



# Olean Area

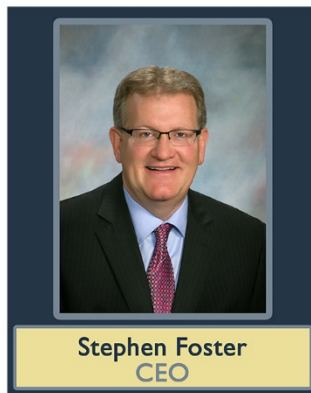
FEDERAL CREDIT UNION

*One focus...serving you*

2018  
Annual Report

# 2018

## CEO & President's Message



Thank you for your continued membership and support of our Credit Union.

In 2018, we welcomed over 1,100 new members and experienced great growth for our Credit Union. Here are just a few of our many achievements in 2018:

- 2018 was a record year for growth and earnings.
  - Assets reached \$292 million, an increase of \$23 million dollars or 8.66%.
  - Loans grew in 2018 to \$174.5 million, an increase of \$12.8 million dollars or 7.93%.
- On June 11, 2018, we completed our merger with Enchanted Mountains Federal Credit Union, giving members another location to transact business.
- Renovations made to the Allegany Office included the addition of a deposit ATM, as well as expanded hours for increased for member convenience.
- We achieved record setting results on our annual one-day Car Sale, supported by our lending staff and local dealerships.
- In celebration of our Allegany Grand Opening, we offered a special certificate rate to our members.
- Technology upgrades were made to provide greater security to our membership. Two new deposit ATMs were installed and our online banking Eteller was upgraded.

Our future is bright, on behalf of our board of directors we thank you for choosing membership at Olean Area Federal Credit Union.

Assets \$292,443,350 8.66%	Loans \$174,497,782 7.93%
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Shares \$247,682,469 8.70%	Members 18,913 6.25%
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# Treasurer's Report

The annual report contains our complete statement of financial condition and income statement for 2018. The financial results for 2018 show the Credit Union had a successful year and demonstrate overall financial strength. We had several accomplishments from upgrading technology to completing the merger with Enchanted Mountains FCU.



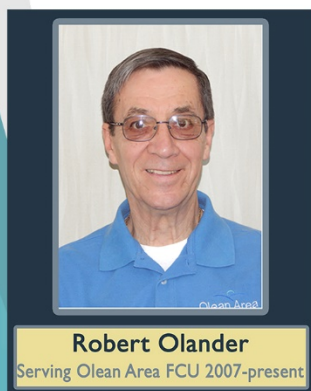
## 2018 Income Statement

- Return on Assets of 1.49%, compared to peer average of 0.72%.
- Increased Net Income to \$4.17 million, including a gain on merger of \$1.16 million.
- Loan Income increased by 12.11% and Investment Income increased by 59.90%.
- Cost of Funds (0.56%) remained higher than credit union peers (0.46%).
- Overall Operating Expenses remained low compared to peer, 2.78% vs 3.76%.

## 2018 Statement of Financial Condition

- Assets remained strong, reaching over \$292 million, a \$23.30 million increase from 2017. From the merger with Enchanted Mountains FCU, we acquired \$12.3 million in assets
- Loans increased \$12.2 million mainly due to Enchanted Mountains FCU merger of \$4.61 million and purchase of consumer loans with full recourse of \$5 million.
- Member deposits increased by \$19.8 million mainly due to Enchanted Mountain FCU merger of \$11.2 million. Certificates increased by 32.6% due to our CD special held in August.
- Investment Portfolio continued to hold a short average life, while increasing our overall investment yield to 2.14%.
- Net worth, which is a measure of capital strength of the credit union, remained strong at 14.98%, as compared to peer's Net Worth of 11.46%. Our strong net worth provides us the opportunities to invest in new products and services that enhance the value of membership.

One of the most important goals of the Board of Directors and Management is to remain financially safe and sound. In recent years we have taken steps to minimize our financial risk and prepare for future growth. Our strong capital position provides opportunity for growth in existing and new markets, internal growth and development, as well as engaging in new technology and services. These initiatives enhance the value of membership and will continue to meet current and future needs of our members in a competitive market, all at a minimal to moderate affect on our finances.



# Supervisory Committee Report

The mission of the Supervisory Committee is to safeguard member assets by overseeing the integrity of the Credit Union's financial statements, internal controls and compliance with legal and regulatory requirements. The Supervisory Committee is also responsible for engaging internal and external auditors to ensure management meets financial reporting objectives and follows General Accepted Account Principals (GAAP) and NCUA regulations.

In 2018, an internal audit was conducted by The Bonadio & CO LLP. The internal audit provides an additional layer of review of the financial controls used. An external CPA audit was conducted by Mengel Metzger Barr & Co. LLP in September 2018. Throughout 2018, we observed that Olean Area FCU continued to meet the requirements of the National Credit Union Administration (NCUA). The federal examiners of NCUA also audited the Credit Union and any findings were reported to the supervisory committee.

All Committee members as well as Board of Directors completed training required by the NCUA.

The Committee has concluded that the Olean Area FCU operated in a safe and sound financial manner and assets of the membership are being effectively safeguarded. The committee welcomes all comments and suggestions from our members. Concerns and questions may be directed to: Olean Area Federal Credit Union Supervisory Committee, PO Box 201, Olean, NY 14760.

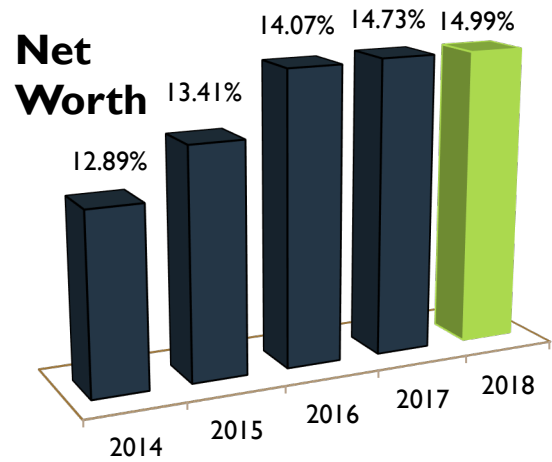
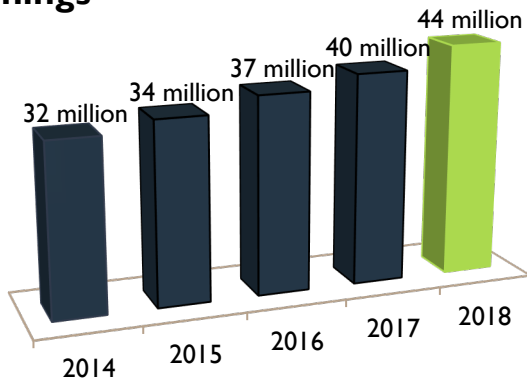
Thank you to the Board of Directors, Committee Members, Credit Union Management, and Credit Union Employees.

# Financial Statements

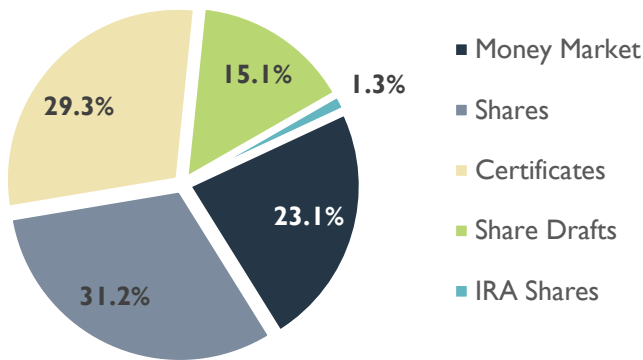
Year End December 31,	2018	2017
<b>Assets</b>		
Loans	\$174,497,782	\$161,681,491
Allowance for Loan Loss	-2,733,836	-2,435,178
Net Loans	171,763,946	159,246,314
Cash	3,921,766	2,462,428
Total Investments	99,982,008	91,784,835
Other Assets	16,775,630	15,648,196
<b>TOTAL ASSETS</b>	<b>\$292,443,350</b>	<b>\$269,141,773</b>
<b>Liabilities and Equity</b>		
Total Liabilities	\$1,107,984	\$1,652,537
Savings	77,325,034	67,830,675
Checking	37,372,395	35,392,095
Money Market	57,171,901	66,208,688
IRA	3,318,132	3,775,165
Certificates	72,495,008	54,659,473
Total Shares	247,682,469	227,866,096
Total Reserves	43,652,896	39,623,140
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$292,443,350</b>	<b>\$269,141,773</b>
<b>Interest Income</b>		
Interest on Loans	\$8,071,735	\$7,199,984
Interest on Investments	2,049,688	1,281,876
<b>Total Interest Income</b>	<b>\$10,121,424</b>	<b>\$8,481,860</b>
<b>Interest Expense</b>		
Dividends Paid on Shares	\$1,560,432	\$1,216,153
Interest on Borrowed Funds	212	3,400
<b>Total Interest Expense</b>	<b>\$1,560,644</b>	<b>\$1,219,552</b>
<b>Net Interest Income</b>	<b>\$8,560,780</b>	<b>\$7,262,308</b>
Provision for Loan Losses	577,221	240,000
<b>Net interest income after PLL</b>	<b>\$7,983,559</b>	<b>\$7,022,308</b>
Non Interest Income	2,908,887	2,561,484
Non Interest Operating Expense	7,883,233	6,856,425
Gain/Loss on Merger	1,163,623	0
<b>NET INCOME</b>	<b>\$4,172,837</b>	<b>\$2,727,367</b>

# Financial Highlights

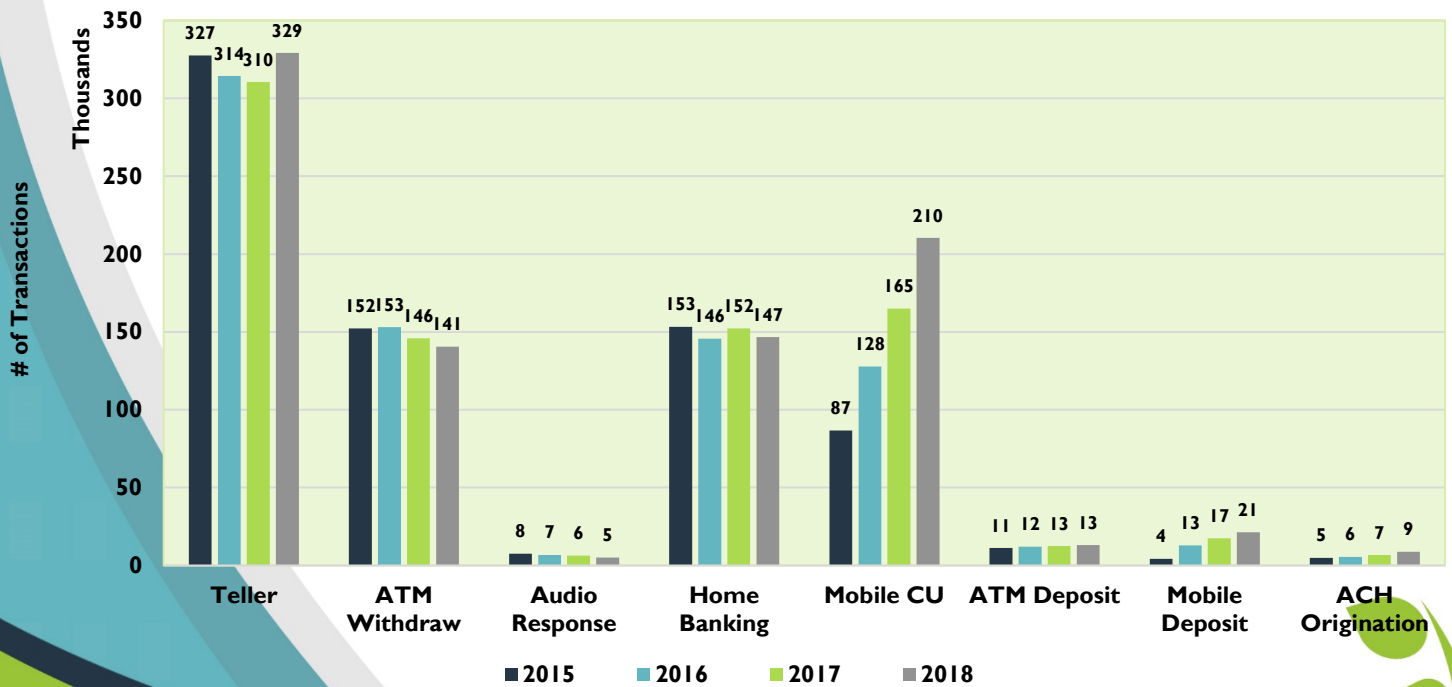
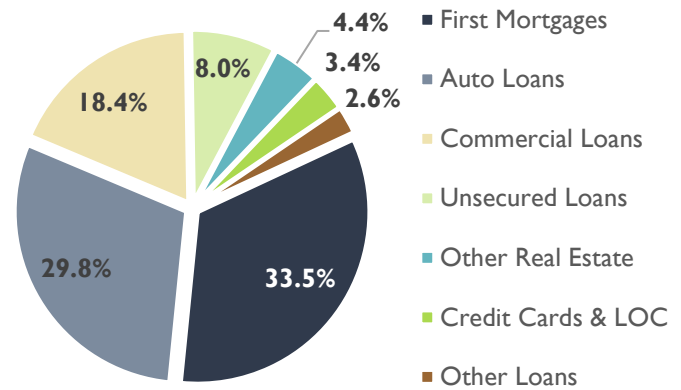
## Reserves and Undividend Earnings



## Share Portfolio



## Loan Portfolio





# Community Involvement



As a local Credit Union, we demonstrate the Credit Union philosophy of “people helping people.” We offer products and services to meet our member needs as well as the needs of our local communities.

## FINANCIAL LITERACY OUTREACH EFFORTS:

- LEAP Elementary & Middle School Programs
- Youth Advisory Board - High School Students
- Mad City Money Program
- Olean Middle School Student of the Month
- Scholarship Program
- Student Loan Seminar



## PROGRAMS & EVENTS:

- Olean Firemen Hot Dog Fundraiser
- Casual For A Cause Dress Down Days
- Toys for Tots
- Diaper Drive
- Corporate Challenge
- Food Pantry Collection
- Member Shred Day
- Olean Beautification Clean-up Program
- Blood Drive
- Free Movie Nights
- YMCA Healthy Kids Day
- Kids Holiday Free Skate Program



## DONATIONS:

The Credit Union made donations of more than \$30,500 in 2018 to support local community efforts and organizations in our field of membership.





Our Mission: To provide members personal service and affordable products that meet their financial needs at every stage in their lives.

## Board of Directors

				
<b>Patrick Kelly</b> Serving Olean Area FCU 1992-Present	<b>Ronald Kent</b> Serving Olean Area FCU 1992-Present	<b>Ronald Inzana</b> Serving Olean Area FCU 1972-Present	<b>Lola Stoughton</b> Serving Olean Area FCU 1987-Present	<b>Glenda Hall</b> Serving Olean Area FCU 2002-Present
				
<b>Jean McInroy</b> Serving Olean Area FCU 2002-Present	<b>Michele Pancio</b> Serving Olean Area FCU 2006-Present	<b>Jason Crisafulli</b> Serving Olean Area FCU 2015-Present	<b>Lucy Benson</b> Serving Olean Area FCU 2018-Present	

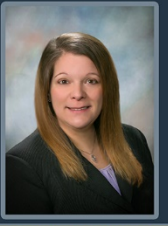




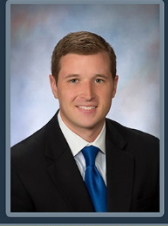

## Supervisory Committee

			
<b>Robert Olander</b> Serving Olean Area FCU 2007-present	<b>Michele Pancio</b> Serving Olean Area FCU 2006-Present	<b>Carol Mahoney-Katzenstein</b> Serving Olean Area FCU 2015-Present	<b>Robert Elmore</b> Serving Olean Area FCU 2015-Present

## Senior Management

			
<b>Stephen Foster</b> CEO	<b>Mary Palumbo</b> VP of Finance and IT	<b>Lee Ann Dineen</b> HR & VP of Operations	<b>Richard Yeager</b> VP of Lending

## Managers

						
<b>Olivia Coluburn</b> Manager of Security & IT	<b>Tonya Doxey</b> Manager of Compliance & BSA Officer	<b>Bonnie Gustin</b> Manager of Accounting	<b>Heidi Gray</b> Manager of Member Services	<b>Sandy Plants</b> Manager of Loan Operations	<b>Mike Smith</b> Sr. Commercial Lender & Commercial Ops Mgr.	<b>Audra Stevens</b> Sales & Marketing Manager



**Main Office: 1201 Wayne Street Olean, NY 14760**  
**Olean Branch: 206 N. Clark Street Olean, NY 14760**  
**Allegany Branch: 180 W. Main Street Allegany, NY 14706**

**716.372.6607**

[www.oleanareafeu.org](http://www.oleanareafeu.org)

