



THANKS A

Billion!



2016 Annual Report

A CELEBRATION OF THE
ONE BILLION DOLLAR MILESTONE!



REPORT

President's



2016 marked a major

milestone in CFCU Community

Credit Union history, \$1 Billion in assets!

As we have grown, our organization has continued to branch into exciting new endeavors, products, and services... a trend that will continue rapidly with our cresting this significant number. Such complexity can rarely be boiled down to its components, but in my time leading this organization I have witnessed three elemental ingredients of our success rise to the top: CFCU **Members**, CFCU **Staff & Volunteers**, and our **Communities**.

In choosing CFCU, our **members** have placed their trust in our organization. Understanding and embracing this drives us to anticipate the needs of our members through continuous product and service enhancements. In 2016 we implemented Apple Pay, extended call center hours, and introduced new and exciting ways for our members to create a safety net of savings.

That trust given by our members is maintained only with the very best **staff** running this organization. In 2016 we made it a priority to find ways to better listen to this incredible resource. An extensive employee survey was

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completed, leading to changes in meeting formats and new delivery channels for organizational information. Additionally, an entirely new department was created as a result. The Learning and Development Department will strive to give additional focus to training and career development for our employees. Behind the scenes, our local **volunteer** Board and Supervisory Committee are our partners to help set the course for the future and provide oversight of every facet of our complex organization.

As a not-for-profit organization without stockholders, we are truly local. Our members, staff, volunteer Board of Directors and Supervisory Committee all work and live side-by-side in the **communities** we love. In 2016 alone, CFCU employees completed over 4,400 hours of community involvement! Whether it be chairing a board, raising funds and participating in charity walks, or helping to run food drives, our staff strive to transform and impact generations of community members.

Each of these key ingredients are reflected in our Vision Statement, "Transforming generations and communities. Simply. Personally." We look forward to serving you and your family for generations to come. Thank you for your membership, your trust, and your support.


Leah Whelchel
President/CEO

"It's hard to imagine being able to accomplish our mission without the generosity of community partners like CFCU!"

CFCU not only provides financial support as our Lead Sponsor for our largest annual fundraiser, the March for the Animals, but CFCU employees generously donate their time and energy to volunteering and fundraising for the event as well. CFCU remains engaged with the SPCA throughout the year by collecting shelter supplies at their branches, holding internal fundraisers, donating their time and talents at our shelter and serving on various committees and the board of the SPCA.

CFCU's 2016 Support of the SPCA

- Employees volunteered almost 400 hours.
- Presenting sponsor of the March for the Animals fundraising event.
- Employees raised an additional \$1563 for the walk.
- 2 Jeans Days, raising \$770 for each county.
- Collection drive donated 1400 items!

CFCU is a role model for community engagement and philanthropy in Tompkins and Cortland Counties and the SPCA is incredibly grateful for their generosity and belief in our mission. They truly make our work possible and help us to save lives each and every day."

-Jim Boudreau

Director of the Tompkins County SPCA



and Cortland Counties



COMMUNITY

Testimonial

PARTNER

A billion-dollar credit union! It takes a community to make that happen. And it's all because of you, our members, that this occurred during the past year. This is no ordinary feat! The many years of confidence in CFCU Community Credit Union by its members have made this goal achievable.

There are many factors that play a part in a successful credit union. First, and foremost, it is the allegiance of the members in depositing their money and using the borrowing options available to them. It takes a very dedicated team of employees who place service first for each and every member. The leadership team must be capable of creative and competent decisions. They must be able to look to the future and position the Credit Union to take advantage of the economy and needs of its members. Also volunteers must be in place as Board members and Supervisory Committee members who are constantly looking out for the best interest of the membership.

I can assure you that CFCU Community Credit Union has each component in place. For nearly seventy years, you, the members, have placed your trust in this organization by using it for deposits, loans and other services. The employees are of the highest caliber always willing to go the extra mile for every member to make his or her experience very positive. Additionally, the leadership team is one of the very best I have ever seen in an organization. They are diversified, talented, educated, great thinkers and always clued in to your needs. They are willing to take on a challenge and make it work for you.



It takes a community

Brian Mitterer - Chair



Finally, the volunteers who serve on both the Board and Supervisory Committee are like each of you in wanting their investments secure, reasonable loans available and services to make handling financial services easier. Each volunteer spends substantial hours in education, preparation and decision making. While I am extremely proud to serve as your Board Chair during

this exciting achievement, I am excited to be part of the future growth of this Credit Union. I am dedicated to ensuring that you have a sound credit union to place your trust. I look forward to working with you, our employees, the leadership team and our volunteers in the positive and secure growth of CFCU Community Credit Union.

Sincerely,

Brian Mitteer
Chair

“This is no ordinary seat!”



Dora Decker

Joseph H. During, Jr. - Treasurer



Katie Foley



James W. Place



Amy Wood Gonzalez - Vice Chair



Skip Hewitt - Secretary



Lisa Whitaker

'I started banking with CFCU when I got a job at Borg Warner in 2010. Because the office inside the plant was so convenient I started banking there and have been ever since! I heard about the Lucky Savers Certificate on the radio and one of my co-workers mentioned that they had signed up for one. It was such a small amount of money needed to open one that I thought 'What the heck, I'll give it a shot.'

Then one day I got a call from a woman who said she worked at CFCU, asking me if I could come into a branch because she wanted to talk something over with me. I figured they wanted me to set me up with some retirement plan or something, and she seemed nice so, I made an appointment at the Craft Road office.

When the time came and I pulled into the CFCU parking lot, I saw a woman run out of the building. She greeted me at my car and asked if I was Al. I thought that was weird, but I still could not have guessed what was waiting for me inside.

Won \$5,000 with *Lucky Savers!*

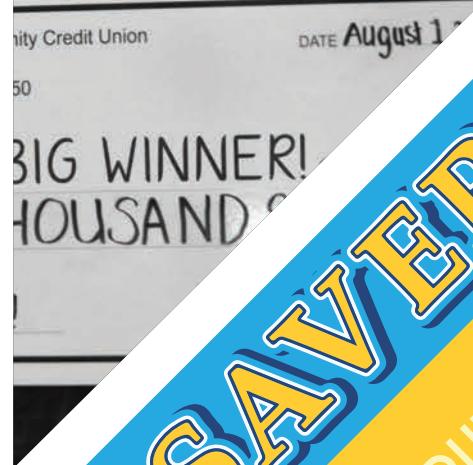
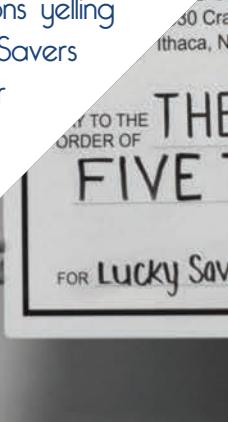


There were tons of people holding balloons yelling 'Congratulations on being the big Lucky Savers winner!' There was even a giant check for \$5,000!

I was really overwhelmed by the whole thing. What a case of disbelief! I never win anything. If I take a 50/50 chance, I'd always lose. I'm just one of those guys. So this was quite the experience- I was tongue tied for a while!

Winning the \$5,000 enabled me to tie up a lot of loose financial ends, helped with putting a roof on our house, and also bought my daughter a \$2,000 car! That made my daughter really happy! And as an added bonus it took the strain off of a couple of areas that my wife and I discuss regarding our finances, which is quite a relief!

Thanks CFCU!
-Al



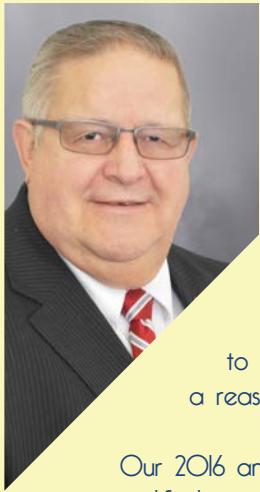
LUCKY SAVERS

"WINNING HELPED ME PUT A NEW
ROOF ON OUR HOUSE AND BUY
MY DAUGHTER A CAR!"

\$1,000,000,000

A Billion Dollars!

★ ★ ★



2016 was not only another **profitable** year for the Credit Union, but, as you will read throughout our Annual Report and hear at our Annual Meeting in April, we achieved a major milestone, in terms of total assets, during 2016. **For the first time in our history, CFCU Community Credit Union surpassed the \$1 BILLION mark.** This is no small accomplishment. It was accomplished through the outstanding leadership of our extremely talented CEO Lisa Whitaker, the all-volunteer Board of Directors, and all of our management team right through to the great people we have in our branch offices. This has truly been a team effort and you, our members, have played the most significant role in accomplishing this goal. Our continued commitment to our communities and our investment in technology and personnel, while significant, has provided you, our members, with high quality service and, at the same time, utilize the latest advancements in technology. Our growth has been well planned and managed and we are not letting up. We are constantly looking at new, creative ways to provide our services to an ever-expanding and diversified membership. Our focus is to provide the best services to you, our members, at a reasonable cost to the Credit Union.

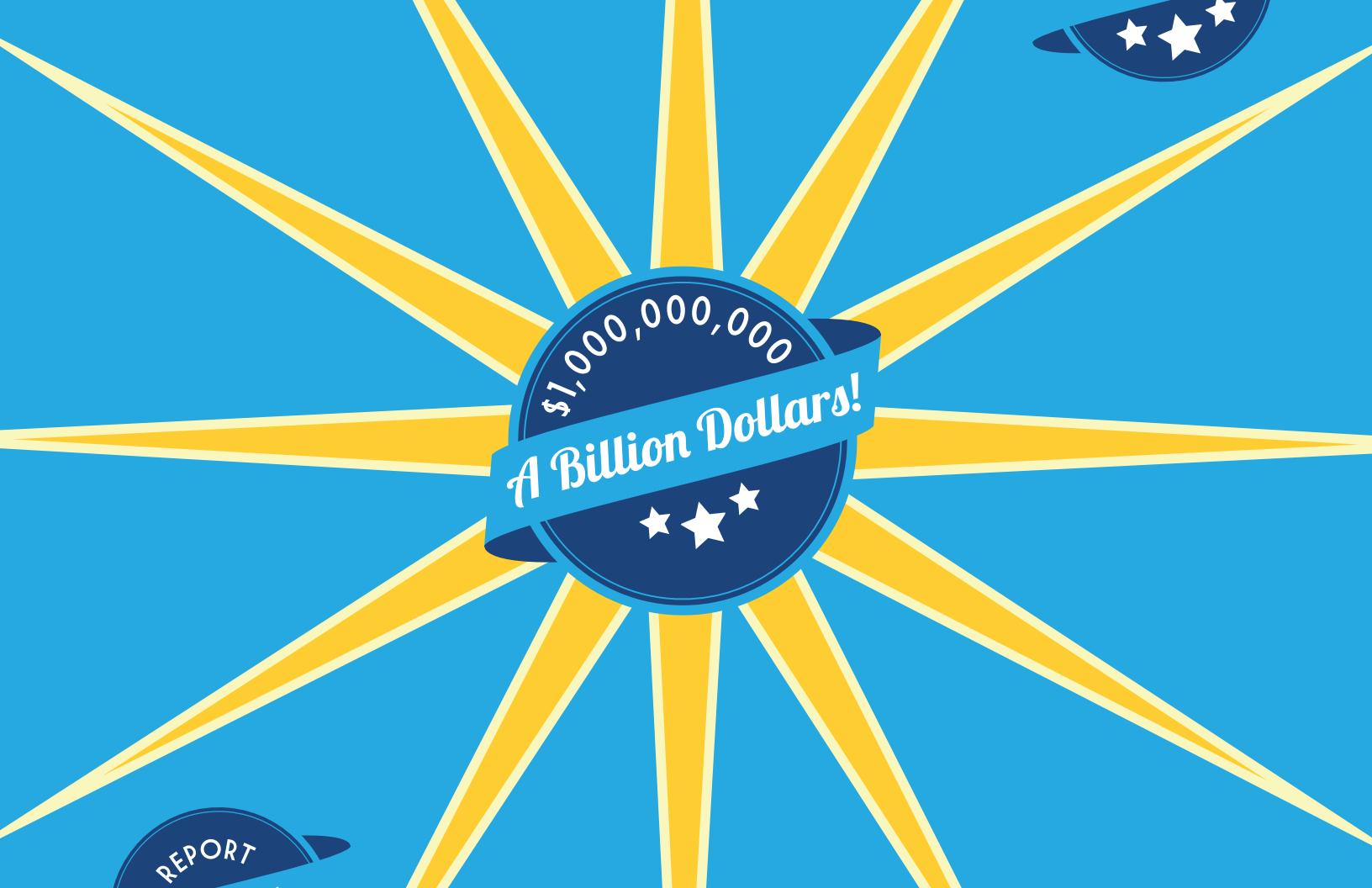
Our 2016 annual financial audit, which was just completed by our independent certified public accountants, resulted in an unmodified opinion. Again, this is a testimony to the hard work and dedication of our Board of Directors, the Senior Management team and all the employees of the Credit Union.

I am once again pleased to tell you CFCU Community Credit Union is financially sound and well-positioned to provide our members with high quality products and services. It is my privilege to serve as the Treasurer of the Credit Union. Thank you for your confidence and support of the undertakings we embark upon on your behalf. Now, let's work on achieving the **SECOND billion dollars in assets!**

Respectfully submitted,

Joseph H. During, Jr., CPA
Treasurer

REPORT
Treasurer's



A Billion Dollars!

\$1,000,000,000



REPORT



**CFCU COMMUNITY CREDIT UNION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
DECEMBER 31, 2016 AND 2015**

ASSETS	2016	2015
Cash and Cash Equivalents	\$195,417,041	\$182,699,034
Deposits in Other Financial Institutions	250,000	250,000
Securities - Available-for-Sale	133,138,162	107,553,659
Other Investments	2,258,095	2,350,896
Loans Held-for-Sale	66,697	1,258,025
Loans, Net	679,701,207	658,765,891
Accrued Interest Receivable	2,602,570	2,356,234
Premises and Equipment, Net	8,914,516	9,488,326
NCUSIF Deposit	7,855,872	7,433,841
Other Assets	2,494,136	2,215,341
TOTAL ASSETS	\$1,032,698,296	\$974,371,247
LIABILITIES AND MEMBERS' EQUITY		
LIABILITIES		
Members' Share and Savings Accounts	\$895,244,533	\$843,820,404
Accrued Expenses and Other Liabilities	5,027,668	4,462,726
TOTAL LIABILITIES	900,272,201	848,283,130
MEMBERS' EQUITY		
Regular Reserves	15,582,928	15,582,928
Undivided Earnings	116,816,516	110,602,400
Accumulated Other Comprehensive Income (Loss)	26,651	(97,211)
TOTAL MEMBERS' EQUITY	132,426,095	126,088,117
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$1,032,698,296	\$974,371,247

**CFCU COMMUNITY CREDIT UNION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2016 AND 2015**

INTEREST INCOME	2016	2015
Loans	\$28,045,779	\$27,067,198
Securities, Interest Bearing Deposits and Cash Equivalents	2,692,576	2,113,188
TOTAL INTEREST INCOME	30,738,355	29,180,386
INTEREST EXPENSE		
Members' Share and Savings Accounts	3,500,264	3,322,528
NET INTEREST INCOME	27,238,091	25,857,858
PROVISION FOR LOAN LOSSES	4,025,307	2,673,094
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	23,212,784	23,184,764
NON-INTEREST INCOME		
Service Charges and Fees	8,277,548	8,060,111
Other Non-Interest Income	1,330,007	1,131,711
Net Gain on Sale of Loans	299,379	165,640
Net Gain on Sale of Securities	108,463	150,749
TOTAL NON-INTEREST INCOME	10,015,397	9,508,211
NON-INTEREST EXPENSE		
General and Administrative:		
Employee Compensation and Benefits	13,799,606	12,879,924
Office Occupancy and Operations	8,202,881	7,654,904
Other Operating Expenses	5,002,370	4,802,411
Net Loss on Sale of Assets	9,208	39,070
TOTAL NON-INTEREST EXPENSE	27,014,065	25,376,309
NET INCOME	\$6,214,116	\$7,316,666

The condensed consolidated financial statements presented herein do not constitute a complete set. The complete set, including the consolidated statements of comprehensive income, changes to members' equity and cash flows and notes to the consolidated financial statements, is available in the Credit Union's administrative office.

As a Member Relationship Representative III at CFCU's East Hill branch, Sheldon was praised by members and colleagues alike for his willingness to go above and beyond to provide the highest level of service. Remarked one coworker, "I am constantly hearing members praise Sheldon, remarking how happy they are with the service they receive from him." He has received numerous written kudos from members for his exceptional service and caring attitude. One member, who was assisted by Sheldon on a financial issue, called him "amazing" and raved: "He may not wear a cape to work, but that day he was definitely my hero!"

Sheldon's colleagues are also treated to outstanding service. Said one, "He is always willing to help out and jump in at any time. I don't know anyone who is as dedicated as him."

Sheldon is also passionate about supporting CFCU's community involvement initiatives. He has participated in numerous CFCU sponsored events including the Tough Turtle in support of Ithaca Children's Garden, Relay for Life, and the Polar Plunge in support of the Special Olympics, to name just a few.

SHELDON KINAR

Q1



STAFF

As a Member Relationship Representative at CFCU's Craft Road Office, Molly inspired praise from employees throughout the Credit Union, who appreciate her commitment to going above and beyond for members and co-workers alike. Says one employee, "I, as well as many others, go to Molly for help on a regular basis because she is always willing to lend a hand, no matter how busy she is with her own workload." She is known for her positivity, friendliness, and bright smile. "She has such a radiant smile that it brightens everyone's day," says one employee.

MOLLY PARKER

Q2



Molly has inspired many written kudos from members who sing her praises when it comes to her helpfulness, ability to put people at ease, and infectious positivity. "Molly is awesome!" wrote one member recently. In addition to giving her all at work, Molly contributes to CFCU's strategic goal of "Emphasis on Community Involvement" by participating in numerous CFCU-sponsored community events. Raves staff member: "She's a great co-worker and definitely a role model for other employees." Her award was a well-deserved recognition!

Testimonials

Employee of the Quarter

As a Loan Servicer, Matt has impressed colleagues throughout CFCU with his attitude, work ethic, and commitment to community involvement.

Raved one colleague, "Matt is my go-to person because of his knowledge, eagerness to assist, and his pleasant personality. His polite, friendly, accommodating style is awe-inspiring!" An enthused colleague in another department said, "He has been extremely helpful to our department, assisting with improving one of our processes, even volunteering to put in extra hours on the weekend to help. Matt deserves to be recognized for his positivity and his efforts to make CFCU a wonderful place to work!" Remarked a third colleague: "I have overheard Matt time and time again being, not only helpful to members, but also to co-workers. He is positive, hardworking and goes above and beyond on a daily basis!"

Matt not only gives his all during work hours, but has also been praised by a colleague as a "true brand ambassador of CFCU" for his dedication to supporting CFCU's community involvement efforts. This past summer alone, Matt participated in 16 CFCU-sponsored community events.

MATT HARDESTY

Q3



MATT GEE

Q4



In the Employee Of the Quarter nomination forms that were completed on Matt's behalf, there were several characteristics that kept shining through. These characteristics ranged from Matt being a problem solver and always researching tough problems for staff, to being extremely responsive to employee needs. The employees who nominated Matt stated how patient, calm, helpful and knowledgeable he is.

Matt certainly exemplifies what it means to exceed normal job expectations to earn the prestigious Employee of the Quarter award.

Matt works as an Accountant in the Accounting Group. In this role, Matt interacts with several different departments and employees.

Matt started his career in January 2006 as a Floating Teller. After working as a Floating Teller Matt transitioned to a Teller position at the 281 Branch in July 2008 before moving to Accounting as an Accounting Assistant. Matt was promoted to his current position in April 2013. Additionally, Matt is celebrating 10 years of loyal service with CFCU.



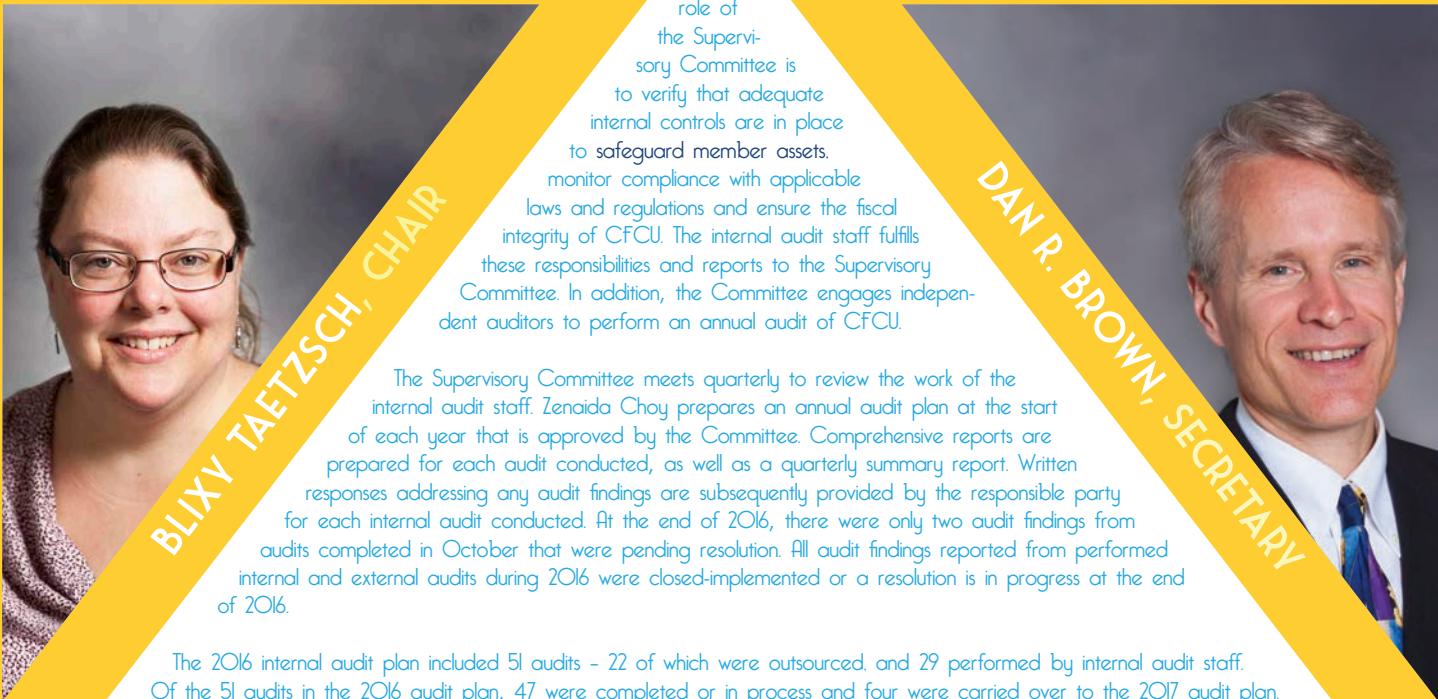
BLYXV TAETZSCH, CHAIR

The role of the Supervisory Committee is to verify that adequate internal controls are in place to safeguard member assets, monitor compliance with applicable laws and regulations and ensure the fiscal integrity of CFCU. The internal audit staff fulfills these responsibilities and reports to the Supervisory Committee. In addition, the Committee engages independent auditors to perform an annual audit of CFCU.

The Supervisory Committee meets quarterly to review the work of the internal audit staff. Zenaida Choy prepares an annual audit plan at the start of each year that is approved by the Committee. Comprehensive reports are prepared for each audit conducted, as well as a quarterly summary report. Written responses addressing any audit findings are subsequently provided by the responsible party for each internal audit conducted. At the end of 2016, there were only two audit findings from audits completed in October that were pending resolution. All audit findings reported from performed internal and external audits during 2016 were closed-implemented or a resolution is in progress at the end of 2016.

The 2016 internal audit plan included 51 audits - 22 of which were outsourced, and 29 performed by internal audit staff. Of the 51 audits in the 2016 audit plan, 47 were completed or in process and four were carried over to the 2017 audit plan. The in-process and carried over audits are all outsourced audits. Outsourcing certain audits has been recommended by the New York State Department of Financial Services and NCUA regulatory examiners. The practice of alternating audits from internal to external provides an increased level of quality control, provides for opportunity for industry standards to be included in future audits, and validates internal auditing practices and procedures. External audit firms are carefully screened and selected to ensure the highest possible expertise on the auditable entity.

During 2016, the Supervisory Committee engaged an outside audit consulting firm to complete a Quality Assurance Review readiness assessment of the Credit Union's internal audit activity. In the coming year, we expect recommendations from that review will be implemented.



DAN R. BROWN, SECRETARY

The Supervisory Committee was highly satisfied with the completion rate of the internal audit plan, the responsiveness to new audit requirements, as well as management's timely response to any audit findings. Our 2017 audit plan currently includes 53 audits, with 39 outsourced (including the four carried over from 2016). Our goal is to avoid the practice of carrying over planned and unplanned audits from year to year.

The Supervisory Committee is proud to report that our independent audit firm, CliftonLarsonAllen, has issued an unmodified (clean) opinion report on CFCU's consolidated financial statements as of, and for the years ended, December 31, 2016 and 2015. The full report is available at CFCU's offices for inspection. As in previous years, members of the Supervisory Committee met with our independent auditors and the New York State and NCUA regulatory examiners in 2016. Again, findings were minimal and management was quick to address and resolve any issues or concerns. Based on the examiners' reports, internal audit reports, and the positive results received from our independent auditors, the Supervisory Committee remains confident that CFCU maintains adequate controls, complies with applicable laws and regulations, and is well managed and fiscally sound.

I would also like to remind members that the CFCU code of ethics requires that any member who suspects there has been a violation of Corporate Policy, laws or regulations, or general business ethics should report their suspicion. You may contact the Supervisory Committee in writing or by email. All mail is strictly confidential. You do not have to identify yourself, but it is important that you provide enough information and/or documentation to allow the Committee to investigate your concern. For further information, please go to Supervisory Committee information on the CFCU website at mycfcu.com/about.

Many thanks go to our internal auditors, Zenaida Choy and Kim VanDonsel for their outstanding work. The requirements for internal audit become more demanding every year. The

Supervisory Committee is grateful to have such dedicated, competent people working with us.

Thanks to the management of CFCU for responding promptly to our questions and functioning in such a responsible, knowledgeable manner.



SUSAN SCHATTSCHEIDER



INTERNAL AUDIT STAFF:

Zenaida Choy,
AVP of Internal Audit
Kim VanDonsel,
Junior Auditor

INDEPENDENT AUDIT FIRM:

CliftonLarsonAllen, LLP

Senior Management Team

Jennifer Carlton-Cooper
VP Electronic Services

Paul Cognetta
VP Human Resources

Eileen Covey
VP Loan Servicing & Asset Recovery

Jeff Dobbin
VP Business Lending

Mark Hillegas
VP Consumer Lending

Lisa Whitaker
President & CEO

Eliza Mulhern
VP Compliance & Associate General Counsel

Rebecca Roberts
AVP Learning & Development

Jim Struble
VP Sales & Service

Sarah Tomei
VP Finance & Controller

Christine Werner
VP Mortgage Operations

Executive Leadership Team *



Paul Kirk

Chief Financial Officer



Cathy Benson

Chief Lending Officer



William Crane

**Chief Administration Officer
& General Counsel**



Beth Putnam

Chief Retail Officer

Mallorie David

Executive Assistant

Leading us into 2017...

A Billion Dollar Story

CFCU Community Credit Union opened its doors in 1953 and has roots deep in the Finger Lakes Region of New York State. Back then, we were known as Cornell Federal Credit Union, and served the employees of Cornell University. In 1997, we adopted a state charter and became Cornell FingerLakes Credit Union. Then in 2003, we converted to a community charter for Tompkins and Cortland counties and officially became CFCU Community Credit Union. With ten locations, more than 60,000 members and over \$1 Billion in assets, CFCU is now one of the largest credit unions in New York State!



Our ongoing success is attributed to a number of factors including sound management practices, excellent rates, and leading with products that meet members' needs.

However, to reach \$1 Billion it takes something truly special; the trust and confidence of our communities and members. Though other options exist for our members' finances, we are chosen time and time again due to our personal investment in their lives. This year our staff spent over 4,400 hours in our communities, side by side with our members, to transform the lives of generations within our communities. We aren't just here to provide financial products, and that is why we continue to grow.

Thanks a Billion!



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