

# FOR THE MOMENTS THAT MATTER.

ANNUAL REPORT 2019



# 2019 PRESIDENT'S & CHAIRMAN'S REPORT



**Timothy J. Colia**  
President/Chief Executive Officer



**Philip W. Sullivan**  
Chairman/Board of Directors

## HELPING YOU MEET LIFE'S MILESTONE MOMENTS.

At Northeast Credit Union, we're always evolving because our members' lives are constantly evolving - starting a family, buying a home, saving for college, preparing for retirement.

Keeping up with life - real life - is what drives our credit union forward and inspires us to create new products, services and community programs that make a real difference for our members and the communities we serve.

## UPGRADING THE NORTHEAST CREDIT UNION EXPERIENCE.

One of our greatest accomplishments last year was something that will set us up to serve members in an entirely new fashion for years to come.

In June 2019, Northeast Credit Union opened our first "Branch of the Future" in Hooksett, NH. This technologically-advanced facility offers a high-tech, high-touch, experience for members in an inviting retail environment.

Tech bars and Smart Drive-up ATMs, including Interactive Teller Machines with expanded drive-up hours, will help members conduct their banking how and when they want.

But high-tech is only there to support and enhance the most important feature of our branches - our friendly and ever-knowledgeable staff who deliver the personal service our member-owners expect and deserve.

To build upon that level of exceptional service, we also added more than 30 new staff positions throughout the organization. To help these new faces become the faces you grow to recognize and trust we also launched a new mentor and job shadowing program.

Having experienced senior staff acting as guides and ambassadors, to provide every employee with the opportunity to learn, fuels our entire organization with a deeper respect for what we do, how we do it, and most importantly why we do it.

Together, these initiatives strengthen our member services, reduce turnover and grow our elite staff personally and professionally to serve you better.

### REAL SOLUTIONS FOR REAL LIFE.

A member came to me stating that he was feeling very "strapped for money". He was thinking of doing a personal loan. We explored all of his options and I found out that he had a vehicle loan elsewhere. His vehicle loan payment was \$650.00/month. I was able to transfer the vehicle loan to Northeast Credit Union saving him over \$487.00/month for his vehicle payment. He was also able to use \$2,200.00 of the vehicle's equity to purchase home heating oil. One payment for both items!

*Annie Coulombe, Berlin Branch*

# CREATING MORE WAYS TO SAVE AND GET REWARDED.

Our member-owners are like family. That's why they deserve our best at all times. As an example, during our debt consolidation initiative in 2019, we saved members nearly half a million dollars by simply reviewing their debt, then recommending solutions such as loan refinancing to low-interest personal loans or balance transfers to our lower-rate credit cards.

## REAL SOLUTIONS FOR REAL LIFE.

The number of Americans renting instead of owning a home is higher than it's been in the last fifty years. That's why we introduced our new No-Down and Low-Down Mortgages. These options are helping to make home ownership a real possibility for members, including those in our expanded mortgage service area of Vermont.

We also expanded our Skip-A-Pay program beyond its popular December-January time frame to include an option for qualifying

members to skip eligible loan payments during July and August instead.

Having the extra flexibility to take a break from payments provides welcome relief for many members. And to make it even more convenient, they can now manage their Skip-A-Pays directly through online banking.

If you're one of our VISA® Rewards cardholders, you can now take advantage of enhanced cash back and rewards opportunities. With our new uChoose Rewards option, every dollar you spend with your card brings you closer to brand name merchandise, electronics, gift cards, travel packages, power tools or cash back on your purchases - you choose.

## CONVENIENCE REMAINS KING.

Making banking convenient for members - both online and in our branches - is something we've built our reputation on at Northeast. This past year, we added coin machines to additional branch locations. If you have a loose change jar at home or a cup holder in your car filled more with coins than coffee cups, you can come to a branch and turn that change into savings or a little extra spending money.

You can also earn extra money by referring friends and family who open a Northeast Checking Account through our Refer-A-Friend Program. An automatic \$10 gets added to your account when your friend opens a Checking Account with a minimum of \$100.

Need help or have questions about any of these new products and programs? We've expanded the hours when you can speak with a Member Services Representative so your banking life doesn't get in the way of your home or work life. Contact us before or after work, since representatives are now available 7 a.m. to 8 p.m. Monday through Friday, or 8 a.m. to 5 p.m. on Saturday.

Whatever your goals, whatever you want to achieve financially, we want to be the credit union that helps you get there.

**\$495,536** 

TOTAL MEMBER SAVINGS FROM  
JANUARY - MARCH 2019

**\$27,368** 

RAISED FOR MAKE-A-WISH  
NEW HAMPSHIRE

**140** 

NICE CATCH APPLICANTS

**170+** 

SPONSORSHIPS/DONATIONS  
PROCESSED

**850+** 

VOLUNTEER HOURS

# ENLISTING TECHNOLOGY TO BANK EASIER, SMARTER AND SAFER.

In this age of data breaches and stolen identities, rest assured that data security is a top priority for us and we are doing all we can to protect your money and your personal information.

Education will also play a critical role in our data protection efforts. The goal is to train members on how to take advantage of our ever-expanding online and mobile offerings, and how to do so safely and securely.

Mobile Wallet makes it possible to store information from your Northeast Debit and Credit Cards on your smartphone. Now you can leave your cards at home and pay for purchases using only your smartphone. That way, you can avoid any fraudsters looking to "skim" information from the magnetic stripe on your card.

This secure payment option has become so popular with members that usage of Mobile Wallet grew last year by 91%.

## ACCESS EQUALS EASE.

More and more, online services are redefining the notion of convenience in banking. That's the driving force behind our making it easier to apply for new loans, plus open and fund a new Checking or Savings Account directly in Online Banking.

You can also use Online Banking to initiate a new loan payoff option. And with upgraded integration between our Bill Pay and myMoney Personal Financial Management tool, members will be able to timely and accurately track all available funds.

Technology can be tremendous. To ensure you are using it to its fullest, Northeast Credit Union has developed in-branch, e-banking demonstrations to highlight the security and simplicity of using programs and services such as our Mobile Wallet, Mobile Deposit and myMoney Personal Financial Management tool.

# CELEBRATING KINDNESS AND REAL-LIFE SUPERHEROES.

Building up and supporting our communities has been an integral part of Northeast Credit Union's mission and values from day one. Our staff regularly volunteers their time and talents to perform good works in the neighborhoods we serve - 2019 was no exception with our passionate employees investing more than 850 volunteer hours.

The year began with the kickoff of our Kindness Challenge. People throughout our communities were asked how they would spread kindness if given an extra \$100. The entries were truly inspiring.

In the end, three incredible do-gooders were chosen to receive an extra \$100 to act on their idea and create a ripple effect of random acts of kindness across New Hampshire and Southern Maine.

We awarded \$40,000 in scholarships to student-members and celebrated nine "Teachers That Wow!" for their hard work, dedication and kindness.

Through our Second Annual Nice Catch Program, twelve deserving students were recognized and applauded for giving back to their communities in amazingly unselfish ways.

As 2019 came to a close, we turned our attention to spotlighting families making an impact in their communities, through our Families That Impact Contest. Once again, we were humbled by all of the entries, but had to choose just one.

When their daughter was diagnosed with a rare medical condition, the Davis Family of Kennebunk, Maine, made it their mission to help others navigate the same uncharted territory. They created both a website and a charity to raise awareness, build resources and research a cure.

These are just a handful of the good works undertaken by our member-owners. If you're interested in learning more and discovering all that is good where we live and work, simply visit [TheLYC.com](http://TheLYC.com) to see other heartwarming stories.

# HELPING MEMBERS REACH MILESTONES IN THEIR LIVES.

Ushering in a new decade is the perfect time to reaffirm our commitments to providing friendly, knowledgeable financial guidance, innovative products and secure banking channels that help members get to, and through, all the biggest moments in their lives.

As we speak, we're developing Health Savings Accounts to allow members to set aside money pre-tax to pay for qualified medical expenses. Using untaxed dollars to pay for deductibles, co-payments, coinsurance, and other expenses can help lower overall health care costs.

We also just introduced an Interest-Only Home Equity Line of Credit and a new telephone banking service with more options to manage your accounts from anywhere.

It's this kind of superior customer service that differentiates Northeast Credit Union from our competitors and accounts for our unprecedented growth - growth that will see us breaking ground later this year on a new headquarters and branch office in Newington, NH.

But more important to us than our own growth, is the growth of the communities we serve. The newly established Northeast Credit Union Foundation will

fund the Love Your Community Awards set to launch in April 2020.

Community members will be able to vote on charitable organizations to receive special funding to support their community-strengthening efforts throughout New Hampshire and Maine.

Our scholarship offerings will now include a new Adult Achievement Scholarship to support members already enrolled in college or seeking educational advancement in their adult years.

The bottom line is that Northeast Credit Union is growing to meet the expanding needs of its diverse member-owners.

Wherever members may be on their financial roadmap, Northeast Credit Union will rise up to help pave the way for their future success - with products, services, tools, resources and friendly advice that will help get them where they want to be.

**\$714,520** 

FEDERAL TAX REFUNDS  
PROCESSED BY VITA

**\$40,000** 

AMOUNT AWARDED  
IN SCHOLARSHIPS

**\$1,500** 

RAISED IN THE MONTH OF OCTOBER  
FOR MY BREAST CANCER SUPPORT

**\$7,830** 

RAISED FOR HONOR FLIGHT  
NEW ENGLAND

# SUPERVISORY COMMITTEE REPORT

The Supervisory Committee's responsibilities may be summed up as "providing critical and active oversight over the governance functions of the Credit Union. This includes ensuring management and the Board are fulfilling their responsibilities as good stewards of the member's money."

The Committee's primary duties and responsibilities include: engaging auditors to perform an annual audit of the Credit Union; providing an annual report on the audit to the Board of Directors and the Credit Union members; conducting verification of members' accounts at least bi-annually; ensuring the Board of Directors and management are safeguarding the Credit Union's assets; ensuring management complies with the Credit Union's policies and plans; reviewing internal controls; reviewing examination and audit findings and follow-up to ensure management takes the necessary corrective action when appropriate; meeting with the federal and state examiners; and when needed, responding to member complaints received through NCUA's Office of Consumer Protection.

The Supervisory Committee is pleased to report it has been actively involved in these activities. The Committee meets regularly with management and representatives from auditing firms to ensure these fiduciary duties have been fulfilled. In addition, the Committee provides independent advice, assistance, and recommendations to the Board in the oversight of the Credit Union's operations and audit functions, and supports the Board of Directors in the fulfillment of its fiduciary responsibilities.

During 2019, the Supervisory Committee engaged the following firms to provide auditing services for Northeast Credit Union:

- Berry Dunn - Consolidated Financial Statements Audit
- Wipfli | MacPage, LLC - Internal Audit Services
- M&M Consulting, LLC - Compliance Audit Services
- CastleGarde, Inc. - Information Security Audits

Northeast Credit Union's 2019 Consolidated Financial Statements Report prepared by Berry Dunn includes an Independent Auditor's Report that conveys the following opinion:

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Northeast Credit Union and Subsidiary as of June 30, 2019 and 2018, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

In conclusion, it is the Supervisory Committee's opinion that the Credit Union is well managed and continues to maintain its status as a sound financial institution. Northeast Credit Union enters 2020 in an excellent position to serve the financial needs of its members.

Respectfully submitted by,

**Donald J. Kenney**  
*Chairman, Supervisory Committee*

## REAL SOLUTIONS FOR REAL LIFE.

Kendra helped a member with an \$84,000.00 equity loan and paid off five credit cards. Their payments on those cards were \$2,104.00/month. After doing the equity and consolidating those debts their new payment was \$912.09/month. Which worked out to be \$14,292.00 in savings per year! Just think what that member can do with that money that they saved. This has helped put them in a better financial state.

*Laurie Beebe, Hooksett Branch*



## COMPARATIVE BALANCE SHEET

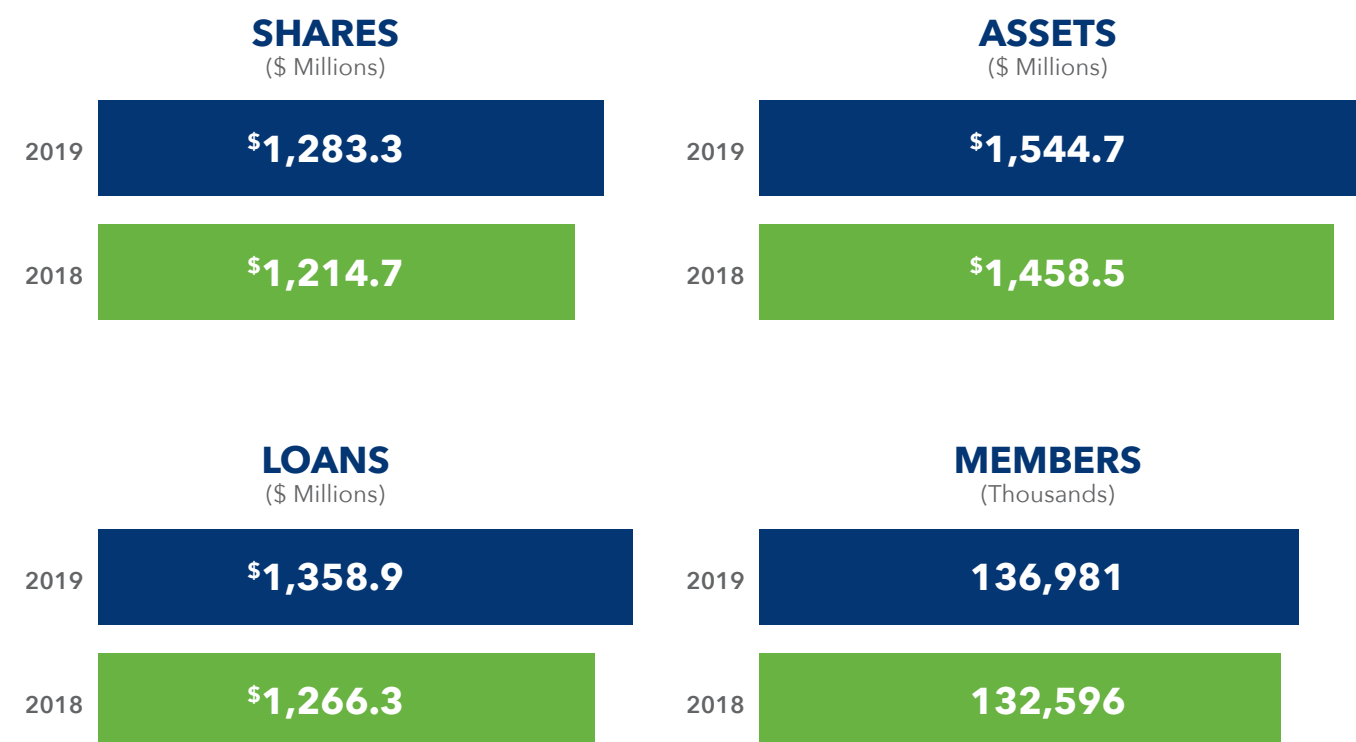
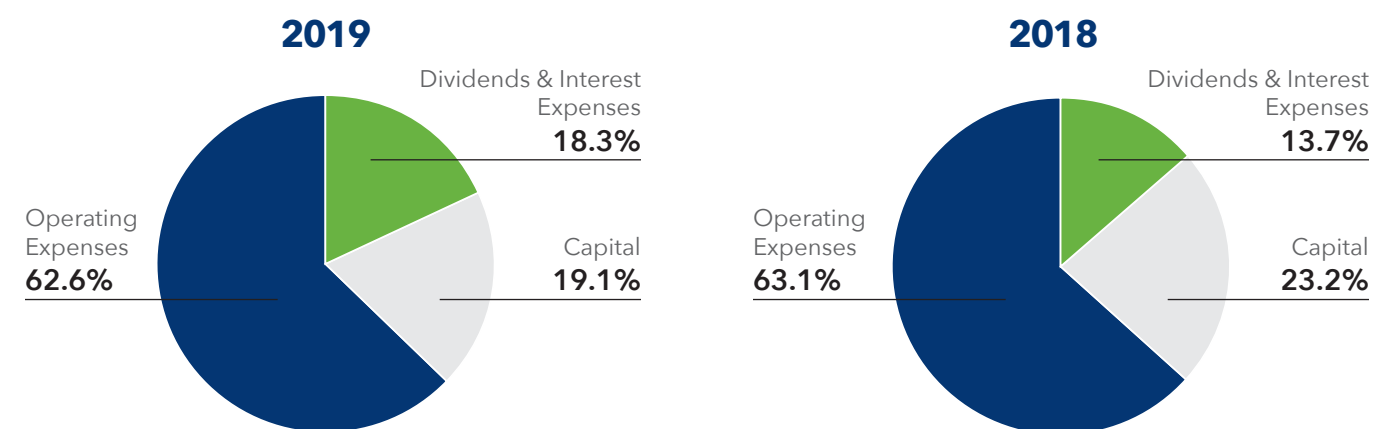
ASSETS	2019	2018	% CHANGE
Loans to Members	1,358,971,769	1,266,263,924	7.3
Loans in Liquidation	-	-	-
Less:			
Allowance for Loan Loss	(6,623,595)	(6,444,083)	2.8
<b>Net Loans</b>	<b>1,352,348,174</b>	<b>1,259,819,841</b>	<b>7.3</b>
Cash & Receivables	15,578,384	19,512,288	(20.2)
Investments	96,756,630	105,100,785	(7.9)
Accrued Income	4,053,659	3,619,951	12.0
Prepaid Expense	2,572,756	2,191,805	17.4
Fixed Assets	36,264,845	32,743,167	10.8
Other Assets	25,043,756	24,302,846	3.0
Deposit in NCUSIF	12,134,110	11,230,205	8.0
<b>Total Assets</b>	<b>1,544,752,314</b>	<b>1,458,520,887</b>	<b>5.9</b>
<b>LIABILITIES &amp; EQUITY</b>			
Accounts Payable	3,057,823	2,044,911	49.5
FHLB Loan	94,579,110	88,362,773	7.0
Accrued Expenses	3,790,751	4,063,154	(6.7)
Other Liabilities	4,179,167	4,324,161	(3.4)
Shares	1,283,318,418	1,214,706,337	5.6
Regular Reserve	9,442,618	9,442,618	-
Undivided Earnings	146,385,147	135,587,770	8.0
Unrealized Gain (Loss) on SAFS	(720)	(10,836)	(93.4)
<b>Total Liabilities &amp; Equity</b>	<b>1,544,752,314</b>	<b>1,458,520,887</b>	<b>5.9</b>

**Top left:** The Davis Family goes above and beyond to make a lasting positive impact in the community, and is the winner of the Family That Impacts Contest. **Top right:** Ella Dubois, age 8, spreads kindness and is a winner of the Nice Catch Kind Kids Contest. **Middle left:** Billy the Bear and friends at Children's Day in Portsmouth, NH. **Middle:** Elyana Smith, age 12, is dedicated to helping animals and is a winner of the Nice Catch Kind Kids Contest. **Middle right:** Jill Fredrickson is a third grade teacher at Woodman Park School in Dover, NH and is a winner of the Teachers That Wow Contest. **Bottom left:** Erica Gagnon teaches third grade and is a winner of the Teachers That Wow Contest. **Bottom right:** Sarinya Sullivan, a Northeast Credit Union employee, brings treats to the Rochester Fire Department during Random Acts of Kindness Week.

## INCOME STATEMENT

INCOME	2019	2018	% CHANGE
Interest on Loans	54,199,749	46,135,366	17.5
Income from Investments	3,063,129	2,037,580	50.3
Fees & Charges	7,196,938	7,216,250	(0.3)
Gain/Loss on Sale of Mortgages	110,052	84,336	30.5
Other Income	11,768,618	11,898,806	(1.1)
<b>Total Operating Income</b>	<b>76,338,486</b>	<b>67,372,337</b>	<b>13.3</b>
<b>OPERATING EXPENSES</b>			
Compensation	19,711,334	16,604,991	18.7
Employee Benefits	5,582,855	5,137,139	8.7
Travel/Conference/Training	418,165	329,753	26.8
Association Dues	143,253	93,708	52.9
Office Occupancy	2,451,869	2,187,613	12.1
Depreciation	721,155	867,945	(16.9)
Office Operations	4,838,052	4,495,550	7.6
Depreciation	1,605,129	1,279,888	25.4
Education & Promotions	2,031,213	1,840,357	10.4
Loan Service Expense	3,423,982	2,970,872	15.3
Prof. and Outside Services	4,795,737	4,510,867	6.3
Data Processing	1,440,514	1,060,435	35.8
State of NH Examination Fee	43,275	98,393	(56.0)
Cash (Over) and Short	417	(2,758)	(115.1)
Annual Meeting Expense	3,577	7,144	(49.9)
Misc. Operating Expense	568,978	1,056,428	(46.1)
<b>Total Operating Expenses</b>	<b>47,779,505</b>	<b>42,538,324</b>	<b>12.3</b>
Non-Operating Gains/(Losses)	(105,793)	(154,946)	(31.7)
Provision for Loan Losses	(3,675,000)	(4,075,000)	(9.8)
Income Before Dividends	24,778,188	20,604,067	20.3
Less Dividends/Interest Expense Paid	(13,980,811)	(9,217,258)	51.7
<b>Net Income</b>	<b>10,797,377</b>	<b>11,386,810</b>	<b>(5.2)</b>

## OPERATING INCOME DISTRIBUTION



## EXECUTIVE TEAM



**Timothy J. Collia**  
President/Chief Executive Officer



**Michael H. Gagnon**  
Senior Vice President/Chief Technology Officer



**Stephen J. Giguère**  
Senior Vice President/Chief Financial Officer



**Kelly J. McGrath**  
Senior Vice President/Chief Lending Officer



**Judy A. Morin**  
Senior Vice President/Chief Operating Officer



**Andrea E. Pruna**  
Senior Vice President/Chief Marketing & Retail Officer



**Deborah E. Auger**  
Vice President Marketing



**Jennifer S. Day**  
Vice President Information Technology



**Ana M. Foret**  
Vice President Risk Management



**Suzanne R. Ladd**  
Vice President Consumer Lending



**Traci J. Tenggren**  
Vice President Human Resources



**David J. Wolf**  
Vice President Indirect Lending

## BOARD OF DIRECTORS

Philip W. Sullivan, *Chairman*  
Raymond L. Bald, *Vice Chairman*  
Victor M. Collinino, *Treasurer*  
Theresa P. Palumbo, *Secretary*  
Terrance L. Beers  
Justin S. Gamester  
Regis M. Saucier

## VOLUNTEERS

Donald J. Kenney  
William S. Kany  
David A. Paciencia  
Michael V. Palumbo  
Daniel G. Raposa, Jr.

## ALM COMMITTEE

Terrance L. Beers  
Victor M. Collinino  
Michael V. Palumbo

## DELINQUENCY COMMITTEE

Raymond L. Bald  
Justin S. Gamester  
William S. Kany

## SUPERVISORY COMMITTEE

Donald J. Kenney, *Chairman*  
David A. Paciencia  
Daniel G. Raposa, Jr.





***Northeast***  
CREDIT UNION

—  
♥ your community