

2017
ANNUAL
REPORT

Looking Ahead

We guided members one step closer to their financial goals

Welcome, new members!



We continued making a difference for all

18,370
MEMBERS



We had **1,759** new members join our SFCU family.



We put **1,638** members into a vehicle

25

members chose Seasons FCU to purchase their mortgage



14

started their first homebuying journey at SFCU

We donated **\$3,000** in scholarships



69,920

Interactive Teller Machine (ITM) sessions



9,963

online banking users



checks through Mobile Capture App

7,728



83rd Annual Meeting Of Members

June 13, 2018 : Russell Library

Business Meeting Agenda

1. Call to Order
2. Appointment of Recording Secretary
3. Approval of Last Year's Minutes
4. Introduction of Board of Directors
5. Introduction of Supervisory Committee
 - a. Supervisory Committee Report
6. Report of the Nominating Committee
 - a. Introduction of Nominees
7. Chairperson Report
8. New Business
9. Motion to Adjourn



A Letter from the President and Board Chair

The theme of this year's Annual Report is "**Looking Ahead**". We are excited about what lies ahead because we have built a solid foundation that enables the credit union to embrace changing technology and meet the needs of members. In a financial environment that demands innovation and convenience, Seasons Federal Credit Union will continue to focus on adding value in all interactions with members, whether in person or virtually. Our commitment to technology demonstrates our willingness to ensure members receive the maximum benefit from their banking relationship.

2017 was a busy year at Seasons Federal Credit Union. In February, we completed the redesign of our Middletown and Meriden branches. The traditional branch style lacked the "WOW" element that we wanted to deliver to our members. We went to work on a new branch concept that would step away from the traditional bank design and set our branches up to serve members more efficiently. In addition, we completed the roll-out of the Interactive Teller Machines (ITMs), offering the convenience of self-service transactions with the personal touch of a teller or in our case, Virtual Specialists. In 2017 we handled 69,920 video sessions with our members. We want to be a leader in technology and modernize the way our members interact with us. Facetime and Skype have become a typical way to communicate, and we believe our members will enjoy a similar experience while banking.

As we made this transition, we wanted to freshen our brand and introduce new colors and experiences to members. Our branch experience now aligns with our members' digital experience. A redesign didn't mean we needed a bigger branch footprint. Actually, a smaller space is better since our space serves multiple purposes depending on the task any individual will be doing. Our goal was to design a welcoming and safe environment that encourages deep, valuable conversations with trusted employees.

Time and technology have come a long way. There were many times when teller lines and drive-thru tellers were crowded full of account holders. Today, our entire banking scene has changed. At any given time, branches can be empty. We have noticed there has been a significant decline in branch transactions, year-over-year. In order to adapt to this trend, we will continue more efficient networks through the use of technology including: ITM/ATMs, online and mobile banking solutions and new inbranch digital technology. Since the majority of banking transactions have always been the simple kind (deposits and withdraws) almost anyone with a smartphone can transfer money between accounts or deposit checks. In 2017, we deposited 7,728 checks through our Mobile Capture App and currently have 9,963 online banking users. The purpose of our branches is gradually changing. Mobile and online banking options are not going away. Seasons is positioning itself to serve members in the manner they wish to be served.

January of 2017, we launched a new website. Our website was long overdue for an overhaul makeover. Our website needed to be built using a mobile responsive design. We also wanted it to be simple and more contemporary; eliminating the clutter. It includes a variety of functionalities for members and tutorials to explain digital and other services. The Financial Brand, a digital publication focused on marketing and strategy issues affecting retail banks and credit unions, named Seasons Federal Credit Union's website to its list of "20 Visually Stunning Website Designs from Banks & Credit Unions." With our new website, our goal was to create a visually engaging and informative experience for our members, and we're so pleased to see that effort recognized with this honor.

A Letter from the President and Board Chair

Earlier this year, the Hartford Business Journal and Best Companies Group chose the "Best Places to Work in Connecticut" - a list of the best places to work in the State of Connecticut. We are delighted that Seasons Federal Credit Union was recently named to the list. What makes this award special is that it is given based on the input of employees at Seasons Federal Credit Union. It is their commitment to our members and the communities we serve that makes us proud. We are honored to have been selected for the award, and we're proud of our staff for being a strong and empowered team.

As we consider the future, the question is often asked, what is the key to Seasons Federal Credit Union's continued success? We believe it to be managed growth. Carefully evaluating new opportunities and strategic partnerships to expand our convenience to more members; carefully evaluating and adding new technology to meet the changing ways members want to access our products and services; and generously giving our time and talent to make our communities a better place, are all fundamental to our future success.

As we look ahead, it is our promise to you that we will continue to focus on our strategic priorities as we aim to deliver value at every member interaction, while driving growth. We look forward to 2018 and the opportunities it presents. Thank you for your continued confidence in Seasons Federal Credit Union.

Sincerely,

Sincerely,

Keith Wiemert

President/CEO

William Howard

Board Chairperson

2017 Annual Meeting Minutes

Annual Meeting of Seasons Federal Credit Union
Held at Shiloh Manor, Middletown, CT on June 21, 2017 at 3:34 PM

Present:

Board Members: Nick Cook, Christopher Carbo, Jim Misenti, and William Howard

Supervisory Committee: Stan Stachura, Kevin Nolan, Jon Rhinesmith and Edith Dubey

Management Staff: Robyn Swanson, Bill Weingartner, Jeff Rindfleisch, Keith Wiemert, Janet Porriello and Betsy Sommers.

Opening: William Howard, Board Chairman, opened the annual meeting at 3:34 PM. Janet Porriello was appointed Recording Secretary.

William Howard welcomed everyone to the 82nd Annual Meeting of the Credit Union. A quorum was present with 59 members in attendance.

William introduced the board members and the 2016 annual meeting minutes were approved.

Bill introduced the members of the Board and the Supervisory Committee.

Supervisory Report: William Howard told the members that the Supervisory Committee Report was provided in the Annual Report.

Report of the Nominating Committee: Erik read the report of the Nominating Committee. The Nominating Committee put forth the following slate for nomination:

James Misenti
Christopher Carbo

There were no petitions from the membership to be added to the nomination list. James Misenti and Christopher Carbo were re-elected for three year terms.

Chairman's Report: William told the membership that there was a written report included in the Annual Report.

A motion to accept annual report was made by Chris Carbo. The motion was seconded by Jim Misenti
Motion carried.

New Business:

William Howard asked if there was any additional new business. With no business, he requested a motion to adjourn.

Motion to adjourn the business meeting was made by Jeffrey Hostetler at 3:40 PM. Erik Holt seconded the motion. Motion carried.

William Howard thanked everyone for attending.

Janet Hilliard Porriello
Rec. Secretary

Treasurer's Report

Although the U.S. economy experienced growth in 2017, with the Federal Reserve raising interest rates three times throughout the year, the financial restraints due to a strict regulatory burden and higher than anticipated delinquency, presented challenges to the credit union. However, the credit union still ended 2017 with a positive ROA of 0.055% and net income of \$86,020. In a purposeful decision to reduce the credit union's asset size, total assets decreased by \$9,400,114 or -5.813% to \$152,298,637 for the year ended 2017. Deposit balances also decreased as year-end growth was -\$1,300,247 or -0.925%, resulting in a year-end deposit balance of \$140,534,856. Loan growth decreased in 2017 by -\$5,580,500 or -4.405% though 2017 with a year ending balance of \$126,695,706.

Seasons Federal Credit Union's regulatory capital ratio, an indicator of financial strength, was 7.891% as of December 31, 2017. The regulatory capital ratio is above the 7.00% ratio established for well capitalized credit unions set by the National Credit Union Administration (NCUA).

Please take a moment to review this year's audited financial statements by the certified public accounting firm of Doeren Mayhew. The audited financial statements are as of September 30, 2017. The financial information provided above is based upon a December year end and is consistent with the financial information posted at the branches on a monthly basis.

For 2018, we at Seasons will continue to provide even more value to our membership. We thank you for your continued support of the credit union.

Respectfully submitted,

Michele Patton
Controller

From your SFCU Supervisory Committee

The role of the Supervisory Committee is to ensure the safety and soundness of the credit union. As such the Board of Directors appoints the Supervisory Committee, which oversees the annual financial audit. As an independent body, the committee reviews practices and procedures by staff to verify that management carries out the policies set by the board. We also monitor compliance with applicable laws and government regulations. To accomplish these we engage an independent certified public accounting firm to perform an audit that evaluates our accounting controls, financial statements and verify members' accounts. The firm Doeren Mayhew was engaged to conduct the annual audit. We are pleased to report that we have received a favorable opinion from Doeren Mayhew.

The Supervisory Committee would like to thank our employees and the Management Team for all the hard work and time they put into this audit. We are very satisfied with the working relationship between Doeren Mayhew and the Supervisory Committee, the Board of Directors and the Management Team of Seasons Federal Credit Union. The Supervisory Committee continually audits the various departments throughout the credit union and is pleased with the professionalism and performance of each department.

As Seasons moves into the next century with new technology, we remain vigilant in ensuring that our members will have the safety of their accounts and excellent service they expect and deserve.

Respectfully,

Stanley Stachura, Jr.
Supervisory Committee Chair

2017 Lending Report

2017 was a successful lending year for Seasons Federal Credit Union. The credit union originated 2,874 loans, lines of credit and credit cards totaling \$49,950,415. Additionally, the Mortgage Department originated 52 mortgages totaling \$12,004,186. These mortgages were subsequently sold to the secondary market. Last year's loan production totals, detailed by product type and amount of credit extended, were as follows:

Loan Type	# of Loans Originated	Total Credit Extended
New Auto	25	\$621,105
Used Auto and RV	288	\$4,051,316
New Auto - Indirect	319	\$9,416,777
Used Auto - Indirect	1006	\$18,847,902
Closed End Second Mortgages	24	\$1,358,530
Home Equity Lines of Credit	245	\$9,942,897
Signature Loans	629	\$3,332,075
Credit Cards	270	\$565,666
Home Improvement Loans	26	\$334,789
SFCU Student Loans	17	\$139,843
Share Secured Loans	11	\$123,139
Portfolio First Mortgages	14	\$1,216,376
Subtotal	2874	\$49,950,415
Sold First Mortgages	52	\$12,004,186
Total	2926	\$61,954,601

The loan portfolio balance as of December 31, 2017 was \$126,695,706. The yield on the credit union's loan portfolio at year-end was 5.096%.

Respectfully submitted:

Betsy Sommers

Senior Vice President

2018 Scholarship Award Winners

Charlotte C.	The Director's Scholarship	North Haven High School
Jenny H.	The Dragon's Vault Scholarship	Middletown High School
Kyla G.	The Jean Crook Memorial Scholarship	Middletown High School

SEASONS FEDERAL CREDIT UNION

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION AS OF SEPTEMBER 30, 2017 AND 2016

<u>Assets</u>	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$4,681,283	\$7,182,177
Interest bearing deposits	895,000	1,492,000
Investment securities:		
Available-for-sale	6,135,082	6,913,494
Held-to-maturity	2,468	3,166
Loans held for sale	1,353,780	396,811
Loans to members, net of allowance for loan losses	130,855,586	127,447,112
Accrued interest receivable	408,758	419,380
Property and equipment	4,635,840	4,134,194
Prepaid and other assets	9,491,970	8,633,010
NCUSIF deposit	1,416,021	1,422,985
	<u>\$159,875,788</u>	<u>\$158,044,329</u>
<u>Liabilities and Members' Equity</u>		
Liabilities:		
Members' shares and savings accounts	\$142,857,742	\$144,577,936
Borrowings	6,000,000	2,000,000
Accrued expenses and other liabilities	963,397	1,608,472
	<u>149,821,139</u>	<u>148,186,408</u>
Commitments and contingent liabilities		
Members' equity:		
Regular reserves	2,241,414	2,241,414
Undivided earnings	8,605,691	8,505,453
Equity acquired from business combination	1,033,234	1,033,234
Accumulated other comprehensive loss	(1,825,690)	(1,922,180)
	<u>10,054,649</u>	<u>9,857,921</u>
Total liabilities and members' equity	<u>\$159,875,788</u>	<u>\$158,044,329</u>

See accompanying notes to the consolidated financial statements.

SEASONS FEDERAL CREDIT UNION

CONSOLIDATED STATEMENTS OF OPERATIONS YEARS ENDED SEPTEMBER 30, 2017 AND 2016

	2017	2016
Interest income:		
Loans to members	\$6,687,779	\$6,939,061
Investments	284,451	298,860
Total interest income	6,972,230	7,237,921
Interest expense:		
Members' shares and savings accounts	585,793	638,878
Borrowings	94,167	109,513
Total interest expense	679,960	748,391
Net interest income	6,292,270	6,489,530
Provision for loan losses	712,395	978,191
Net interest income after provision for loan losses	5,579,875	5,511,339
Non-interest income:		
Fees and charges	1,778,974	1,612,334
Other operating income	1,037,224	944,932
Gain on sale of loans	235,710	248,075
Total non-interest income	3,051,908	2,805,341
Non-interest expenses:		
Compensation and benefits	3,581,661	3,721,273
Office operations	2,866,239	2,628,540
Office occupancy	779,468	801,536
Loan servicing	599,517	604,139
Other	434,441	572,387
Outside services	270,219	287,833
Total non-interest expenses	8,531,545	8,615,708
Net income/(loss)	\$100,238	(\$299,028)

See accompanying notes to the consolidated financial statements.

Meet Our SFCU Team

BOARD OF DIRECTORS

William Howard
Chair

Chris Carbo
Vice Chair

Nick Cook
Secretary

Scott Coleman
Director

Jim Misenti
Director

Edward Murphy
Director

SUPERVISORY COMMITTEE

Stanley Stachura, Jr.
Chair

Kevin Nolan
Vice Chair

Edith Dubey
Secretary

Jon Rhinesmith
Member

BRANCH LOCATIONS

Middletown Branch
Lobby
524 S Main Street
Middletown, CT 06457

Meriden Branch
Lobby & Drive Up
1371 E Main Street
Meriden, CT 06450

Middletown Operations Center
Drive Up
635D S Main Street
Middletown, CT 06457



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