

COMPARATIVE STATEMENT OF FINANCIAL CONDITION

	Dec. 31, 2014	Dec. 31, 2015
ASSETS		
Loans to Members - Net	\$31,243,322.98	\$30,182,595.25
Cash	\$2,427,810.51	\$2,683,527.25
Investments	\$53,270,011.40	\$56,851,334.76
Land & Buildings Net	\$2,974,769.88	\$2,891,177.49
Other Fixed Assets Net	\$312,376.03	\$369,581.45
All Other Assets	\$1,253,090.68	\$700,745.91
TOTAL ASSETS	\$91,481,381.48	\$93,678,962.11
LIABILITIES AND MEMBER'S EQUITY		
LIABILITIES		
Shares	\$81,570,651.41	\$83,757,075.71
Accounts Payable	\$666,618.58	\$581,245.76
Other Liabilities - Corporate Stabilization Assessment	\$0.00	\$0.00
TOTAL LIABILITIES	\$82,237,269.99	\$84,338,321.47
MEMBERS EQUITY		
Regular Reserve	\$1,771,485.44	\$1,771,485.44
Other Reserves	\$3,202,530.03	\$3,202,530.03
Undivided Earnings	\$4,316,387.93	\$4,547,055.08
Accumulated Gain/(Loss) on Available for Sale Securities	(\$46,291.91)	(\$180,429.91)
Accumulated Other Comprehensive Income/(Loss) Note 2	\$0.00	\$0.00
TOTAL EQUITY	\$9,244,111.49	\$9,340,640.64
TOTAL LIABILITIES & EQUITY	\$91,481,381.48	\$93,678,962.11
EARNINGS & DISTRIBUTION OF FUNDS		
OPERATING INCOME		
Interest on Loans	\$2,417,250.59	\$2,260,404.57
all Other Operating Income	\$2,025,935.95	\$2,079,952.70
TOTAL OPERATING INCOME	\$4,443,186.54	\$4,340,357.27
OPERATING EXPENSES		
Compensation & Benefits Note 2	\$1,510,234.41	\$1,689,837.19
Office Operations	\$589,821.75	\$634,501.11
Office Occupancy	\$337,117.62	\$315,126.91
Members Insurance	\$0.00	\$0.00
Association Dues	\$20,399.99	\$20,432.95
Loan Servicing	\$150,969.15	\$162,474.36
Member Education/Advertising/Promoto	\$75,275.49	\$72,976.40
Professional & Outside Services	\$853,353.38	\$740,116.55
Interest on Borrowed Money	\$74.49	\$82.52
Federal Examination Fee	\$14,940.65	\$16,726.48
Annual Meeting Expense	\$8,960.98	\$9,131.33
Travel & Conference	\$29,610.77	\$46,683.74
Miscellaneous Expenses	\$118,801.25	\$113,777.87
TOTAL OPERATING EXPENSE	\$3,709,559.93	\$3,821,867.41

	Dec. 31, 2014	Dec. 31, 2015
Income / (Loss) From Operations Before Dividends	\$733,626.61	\$518,489.86
Income / (Loss) From Sale of Investments	(\$490.00)	\$66,141.02
CUNA Experience Refund	\$37,563.00	\$0.00
NCUSIF Recapitalization	\$0.00	\$0.00
NCUSIF Stabilization Expense	\$0.00	\$0.00
Pension Plan Termination Expense NOTE 2	(\$630,944.38)	\$0.00
TOTAL NON-OPERATING INCOME / (EXPENSE)	(\$593,871.38)	\$66,141.02
Total Income Before Dividends	\$139,755.23	\$584,630.88
Less Dividends	\$238,180.23	\$151,100.81
Provision for Loan and Share Losses	\$177,350.39	\$202,862.92
NET INCOME (LOSS) INCLUDING PENSION PLAN TERMINATION EXPENSE	(\$275,775.39)	\$230,667.15
NCUSIF Stabilization Expense	\$0.00	\$0.00
Pension Plan Termination Expense NOTE 2	\$630,944.38	\$0.00
NET INCOME (LOSS) EXCLUDING PENSION PLAN TERMINATION EXPENSE	\$355,168.99	\$230,667.15

Note 1: The financial statements presented herein are unaudited.

Note 2: For the fiscal year ended September 30, 2007, the Credit Union adopted FASB-ASC 715, Employer's Accounting For Defined Benefit Pension and Other Post-Retirement Plans (ASC 715). ASC 715 required the recognition of the plan's funded status as either an asset or a liability on the balance sheet. The reduction in the amount of Other Comprehensive Loss in 2014 is related to the termination of the pension plan that was completed during the second quarter of 2014. The entry required was \$630,944. Including this entry TFCU ended 2014 with Net Loss of (\$275,775), excluding this entry TFCU ended 2014 with \$355,169 in Net Income. The pension plan termination will allow TFCU to move forward in a more efficient manner.



Number of TFCU members residing in ...		
ESSEX COUNTY	WASHINGTON COUNTY	WARREN COUNTY
7,587	441	497
Members now residing elsewhere = 801		

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TOTAL DOLLAR AMOUNT OF CHECKS DEPOSITED THRU MOBILE DEPOSIT CAPTURE (10/21-12/31)

133,427

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38

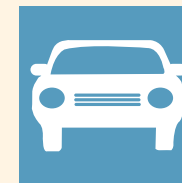
Number of members TFCU helped receive a mortgage in 2015, for total mortgage loans of **\$3,500,000**.

1,774

Total number of loans granted in 2015.

445

Percentage growth rate of Bill Payment enrollment. 176 (at conversion 10/21) to 784 (12/31)



200

Number of new and used car loans granted in 2015.

MAINTAINING FINANCIAL SECURITY

OUR MISSION

To enhance the lives of our members by offering a full range of convenient and economical services while maintaining financial security.

OUR CORE VALUES

INTEGRITY SERVICE
FINANCIAL STRENGTH COMMUNITY

Ticonderoga Federal Credit Union | www.tfcunow.com | (518) 585-6725 | memberservice@tfcunow.com

OUR MEMBERSHIP

TFCU is chartered to serve our friends and neighbors who live, work, worship, attend school in, or businesses or legal entities located in Essex and Washington Counties and Towns of Hague, Horicon and Chester.

Also eligible: immediate family members of those eligible, persons sharing a household and organizations of such persons.



You're always connected with TFCU.

2015 ANNUAL REPORT

PROVIDING CONVENIENT AND ECONOMICAL SERVICES

3,737

Users enrolled in online banking



796

Mobile app downloads from 10/21-12/31



1,500

Dollars provided in TFCU student scholarships.



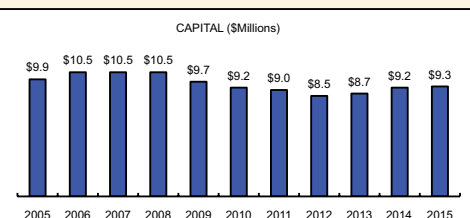
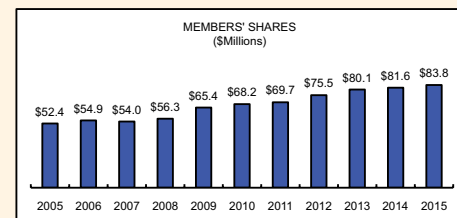
ENHANCING LIVES



75

Number of charities/community organizations/schools TFCU supported through monetary or in-kind donations.

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1009 **794**

Accounts enrolled in estatements

Number of new accounts opened in 2015.

61

NUMBER OF YEARS TFCU HAS BEEN SERVING MEMBERSHIP

2016 ANNUAL MEETING AGENDA

1. Call to Order
2. Minutes of the 2015 Annual Meeting
3. Chairperson's Report
4. Supervisory Committee Report
5. President's Report
6. Old and New Business
7. Elections
8. Adjournment

YOUR LEADERSHIP TEAM

BOARD OF DIRECTORS

Ralph J. Corbo, *Chairman*
Richard T. Malaney, *1st Vice Chairman*
Peter A. Reale, *2nd Vice Chairman and Secretary*
Shawn M. Hayes, *Treasurer*
Francine L. Burke
Anne C. Dreimiller
John F. Lenhart
Patrick J. Graney
David W. Baird

SUPERVISORY COMMITTEE

Patrick J. Graney, *Chairman*
Richard J. Carpenter Sr.
William J. Morse

CHAIRMAN'S REPORT



As was reported to you last year, the post-recessionary period that continues to play out has brought challenges and opportunities to TFCU. The "new" economy is still taking shape and while there are positive signs and gains have

been achieved, there is still much to do. It took time for global and national economic conditions to deteriorate and it will continue to take time for them to strengthen.

At TFCU, our mission is to enhance the lives of our members by offering a full range of convenient and economic services while maintaining financial security. Our commitment to this mission is paramount and unwavering. Staying true to that mission sometimes requires difficult decisions. Your trust in

LEADERSHIP TEAM

Shawn M. Hayes, *President and CEO*
Pamela J. Nolan, *Chief Operating Officer*
Jon M. Savio, *Chief Financial Officer*
Karen M. Bennett, *Director of Lending*
Amy M. Manfred, *Executive and Human Resources Administrator*

LEGAL COUNSEL

Patrick J. Carney, Esq.
John C. Breitenbach Jr., Esq.

SECURITY OFFICERS

Peter A. Reale
Shawn M. Hayes

your directors is well founded as they exercised great courage and resolve in implementing several initiatives beginning in 2011 designed to keep us true to our mission by returning TFCU to a profitable state so that we could again, begin to build upon the capital that was instrumental in helping weather the impact of the Great Recession and recovery period. Capital that is also vital to on-going operations and the delivery of the products and services that we provide to you.

Last year, I reported that the results of those decisions were quite positive in that we turned the corner and posted net income for 2012, 2013 and 2014. Those positive results continued in 2015 with YTD net income of \$230,667 as of December 31st.

Additionally, from December 2014 to December

2015, Assets increased \$2.19M or 2.40%, Shares increased \$2.19M or 2.68%. Loans ended the year at \$30,530,261, not counting the \$3,009,461 in long-term, fixed rate mortgages we referred to our third-party mortgage partners to mitigate long term interest rate risk to the credit union in this low rate environment. We ended the year 2015 with a capital to assets ratio of 10.16%, well above the 7% level need to be deemed well capitalized by our regulator.

Despite the economic environment, your credit union is doing well and is financially strong. Our financial condition has improved significantly and with additional decisions made in 2015, continued improvement is expected in 2016 and beyond. I want to thank the board for their courage, resolve and depth of understanding of the issues facing our credit union and our movement. I am proud of our directors for remembering at all times who we serve which is you, the members who elected us.

SUPERVISORY COMMITTEE REPORT



The supervisory committee is comprised of three board-appointed volunteers that serve as a link between the Board, the Leadership Team and the membership. The committee's primary responsibility is to determine whether the plans and policies established by your board of directors are being properly administered. The supervisory audit, verification of member accounts as well as other tests and reviews conducted directly by committee members all serve to carry out the committee's responsibilities.

In 2015, in addition to internal ongoing reviews conducted by the committee, your credit union was reviewed three times by two different independent sources. The first was the annual Supervisory Committee audit. Wojeski & Company, an independent certified public accounting firm, was engaged to audit your credit union's financial statements while also reviewing procedures, policies, internal controls and management practices.

In closing my Chairman's report, I want to remind you that economic cycles are nothing new. We have been through them before and it is a near certainty that we will over time see them again. We need to be mindful and indeed have seen over the past five years that they do not begin and end all at once. I ask for your continued patience in the years to come because while we have begun to see improvement in many economic areas, it will continue to take time. Thank you for your faith in us. You can continue to depend on our very best effort as we serve you in the months and years to come.

Respectfully submitted,

Ralph J. Corbo, Chairperson
Board of Directors, TFCU

The second review was also conducted by Wojeski and Company and consisted of an audit of our compliance with the Bank Secrecy Act related to the detection and prevention of money laundering.

The third was a thorough examination by our governing agency that insures your shares, the National Credit Union Administration (NCUA).

I am happy to report that your credit union received excellent ratings in all three instances. Your funds are safe here at TFCU, and we are committed to maintaining that level of safety and soundness.

As a member, if you have any questions or suggestions concerning the credit union, please contact the committee at P.O. Box 308, Ticonderoga, NY 12883

Patrick J. Graney – Chairperson
Member, Board of Directors

PRESIDENT'S REPORT



I am grateful to have the confidence of a dedicated and knowledgeable Board of Directors, encouraged by conversations I have had with many of our loyal members and inspired by the commitment of our fine leadership team and staff.

Much has been accomplished over these many months as we've continued to work diligently to reduce expenses and generate the income necessary to maintain and build upon the capital that has been so important in weathering the storm of the Great Recession and the subsequent new economy. As importantly, we have not forgotten what we believe is a hallmark of the credit union movement that is our desire to provide the highest level of service possible to you our loyal members.

2015 was a year filled with challenges and opportunities. I have written a great deal over the past five years about our financial condition and the many decisions and initiatives that the Board of Directors and the Leadership Team have implemented to improve our profitability and efficiency. After weathering three years of losses, we turned the corner and posted net income in 2012 and 2013. We posted a loss in 2014 due to the termination of our defined benefit retirement plan. Absent this entry, we would have posted net income of \$355,169. 2015 was a great year with net income of \$230,667, assets ending at \$93,678,962 and net worth of 10.16%, well above the 7% needed to be considered well capitalized by our federal regulator.

We are committed to providing the products and services that you need in the way that you expect them. We want and need to be a competitive, relevant and financially viable credit union now and long into the future which is why 2015 saw significant investment in technology. We introduced instant issue debit cards, making it much easier for new members to begin receiving electronic services much sooner and providing a fast and efficient method of replacing lost or stolen cards for existing members. We launched a new online banking platform - Connected Banking - with a fresh, flexible, intuitive look and operation with integrated bill pay functionality including person-to-person payments. We introduced our mobile apps for iPhone and Android devices as well as remote deposit capture allowing you to transaction business including depositing your checks with ease using your smart phone from virtually anywhere. We also launched electronic signature functionality allowing members the ability to sign loan and other documents remotely without having to visit a

branch. And very soon, we will launch Account Create, allowing, new eligible members to join the credit union remotely. Existing members will be able to use the same remote functionality to create new accounts under their existing member numbers.

Investment in this technology is a competitive necessity. It will bring operational efficiencies to better serve existing members. It will also help pave the way for growth deeper into Essex and Washington Counties, providing access to potential new members. We want to be able to serve members who can't get to, or choose not to use a branch location but do have and use technology; technology that will enable them to become members, apply and receive a loan, deposit checks and transact their other business from wherever they are. At the same time, we will not lose sight of the personal touch. Our staff remains committed to serving you face to face if your choice is to personally visit one of our branch locations.

While we continue to have healthy capital and are seeing improvement in our financial results, there is still work to do as we watch and work with you in this new economy. Rest assured, our focus on our mission has not and will not diminish. We are ever mindful of the services that we offer and will continue to provide new and additional services as appropriate. We will do so while continuing to look for ways to make our operations efficient and cost effective, while not sacrificing service, a delicate balance whether in an "up" or "down" economic cycle.

Yes looking back, 2015 was a challenging and rewarding year. All of the decisions and changes that have been implemented have been done so to keep the credit union true to its mission and ensure its long term viability and sustainability now and into the future. TFCU has and will continue to thrive and I am looking to the future with excitement and confidence. On behalf of the board of directors, leadership team and dedicated staff, thank you for your loyalty and commitment to Ticonderoga Federal Credit Union. Members truly do make the difference. We will continue to work hard to balance our goal of maintaining financial security with our desire to continue to provide cost effective, competitive products and services as efficiently as and with the best service possible.

Shawn M. Hayes, CCUE, CUCE
President & Chief Executive Officer
Treasurer – Board of Directors