how we plan, innovate, and execute the plan. By the end of 2018, GHS realized a tremendous year of growth, we proved that we could turn these ideas into ways to further help and serve our community and we are proud of what has been accomplished.

GHS Federal Credit Union is financially sound and our balance sheet continues to grow. From a financial perspective, your credit union performed very well, with total assets of \$144 million, which is up \$1.6 million from the prior year. Total loan values grew by \$9.4 million the prior year to reach \$121.7 million, while total deposits were \$129.6 million. We credit this success to developing the strongest and most innovative financial product, service, and business banking portfolio in our history. Pairing this with hiring GHS Team members for fit and employing the most knowledgeable people, we are very proud to have helped so many members work toward reaching their financial goals.

These strong results are being built on a solid foundation of core values and we have made enormous strides in being a beacon for diversity and inclusion. As we continue our leadership on serving the needs of our community, your GHS Team continues to spend countless hours coaching and counseling members to improve their budgets and hundreds of hours in regional school districts with the mission of teaching our young through our Banzai financial literacy program. We are also proud to sponsor local events, charitable organizations and are most excited about our work with Cops for a Cause, Southern Tier Mental Health Association, Crime Victims Assistance Center, ACHIEVE, and the Binghamton Boys and Girls Club. We are also excited to have embarked on a journey to utilize local and regional vendors for products and services, as much as possible, in support of small business.

Sadly, GHS realized the resignation of two very important and longstanding Volunteer Supervisory Committee Members in 2018: Cindy Tokos, Chairperson, and David Sebastianelli. While we understand that responsibilities and life circumstances change, their valuable time and expertise will be greatly missed by the entire team and we wish them well on all future endeavors. GHS is currently recruiting for Volunteer Board Members and Volunteer Supervisory Committee Members positions; if you or someone you know would like to be more actively involved in your credit union, please forward a letter of interest and resume to GHS Federal Credit Union, 910 Front Street, Binghamton, NY 13905 – Attention: David Drew, Nominating Committee Chairperson.

As we accelerate our journey into 2019 and beyond, your entire GHS Team is motivated to continue offering new and innovative products and services, all while delivering amazing customer service, to you, your family, and friends.

On behalf of the entire Board of Directors/Supervisory Committee, Executive/Management Teams and GHS dedicated employees, thank you for your continued membership. We look forward continuing to say "YES" and growing with you for the "Relationship of a Lifetime."

Respectfully submitted,

F. Paul Battisti
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 Supervisory Committee currently consists of John Hussar, Brandon Sunderlin, Sean Corey, and Mark Knebel. It is desired to have two additional committee members. The Board of Directors are currently soliciting volunteer applications from the membership base for the Supervisory Committee. 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,

John Hussar



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HIDDEN MONEY?
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AS LOW AS
3.00%
APR¹**

Equal Housing Lender

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**EQUAL HOUSING
LENDER**

¹Rate is shown "as low as." APR = Annual Percentage Rate. Minimum loan amount \$10,000. Contact a GHS FCU representative by stopping in or call 607-723-7962 or 800-732-4447 for the most competitive rates. 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 \$1.00 membership fee. Some restrictions may apply. Rates and terms are subject to change.

TREASURER'S REPORT

Fiscal Year Ended December 31, 2018

GHS Federal Credit Union's stable financial performance continued through 2018 as shown by our increase in net income, strong loan growth, and other key areas as outlined below.

Members' Equity (Excluding Other Comprehensive Income)	2018	2017	Change
	\$14.9 million	\$14.6 million	2.1%

GHS capitalized on lending opportunities in our field of membership in 2018. These opportunities resulted in gross loan growth of \$9.4 million, or 8.4%. 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 \$759,000 or 5.4% in 2018. The impact of the 4 short term rate increases by the Federal Reserve in 2018 had a positive impact on net income for the year. Adjustable rate loan yields increased as well as the rate on investments in overnight funds and certificates of deposits. With increased net income, total members equity excluding Other Comprehensive Income increased in 2018 by 2.1%.

In 2018, GHS was able to grow the loan portfolio by focusing on markets that showed demand. At year end 2018 the Credit Union had \$120.5 million in net outstanding member loans as compared to \$111.6 million at year end 2017.

In 2018 core deposits increased by \$1.3 million or 1.0% as members made minor adjustments in their account balances during the year. Investment balances decreased by \$7.5 million in 2018 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 \$6.3 million, a 16.5% increase from the prior year. As the loan portfolio grew in 2018, losses on loans also grew. This resulted in net income of \$303,719, an increase of 58.1%.

The 2018 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 2018. 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,

Patricia J. Clark

Treasurer

GIVING BACK TO OUR COMMUNITY IN 2018



STATEMENT OF CONDITION

ASSETS	2018	2017
Cash and Cash Equivalents	\$5,325,676	\$12,042,480
Certificates of Deposits	13,406,000	14,165,000
Investment Securities, Available for Sale	8,352	18,658
FHLB Stock	70,200	69,600
Loans to Members, Net	120,546,724	111,619,409
Accrued Interest Receivable	382,518	338,292
National Credit Union Share Insurance Fund Deposit	1,306,393	1,301,707
Premises and Equipment, Net	2,451,175	2,503,504
Prepaid Expenses and Other Assets	694,709	546,798
TOTAL ASSETS	\$144,191,747	\$142,605,448

LIABILITIES	2018	2017
Members' Shares	\$129,656,555	\$128,343,283
Accrued Expenses and Other Liabilities	759,551	391,694
TOTAL LIABILITIES	\$130,416,106	\$128,734,977

MEMBERS' EQUITY	2018	2017
Members' Equity, Substantially Restricted	13,775,641	13,870,471
TOTAL MEMBERS' EQUITY	\$13,775,641	\$13,870,471
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$144,191,747	\$142,605,448

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	2018	2017
Interest on Loans to Members	\$5,906,950	\$5,144,614
Interest on Investments	411,812	280,568
TOTAL INTEREST INCOME	\$6,318,762	\$5,425,182

INTEREST EXPENSE	2018	2017
Dividends on Members' Shares	\$474,259	\$468,627
Interest on Borrowed Funds	0	0
TOTAL INTEREST EXPENSE	\$474,259	\$468,627
NET INTEREST INCOME	\$5,844,503	\$4,956,555
Provisions for Loan Losses	1,265,450	624,000
NET INTEREST INCOME AFTER PROVISIONS FOR LOAN LOSSES	\$4,579,053	\$4,332,555
NON-INTEREST INCOME	\$2,609,557	\$2,248,939

NON-INTEREST EXPENSE	2018	2017
Compensation and Benefits	\$2,442,361	\$2,639,287
Office and Occupancy	1,626,731	1,433,530
Advertising and Promotion	319,645	233,505
Depreciation and Amortization	164,001	235,477
Other	2,332,152	1,847,571
TOTAL NON-INTEREST EXPENSE	\$6,884,891	\$6,389,370
NET INCOME	\$303,719	\$192,124



■ FEDERAL CREDIT UNION ■

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BOARD OF DIRECTORS

F. Paul Battisti, Esq. Chair
Leonard Lindenmuth, Vice Chair
Patricia J. Clark, Treasurer
Jeanette O. Tillotson, Secretary
Jason Aurelio
David Drew
Antonio (Tony) Frontera
Mark H. Knebel
Larry Maier

EXECUTIVE MANAGEMENT

Howard Meller, President/CEO
Donald Schmitt, Vice President of Finance

SENIOR MANAGEMENT

James Warneck, Lending/Business Operations Manager
Katherine Heisler, Senior Marketing Professional

SUPERVISORY COMMITTEE

Sean Corey
John Hussar
Mark H. Knebel
Brandon Sunderlin, CPA

SCAN TO VIEW
ANNUAL REPORT
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