



**HudsonValley**<sup>®</sup>  
CREDIT UNION

**ANNUAL  
REPORT  
2020**







# Our Mission

To create successful futures  
for members, employees,  
and communities, one  
relationship at a time.

# Our Vision

To create financial security  
and a better quality of life.



# Our Core Values



## Act with Integrity

We are honest, ethical, and respectful in our actions and interactions.



## Embrace Community

We invest our time, talent, and resources to achieve an enduring, positive impact.



## Achieve Excellence

We set ambitious goals and deliver exceptional results.



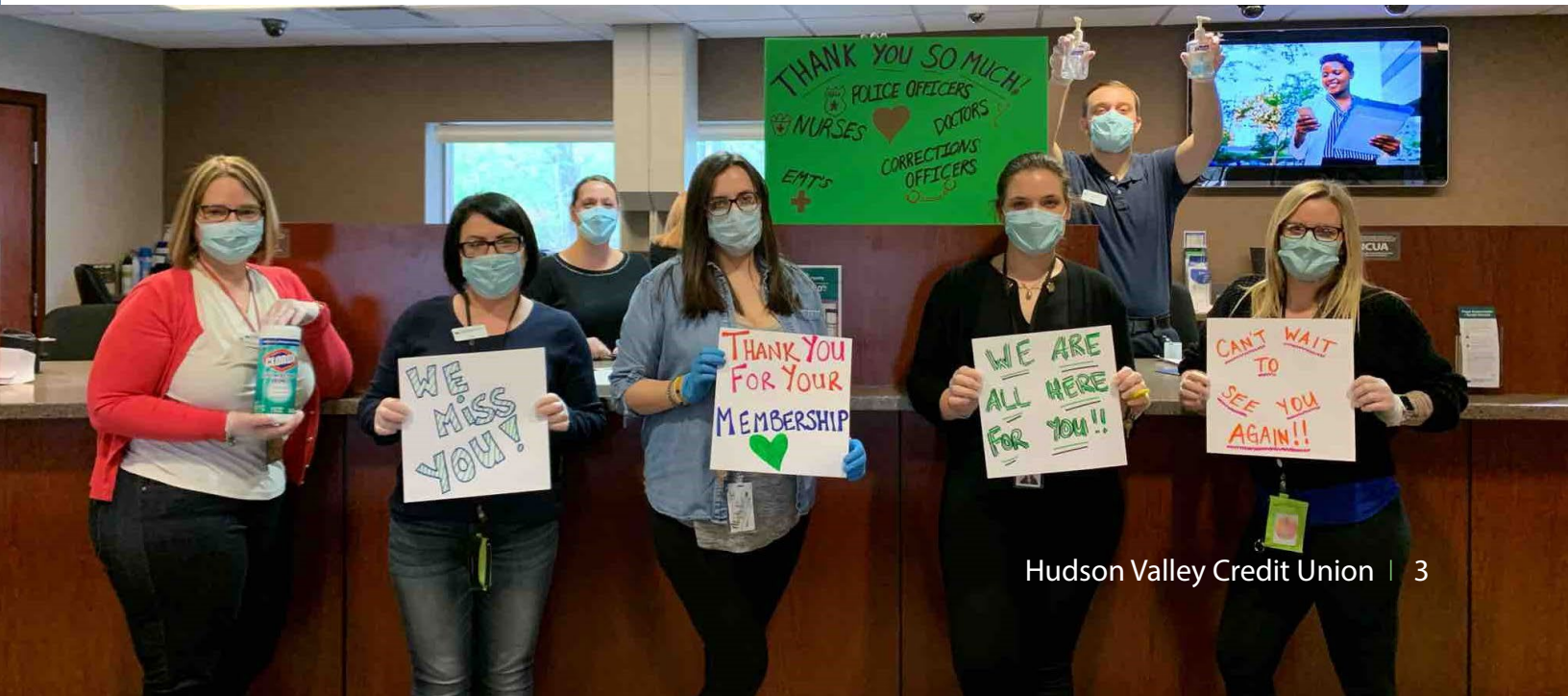
## Be Accountable

We own our decisions and actions.



## Foster Collaboration

We work as a team, strengthened by our diversity, to exceed expectations.



# Chairman and President's Report

It's difficult for many of us to look back on 2020 with anything but sadness and regret. So much changed in our lives so very quickly, and we long for the days when we can return to the freedom of interacting with others and the world in our usual ways. To those of our members who have lost loved ones, we share in your grief and hope that you and your families have been able to find some peace.

As difficult as last year was, there were some silver linings. We witnessed people coming together to fight the worst public health crisis in over 100 years. We will never forget the personal sacrifices of our healthcare workers and first responders, as well as the dedication of those who kept food on the store shelves, gas in our tanks, and school accessible for our children. Our staff, too, remained available so members could keep working towards their financial goals or get relief from the pandemic's impact to their livelihood or business. We thank you for your patience throughout the year as we pivoted when necessary, which we know resulted sometimes in more service delays than members are accustomed to experiencing. Your understanding is greatly appreciated by all our staff.

## Relief Efforts

So many members were negatively impacted by the pandemic, making it hard to meet every day personal expenses or business payrolls. Thousands turned to us immediately for fee relief and loan deferments and by December 31<sup>st</sup>, we had provided over 2,900 and 7,300 of these respectively. Our staff continue to work with members as their hardship periods end to help them back into regular payments on their mortgages and other loans.

Our Business Lending team was able to secure over \$34 million in Small Business Administration Paycheck Protection Program funding for nearly 900 members. When we called to tell a member that his company's PPP loan had been approved, the member held the phone up to tell his staff the news and they literally cheered. It's been deeply satisfying for our staff to help so many members during this time.

## Meeting the Challenge

As you will learn in the Treasurer's report, our \$6.1 Billion institution remains as financially strong as ever, thanks not only to our quick reaction to the pandemic, but also to the plans we laid in place years ago for adequate capital reserves. When it became evident that the virus was creating a national emergency, we took immediate steps to address four equally critical areas that we knew would keep our financial cooperative safe and sound.

- Ensuring our financial soundness
- Maintaining full employment for staff
- Continuing exceptional member service
- Supporting our community

We are proud to say that we accomplished all four, setting us on the path to take full advantage of the recovery we expect on the horizon. Some of the ways we accomplished these goals included:

- Our IT team enabling nearly 500 staff to work remotely in less than two weeks.
- Staff quickly learning new processes and procedures to ensure that despite limitations in meeting physically, we could still serve members.
- Reassigning some staff to help different departments; we even had 8 tellers step up to sew more than 1,000 masks for their front-line co-workers.
- Implementing an online appointment tool at hvcu.org for members to schedule a lobby visit.
- Helping over 29,000 members sign up for Internet Banking and Mobile Banking. These were always convenient services, but this past year they took on new benefits as we became socially distant. While our staff miss you in the branches themselves, we encourage you to continue using these services that can help keep you safe –especially for members with greater health risks.

While it certainly wasn't "business as usual" in 2020, staff focused on projects that would benefit members now and in the future:

- We continued migrating Business Members who had been using our older version of Internet Banking and Mobile Banking to a new platform that provides them with additional conveniences.
- We began introducing contactless debit cards, which will continue through 2021.

- ▶ We moved our in-person events to virtual formats, including our Annual Meeting as well as the Women in Business and First Time Homebuyers conferences. We also introduced a Small Business Survival Series of monthly webinars with topics ranging from marketing to data analytics and successful sales tactics.
- ▶ We expanded our educational offerings, publishing two eBooks and creating more than two dozen articles and videos online for members to view at their convenience. Our financial literacy courses for teens and young adults entered the virtual world as well, with several classes held both for schools as well as local non-profit groups.
- ▶ We also researched new branch locations in Westchester and Ulster Counties, and look forward to reporting good news on both in 2021 as contracts are secured.

## Our Amazing Staff

Our staff has done a remarkable job balancing new ways of working while maintaining their focus on meetings our members' expectations. Despite their own challenges – from their families' health and safety to homeschooling – they took their designation as essential workers to heart and proved time and again that their commitment to members runs deep. Many took on new roles to assist their coworkers, especially as we met the heavy demands for Paycheck Protection Loans. Through it all, they remained positive and dedicated to helping members weather the tough economic times many experienced and continue to experience. We're so grateful for their flexibility and commitment to serving you.

## Community Initiatives

In May, we assisted several non-profits by placing phone calls for them to their constituents and donors to help them clean up their donor databases or encourage support for their programs and services. In November, we launched "Spread the News," providing social media posts to garner attention for non-profit events and programs. In just two months, 13 organizations benefited from 70 social posts, with over 250 people clicking through the digital links to the non-profits' websites. If you've not yet done so, please like and follow us on Facebook,

Instagram, LinkedIn or Twitter for HVCU updates and community information.

## A Fresh Perspective

As we move forward into new markets afforded by our New York State Charter, it seemed a good time to reflect on our Mission, Vision, and Core Values. While these aspects of a company rarely change much over time, our refreshed and revitalized corporate statements better reflect not only who we are now, but also who we aspire to be in the future. You'll see these on the previous two pages as an introduction to the Annual Report. It's important that you and our future members know what you can expect of us.

Despite the challenges of 2020, we are very confident that Hudson Valley Credit Union's future is a bright one. We are weathering this pandemic together, and that unity will be what makes us stronger in the long run. Our mission to create successful futures for you, our employees, and our communities, one relationship at a time, resonates strongly with each of us at HVCU. We are proud to serve our amazing members and we look forward to the day when we can celebrate our achievements together in a more personal way. Until then, be safe, be strong, and thank you for your ongoing faith in us.



**NANCY KAPPLER-FOSTER**

*Chairman of the Board*



**MARY D. MADDEN**

*President/CEO*



# Treasurer's Report

Despite the incredible challenges faced during 2020, I'm pleased to say that our financial strength allowed us to not only weather these challenges, but actually further strengthen our cooperative. Our credit union ended 2020 with just over \$6 Billion in assets, a new milestone for us, and we now serve over 307,000 individuals and businesses. Our Net Worth position, the measure of our safety and soundness, ended the year at 10.65%. It was this measure that allowed us to weather one of the most unprecedented years in our 57 year history.

As the financial impacts of the pandemic spread, we reacted quickly to the economic uncertainty by revising our 2020 budget projections and lowering non-essential operating expenses. Demand for loans lessened as members' focus shifted towards savings, resulting in total loan growth decreasing 7% and member savings increasing 14%.

The path to economic recovery will not be easy, and many of our families, neighbors, and local businesses still need our support. Our credit union is poised to be a key resource for you as we move forward to better days. As your Treasurer, I know I speak for my fellow Board volunteers when I say thank you for allowing us to navigate this journey with you. With your support, we will continue to deliver the strength and security you've come to expect from us.



**STEPHEN M. CASWELL**  
Treasurer

## Key Measurements

	2020	2019	%Growth
Total Assets	<b>\$6.116 B</b>	\$5.351 B	<b>14.3%</b>
Member Savings	<b>\$5.375 B</b>	\$4.715 B	<b>14.0%</b>
Member Loans	<b>\$ 2.877 B</b>	\$ 3.092 B	<b>-7.0%</b>
Member Growth	<b>307,649</b>	303,869	<b>1.2%</b>

*B = Billions*



Net Worth at the end of 2019 was  
**10.65%**  
of Total Assets.

# Supervisory Committee Report

The role of a credit union's Supervisory Committee is to ensure the board of directors and management meet required financial reporting objectives and establish effective practices, procedures, and controls sufficient to safeguard members' assets. We also serve as an advocate for our members.

Due to COVID-19 and in order to maintain the health and safety of our staff, a percentage of employees began working remotely. Our internal audit team was among those who took their work virtual, and they audited more than 75 areas of the business to ensure our operations remained safe and secure. To ensure HVCU had the proper controls in place, the Supervisory Committee engaged an external vendor to conduct a "Remote Workforce" audit. The result of the audit confirmed that our internal controls were very strong.

As in past years, HVCU's Supervisory Committee engaged the independent firm of CliftonLarsonAllen to audit HVCU as of December 31, 2020. They concluded the financial statements present fairly the results of HVCU's operations and its financial position according to generally accepted accounting principles as an unmodified opinion. This was also the first year that both the New York State Department of Financial Services and NCUA conducted their supervisory examinations.

On behalf of my fellow Committee members, I would like to thank Kathy Dispensa for serving as Chair of this Committee for many years. I am honored to continue the commitment Kathy has always shown for our members. All of us on the Committee are grateful for the faith our members have in us. We look forward to serving you as we continue to grow while remaining the safe, secure financial institution you have come to expect.



**MIKE YOUNG**  
*Supervisory Committee  
Chairman*

A handwritten signature in black ink that reads "Mike Young".

## 2021 Annual Meeting

**Wednesday, June 30, 2021**  
Beginning promptly at 7 pm ET

Please know that in these unprecedented times, our primary concerns are your safety and well-being. Given the continuing pandemic, we will hold our 2021 Annual Meeting virtually. Please join us on Wednesday, June 30<sup>th</sup> at 7 pm ET for a message from our Chairman of the Board as well as results of our Board of Directors' election. Members wishing to attend the Meeting via the live-stream are asked to register before 5 pm ET on Monday, June 28<sup>th</sup> by visiting [hvcu.org/annualmeeting](http://hvcu.org/annualmeeting). Those who do will receive an email on Tuesday, June 29<sup>th</sup>, with full details on how to participate in the Meeting via Zoom.

# Consolidated Statements of Financial Condition

December 31,	2020	2019
<b>ASSETS</b>		
Cash and cash equivalents	\$212,664,104	\$100,948,014
Investments	2,857,244,786	1,967,235,283
Loans to members:		
Real Estate loans	692,437,250	694,141,932
Consumer loans	1,844,525,981	2,075,204,061
Member Business loans	340,249,140	322,525,177
Total loans to members	2,877,212,371	3,091,871,170
Allowance for loan losses	(48,671,435)	(26,992,050)
Accrued interest receivable	17,623,873	14,837,162
Prepaid expenses	4,859,926	3,933,470
Property and equipment, net	89,686,342	93,787,513
NCUSIF deposit	45,115,781	40,610,028
Other assets	60,321,203	65,057,091
<b>TOTAL ASSETS</b>	<b>\$6,116,056,951</b>	<b>\$5,351,287,681</b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
Members' savings accounts:		
Regular Savings	\$1,566,134,144	\$1,176,025,996
Checking	914,722,166	686,912,750
Money Market	770,720,667	664,997,738
IRAs	249,356,956	247,205,669
Certificate Accounts	1,516,186,199	1,643,451,374
Business Accounts	358,125,050	296,685,977
Total members' savings accounts	5,375,245,182	4,715,279,504
Borrowed Funds:	-	-
Accrued expenses and other liabilities	38,711,639	38,243,458
<b>TOTAL LIABILITIES AND SAVINGS</b>	<b>5,413,956,821</b>	<b>4,753,522,962</b>
Members' equity, substantially restricted	702,100,130	597,764,719
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>\$6,116,056,951</b>	<b>\$5,351,287,681</b>



# Consolidated Statements of Income

Years Ended December 31,	2020	2019
<b>INTEREST INCOME:</b>		
Loans	\$138,413,526	\$152,581,014
Investments	47,165,601	48,294,131
Total interest income	185,579,127	200,875,145
<b>INTEREST EXPENSE:</b>		
Members' savings accounts	40,231,730	49,421,988
Borrowed funds	12,474	3,447,464
Total interest expense	40,244,204	52,869,452
Net interest income	145,334,923	148,005,693
<b>PROVISION FOR LOAN LOSSES</b>	34,288,217	39,058,932
Net interest income after provision for loan losses	111,046,706	108,946,761
<b>NON-INTEREST INCOME:</b>		
Gain on sale of assets	14,149,380	888,922
HVFCU Financial Services Income	4,827,375	5,050,990
HVFCU Insurance Agency Income	605,189	654,638
Other	44,413,683	44,702,229
Total non-interest income	63,995,627	51,296,779
<b>NON-INTEREST EXPENSES:</b>		
Compensation	46,255,050	44,577,487
Office operations	28,684,902	26,558,589
Loan servicing	21,589,124	22,444,193
Employee benefits	20,917,661	18,366,610
Office occupancy	6,904,144	6,657,314
Professional and outside services	3,854,449	2,673,063
Marketing	1,616,965	2,744,828
Association dues	334,256	357,065
Members' insurance	320,793	300,970
Travel, conferences and training	197,252	577,772
Operating fee	195,967	699,924
Annual meeting/election	140,415	134,633
Directors/Volunteers expense	34,522	124,470
Cash over and short	7,142	6,487
Miscellaneous	(47,892)	818,076
Total non-interest expenses	131,004,750	127,041,481
<b>NET INCOME</b>	<b>\$44,037,583</b>	<b>\$33,202,059</b>
NCUSIF/TCCUSF Stabilization Expense	0	(571,918)
<b>Net income after NCUSIF/TCCUSF Stabilization Expense</b>	<b>\$44,037,583</b>	<b>\$33,773,977</b>

# 2020 Board of Directors



**NANCY KAPPLER-FOSTER**  
Chairman of the Board



**TAKAO INOUE**  
First Vice-Chairman



**MISTY DECKER**  
Second Vice-Chairman



**STEPHEN M. CASWELL**  
Treasurer



**NANCY BOEHM**  
Assistant Treasurer



**MARIANNE COLLINS**  
Secretary



**NOREEN HENNESSY**  
Director



**WESLEY J. LEE**  
Director



**EAMON SHANAHAN**  
Director

## Director Emeritus

**Joseph E. Eppich**  
**Jan Mahar Sturdevant**

## Senior Management

**Mary D. Madden**, *President and Chief Executive Officer*  
**Anton L. Rohrmeier**, *Executive Vice President and Chief Operating Officer*  
**Scott VanZandt**, *Chief Financial Officer*  
**Diane M. Allenbaugh**, *Senior Vice President, Human Resources and Organizational Development*  
**Chelen L. Reyes**, *Senior Vice President, Retail Delivery and Marketing*  
**Brian M. Waldron**, *Senior Vice President, Lending*

# Committees

### Asset Liability Management Committee

**Stephen M. Caswell**, *Chairman*  
Randolph Becker  
Nancy Boehm  
Brian J. Haughey  
Noreen Hennessy  
Wesley J. Lee  
Mary D. Madden  
Scott VanZandt

### Compensation & Benefits Committee

**Marianne Collins**, *Chairman*  
Nancy Boehm  
Lauren Gillett  
Takao Inouye  
Nancy Kappler-Foster  
Sharon McGinnis

### Governance and Nominations Committee

**Misty Decker**, *Chairman*  
Marianne Collins  
Takao Inouye  
Nancy Kappler-Foster \*  
Mary D. Madden \*  
Eamon Shanahan\*\*  
William Spearman\*\*  
*Nominations Subcommittee*  
**Lynn R. Fielitz**, *Chairman*  
Paul Anderson  
Wesley J. Lee  
Julieta Majak  
Vanessa S. Primus  
\*Non-voting  
\*\*Also Nominations Subcommittee

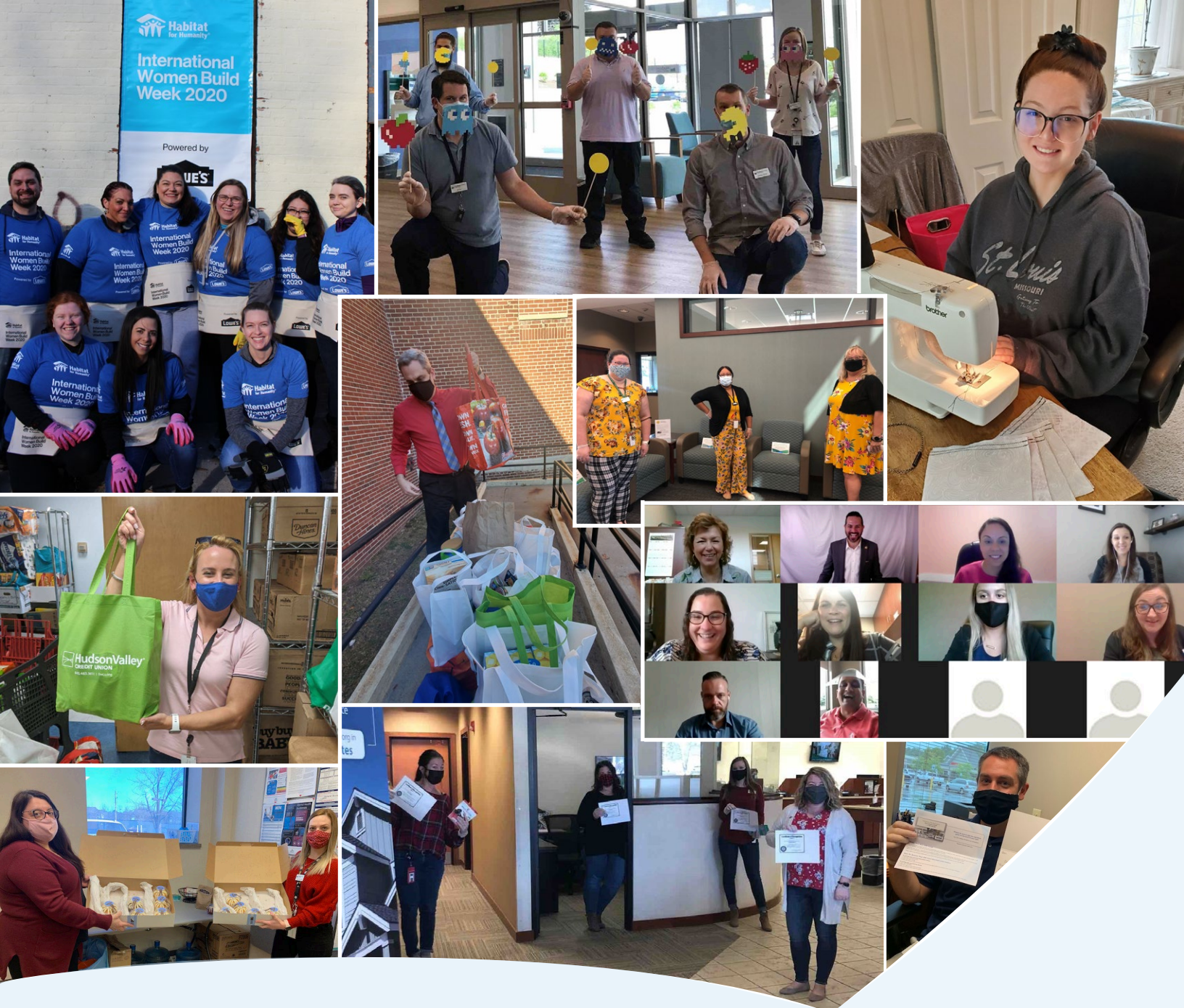
### Supervisory Committee

**Mike Young**, *Chairman*  
Alan Gallantar, *Secretary*  
Davide DiGenova  
Kathy Dispensa  
William Mulvey  
Ken J. Muckenaupt, *Associate Member*  
Elinor Speckman, *Associate Member*  
Tanisha Williams, *Associate Member*

### CUSERVE Board of Directors

**Ken J. Muckenaupt**, *Chairman*  
Mary D. Madden, *Secretary/Treasurer*  
Nancy Kappler-Foster, *Director*  
Joseph Lepore, *Director*





**Wealth Management**  
at Hudson Valley Credit Union

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**Hudson Valley**<sup>®</sup>  
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