

experience. The evaluations take into consideration such factors as changes in the nature and volume of the loan pools, overall portfolio quality, and environmental conditions that may affect the borrower’s ability to pay. During the period, \$390,000 was recorded to expense.

C) Property and equipment. Property and equipment are stated at book value. Depreciation is computed on the straight-line method over the estimated useful lives of the assets.

D) Basis of Accounting. The financial statements of the credit union are prepared using the accrual method of accounting.

E) Estimates. The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from these estimates.

2) Investments.

The carrying value of investments as of December 31, 2014, December 31, 2013 and November 30, 2012 is as follows

	12/31/14	11/30/13	11/30/12
Alloya Corporate FCU	\$1,055,331	\$2,063,582	\$4,945,042
Municipals	9,304,510	12,983,248	16,051,066
Agency Securities	6,292,427	3,023,261	1,744,075
Certificates of Deposit	16,439,000	14,776,000	12,213,642
Other Money Market Accounts	22,258	196,559	1,783,320
	<u>\$33,113,526</u>	<u>\$33,042,650</u>	<u>\$36,737,145</u>

Management has a policy of either holding investments to maturity or as available for sale.

3) Fixed Assets.

Fixed assets and leasehold improvements is summarized as of December 31, 2014 November 30, 2013 and November 30, 2012, as follows:

	12/31/14	11/30/13	11/30/12
Furniture & equipment	\$95,432	\$149,480	\$133,510
Computer software	-	-	40,612
Leasehold improvements	-	-	149,371
	<u>95,432</u>	<u>149,480</u>	<u>323,493</u>
Less: Accumulated depreciation & amortization	<u>(47,205)</u>	<u>(115,198)</u>	<u>(291,770)</u>
Book value	<u>\$48,227</u>	<u>\$34,282</u>	<u>31,723</u>

Depreciation and amortization taken for the period was \$27,062. During the period, fully depreciated furniture and equipment with a basis of \$949,739, were written-off.

4) Savings accounts.

As of December 31, 2014, December 31, 2013 and November 30, 2012, the credit union offered the following types of savings accounts:

	12/31/14	11/30/13	11/30/12
Regular Share Accounts	\$52,001,622	\$50,992,258	\$50,555,478
Share Draft Accounts	886,456	663,944	746,996
Club Accounts	342,508	326,930	256,657
Total	<u>\$53,230,586</u>	<u>\$51,983,132</u>	<u>\$51,559,131</u>

The dividend rate is set by the Board of Directors on a quarterly basis. Rates are determined based on current operating conditions, including the funding of the allowance for loan losses. Dividends are charged to expense monthly based on anticipated dividends to be paid. The current dividend rate is .00625%.

5) Capital.

1199 SEIU Federal Credit Union is required by regulation to maintain a statutory reserve. This reserve, which represents a regulatory restriction of retained earnings, is not available for the payment of dividends.

The Credit Union is exempt, by statute, from federal and state income taxes.

6) The Credit Union’s employees are covered by the 1199 SEIU Health Care Employees Pension Fund, a multi-employer fund with contributing employers in the New York and western Pennsylvania areas. This fund is a non-contributory defined benefit plan, subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

Retirement benefits are based upon a participant’s salary, length of service and age at retirement. Generally, participants working after July 1, 1989 with five or more years of credited service are eligible to receive monthly pension benefits beginning at the normal retirement date. During 2014, the credit union incurred \$83,471 pension funding expense.

Supervisory Committee Message

Our Supervisory Committee consists of 5 members appointed by 1199 SEIU Federal Credit Union’s Board of Directors on an annual basis. The Committee has various oversight responsibilities, focusing on the quality and integrity of the Credit Union’s financial statements and the adequacy of the Credit Union’s system of internal controls and risk management. Each year, our Committee engages a Certified Public Accounting firm to perform an annual audit of the credit union’s financial statements.

TThe Committee also oversees the internal audit function, monitors board and management activities and conducts a member account verification as required by the National Credit Union Administration, our federal regulator. In addition, the Supervisory Committee interacts with the National Credit Union Administration when they perform an examination of 1199 SEIU Federal Credit Union.

We are pleased to report that the Annual Supervisory Committee Audit performed by James L. Gurrieri, Certified Public Accountant as of December 31, 2014 was completed successfully. The audited Comparative Statements of Financial Condition and Income & Expenses are enclosed for your review.

As a result of our continuous monitoring of the board of directors and management’s activities, on-going internal reviews and our Annual Supervisory Committee Audit we are confident that your money is safe. It is also insured by the National Credit Union Administration Share Insurance Fund.

Jean Turner-Kelly, Chair
Supervisory Committee

Board Of Directors

Chairman.....	Dalton Mayfield
Vice-Chair.....	Aida Garcia
Treasurer.....	Patricia Smith
Secretary.....	Stephen O. Joseph
Director.....	Maria Castaneda
Director.....	Roy A. Hendricks
Director.....	Isaac Nortey

Supervisory Committee

Chair.....	Jean Turner-Kelly
Vice-Chair.....	Charlotte Hackett
Secretary.....	Francine Guthrie
Member.....	Alfred A. Jones
Member.....	Dell Smitherman

Administration

Manager.....	Maureen Genna
COO.....	Kathya Pierre
Accounting Supervisor	Peri Rollsen
Credit and Collections Supervisor.....	Jemma Romain
Member Services Supervisor.....	Arturo Curtis
Office Staff	

Yelizaveta Agadzhanova	Xavier Melendez
Sade Brathwaite	Pamela D. Moore
Philip E. Capel	Karen Nunez
Travis Daniels	Jermaine Nurse
Teresa Edwards	Melissa Puelo
Rigoberto Fermin	Jason Stone
Sandra Joseph	Anastasia Wallace
Yvonne Lozada	Sandra Willmore



"For Your Financial Health"®

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2014
Annual Report



"For Your Financial Health"

Message From The Chairman

Dear Members,

I would like to start off with a great big thank you to you, our membership, for another successful and productive year at the 1199 SEIU Federal Credit Union. I would also like to thank the Board of Directors, Supervisory Committee members and our superb staff for their dedication and hard work during the year.

During 2014, we were able to strengthen our financial foundation with a successful investment strategy, increased our loan portfolio by introducing new loan products and improved our service delivery by streamlining our approval process. Our new lending products include overdraft line of credit, Borrow and Save Loan and an expansion of the various types of Mortgage products available through our partner CUC Mortgage.

We also spent a great deal of time improving our infrastructure to take advantage of more automated systems and procedures. System Enhancement, Electronic back-up of documents for record retention and routinely purging old files are some of the projects we worked on this past year. Many of these changes have also resulted in cost savings and greater efficiencies.

Of particular note was the installation of a Credit Union ATM in the lobby of 310 West 43rd Street. The ATM offers our members safe, secure and surcharge free access to their funds whenever they are in the Union Headquarters. It is also available to all who have business in our building since it accepts nearly all ATM, Debit and Credit Cards.

2015 will mark our 75th Anniversary. We have great plans for 1199 SEIU Federal Credit Union that will honor those who so wisely started our Credit Union. Those plans will all be aimed at a single goal, to improve the financial health of our members.

Dalton Mayfield
Chairman of the Board



Comparative Statement Of Financial Condition

As Of December 31, 2014, November 30, 2013 And November 30, 2012

	12/31/14	11/30/13	11/30/12
<u>ASSETS</u>			
Loans (see note 1)	\$24,607,842	\$22,367,245	\$18,510,222
Less: Allowance For Loan Loss	<u>(608,392)</u>	<u>(634,468)</u>	<u>(609,715)</u>
Net Loans	23,999,450	21,732,777	17,900,507
Cash	359,295	682,261	224,081
Investments (see notes 1 & 2)	33,113,526	33,042,650	36,737,145
Prepaid Expenses	43,846	41,343	18,141
Accrued Interest & Other Receivables	303,897	274,615	251,680
Fixed Assets at book value (see notes 1 & 3)	48,227	34,283	31,723
Deposit in NCUSIF	<u>559,072</u>	<u>541,721</u>	<u>515,359</u>
TOTAL ASSETS	<u>\$58,427,313</u>	<u>\$56,349,650</u>	<u>\$55,678,636</u>
<u>LIABILITIES, SHARES AND CAPITAL</u>			
<u>LIABILITIES</u>			
Payables and Clearing Accounts	\$18,052	\$(3,583)	\$8,260
Accrued Expenses	104,897	110,436	95,316
Dividends Payable	-	-	10,431
Other Liabilities	<u>4,659</u>	<u>20,893</u>	<u>8,140</u>
Deferred Income	<u>121,014</u>	<u>120,146</u>	<u>-</u>
TOTAL LIABILITIES	248,622	247,892	122,147
SHARES (see note 4)	<u>53,230,586</u>	<u>51,983,132</u>	<u>51,559,131</u>
<u>CAPITAL (see note 5)</u>			
Statutory Reserve	501,204	501,204	501,204
Undivided Earnings	<u>4,188,121</u>	<u>3,846,449</u>	<u>3,496,154</u>
Accumulated Unrealized Gain/Loss	258,780	(229,027)	-
TOTAL CAPITAL	<u>\$4,948,105</u>	<u>\$4,118,626</u>	<u>\$3,997,358</u>
TOTAL LIABILITIES, SHARES AND CAPITAL	<u>\$58,427,313</u>	<u>\$56,349,650</u>	<u>\$55,678,636</u>

The accompanying notes are an integral part of these financial statements.

Comparative Statement Of Income And Expense For The Periods Listed Below

	12 mos ended 12/31/14	12 mos ended 11/30/13	12 mos ended 11/30/12
<u>INCOME</u>			
Interest on Loans	\$1,476,910	\$1,457,511	\$1,262,817
Income from Investments	<u>588,985</u>	<u>838,677</u>	<u>633,274</u>
Fees & Miscellaneous Income	<u>593,229</u>	<u>583,379</u>	<u>477,703</u>
Gross Income	<u>2,659,124</u>	<u>2,879,567</u>	<u>2,373,794</u>
<u>EXPENSES</u>			
Compensation & Benefits	1,198,319	1,309,845	1,181,987
Association Dues	16,717	19,010	14,320
Meetings & Conferences	94,438	43,988	17,317
Office Occupancy	60,768	65,858	60,759
Office Operations Expenses	751,594	752,849	633,866
Loan Servicing Expense	46,517	33,221	35,399
Stabilization Expense (see note 7)	-	43,338	40,753
Professional & Outside Services	98,680	112,722	102,104
Provision for Loan Loss (see note 1)	39,000	50,000	(100,000)
Federal Supv/Examination Expense	10,396	13,338	11,986
Other Operating Expenses	<u>9,617</u>	<u>22,949</u>	<u>39,388</u>
TOTAL OPERATING EXPENSES	<u>333,078</u>	<u>2,467,118</u>	<u>2,037,879</u>
NET OPERATING INCOME (LOSS)		412,449	335,915
Non-operating Expense	(71,085)	(23,618)	-
Gain (Loss) on Securities	31,392	100,459	-
Dividends	<u>(33,450))</u>	<u>61,324</u>	<u>129,104</u>
NET INCOME (LOSS)	<u>\$259,935</u>	<u>\$274,591</u>	<u>\$(400,463)</u>

The accompanying notes are an integral part of these financial statements.

Comparative Analysis Of Capital And Reserve Accounts

As Of December 31, 2014, November 30, 2013 And November 30, 2012

	12/31/14	11/30/13	11/30/12
<u>REGULAR RESERVE</u> (Account 93100)			
Balance-beginning of period	<u>\$501,204</u>	<u>\$501,204</u>	<u>\$501,204</u>
Balance-end of period	<u>\$501,204</u>	<u>\$501,204</u>	<u>\$501,204</u>
<u>UNDIVIDED EARNINGS</u> (Account 94000)			
Balance-beginning of period	\$3,846,449	\$3,496,154	\$3,221,563
Net income (Loss) for period	259,935	444,039	274,591
Other	<u>81,737</u>	<u>(93,744)</u>	<u>-</u>
Balance-end of period	<u>\$4,188,121</u>	<u>\$3,846,449</u>	<u>\$3,496,154</u>
<u>ALLOWANCE FOR LOAN LOSSES</u> (Account 71900)			
Balance-beginning of period	\$634,468	\$609,715	\$803,278
Additional Provision (Income)	39,000	50,000	(100,000)
Write-offs for Period	(186,070)	(210,330)	(285,870)
Recoveries on Written-off Loans & Other	<u>120,994</u>	<u>185,083</u>	<u>192,307</u>
Balance-end of period	<u>\$608,392</u>	<u>\$634,468</u>	<u>\$609,715</u>
<u>Accumulated UNREALIZED GAINS/LOSSES</u>			
Balance-beginning of period	\$(229,027)	-	-
Change for period	487,807	\$(229,027)	-
Balance-end of period	\$258,780	\$(229,027)	-

Net income is closed to undivided earnings for statement presentation. The accompanying notes are an integral part of these financial statements.

Notes To Financial Statements

December 31, 2014

1) Significant Accounting Policies.

A) Investments. Investment securities are stated at cost adjusted for amortization of premiums and accretion of discounts, which are recognized as adjustments to interest income on investments. Gains or losses on disposition are based on the net proceeds and the adjusted carrying amount of the securities sold, using the specific identification method. Municipal bond investments and agency securities are designated available for sale.

B) Loans to members and allowance for loan losses. Loans are stated at the amount of unpaid principal, reduced by an allowance for loan losses. The allowance for loan losses is established through a provision for loan losses charged to expenses. Loans are charged against the allowance for loan losses (ALLL) when management believes that the collectibility of the principal is unlikely. The allowance is an amount that management believes will be adequate to absorb possible losses on existing loans that may become uncollectible, based on evaluations of the collectibility of loans and prior loan loss

Continued...