



ANNUAL REPORT *2019*

## PRESIDENTS MESSAGE

For over 50 years, TEG Federal Credit Union has helped people all over the Hudson Valley find affordable financial solutions. Now serving over 35,800 members, we have grown by keeping our original promise to put people over profits, the way it should be.

In 2019, we recorded another solid year of growth and are now over \$303 million in assets. Our lending and deposits were both up, indicating that our members are more confident about our economy. We are glad our members are doing well because your financial success is our top priority. We know how important it is to do business with someone you know and trust to look out for your best interest. That is what the people here at TEG do and I am proud of each employee working for us.

We are committed to our lending program that looks at our members as individuals, each with a different story to tell. At TEG, we evaluate potential loans on a case-by-case basis and look at the whole picture, not just your credit score. If you think you will be turned down for a loan, please have a conversation with us first. If we are not able to help you right away, we will help you make a plan so we will be able to approve you in the near future, save you money over the long term, and help you get your finances in the best possible position.

To us it is about so much more than simply providing financial products and services. It is about neighbors helping neighbors. That is why we give back to our community in a variety of ways and together we are making a difference.

Through the spirited support of our TEG staff and members, the credit union raised a substantial amount of money for various local organizations throughout the year. In addition, our employees donated many hours of their time to community service. They also participated in many other activities throughout our community to spread awareness of TEG and the great benefits that our credit union has to offer its members.

We are working hard to make it even easier for our members to do business with us. Whether it is in the branch, online or over the phone, our goal is to make it as pleasant and enjoyable as possible. We offer all the products and services that the big banks offer with the peace of mind knowing that you are dealing with someone local, someone you know and trust to do the right thing.

Finally, I would like to say thank you to all those who have referred new members to us over the years. That helps us continue to grow and we truly appreciate when you tell your friends, family and colleagues about us. The credit union is successful because of you, our member-owners. Because of your continued trust and commitment in us, we continue to grow our TEG family in Dutchess, Orange and Ulster Counties. I truly thank you for that and appreciate your business!

Sincerely,

*Ronald A. Flaherty*  
President & CEO

### TEG EXECUTIVE MANAGEMENT

*Ronald A. Flaherty*  
President/CEO



*Tom Gay*  
Chief Financial Officer



### TEG SENIOR MANAGEMENT TEAM

Alicia Lilly	VP Risk Mitigation & Compliance
Cory Shapiro	VP Branch Operations, Sales & Service
Elaine Lacy	Director of Marketing
Fiona Miceli-Smarrito	Director of Human Resources
Jackie Fellin	VP Commercial & Residential Lending
Jean Riordan	VP Retirement & Advisory Services
Keith Kurman	VP Lending
Lisa Ricci	Director of Digital Channels
Peter Olson	VP of Information Technology

### TEG BRANCH MANAGERS

Ashley Chan	Commerce Street – Main Office
Jeffrey Shields	Crystal Run
Kyle Richardson	Newburgh
Michael Bethel	Route 9, Wappingers Falls
Michael Robinson	Beekman
Michelle Rodriguez	Solutions Center
Shelby Watson	College Center
Stephannie Shad	Route 376, Wappingers Falls
Teresa Tessier	Hyde Park

## SUPERVISORY COMMITTEE REPORT

The Supervisory Committee is a group of volunteer members appointed by the Board of Directors. We are responsible for safeguarding member assets through fair and accurate representation of the membership and ensuring that your credit union's operations conform to the Federal Credit Union Act and the rules and regulations of the National Credit Union Administration (NCUA). The Committee's responsibilities include retaining services for an annual report on the financial condition of the credit union, coordinating the verification of member accounts and monitoring the review of internal controls, compliance with laws and regulations, and code of conduct activities.

As part of fulfilling its duties, the committee engaged the independent accounting firm Wojeski & Co. to conduct an audit of the credit union's financial statements. This audit was completed for the year ending December 31, 2019. We are pleased to report that no anomalies were found and

the credit union adhered to all rules and regulations during 2019 and conducted its affairs in a most satisfactory manner. Records were maintained in accordance with prescribed standards and accounting practices and were found to be current, accurate, complete, and in balance at all times during the year.

The Supervisory Committee feels that the internal control policies and procedures in place will help keep your credit union safe and sound. We, the Supervisory Committee, are pleased to report that TEG Federal Credit Union is financially sound and is in compliance with all applicable rules and regulations.

We look forward to continued cooperative efforts in the future and thank our members for choosing to conduct their financial business with TEG.

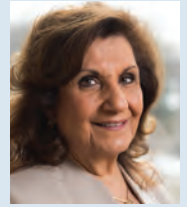
Sincerely,

*Brian Kaley*

Supervisory Committee Chairman



*Brian Kaley*



*Ann Boehm*

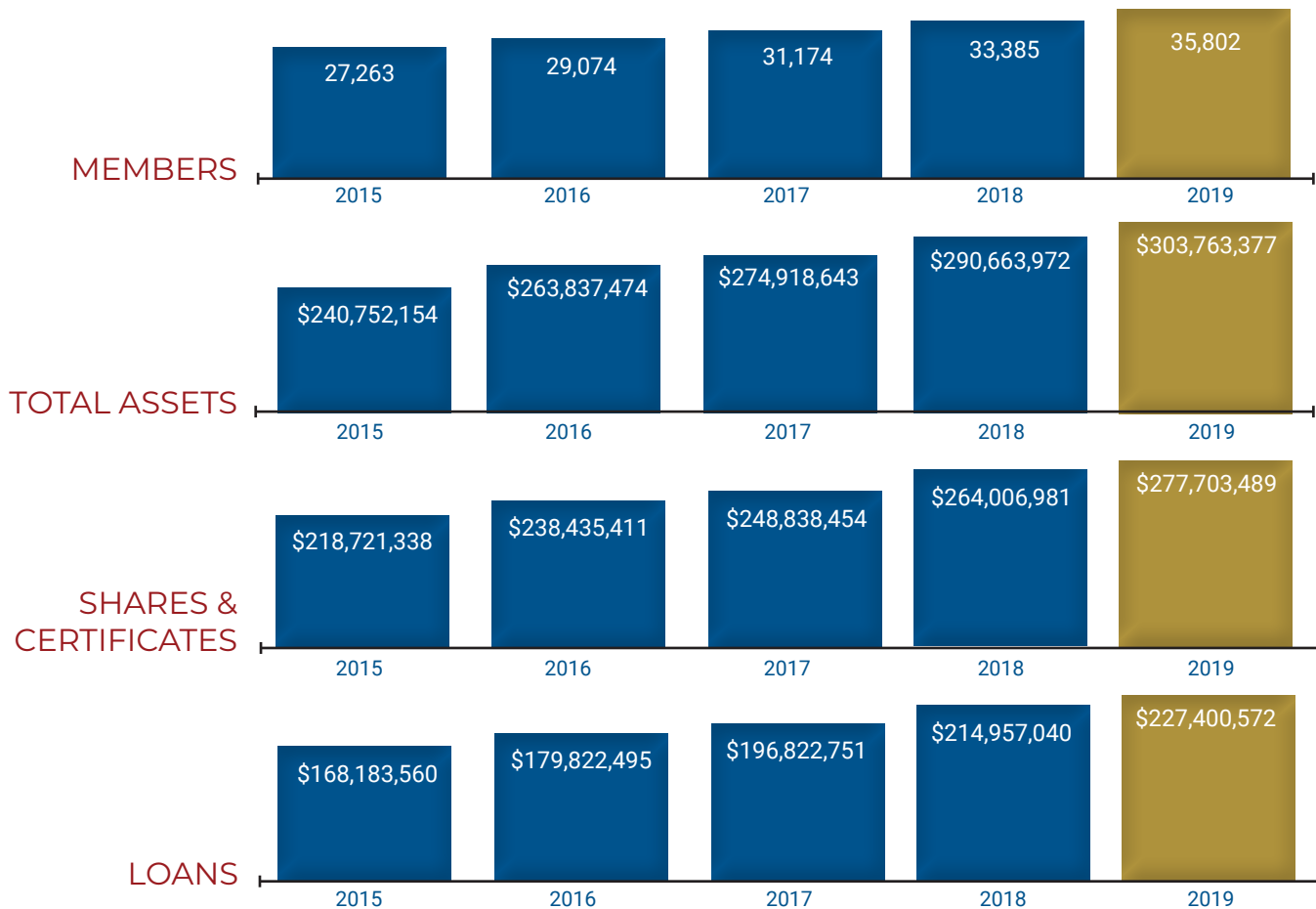


*Joe Lombardi*



*Victoria Nameth*

## FINANCIAL REPORT CHARTS



**TEG FEDERAL CREDIT UNION** *Statements of Financial Condition*

	Year Ended <u>Dec. 31, 2019</u>	Year Ended <u>Dec. 31, 2018</u>
<b>ASSETS</b>		
Total Loans	\$ 227,400,572	\$ 214,957,040
Less: Allowance for Loan Losses	(1,748,877)	(1,852,396)
Cash and Cash Equivalents	22,443,990	17,130,679
Total Investments (Book Value)	33,450,350	38,884,113
Land and Buildings	6,762,974	6,718,040
Other Fixed Assets	2,037,201	2,341,450
NCUA Share Insurance Fund	2,663,580	2,611,626
Other Assets	<u>10,753,587</u>	<u>9,873,420</u>
<b>TOTAL ASSET</b>	<b><u>\$ 303,763,377</u></b>	<b><u>\$ 290,663,972</u></b>
<b>LIABILITIES</b>		
Accounts Payable and Other Liabilities	<b>\$ 5,482,941</b>	<b>\$6,885,465</b>
<b>SHARE AND EQUITY</b>		
Total Shares and Deposits	277,703,489	264,006,981
Regular Reserves	2,075,649	2,075,649
Unrealized Gain (Loss) on Investments	20,210	(289,825)
Undivided Earnings	<u>18,481,088</u>	<u>17,985,702</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b><u>\$ 303,763,377</u></b>	<b><u>\$ 290,663,972</u></b>

**TEG FEDERAL CREDIT UNION** *Statements of Operations*

	Year Ended <u>Dec. 31 2019</u>	Year Ended <u>Dec. 31 2018</u>
<b>EARNINGS</b>		
Interest on Loans to Members	\$ 13,447,078	\$ 12,615,726
Income from Investments	1,294,392	790,743
Fee Income	4,116,189	3,884,821
Other Income	<u>2,195,511</u>	<u>2,013,427</u>
<b>TOTAL EARNINGS</b>	<b><u>\$ 21,053,170</u></b>	<b><u>\$ 19,304,717</u></b>
<b>EXPENSES &amp; OTHERS</b>		
Operating Expenses	\$ 17,535,887	\$ 16,376,435
Gain/Loss on Sale of Assets	-	-
Gain/Loss on Investments	-	-
Other Non-Operating Income/Expense	-	-
TOTAL EXPENSE & OTHER	<u>\$ 17,535,887</u>	<u>\$ 16,376,435</u>
Income Before Cost Of Funds	\$ 3,517,283	\$ 2,928,282
Dividends Paid to Members	<u>1,628,110</u>	<u>1,534,827</u>
<b>NET INCOME</b>		
Distribution of Net Earnings	<b><u>\$ 1,889,173</u></b>	<b><u>\$ 1,384,455</u></b>
Regular Reserve Accounts	0	0
Undivided Earnings	<u>1,889,173</u>	<u>1,384,455</u>
<b>NET INCOME</b>	<b><u>\$ 1,889,173</u></b>	<b><u>\$ 1,384,455</u></b>
<b>NOTE:</b>		
Total Lines of Credit Available	\$ 32,620,731	\$ 31,170,560
Total Gain (Loss) on Investments Available for Sale	\$ 20,210	(\$ 289,825)

## BOARD OF DIRECTORS



*Walter V. Behrman, Jr.*

CHAIRMAN



*Andrew Krayewsky*

VICE CHAIRMAN



*Jesse Doughty*

TREASURER



*Barbara Hogan*

SECRETARY



*Joe Corrigan*



*Rebekah Garcia-Stevens*



*Ed Hotaling*



*Joshua Stratton*



*Frank LaRose*

## MINUTES FROM THE 50<sup>TH</sup> ANNUAL MEETING TEG FEDERAL CREDIT UNION

*The 50<sup>th</sup> Annual Meeting was held on Saturday, March 30<sup>th</sup>, 2019, at The Poughkeepsie Grand Hotel at 40 Civic Center Plaza, Poughkeepsie, NY.*

### **I. Call to Order**

Chairman Walter V. Behrman, Jr. called the 50th Annual Meeting to order at 6:00 p.m. Mr. Behrman asked all to stand for the Pledge of Allegiance. The Board Secretary, Ms. Barbara Hogan, confirmed the presence of a quorum. Approximately 150 people attended. Mr. Behrman thanked everyone for coming to the annual meeting and that he was honored to Chair this Annual meeting on our 50th anniversary. He stated that our charter was approved on April 25, 1969 and on behalf of the Board of Directors and Staff, he is pleased to welcome everyone to celebrate this very happy occasion with us.

Mr. Behrman introduced himself as the Chairman of the Board of Directors and went on to introduce the other Board members: Andrew Krayewsky, Vice Chairman; Barbara Hogan, Secretary; Jesse Doughty, Treasurer; Joseph Corrigan; Rebekah Garcia-Stevens; Ed Hotaling; Joshua Stratton and Frank LaRose. Mr. Behrman also introduced Mr. Ronald Flaherty, President and CEO.

### **II. Minutes**

A copy of the minutes of the 49th Annual Meeting are in the 2018 Annual Report and Barbara Hogan moved, seconded by Andrew Krayewsky, to approve the minutes. Those assembled unanimously approved them.

### **III. President/CEO Report**

Mr. Flaherty welcomed everyone to our 50th Annual meeting and Anniversary Celebration. He went on to state that several high level projects were completed this year and complimented the Board and staff for all their hard work during the year.

### **IV. Treasurer's Report**

Jesse Doughty, Treasurer, spoke about the increases in membership, loans, and income. He also stated that the TEG financial statements were included in the Annual Report that was distributed to the attendees.

### **V. Supervisory Committee**

Mr. Ed Hotaling, Supervisory Committee Chairperson, gave the Supervisory Committee report. He thanked the Supervisory Committee members for their time and effort to support TEG and ensure the safety of the credit union. He then thanked the Board of Directors, Mr. Flaherty and his staff for their efforts to provide our members with the professional service that makes TEG great. He said the committee engaged the independent accounting firm Wojeski & Co. to conduct an audit of activities for the year ending December 31, 2018. The report indicated that no anomalies were found and that the credit union adhered to all rules and regulations during 2018 and conducted its affairs in a most satisfactory manner. We are pleased to report that TEG Federal Credit Union is financially sound and is in

compliance with all applicable rules and regulations.

We look forward to continued cooperative efforts in the future and thank our members for choosing to conduct their financial business with TEG.

### **VI. Old Business** None

### **VII. New Business**

Since Mr. Behrman was up for election, he relinquished the chair to Andrew Krayewsky, Vice Chairman, to chair the meeting for the Election of Board members.

Elections: Walter Behrman, Rebekah Garcia-Stevens and Ed Hotaling were each nominated for a three-year term on the Board of Directors. Since there were no other nominees, Mr. Krayewsky requested the Secretary cast one vote for each of them. Mr. Krayewski congratulated the elected Board Members and turned the meeting back to Mr. Behrman

### **VIII. Questions and Answers** None

### **IX. Chairman Remarks**

The following is a summary of the report that Chairman, Walter Behrman gave to those gathered at the 50th Annual Meeting on March 30, 2019. The meeting was held at the Poughkeepsie Grand Hotel, 40 Civic Center Plaza, Poughkeepsie, NY 12603.

"In today's day and age of consolidation, it is quite an accomplishment that we are an independent and strong financial institution. It is because of you our members that we remain strong and strive to offer the most modern, technological and complete entity to take care of your financial needs."

He continued with a little history.

This Credit Union was chartered on April 25, 1969 as the Wappingers Central, Federal Credit Union. The actual beginning was June 5, 1969. Joyce Betros and John Terry were one of the 1st members. Meetings were held in members homes, then classrooms at Wappinger Junior High. Everything was volunteer. Office hours were held in a classroom from 3 -5 on Friday afternoon.

Minutes of the 1st Annual meeting reveal the Share Account Balance at the end of August 1969 to be \$119, and cash in the bank \$469.74.

**1974** - Eugene Gumienny, then at Marist College, joined the Board and brought Marist College in with him.

**1975** - It was projected that by January we would reach the **\$1 Million** mark.

April - the Wappingers Central Federal Credit Union officially became "**Taconic Educational and Governmental Federal Credit Union**", TEG.

The Dutchess County CSEA Credit Union was having some difficulties at that time so they merged with us, thus making us Educational and Governmental since we already had most of the local school districts.

May - we bought the original Route 9 Building and purchased a computer service and a person to handle it. That summer, the conversion and alterations took place to make it an office to transact business. One advertisement to our members stated, "We can use any help, any of you can give." This was truly a work of pure dedication. We began operations September 2nd.

October, we instituted **No Cost Travelers Checks**. That's a blast from the past.

In the Fall, John Terry was Acting Manager (CEO) and Joyce Betros was Treasurer.

**1979** - Our **10th Anniversary** from our very modest beginnings we had grown to:

3,963 members  
\$3,817,351 Shares  
\$4,914,717 In Assets

Our Assets in:

**1989** \$33,557,425  
**1999** \$78,804,696  
**2009** \$159,622,269

Now our Assets are \$290,663,972 and we have 33,385 members.

I'm sure you have heard of **interest-bearing checking (share) Accounts**. Credit Unions like TEG pioneered this type of payment programs. Credit Unions began offering them because Congress approved legalizing Share Drafts.

**Joseph Prokop was hired as CEO of the Credit Union.**

In 1979 I was originally a Board Member of Poughkeepsie Public School Federal Credit Union, although I taught in Arlington. Since that Credit Union was somewhat like what TEG was in 1969 I decided that Arlington School District employees needed a better financial institution. Poughkeepsie would not merge with us, and would not do so until its long-time treasurer retired in 2005. Arlington joined TEG.

In 1980, I was asked to become a Board Member of TEG. I had resigned from the Poughkeepsie Credit Union Board of Directors. I did in fact join the Board in March 1980. John Terry became Chairman in 1979 and was Chairman when I came on the Board.

**1981** - March 1st we converted to **our own in-house computer**. When I joined the Board our Annual Meetings were much different. We had them in the Board Room of the first building and we invited friends to come for some cold cuts so we had enough members to actually have an Annual Meeting. We had a group of adults and a bunch of kids running around. It was a free night out.

**1982** - Fall we opened our **1st branch, in 44 Plaza** (now where Mid-Hudson FCU is currently located)

**1983** - **1st TEG Mastercard**. May 11th we officially became just **TEG** and dropped the Taconic and Educational from our name.

**1984** - June, Share Accounts earned 6 ¼ % interest.

September, Share Accounts earned 6 ½% interest with a Premium Dividend of ¼% and ½%.

**1985** - We moved from 44 Plaza to our **first Tucker Drive Office** and we also introduced **Debit Cards**.

**1986** - Fall, we introduced Plan America, a Credit Union Financial Planning network. It was the forerunner of our current **Retirement Advisory Services** with Jean Riordan.

**1989** - Spring, the new more modern, **renovated original Fishkill Office** was opened.

**1990** - July 16th we opened the Route 9G, **Hyde Park office in Oakridge Plaza**.

**1992** - We instituted the **Eagle Logo** and the "**Proud to Serve**" motto.

**1993** - Instituted **Audio Response**.

**1995** - **College Center Office** opened.

**1996** - Moved from **Tucker Drive 1 to Tucker Drive 2 with covered Drive-up**.

**1998** - Because of the Economy we introduced **Fees** but they were not long lived.

**"Do you remember the coming of Y2K and all the angst that created?"**

**2001** - We obtained our **Community Charter** for Dutchess County, and opened our **Beekman Office** and current **Hyde Park** office.

**2002** - In February we surpassed assets of \$100 Million.

**2003** - Expanded our **Community Charter** to include Dutchess/Orange and Ulster Counties.

**2004** - Bought the **Commerce Street Property**, opened the **1st Newburgh Branch at Stewart Plaza** (near the airport) and we introduced **eStatements** and adopted **Blue/Gold** as our official colors.

**2005** - Opened the **Commerce Street Office**. Do you remember the **"Prison Phones?"** That's what my daughter called the **"Remote Teller Stations."** They were a bust. I must say that the Board did a lot of research about putting the Remote Teller Stations in our new building although everyone on the Board did not agree. Our Dutchess County members just didn't like them and they ultimately made the decision.

**2006** - Introduced our **Indirect Lending Program** with Local Auto Dealers.

**2007** - We started our **TEG Scholarship program** for three Graduating Seniors. In 2012 in recognition of her service it was renamed the **TEG Joyce A. Betros Scholarship**.

**2008** - 2nd Quarter we began **Business Lending**.

**2009** - Opened our **Robinson Lane/Hopewell Junction office**.

**2010/**

**2012** - Joe Prokop was transitioning to retirement, and Ron Flaherty who came to TEG in 2000, as VP/CFO, assumed the reins of leadership.

"This is a good time to stop and acknowledge the tremendous contribution **Joe Prokop** made to TEG...Through all the years he was with TEG he was known far and wide. Other Credit Union officials would often ask Joe for advice...He was a leader and left the Credit Union way better off than when he came."

Those were big shoes to fill. The Board searched for a replacement for Joe and we didn't have to search far because we found that person in **Ron Flaherty**, then CFO. We had worked with Ron since he came in 2000 and we knew his character, his work ethic, and very importantly, his dedication to TEG. Respect is a hallmark of his tenure. As we begin our 51st year, you can all be confident that with Ron leading this Credit Union TEG will be in the forefront of Credit Union innovation and a we will be a safe financial institution.

**2013** - We negotiated an agreement for our (new) current Route 9 office.

**2016** - Opened that **Route 9 office**, after numerous delays caused by the builder. The original Route 9 office was reconfigured and it now houses the **Solution Center**. This is where we have our **Call Center, Commercial Loan Department and Digital Channels Departments**.

**2018** - We began construction and actually opened our **Walkkill, Crystal Run Office**. We also won designation as a **"Low Income Credit Union"**. This designates us as a Credit Union which strives to "serve the underserved" in our community and also eliminates the cap on **Business Lending**.

As we begin our 51st year we look forward to serving all of our members and continue to offer World Class Financial service.

There are some very special people here whom I must recognize.

**Joyce Betros**, was a founding member, but more importantly she served on the Board with distinction. Now that she is retired from the Board, she still serves us as Chairman of the Scholarship Committee.

**John Terry**, was here from the start. Back in 1969, John learned that a Credit Union in Wappingers Schools was in trouble and about to be closed by the NCUA. John and a few others stepped in to save the Credit Union. (This was the forerunner of the current Credit Union) John was also an incredible leader. He along with Joe Prokop were always looking for that "something new". If there was something new in Credit Union Land, John was on it and brought it to TEG. As a leader he was instrumental in working with Joe Prokop to keep TEG strong.

**Gene Gumienny**, almost a founding member, was a long serving member of the Board and for many years served as Treasurer. It was his dedication and foresight, particularly as it pertained to finance, that we are the strong institution we are today.

All three of these individuals contributed in numerous ways to TEG. Without them we would not be the institution we are today.

Mr. Behrman then asked all the current employees to stand. He stated, "These are some of the people who make TEG what it is today. Without them we would not be able to offer the service we do to our members. Those of us here today salute you and thank you for the wonderful things you do for TEG."

The last thing before the meeting was adjourned everyone present was asked to bow their head and offer a moment of silence to remember some of the people who have passed on, but who contributed so greatly to the success of TEG.

That concluded the 50th Annual Meeting of TEG Federal Credit Union.

Respectfully submitted,

*Barbara J. Hogan*

Secretary

## WHAT CREATES THE TEG DIFFERENCE?

*People are at the heart of everything we do: members, employees, and our communities.*

Our mission is to build better lives through first-class service and convenience.

Our desire is to have a positive impact on the economic well-being of our members and communities.

Our approach is holistic in reviewing your needs and guiding you to prosperity.

Our services are designed to allow options since our member's needs are unique.

Our belief that everybody counts, everybody cares, everybody delivers every day.

Our commitment to do the right things and doing things right.





## Conveniently Located To Serve You

### POUGHKEEPSIE – MAIN OFFICE

1 Commerce Street, Poughkeepsie, NY 12603

### BEEKMAN

Town Plaza, 2540 Route 55, Poughquag, NY 12570

### CRYSTAL RUN

140 Crystal Run Road, Middletown, NY 10941

### HYDE PARK

4282 Albany Post Road, Hyde Park, NY 12538

### NEWBURGH

16 North Plank Road, Newburgh, NY 12550

### POUGHKEEPSIE – COLLEGE CENTER

11 Marist Drive, Poughkeepsie, NY 12601

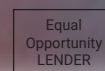
### ROUTE 9 – WAPPINGERS FALLS

1145 Route 9, Wappingers Falls, NY 12590

### ROUTE 376 – FISHKILL PLAINS

Nesheiwat Square, 900 Route 376, Wappingers Falls, NY 12590

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