Cornerstone CFCU
You rate better here.

Main Office
6485 S. Transit Rd. Lockport
716.434.2290 | 1.800.488.6481

Branch Offices

Lewiston
721 Center St.

Lockport
55 Stevens St.

Middleport
5 State St.

N. Tonawanda
107 Main St.

CCFCU.org

Federally Insured by NCUA

EQUAL HOUSING LENDER

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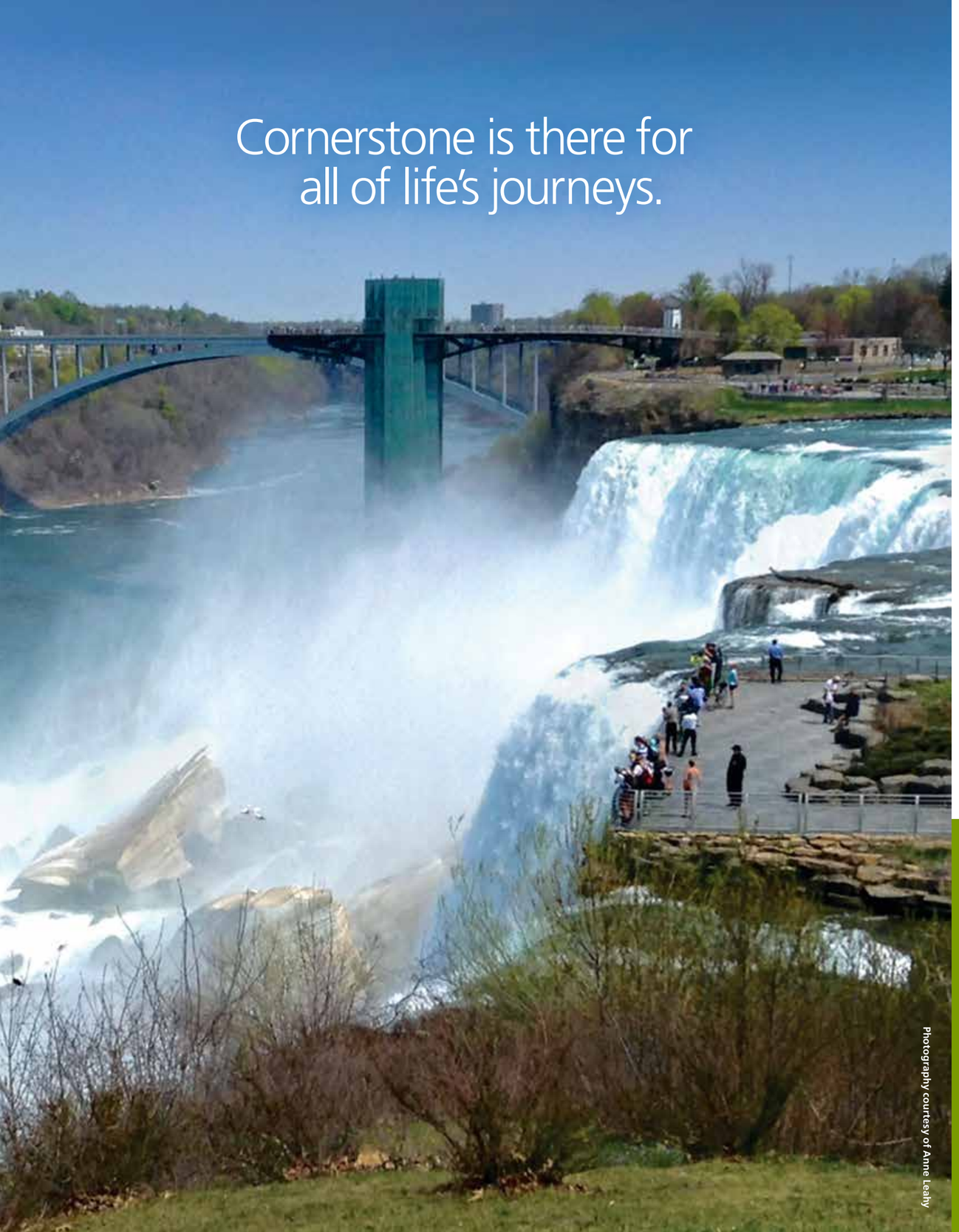
Photography courtesy of Dennis Stierer

2015 ANNUAL REPORT

Wherever life takes you, we'll be there.

Cornerstone CFCU
You rate better here.

Cornerstone is there for all of life's journeys.



Photography courtesy of Anne Leahy

Cornerstone Community Federal Credit Union was founded in 1957 to serve a small group of employees from Harrison Radiator in the basement of the local UAW Hall. After nearly 60 years in business, we have grown to become the largest credit union based in Western New York with more than 47,000 members and branches in five locations.

Wherever life takes you, Cornerstone will be there. Our members benefit from no-fee debit cards with access to more than 55,000 surcharge-free ATMS, free checking, and our free online banking and Mobile Money app. At Cornerstone, we are focused on offering better rates and lower fees than traditional banks. And opening an account with us is easy! Anyone who lives, works, worships, volunteers, or goes to school in Niagara County is eligible to join our credit union family.

Our goal is to become the financial provider of choice by offering convenient products and the highest standard of service to our members. We look forward to taking care of all of your future financial needs.

Products and Services

Banking

- Savings and Checking Accounts
- Health Savings Accounts
- IRAs and Money Market Accounts
- Business Accounts
- Oasis Online Banking and Bill Payment
- Mobile Money App with Snap Deposit
- eDocuments
- VISA® Debit Card Accounts

Loans and Mortgages

- Home Equity and Mortgage Loans
- Auto, Truck, and Recreational Vehicle Loans
- Online Lending and Loans-by-Phone/ 24-Hour Lending
- VISA® Credit Card Accounts

Other Services

- VISA® Gift Cards and Travel Money Cards
- Discount Darien Lake and Martin's Fantasy Island Tickets
- Scholarship Programs
- Money Orders
- Notary Public and Signature Guarantee Services
- Safe Deposit Boxes

For more information on our products and services, visit our website at: CCFCU.org

WORK WITH SOMEONE YOU TRUST

Cornerstone
Investment & Retirement Services

- 401(k) / Pension Rollovers
- Retirement Planning
- Education Funding
- Mutual Funds
- Life Insurance
- Long-Term Care Insurance
- Wealth Management

DAVID H. GOLDPENNY CRPC®t, LUTCF
Vice President, Wealth Management

Cornerstone Investment & Retirement Services | Office 716.434.2290 | Extension 3048
email: david.goldpenny@cunamutual.com

Located at Cornerstone CFCU | 6485 South Transit Road | Lockport, New York 14094

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President's Report

At Cornerstone, we recognize that our members have varying financial needs, schedules, and routines. Whether you appreciate the personal touch of our member service representatives at our branches or prefer to manage your finances through our online and mobile capabilities, we want to serve you faster, provide more choices, and ensure the time you spend with us is very convenient and enjoyable. While we are proud of our past accomplishments, we are always striving to expand our portfolio and make it easier for you to manage your finances because you are the reason we continue to grow.

2015 was a year of adjustment. After the core processing system conversion to New Solutions in September 2014, there were still areas that needed to be modified and fine-tuned. We had to further tailor it to our needs and expectations. We learned how to write customized reports in the NS Query format and evaluated our procedures to make the necessary changes and optimize the many enhancements. This is a never-ending process as we incorporate various aspects of the new system into our daily operations.

Our online services continue to grow. The Mobile Money app for both Apple and Android smartphones and tablets has really taken off this past year. It is a secure, quick, and easy way to check your balances, transfer funds between your sub accounts, and remotely deposit checks with SnapDeposit. The latest enhancement to Mobile Money is the ability to do person-to-person payments through SendMoney, powered by PayPal. No cash? No checks? It's easy to pay someone via SendMoney by using a cell phone number or email address. Please download the app and try it at your convenience!

Photography courtesy of Adam Hudson

Through our OASIS Home Banking platform, members continue to pay their bills electronically. Our members issue more than $2.5 million almost every month to various vendors. Within OASIS, we also offer electronic statements (eDocuments), the ability to reorder checks through our new partner Harland, access Visa Online for your credit card history, and monitor your personal finances through Money Desktop, an account aggregation program for all of your financial activities. You can set up a budget and track your spending all in one easy application.

The credit union's website received a fresh new look in 2015, and we also launched our Facebook page. Through regular updates on both channels, we are able to keep our credit union members up-to-date on various products and promotions. The quarterly newsletter is now emailed to all members who have provided their email address. It is also available on our website. Behind the scenes, we continuously enhance the security of our network with external penetration testing and daily offsite backups of all our data in case there is ever a disaster. Our goal is to make sure that Cornerstone CFCU could be up and running within eight hours should a disaster strike our main facility.

One of the new product offerings we introduced in 2015 was the Skip-A-Payment program for qualified members who want to skip a loan payment for a small $25 fee. We know there are times when money can be tight, thus we are always providing ways to assist our members. We also developed the Fresh Start Checking Account for new members who have had financial difficulties in the past and would not normally be able to open a checking account. In 2016, we will offer prepaid debit cards as another option for our members. We continue to develop products and services that make it easier for our members to transact their financial business.

Starting in 2016, all of our debit and credit cards will be reissued with the EMV chip. We estimate this important security update will be starting in May. Our ATMs will also be upgraded for EMV compliance this spring. Another example of upgrading our technology will be the use of DocuSign. This program allows the credit union to send important documents to our members securely and for the member to electronically sign and return the documents via email. Each department within the credit union will be developing the processes for specific documents to be sent this way if a member is not able to come into one of our branches. It will save the time and expense of mailing the documents.

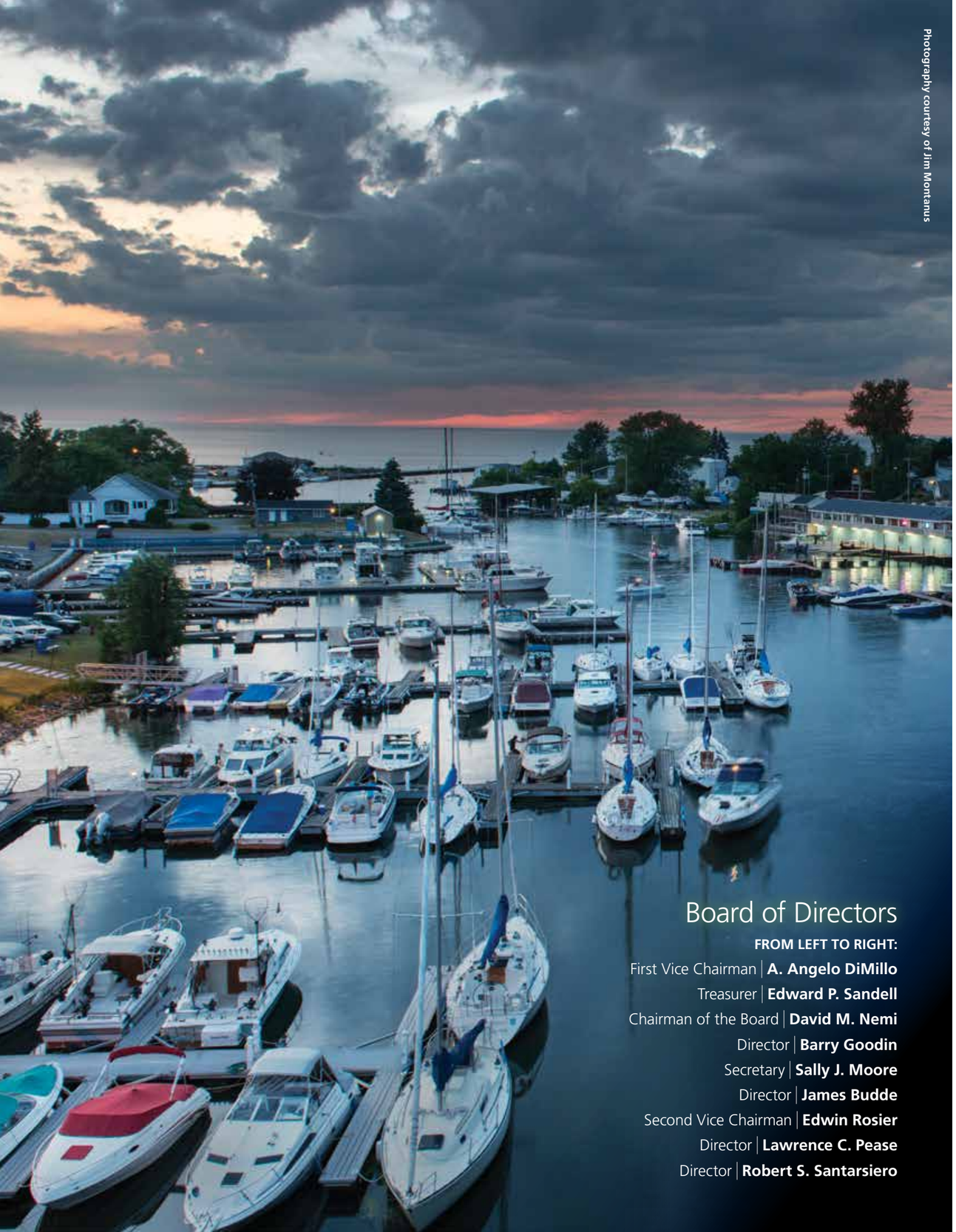
Improving your experience at Cornerstone is our top priority, because you deserve to get more out of your hard-earned money. The financial services industry has changed dramatically since we first opened our doors in 1957. Here in Niagara County, we have seen a lot of buying and selling of bank branches. As a credit union with strong ties to the community, Cornerstone is proud to provide the financial foundation for our members and you can count on us being here, year after year, to help you reach your personal and business goals.

To learn more, call or stop by one of our branches, or visit our website at **CornerstoneCommunityFCU.org**

Ann M. Hood

Ann M. Hood
President & CEO

Photography courtesy of Adam Hudson



Photography courtesy of Jim Montanus

Board of Directors

FROM LEFT TO RIGHT:

First Vice Chairman | **A. Angelo DiMillo**
Treasurer | **Edward P. Sandell**
Chairman of the Board | **David M. Nemi**
Director | **Barry Goodin**
Secretary | **Sally J. Moore**
Director | **James Budde**
Second Vice Chairman | **Edwin Rosier**
Director | **Lawrence C. Pease**
Director | **Robert S. Santarsiero**

Chairman's Report

David M. Nemi,
Chairman of the Board

As Chairman of the Board of Cornerstone Community Federal Credit Union, I would like to thank you for your ongoing support of our vision of innovation, service, and commitment to our community. 2015 was another year of challenges and opportunities for Cornerstone CFCU.

Unfortunately, we faced another year of low interest rates. The economy has had an effect on all businesses. While we strive to offer our members the best savings rates possible, the low rates paid out on our investments makes that an ongoing challenge. On a positive note, Cornerstone has some of the best interest rates around on Loans and Visa® Credit Cards. Be sure to shop your credit union first for all of your lending needs.

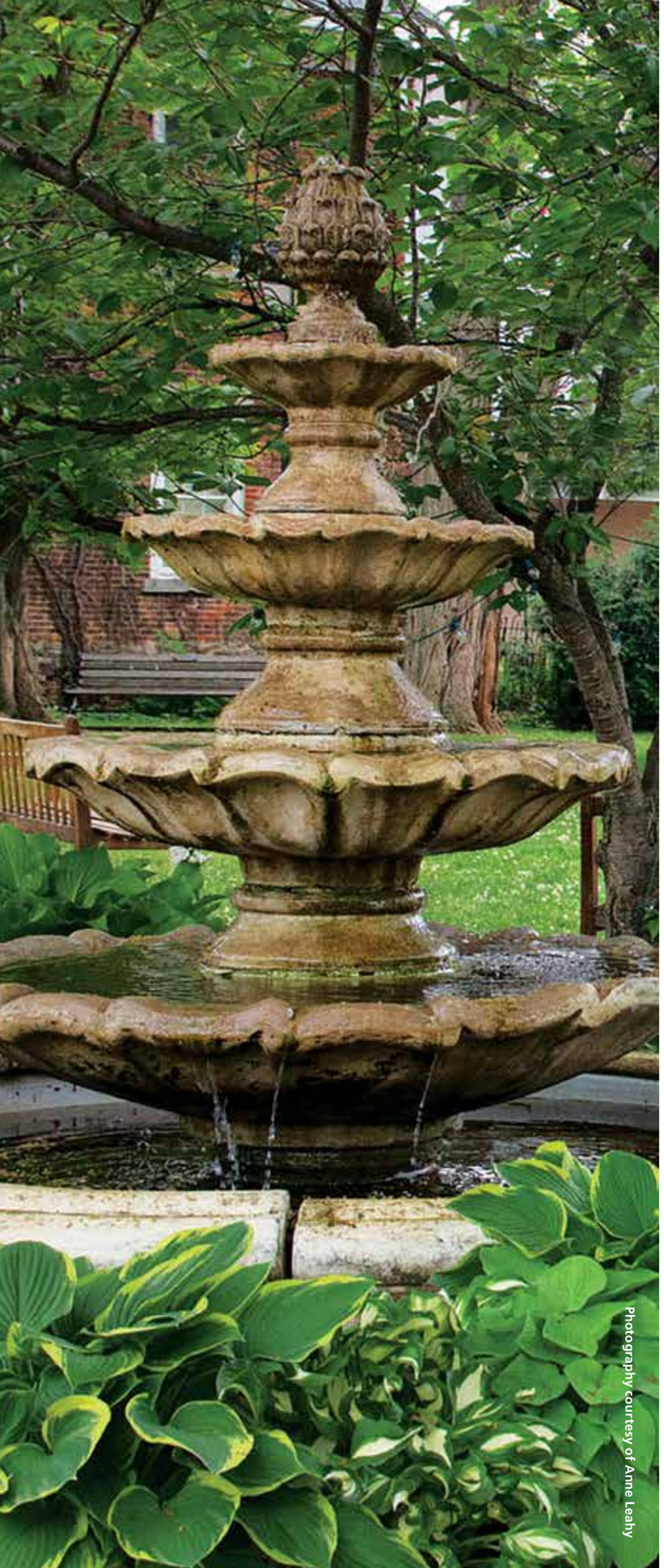
Technology has played an ongoing role in our day-to-day life at the credit union. The avenues to access your money are constantly changing, and it is our goal to make sure you have the most advanced technology available. As you know, we updated our core computer processing system at the end of 2014, which allowed us to offer more banking options to our membership in 2015. We realize that more and more people are managing their finances through their smartphones. With that in mind, we updated our website to be compatible with mobile devices, giving you access to OASIS and your accounts wherever you are. We have also updated our mobile app to give you the ability to send money using PayPal.

We know your life is busy, and we will continue to bring you products and services that make it easier to manage your finances.

Throughout the year, Cornerstone continued to be a partner in Lockport and the Niagara County areas. With our sponsorships of the Cornerstone CFCU ice arena, Niagara University Athletics, Mighty Niagara Half Marathon, T-NT Expo, and many other events, we continued to invest in our community. We also made donations to many benefits and fundraisers in support of our members. We continually strive to support our local community initiatives. We want to be a part of what makes Niagara County a great place to live, work, and do business.

We have closely watched the pending merger of KeyBank and First Niagara. This merger will change the face of banking in Niagara County and will leave consumers with fewer choices for their banking needs. We would like to extend an invitation of credit union membership to any consumer who is displaced by this upcoming merger. Bank branches seem to come and go these days, but you can count on Cornerstone to be here for you. Our roots are here in Niagara County, and this is where we plan to stay. We will continue to offer the same great service we always have.

On behalf of our credit union staff, board members, and volunteers, we thank you for choosing Cornerstone Community FCU as your financial institution. We look forward to serving you in 2016 and beyond.



Photography Courtesy of Anne Leahy

Treasurer's Report

Cornerstone CFCU remains committed to performing at the highest level of financial responsibility by leveraging the tools we have at our disposal and maximizing their capabilities. Having said that, 2015 was a very challenging year. Interest rates on investments continued to remain low due to the economic environment. Management worked hard to reduce expenses by 2.7%. However, the amount of loan losses this year caused the credit union to lose money in 2015.

Cornerstone's total member shares grew by 6.94% during the year to $346,463,541, while our total investments increased by 21.3% to $127,071,297. However, our total equity decreased by 1.1% to $28,352,544, and our membership declined by 1.76% for an end of year total of 47,488 members. The loan portfolio experienced a small increase of 0.26% to $227,644,687.

Cornerstone is a well-capitalized credit union, which is demonstrated by our sound prompt corrective action (PCA) net worth ratio of 7.5%. As previously stated, our net income for 2015 showed a loss of $392,755, a decline when compared with the previous year—largely due to an increase in loan losses on delinquent loans.

Our commitment to protecting our members' finances means that the Board of Directors will continue to ensure that prudent financial decisions are made to maintain your trust. Our members can be certain that Cornerstone CFCU's vigilant approach will result in a solid foundation on which they can build a plan that achieves their goals.

Financial Highlights, 2015

Edward P. Sandell,
Treasurer

Assets
376,276,344
6.12%

Loans
227,644,687
0.26%

Shares
346,463,541
6.94%

Members
47,488
(1.76%)

21.3%
Investments

Expenses Reduced
2.7%

Assets	
Loans to Members	$227,644,687
(Less) Allowance for Loan Losses	$ (1,939,967)
Net Loans	$225,704,720
Cash and Net Investments	$133,531,589
Other Assets	$ 17,040,034
Total Assets	**$376,276,344**

Liabilities and Equity	
Total Liabilities	$ 1,460,259
Total Member Shares	$346,463,541
Regular Reserve	$ 5,526,467
Contingency Reserve	$ 7,119,882
Undivided Earnings	$ 15,588,215
Acc Gain/Loss on AFS Securities	$ 117,981
Total Liabilities and Equity	**$376,276,344**

Operating Income	
Net Loan Interest	$ 10,729,054
Income from Investments	$ 1,090,407
Other Operating Income	$ 4,882,205
Total Income	**$ 16,701,666**

Operating Expenses	
Staff Salary and Benefits	$ 7,401,471
Office Occupancy and Operation	$ 2,457,170
Provision for Loan Losses	$ 2,390,199
Marketing and Promotional	$ 718,124
Loan Servicing	$ 959,337
Professional and Outside Services	$ 2,088,303
NCUA Federal Operating Fees	$ 64,513
NCUA Stabilization Fund	$ 0
All Other Expenses	$ 207,838
Total Expenses	**$16,286,955**
Net Operating Income	$ 414,711
Dividends Paid On Shares	$ 807,465
Gain or Loss Disp. Assets/ Investments	$ 0
Net Income	**$ (392,755)**

Financial Highlights	2015	2014	%
Assets	$376,276,344	$354,583,098	6.12%
Shares	$346,463,541	$323,978,901	6.94%
Loans	$227,644,687	$227,044,312	0.26%
Members	47,488	48,338	(1.76)%

Supervisory Committee Report

W. Keith McNall, Chairperson, Supervisory Committee

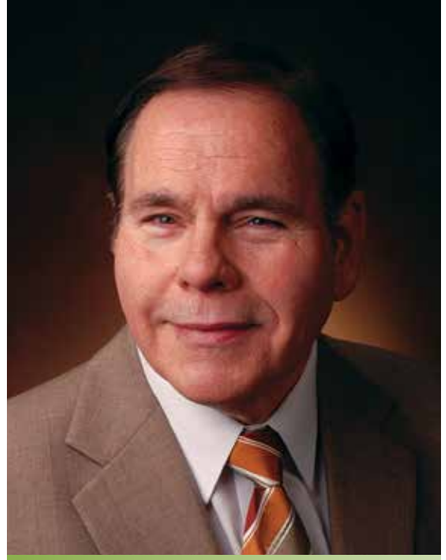
The Supervisory Committee for Cornerstone CFCU is an independent group of volunteers appointed by the Board of Directors to oversee the credit union on behalf of our members.

Our committee is responsible for verifying that accounting records and financial reports are prepared promptly and accurately. We monitor numerous policies and procedures and ensure that internal controls are effectively maintained. The Supervisory Committee also reviews member questions and complaints and makes it a priority to address these matters impartially and fairly.

The operations of the credit union are also under daily review by our internal auditing staff. Under the direction of the Supervisory Committee, the auditing department conducts various audits and reviews the adequacy and effectiveness of the credit union's policies and procedures.

Each year an independent audit is completed by an external certified public accounting firm to verify that the accounting records and reports accurately reflect Cornerstone's operations and financial results. In 2015, Firley, Moran, Freer and Essa, CPA, P.C. provided these services to Cornerstone CFCU and assisted the Supervisory Committee in overseeing all areas of the organization to ensure compliance and sound operational performance. We are happy to report that Cornerstone is in excellent financial condition, despite showing a loss in 2015. The results of the audit showed that the credit union remains in compliance with all National Credit Union Administration (NCUA) requirements and guidelines.

The Board of Directors, management team, and staff of Cornerstone have done an exemplary job in meeting regulatory requirements and serving the financial needs of our members. On behalf of the Supervisory Committee, I congratulate them for their efforts.



Cornerstone Volunteers

We would like to thank the following volunteers for their dedication and support in the past year:

Nathanial Bolt
Irene Bull
Sam D'Agostino
Patricia Degan
Al Ferrante
Barbara Garey
Todd McNall
Wm. Keith McNall
Dan Napoleone
Robert Nemi
Frank Oakes
John Santasiero
Gary Smith
John Tolli
Jeremy Verratti

Management Team

Ann M. Hood – President/CEO

Suzanne English – VP of Marketing

Mark R. Kennedy – VP of Information Systems

Constance L. Kelkenberg – VP of Auditing

Robert Pfeil – VP of Human Resources

Mary E. Scheib – VP of Operations

Mark Szafranski – VP of Finance

Ellen Zastrow – VP of Lending

Willam A.C. Coder – IT Security Analyst

Cynthia A. Culverwell – Employee Relations Manager

Nancy Freishlag – Regional Branch Manager

Carolyn Koons – Branch Manager

Molly Mayers – Indirect Lending Manager

Denise Salmons – Operations Manager

Andrea Schultz – Payroll and Benefits Manager

Lisa Whittaker – Lending Manager

Photography courtesy of Anne Leahy