

# 2017 ANNUAL REPORT

## Main Office

6485 S. Transit Road  
Lockport  
**716.434.2290**  
800.488.6481

## Branch Offices

### Lockport

55 Stevens St.

### Middleport

5 State St.

### Niagara Falls

4255 Witmer Road

### North

### Tonawanda

107 Main St.

**CCFCU.org**



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by NCUA

growing with you



**Cornerstone**  
Community Federal Credit Union



# Cornerstone is there...

Cornerstone Community FCU has a rich history with over 60 years of service in Niagara County. Our credit union was founded in 1957 to serve the employees of the Harrison Radiator plant. At that time, we had one employee and a single-room office in the basement of the UAW hall. Since then we have grown to become the largest credit union based in Western New York with over 100 employees, 48,600 members and five branches throughout Niagara County. Anyone who lives, works, worships, volunteers or goes to school in Niagara County is eligible to open an account at our credit union.

Although we have grown, we continue to put the needs of our members first and strive to offer the best products and services available. At Cornerstone, we are focused on offering better rates and lower fees than other financial institutions. Our members benefit from no-fee debit cards, a surcharge-free ATM network, free online banking and mobile banking through our mobile app. With great credit card and loan rates, we can help you achieve your financial goals.

For more information on our products and services, visit our website at [ccfcu.org](http://ccfcu.org).

At Cornerstone you are our No. 1 priority. Share your story with us and let's walk this journey together.

...for all of life's journeys.

**You, our members,** are the reason we continue to grow and become stronger every year. Without the support of our 48,600 members, Cornerstone Community FCU would not be where it is today, a \$420,000,000 credit union. Over this past year, the employees of the credit union developed a new vision statement, one that applies to employees, volunteers and members. It is all about building relationships and how the credit union can help you every step of the way. "You're our No. 1 priority. Share your story with us and let's walk this journey together."

To make your journey easier, we updated a number of online services to help you focus on your finances when it's convenient for you. OASIS home banking was moved to a new omni-channel platform. This means that OASIS will provide consistent viewing no matter what type of device you are on – a smartphone, tablet, laptop or desktop.

A new Mobile Money app was tested for many months in 2017 and finally rolled out in January of this year. Mobile Money mirrors what you can do in OASIS. You can view your accounts, transfer funds, remotely deposit checks, pay bills, request a check withdrawal, reorder checks, send money to your family or friends, quickly find no-fee ATMs or the closest shared service center, view our branch hours and locations, and see up-to-date rate information. We have received many compliments on the new app, so try it out if you haven't already. Just look for Cornerstone CFCU in the app stores.

Another mobile app that helps you protect your funds is CardValet. When you download CardValet and enter your debit card and/or your credit card information, you gain the ability to monitor the activity on your cards. Any time there is a transaction on your card, you are notified immediately. You can turn the cards on or off individually, set limitations on usage and so much more. You can stop fraudulent activity quickly, should your card ever get compromised. It is a great app to have on your smartphone.

In late 2017, we began reissuing all of the old ATM cards as debit cards since ATM cards do not have the required EMV chips in them. This was a business decision to bring all of the cards onto one debit card platform. ATM cards could not be monitored like the debit cards can through CardValet. The remaining ATM cards were reissued in the first quarter of 2018.

One of the highlights of 2017 was the building of the new Witmer Road office in the Town of Niagara. The lease for the Lewiston office ended Nov. 30 and the new office opened Dec. 11. Despite our best efforts to not have a two-week gap between the closing of one and the opening of the other, it was necessary due to some third-party vendor issues. Overall, we are very pleased with the building, its location and the response of the membership.

Lending is the key to our success, and the backbone of our lending remains in vehicles, RVs, home equity, personal loans and VISA® credit cards. However, if you are looking for financing for a new home, we have



## President's Report

Cybersecurity is a top priority for Cornerstone. We have a third-party vendor that does risk assessments and tests our firewalls. Employees are trained on cybersecurity and receive weekly reminders on what to look out for during their daily routines. The credit union must comply with the New York State Department of Finance cybersecurity law, so additional tools for monitoring our network were also installed in 2017. It is a challenge to stay on top of all of the changes in the world of technology.

Change can be good because it brings in new and fresh ideas. In April 2017, I informed the Board of Directors that I would be retiring at the end of February 2018. I have been with the credit union for close to 35 years, and have been challenged in many aspects. As President/CEO for the past 17 years, I believe that we have created the most successful credit union in Western New York. It is with much thought and deliberation that I made this decision. I have given the credit union my best over the years. However, it is time for me to retire and allow someone else to lead this credit union to even greater heights.

In closing, I do want to emphasize that I will forever be grateful to the credit union and the members for having given me this opportunity. We have walked this journey together, and it has been well worth it!

Thank you.

A handwritten signature in black ink that reads "Ann M. Hood". The signature is fluid and cursive, written over a white background.

**Ann M. Hood**  
President & CEO

enhanced our loan offerings and made it easier for you to apply for and manage them online. The comprehensive Mortgage Center on our website enables you to research programs and rates, review options, apply for pre-approval, and review the status of your application with our partner, OwnersChoice.

When federally guaranteed student loans are not enough to cover the costs of higher education, our private student lending program through LendKey can help you bridge the gap. The program offers an easy online application process, competitive interest rates, a 30-day no-fee return policy, and zero origination fees for all qualified student borrowers. Check it out on our website under Products & Services.

Behind the scenes, there is always a lot of activity. The credit union's disaster recovery test was completed and certified as successful. The Information Systems department installed a new anti-virus protection program along with an encryption program for all external emails that contain confidential information.



# Board of Directors

Chairman of the Board | **David M. Nemi**  
First Vice Chairman | **A. Angelo DiMillo**  
Second Vice Chairman | **Edwin Rosier**  
Treasurer | **Edward P. Sandell**  
Secretary | **Sally J. Moore**  
Director | **James Budde**  
Director | **Barry Goodin**  
Director | **Lawrence C. Pease**  
Director | **Robert S. Santarsiero**



**David M. Nemi**  
Chairman of the Board

# Chairman's Report



At **Cornerstone** Community FCU, we are committed to improving the quality of life in Niagara County for our members. We feel that investing in the community is very important.

In the last year, we were pleased to support many different events, including Niagara University Athletics, the Niagara Hospice Half Marathon and Spring Flower sale, Lockport Cruise Night, the Lewiston Jazz Festival, the Olcott Jazz Festival and the Niagara County Fair. Niagara County is thriving, and our goal at Cornerstone is to play a larger role in the community.

We opened our new branch on Witmer Road in the Town of Niagara in December. We opened this location to serve more members in the western half of the county. As of this writing, the branch has been a major success with increased deposits and loan growth.

As we celebrated our 60th anniversary in 2017, we learned that our longtime CEO Ann Hood

would be retiring in early 2018. Ann has served the credit union as CEO through some very difficult times, including the Great Recession of 2008-2011. She was also instrumental in building Cornerstone's headquarters on Transit Road in Lockport and for our expansion into North Tonawanda, Lewiston and the Town of Niagara. Ann's leadership will be sorely missed.

To replace Ann, the Board of Directors conducted a national search for a new CEO and he was introduced to the members at the annual meeting. The Board of Directors also promoted Mary Scheib to the position of Chief Operating Officer to handle most of the everyday operations.

In closing, I would like to thank you for trusting Cornerstone with all of your financial needs.

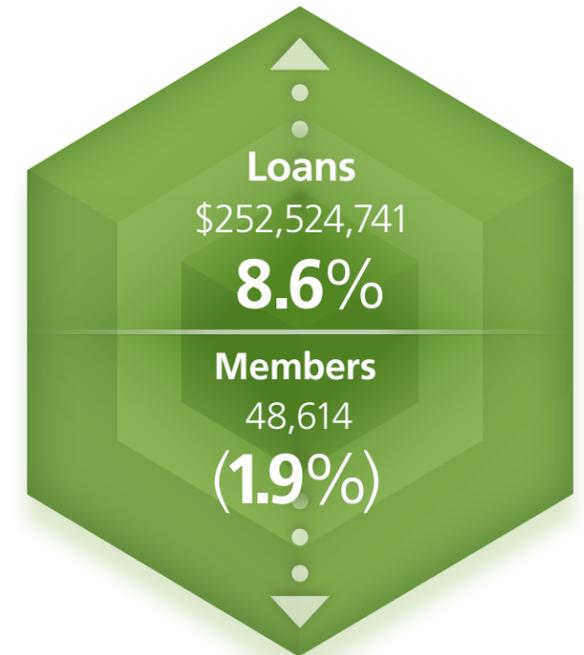
**We look forward to growing with you in 2018 and beyond.**





Edward P. Sandell  
Treasurer

# Treasurer's Report



## Financial Highlights, 2017

Assets	
Loans to Members	\$252,524,741
(Less) Allowance for Loan Losses	\$ (2,504,383)
Net Loans	\$250,020,358
Cash and Net Investments	\$153,631,561
Other Assets	\$ 19,077,149
<b>Total Assets</b>	<b>\$422,729,069</b>

Liabilities and Equity	
Total Liabilities	\$ 2,349,912
Total Member Shares	\$391,304,273
Regular Reserve	\$ 5,963,705
Contingency Reserve	\$ 7,119,882
Undivided Earnings	\$ 16,303,188
Acc Gain/Loss on AFS Securities	\$ (311,892)
<b>Total Liabilities and Equity</b>	<b>\$422,729,069</b>

Operating Income	
Net Loan Interest	\$ 10,374,515
Income from Investments	\$ 2,225,696
Other Operating Income	\$ 5,302,830
<b>Total Income</b>	<b>\$ 17,903,042</b>

Operating Expenses	
Staff Salary and Benefits	\$ 7,733,536
Office Occupancy and Operation	\$ 2,598,273
Provision for Loan Losses	\$ 2,211,873
Marketing and Promotional	\$ 751,015
Loan Servicing	\$ 987,930
Professional and Outside Services	\$ 2,432,326
NCUA Federal Operating Fees	\$ 86,151
NCUA Stabilization Fund	\$ 0
All Other Expenses	\$ 146,614
<b>Total Expenses</b>	<b>\$16,947,718</b>

Net Operating Income	\$ 955,323
Dividends Paid On Shares	\$ 582,122
Gain or Loss Disp. Assets/ Investments	\$ 228,642
<b>Net Income</b>	<b>\$ 601,843</b>

Financial Highlights	2017	2016	%
Assets	\$422,729,069	\$403,148,452	4.86%
Shares	\$391,304,273	\$372,337,138	5.09%
Loans	\$252,524,741	\$232,482,280	8.62%
Members	48,614	49,573	(1.93)%

**Cornerstone** Community FCU works hard to serve the financial needs of our members. Cornerstone continued its solid financial performance in 2017. The net income for 2017 was \$601,843, which included the sale of some investments for a profit of \$228,642. The funds from those sales were reinvested in similar investments with a slightly higher rate of return.

Cornerstone's total member shares grew 5.1% during the year to \$391,304,273, while our total investments decreased by 2.4% to \$146,321,674. Total equity increased by 1.1% to \$29,074,883. The total amount of Cornerstone's loan portfolio increased by 8.6% to \$252,524,741, however our membership saw a slight decrease of 1.9% for a year-end total of 48,614 members.

Cornerstone is a well-capitalized credit union, which is demonstrated by our sound prompt corrective action (PCA) net worth ratio of 6.95%. This is a slight decrease from 2016, based primarily on the increase in total assets to \$422,729,069 (which is a \$19,580,617 increase, or 4.9% over 2016).

Our commitment to protecting our members' finances means that the Board of Directors will continue to ensure that prudent financial decisions are made to maintain your trust.

Our members can be certain that Cornerstone's vigilant approach will result in a solid foundation for you to build a plan that achieves your goals. For the past 60 years, the credit union's focus has been on serving our members. That focus will continue as we look forward to the future.



## WORK WITH SOMEONE YOU TRUST



**DAVID H. GOLDPENNY** CRPC®, LUTCF  
Vice President, Wealth Management



### Cornerstone Investment & Retirement Services

- 401(k) / Pension Rollovers
- Retirement Planning
- Education Funding
- Mutual Funds
- Life Insurance
- Long-Term Care Insurance
- Wealth Management

Cornerstone Investment & Retirement Services  
Office 716.434.2290 | Extension 3048  
email: david.goldpenny@cunamutual.com

Located at Cornerstone CFCU  
6485 South Transit Road  
Lockport, New York 14094

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## Management Team

- Ann M. Hood** – President/CEO
- Mark Kennedy** – VP of Information Systems
- Suzanne Kennedy** – VP of Marketing
- Constance L. Kelkenberg** – VP of Auditing
- Robert E. Pfeil** – VP of Human Resources
- Mary E. Scheib** – Chief Operating Officer
- Mark R. Szafranski** – VP of Finance
- Ellen Zastrow** – VP of Lending
- William A.C. Coder** – IT Security Analyst
- Nancy Freischlag** – Regional Branch Manager
- Carolyn M. Koons** – Branch Manager
- Molly Mayers** – Indirect Lending Manager
- Mary K. Nasso** – Collections Manager
- Denise Salmons** – Operations Manager
- Lisa Whittaker** – Lending Manager
- Tracy Ziemendorf** – Card Services Manager

## Cornerstone Volunteers

We would like to thank the following volunteers for their dedication and support in the past year:

- |                       |                         |                         |
|-----------------------|-------------------------|-------------------------|
| <b>Nathaniel Bolt</b> | <b>Barbara Garey</b>    | <b>Frank Oakes</b>      |
| <b>Irene Bull</b>     | <b>Todd McNall</b>      | <b>John Santarsiero</b> |
| <b>Sam D'Agostino</b> | <b>Wm. Keith McNall</b> | <b>Gary Smith</b>       |
| <b>Patricia Degan</b> | <b>Dan Napoleone</b>    | <b>John Tolli</b>       |
| <b>Al Ferrante</b>    | <b>Robert Nemi</b>      | <b>Jeremy Verratti</b>  |



**John Tolli**  
Supervisory Committee  
Chairperson

# Supervisory Report

**Cornerstone** Community Federal Credit Union's Supervisory Committee is a group of volunteers appointed by the Board of Directors. The committee is responsible for verifying accounting records and ensuring that financial reports are prepared promptly and accurately. The committee also works with the auditing department to make sure all policies and procedures are followed. This ensures that internal controls are effectively maintained and properly documented as we continue to monitor the overall soundness of your credit union.

Each year, an independent opinion audit is completed by an external auditing firm. Once again, Firley, Moran, Freer & Eassa, CPA, P.C. of Syracuse, New York was contracted for this service. This firm has been used to perform our annual opinion audit since 2014, and we are very pleased with their professionalism and attention to detail.

The committee is pleased to report that Cornerstone is in excellent financial condition. The results of our 2017 audit indicates that the credit union remains in compliance with all National Credit Union Administration (NCUA)

requirements and guidelines. The committee, which includes Dan Napoleone, Al Ferrante, Wm. Keith McNall, Robert Nemi and myself, would like to thank Connie Kelkenburg, V.P. of Auditing, and Lori Doxey, Internal Auditor, for their outstanding attention to detail, constant vigilance in the day-to-day operations, and timely reporting in keeping your credit union and your assets safe and secure.

In 2017, we celebrated our 60th year of service and opened a new branch office on Witmer Road in the Town of Niagara. We were able to achieve these milestones because of your support. We realize you have many choices for your financial needs, and we appreciate that you have confidence in Cornerstone. Your commitment in us is shown in a membership of 48,614 and asset growth of 4.86% in the past year. Our friendly employees, strong management team and dedicated group of volunteers are committed to serving you, and we look forward to the challenges ahead.

The Supervisory Committee would like to take this opportunity to extend our heartfelt appreciation to Ann Hood for her many years of service and quality leadership. We wish her a happy and healthy retirement.

