



## PRESIDENTS MESSAGE

TEG Federal Credit Union has been serving the financial needs of our community since 1969. We've grown from humble beginnings to a full-service financial institution serving over 38,300 members throughout Dutchess, Orange and Ulster Counties. Early in 2020, we were approved by the NCUA to add Putnam, Westchester, Rockland and Sullivan Counties to our field of membership. This presents a huge opportunity for us to grow but we need to do it right so that we don't grow too quickly and erode our capital. Here at TEG, we've grown by keeping our original promise to put people over profits, the way it should be.

The year 2020 is one that I'm sure none of us will forget. Starting in March, the Covid-19 pandemic hit us hard here in New York and changed the way we do business. We quickly assessed how the new challenges were impacting you, our members, and knew we had to act fast and decisively. We put action plans in place to limit any disruption. We already had an outstanding online and mobile banking platform, which enabled us to quickly accommodate the needs our members remotely. Our drive ups remained opened and our ATM's were available 24/7. We continue to work hard to make it even easier for our members to do business with us. Whether it's in the branch, online or over the phone our goal is to make it as pleasant and enjoyable as possible.

My senior management team and I met daily to assess different ways that we could help our members get through this crisis. We implemented skip-a-pay programs and waived fees, we deferred loan payments and we cut our expenses to be able to absorb the lost revenue. We worked with our members to support their financial well-being and to make sure they were ok. Despite the unprecedented circumstances, we recorded another solid year of growth and are over \$361 million in assets. Our lending and deposits were also both up once again. We want you to be successful and want

you to do business with someone you know and can trust to look out for your best interest in good times as well as bad. That's what the people here at TEG do and I'm proud of each and every 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, and understand that bad things sometimes happen to good people. 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 won't be approved for a loan, please have a conversation with us first. If we're not able to help you right away, we'll tell you, but we'll also give you a plan that you can follow so we'll be able to help you in the near future, save you money over the long term and help you get your finances in the best possible position.

Although we offer all the same things big banks offer, to us being a full service financial institution means doing more than simply providing financial products and services. That's why we give back to our community in a variety of ways. We support many local charitable organizations and our TEG employees are proud to make a difference in the communities that we serve. Rest assured when you come to TEG 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 to us we continue to grow our TEG family. 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

Chief Information Officer	Peter Olson
Chief Lending Officer	Jackie Fellin
Chief Operating Officer	Keith Kurman
VP of Commercial Lending	Spencer Fern
VP of Finance	Cory Shapiro
VP of Human Resources	Fiona Miceli
VP of Lending	Sara Verona
VP of Marketing	Elaine Lacy
VP of Retirement & Advisory Services	Jean K. Riordan
VP of Risk Mitigation & Compliance	Alicia Lilly
Director of Digital Channels	Lisa Ricci

### TEG BRANCH MANAGERS

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

## 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, 2020. We are pleased to report that no anomalies were found and the credit union adhered to all rules and

regulations during 2020 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*  
CHAIRMAN



*Ann Boehm*



*Joe Lombardi*



*Victoria Namoff*

## FINANCIAL REPORT CHARTS



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

	Year Ended Dec. 31, 2020	Year Ended Dec. 31, 2019
<b>ASSETS</b>		
Total Loans	\$ 238,822,465	\$ 227,400,572
Less: Allowance for Loan Losses	(2,505,496)	(1,748,877)
Cash and Cash Equivalents	41,123,585	22,443,990
Total Investments (Book Value)	46,081,080	33,450,350
Land and Buildings	6,497,184	6,762,974
Other Fixed Assets	1,588,331	2,037,201
NCUA Share Insurance Fund	3,061,932	2,663,580
Other Assets	<u>26,542,377</u>	<u>10,753,587</u>
<b>TOTAL ASSET</b>	<b><u>\$ 361,211,458</u></b>	<b><u>\$ 303,763,377</u></b>
<b>LIABILITIES</b>		
Accounts Payable and Other Liabilities	<b>\$ 6,102,779</b>	<b>\$ 5,482,941</b>
<b>SHARE AND EQUITY</b>		
Total Shares and Deposits	333,178,266	277,703,489
Regular Reserves	2,075,649	2,075,649
Unrealized Gain (Loss) on Investments	(45,326)	20,210
Undivided Earnings	<u>19,900,090</u>	<u>18,481,088</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b><u>\$ 361,211,458</u></b>	<b><u>\$ 303,763,377</u></b>

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

	Year Ended Dec. 31 2020	Year Ended Dec. 31 2019
<b>EARNINGS</b>		
Interest on Loans to Members	\$ 13,228,931	\$ 13,447,078
Income from Investments	866,904	1,294,392
Fee Income	7,847,721	6,271,848
Other Income	<u>587,284</u>	<u>39,852</u>
<b>TOTAL EARNINGS</b>	<b><u>\$ 22,530,840</u></b>	<b><u>\$ 21,053,170</u></b>
<b>EXPENSES &amp; OTHERS</b>		
Operating Expenses	\$ 18,910,187	\$ 17,535,887
Gain/Loss on Sale of Assets	-	-
Gain/Loss on Investments	-	-
Other Non-Operating Income/Expense	-	-
TOTAL EXPENSE & OTHER	<u>\$ 18,910,197</u>	<u>\$ 17,535,887</u>
Income Before Cost Of Funds	\$ 3,620,653	\$ 3,517,283
Dividends Paid to Members	<u>1,669,505</u>	<u>1,628,110</u>
<b>NET INCOME</b>		
Distribution of Net Earnings	<b><u>\$ 1,951,148</u></b>	<b><u>\$ 1,889,173</u></b>
Regular Reserve Accounts	0	0
Undivided Earnings	<u>1,951,148</u>	<u>1,889,173</u>
<b>NET INCOME</b>	<b><u>\$ 1,951,148</u></b>	<b><u>\$ 1,889,173</u></b>
<b>NOTE:</b>		
Total Lines of Credit Available	\$ 35,884,935	\$ 32,620,731
Total Gain (Loss) on Investments Available for Sale	(\$ 45,326)	\$ 20,210

## BOARD OF DIRECTORS



*Walter V.  
Behrman, Jr.*

CHAIRMAN



*Andrew  
Krayewsky*

VICE CHAIRMAN



*Barbara J.  
Hogan*

SECRETARY  
& INTERIM  
TREASURER



*Joe  
Corrigan*



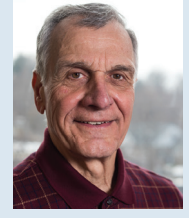
*Rebekah  
Garcia-Stevens*



*Ed  
Hotaling*



*Joshua  
Stratton*



*Frank  
LaRose*

## MINUTES FROM THE 51<sup>ST</sup> ANNUAL MEETING TEG FEDERAL CREDIT UNION

*The 51st Annual Meeting was held on Thursday, August 27, 2020 at the Credit Union Main Office, 1 Commerce Street, Poughkeepsie, NY 12603*

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

Mr. Walter V. Behrman, Jr., Board Chairman, called the 51st Annual Meeting to order at 5:31 p.m. The Secretary, Ms. Barbara Hogan confirmed that we had a quorum.

If you are joining us virtually, please feel free to use the Q & A feature. We will be happy to answer your questions in a follow-up email after the meeting. Thank you. Now please join me in saying the pledge to the flag.

### **II. Minutes**

A copy of the minutes of the 50th Annual Meeting are in the 2019 Annual Report and Justin Ocasio moved, and Fiona Miceli seconded to approve the minutes. They were unanimously approved by those assembled.

### **III. Chairman Remarks**

Mr. Behrman then continued:

"My name is Walter Behrman and I am Chairman of the Board of Directors. I am pleased to announce that the Credit Union is in sound financial shape and we adhere to all acceptable fiscal policies. Other Board Members are Andrew Krayewsky, Vice Chairman; Barbara Hogan, Secretary; Jesse Doughty, Treasurer; and Board Members Joseph Corrigan, Rebekah Stevens, Edward Hotaling, Joshua Stratton, Frank LaRose.

Supervisory Committee members are Brian Kaley, Chairperson; Victoria Nameth, Secretary; Ann Boehm and Joseph Lombardi.

As I stand here today, I can't help but reminisce about the incredible 50th Annual Meeting Celebration we had last year. Now, seventeen months after that wonderful meeting, I look back at 2019 with nostalgia. The credit union was exceptional in a world we were comfortable with. We lived our lives like we always did, and now today, so much has changed. How we have dealt with the Corona Virus Pandemic, and how we proceed will test our strength and resilience. With our CEO, Ron Flaherty, our CFO, Tom Gay and ALL our Senior Managers, and especially our incredible staff, we will grow and be able to serve our members as they are used to, and

as they deserve. That is looking to the future, but we are here today to discuss the recent past.

In 2019, we originated 291 first mortgages totaling \$70.1 M. Some staff reorganization in the mortgage department has allowed the Junior Mortgage officers to better learn the business and has also encouraged more teamwork which resulted in better member service.

We have made significant investment in our Commercial Loan Area and expect to see good returns in production, reporting and efficiency in 2020 and forward. In June we hired an experienced Commercial Credit Analyst to underwrite new requests as well as review our existing portfolio. This enables production staff to focus on origination while the analyst can focus on evaluating financials and provide appropriate credit recommendations.

In the Commercial Lending area, we have continued to focus on Indirect Underwriting Standards to mitigate risks we identified from loan audits and charge offs. We have greatly reduced loan rate errors and incorrect form errors and updated our pricing table for auto loans. We have added rates subject to vehicle year and mileage to help offset risk. The unsecured loan portfolio grew by more than 18% helping to stabilize the average yield curve for the credit union. Last but not least we automated our Lien Release process to help our members.

Of the many areas in the Information Technology Department that were developed or enhanced for efficiency and safety within the credit union, there was a very important enhanced Member Verification which added a three-tier verification to help prevent fraud and protect member information.

In the Digital Channels area, we worked tirelessly to develop ways to stop fraud on our member's account. When fraud is suspected the system is set up to notify members to prevent member losses. We developed new default Security Alert Notifications for mobile/online banking members. Members automatically receive by default a Security Alert when specific functions or transaction are initiated to mitigate possible fraudulent activity on their account(s): Members are unable to turn these default alerts off and alerts are delivered to the member's preferred delivery method. The TEG Website ADA Accessibility Audit and Remediation Project and TEG Website

Compliance Review were both Co-Managed with TEG's Director of Marketing, Elaine Lacy.

In Branch Operations, Sales and Service we opened 2,641 accounts a 9.8% increase over 2018. We launched online account opening and launched Click Switch, which will make it easier for members to move their direct deposits to TEG.

In the Human Resources Department, we continued our emphasis on training all of our employees as well as ensuring their continued safety, such as having "An Active Shooter Prevention" training module, establishing "Branch Emergency Assembly" points, "Shelter in Place" location, evacuation paths and emergency contact lists. We continue to emphasize the importance of treating our employees in the best possible manner, and working with anyone who might face a personal challenge where schedule changes might help ease their burden. We pride ourselves about taking care of our employees. We feel that this care and concern helps them individually, but ultimately helps them to serve our members better.

Here at TEG our focus is on people – the people we serve, Our Members, but also the people that serve you our members. Mr. Flaherty, and all the members of our team work together to support each other and to give you our members the best financial service possible.

Our hope for the future is to get back to a more normal, but in the mean time we work to ensure your safety and the safety of all of our employees. We are focused on protecting and growing TEG as the best financial institution possible. Thank you!

Mr. Behrman then introduced Mr. Ron Flaherty, President & CEO.

#### **IV. President/CEO Report - Ron Flaherty**

Good evening and thank you for being here tonight. For those of you that don't know me, I'm Ron Flaherty, President & CEO. Once again, we have a lot to be proud of, 2019 was another successful year for TEG! In our annual report you can see our results. We had loan growth of almost 6%, deposit growth of over 5%, and net income of nearly \$1.86M. We achieved almost all of the goals we set out to for the year. We continue to look for new opportunities to serve our local communities with top notch financial service, education and advice. However we couldn't do it without the hard work and dedication of our staff, they are the ones that make us successful and I truly appreciate all that they do.

So far, 2020 has been a very difficult year. However, we are adapting to the ever changing environment and remain on track for another successful year while navigating through these difficult and uncertain times that we are currently going through. With the pandemic still raging, our nation is being challenged internally as well as from the outside and we are currently very divided as to which direction is best for our nation. With the upcoming Presidential election it only adds to the uncertainty.

As always, we will continue to do the right thing by helping our members succeed regardless of the outcome of these uncertain events. I want to thank you for your continued support and trust and I want you to know that we are here for you in good times and bad as a trusted source for all of your financial needs. I'm very proud of what we've accomplished and thank you for allowing me to lead this great organization. Thank you!

#### **V. Treasurer's Report - Jesse Doughty**

Jesse Doughty, Treasurer, spoke about the credit union's growth. He said, "Good evening, the summarized financial statements are in the annual report. Let me reiterate some of our accomplishments. TEG had a return on average assets of 62 basis points. Member growth was 7%. We had asset growth of 4½% and annual growth of 6%. All of these are exceptional and I would like to congratulate you all."

#### **VI. Supervisory Committee**

The Supervisory Committee is a committee appointed by the Board. This year Brian Kaley serves as Chairperson.

Mr. Kaley continued:

"The Supervisory Committee is 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.

As part of fulfilling its duties, the committee engaged the independent accounting firm Wojeski and Co. to conduct an audit of the credit union's financial statements for the year ending December 31, 2019. To review the financial statements please refer to the 2019 Annual report that can be found on the TEGFCU website.

We are please 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 found to be current, accurate, complete and in balance at all times during the year.

Therefore, The Supervisory Committee is pleased to report that TEG Federal Credit Union is financially sound and is in compliance with all acceptable rules and regulations."

#### **VII. Old Business** None

#### **VIII. New Business**

Elections: Joseph Corrigan, Frank LaRose and Andrew Krayewsky were each nominated for a three-year term on the Board of Directors.

Mr. Behrman continued, "Since there are no other nominees, I request that Secretary, Barbara Hogan, cast one vote for each of them." Mr. Behrman then congratulated the newly elected Board Members.

#### **IX. Questions and Answers**

Are there any questions from those in attendance. Reminder if you are with us virtually please use the Q & A feature.

#### **X. Adjournment**

"Thank you for joining us. We appreciate your support." Since there was no other business to come before the Assembly, Mr. Behrman adjourned the meeting at 5:45 PM.

Respectfully submitted,

*Barbara J. Hogan*  
Secretary

WE'RE WITH YOU *for life*

We know there are a lot of financial institutions you can choose from, but at TEG Federal Credit Union we put people before numbers. To us, it's about so much more than money. It's about finding solutions to get you to your most important life moments. It's about watching your family grow. It's about neighbors helping neighbors get through a world-wide crisis. It's about being a part of the Hudson Valley Community.

Thank you for being a member.





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

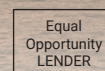
**ROUTE 376 – FISHKILL PLAINS**

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

**ROUTE 9 – WAPPINGERS FALLS**

1145 Route 9, Wappingers Falls, NY 12590

Available 24 Hours a Day, 7 Days a Week!



INSURED BY  
**NCUA**



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