

Banking with  
Real Interest—

# Celebrating Our Members



UMassFive Report to The Membership 2017



# Letters From

## Dear UMassFive Members/Owners,

I am pleased to report that 2017, the year of our 50th Anniversary celebration, was successful in many ways. Our financial condition and key financial measures show positive results once again. Our total assets as of December 31 were \$462 million while serving 38,400 members.

We continued our practice of offering competitive market rates on checking, savings certificates, loans, and fees. Our members took advantage of the outstanding value that our products provided to them. As a result, we ended the year with a loan portfolio of \$360.5 million, an increase of 11.2% from 2016. At the same time, our overall member share and certificate balances increased by \$6.8 million, or 2.6% for the year.

In 2017, we continued to enhance our products and services, looked for ways to improve our processes, and devoted resources to training events for our staff of dedicated professionals who are committed to our mission of *"making a difference in the financial lives of our members."*

## Here are a few accomplishments from 2017 that we're proud of:

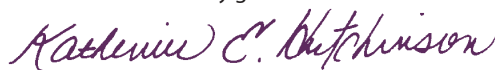
- We celebrated our 50<sup>th</sup> Anniversary by hosting several member appreciation events throughout the year. Our focus was on thanking our loyal members for being a part of UMassFive.
- We proudly introduced our Business Services division: After extensive planning we are now able to provide our members with competitive rates and terms on short- and long-term commercial business loans. We look forward to developing this offering to include business checking accounts and business credit card services in the coming year.
- We continued adding enhancements to our online and mobile banking capabilities to create a seamless user experience by allowing on-device enrollment, password changes, and fingerprint technology.
- Team UMassFive earned a Lifetime Giving Award by reaching a goal of \$75K through our fundraising efforts and participation in the UMass Cancer Walk & Run over the past ten years.
- We emphasized employee growth, with a renewed focus on providing greater member satisfaction by offering training opportunities throughout the organization. We also invested in a knowledge-based software system that provides searchable on-demand access to information, policies, and procedures to employees at any time.
- We negotiated contracts with several of our major processing partners to support process improvement and enhanced system capabilities.

Here at UMassFive we pride ourselves on providing excellent service to our members. We know that when it comes to a financial relationship you have many choices, and like our competitors, we provide the products and services you need—but I am confident that our dedicated staff are truly what makes us stand out from the crowd. Many organizations may say it, but we have proven it. Once again, we received *The Valley Advocate's* "Best Credit Union in the Valley" award for the 11<sup>th</sup> year in a row, as well as *The Daily Hampshire Gazette's* "2017 Readers Choice Award" for the 4<sup>th</sup> year. We are fortunate to have such dedicated employees and we do our best to provide them with an exceptional workplace experience.

As I have announced my upcoming retirement in 2018, I want to take a moment to reflect upon my long career at UMassFive. In 1975, when I first joined the Credit Union team, I had a great deal to learn about the credit union movement and how important it was for us to serve our members—always with their best interests at heart. As I worked my way up through management, eventually accepting the position of CEO 21 years ago, I worked tirelessly to remain committed to that standard. I would not have been successful without the continued confidence placed in the Credit Union by so many members who have been here over those same 42 years of my career. Because of this, I know that we will continue to experience the same growth we have seen each and every year as more and more individuals choose to join our cooperative.

Just as we would simply not be here if not for our members, I would like to share my immense gratitude for our committed staff, and volunteer Board of Directors whose dedication has been essential to our continued success. The staff have motivated me consistently through their commitment to always provide great service, as well as reach for new milestones every year, while the members of the Board have provided clear direction—always in the best interest of the members, and have been a constant support system.

I am humbly grateful to all.



Katherine E. Hutchinson  
President & CEO



# Our Leadership



On behalf of the Board of Directors I am happy to report another successful year for UMassFive.

It is hard to believe that it has been 50 years since a small group of employees on the UMass Amherst campus pooled their money together to start our Credit Union in the basement of Draper Hall.

From the very start, our Directors have been members just like you who live and work in this community. They volunteer their time and talent, and bring a wealth of knowledge and experience to the Credit Union.

*They believe the genuine, personal way credit unions do business sets us apart from other financial institutions.*

As a Board, we listen to our members. We survey the current market conditions and we learn about the latest trends and technologies that will make us a better financial institution. We do this always keeping in mind the mission, vision, and values of our institution. By always thinking strategically we have

capitalized on opportunities, while also being prepared to weather difficult times. This has resulted in a Credit Union that is not only safe and sound financially, but also a real competitor in the marketplace. We welcome the future—because we as a Board know how to successfully plan for it.

We are also fortunate to have a senior leadership team led by Kathy Hutchinson, our President and CEO, and a dedicated staff, all of whom are true member advocates. Under Kathy's leadership, UMassFive has grown from a 15,000 member cooperative to one with over 38,000 members, and she has directed an asset growth of over \$400 million during her 21 years at the helm!

In 2018, we will recognize Kathy's retirement as our cooperative's leader. The members of UMassFive's Board of Directors are very grateful for Kathy's 42 years of commitment and dedication to our Credit Union. We wish Kathy all the best in her upcoming and well-deserved retirement.

Please know that your Board of Directors will select a new CEO who will remain constant to Kathy's longtime focus on the primary mission of UMassFive—providing a full range of the best member financial products and services to meet your needs now and into the future.

We are, of course, grateful to our members who find value in doing business with us—many of whom refer their co-workers, family, and friends to us—and trust us to do the right thing each and every day. It is because of that loyalty that we continue to grow as a not-for-profit financial cooperative today—and into the future.

Sincerely,

A handwritten signature in purple ink that reads "Robert M. Harrison".

**Robert M. Harrison**  
Board Chair

## BOARD MEMBERS FROM TOP TO BOTTOM -

**Sam Killings:** Board Chair, Asset/Liability Management Committee Chair, Credit Risk Management Committee, Technology Planning Committee  
**Karl Kowitz:** Board Vice Chair, Asset/Liability Management Committee, Nominating and Corporate Governance Committee  
**Ruth Yanka:** Board Secretary, Credit Risk Management Committee, Nominating and Corporate Governance Committee  
**Robert Mishol:** Credit Risk Management Committee Chair, Nominating and Corporate Governance Committee  
**Kevin Kerwood:** Credit Risk Management Committee, Human Resources Committee Chair, Technology Planning Committee Chair  
**Michael Sullivan:** Credit Risk Management Committee, Human Resources Committee  
**Jacqui Waitrous:** Supervisory Committee, Technology Planning Committee

## 2017 Board of Directors



# Celebrating Our Past,

*As we move forward into our 51st year,  
we look back upon 2017 as a year  
of celebration and gratitude to you,  
our loyal members.*

The interests of our members and bettering their financial lives has always been our mission and purpose—but for our 50th year in particular, we wanted to celebrate and thank all of you for your continued dedication which has made our successes of the past half-century possible.



## Key UMassFive Milestone Years

**1967**

UMassFive opens  
on UMass Campus  
in the basement of  
Draper Hall

**1984**

UMassFive becomes  
first credit union  
in the state to offer  
ATM cards

**1997**

Field of  
membership  
extended to  
Five College  
system students

**2014**

Members are able  
to join and apply  
for loans online

**1973**

Field of  
membership  
extended to other  
colleges in the Five  
College system

**1992**

UMassFive  
celebrates 25<sup>th</sup>  
Anniversary

**2006**

Co-op Points  
reward program  
launches to  
membership

**2017**

UMassFive  
celebrates 50<sup>th</sup>  
Anniversary

**For our 50th Anniversary year**—we began the festivities by kicking off a series of sponsored UMass Athletics games with Men's Basketball in February. Three lucky members who entered our contest on social media won tickets to attend and were called to the court during halftime to randomly open suitcases revealing two cash prizes of \$250, and one grand prize—a \$2,000 AAA travel gift card.

In March, our year officially began with the annual meeting at our Hadley Branch—opening with words of reflection from our leadership, and ending with a special gift of custom-blended coffee and 50th anniversary mugs for all in attendance. We were honored by the presence of many members, including four of the Credit Union's charter members: Art Warren, Lewis Mainzer, Jake Bishop, and Michael Sullivan.

In June, we hosted a formal celebration of our 50th Anniversary at Look Park in Northampton, where over 300 members joined us for food, entertainment, and of course—more prizes. Not only were there raffles, but we also introduced a Prize Patrol that sought out members who were enjoying the sunshine in their purple UMassFive sunglasses, and surprised them with \$50 in cash!

In September, our Prize Patrol returned—this time handing out prizes to fans in the stands at our sponsored UMass Football game—while back at our branches, our Video Teller team randomly dispersed \$20 cash prizes throughout the month to members who took advantage of their service at our Hadley and Northampton ATMs.

In October, we asked all of our members to make a wish—by writing their Financial Dreams on a golden star for hanging in our branches—and randomly selected two lucky members to win \$500 toward achieving their goals.

Finally, we wrapped up our year of celebration with a sponsored UMass Hockey game in November, where UMassFive took over the Chuck-a-Puck pot, and started the winnings at \$500. We hope that all our members had the chance to partake in our 50th activities, and we look forward to many more years in their service.

# Investing in Our Future

Here at UMassFive, we pride ourselves in keeping up-to-date with the latest technology and security that we can offer to our members. In 2016, we came to the end of a long process of renovation and change—visually opening our lobbies and rethinking the way our members are able to interact with us by adding self-service features, a team of Video Tellers, and streamlining the flow of traffic within our branches. With all of this expansion, 2017 promised to be a year of growth, and we took this opportunity to invest directly in the core of our organization—**the knowledgeable staff that serve our members daily.**

*Between online courses, attending webinars, seminars, trainings, and conferences, there were a total of 910 training events offered to UMassFive employees in 2017.*

Approximately 23 employees took advantage of over 10 unique conferences, 37 employees attended 15 leadership and communication seminars, and 59 employees participated in over 33 webinars in order to ensure the best service possible for our members.



Pictured: Human Resources Department



Pictured: Loan Servicing Department



Pictured: Employees at our Operations Center



Pictured: Debt Solutions Department



Pictured: Our Mercy Branch Team



Pictured: Consumer Lending Department

## Member Technology

Our members also continued to take advantage of our evolving list of self-service offerings. Our 50<sup>th</sup> year was marked by a significant increase in eStatement enrollment and successful member adoption of our latest service—live chats with UMassFive Tellers via our ATM Video Teller feature.



**6,855**

TRANSACTIONS WERE PERFORMED  
BY OUR ATM VIDEO TELLER TEAM  
SERVICING HADLEY & NORTHAMPTON



**19,863**

MEMBERS ENROLLED  
IN EZBANK  
ONLINE BANKING



**8,495**

MEMBERS ENROLLED IN  
MOBILE BANKING



**18,317**

MEMBERS ENROLLED  
IN ESTATEMENTS

# How We

## A commitment to our community...



Team UMassFive was recognized with a \$75,000 Lifetime Giving Award

During our 50th year we continued to support causes and organizations that both our employees and members care about. In partnership with the UMass Amherst Bursar's office, UMassFive funded and developed programming and training for a peer-to-peer financial wellness education group called Smart About Money. Also in partnership with Greenfield Community College, we held our 5<sup>th</sup> "Reality Fair" interactive financial wellness event for 500 area high school seniors.

Through the generosity of our staff and members, our team was the top fundraising team for the Cancer Walk & Run to benefit the UMass Cancer Center, raising over \$17,000. Additionally, the team was awarded a \$75,000 Lifetime Giving Award for its efforts over time.

Staff and members raised \$2,500 to donate 10 beds through the "A Bed For Every Child" initiative by the Massachusetts Coalition for the Homeless, and the beds were distributed directly in the Pioneer Valley.

UMassFive donated funds, in-kind contributions, or staff resources in support of the following local organizations in 2017:



Members of the UMassFive College Team at the 2017 UMass Cancer Walk & Run in Worcester

*Amherst Hurricane Boosters*

*Amherst Survival Center*

*Brightside for Families and Children*

*Community Involved in Sustaining Agriculture (CISA)*

*Dakin Pioneer Valley Humane Society*

*Five College Relay for Life*

*Food Bank of Western Massachusetts*

*Friends of Athletics at Mount Holyoke College*

*Girls, Inc. Holyoke*

*Greenfield Community College Business Club*

*Greenfield Community College Foundation*

*Grow Food Northampton*

*Hampshire County Big Brothers, Big Sisters*

*Helping Hearts for Hadley Schools*

*Hitchcock Center for the Environment*

*Learn to Cope*

*Massachusetts Academy of Ballet*

*Mercy Caritas Gala*

*Northampton Survival Center*

*Pioneer Valley Ballet*

*Pioneer Valley Habitat for Humanity*

*Springfield Friends of the Homeless*

*Three Campus Police Department*

*UMass Alumni Association*

*UMass Cancer Center*

*UMass Contemporary Art Museum*

*UMass Student Businesses*

# Gave Back in 2017

and to improving the lives of our members.

**\$177,643**

of members' money was  
saved by waiving fees  
with Co-op Points

**\$26,045**

in rewards was redeemed  
at local merchants via  
Buzz Points

**1,262**

loan interest rates  
were lowered with  
Co-op Points

**640**

CD interest rates  
were increased  
with Co-op Points

*We believe banking should  
always feel rewarding.*

That's why we combined the benefits  
of our own Co-op Points program with  
Buzz Points to create Co-op Rewards!

With our **Co-op Points** program,  
we reward your membership and  
participation in our cooperative. From  
waiving fees, lowering loan rates, and  
raising Term Share Certificate rates, there  
were plenty of ways that our members took  
advantage of their Co-op Points in 2017.

With **Buzz Points**, keeping it local pays in  
discounts. Members and local merchants  
continued to keep enrollment high in 2017,  
which rewarded the local economy as well  
as our members.



# Broadening



*Here at UMassFive,  
we put a focus on  
sustainable energy  
by providing the easiest  
solutions to financing  
for a brighter future.*

**MASS**  **Solar Loan**  
[www.MassSolarLoan.com](http://www.MassSolarLoan.com)

In 2017, as a part of the Mass Solar Loan program, UMassFive was proudly recognized as the **#1 lender in Massachusetts**, with over 573 solar projects financed totaling \$18,546,957.

## Financing that meets your needs—

Our standard loan offerings continued to perform well in 2017, as members took advantage of our easy application process and competitive rates.



**2,736**

MEMBER VEHICLES WERE FINANCED  
WITH A UMASSFIVE AUTO LOAN



**5,314**

MEMBERS TOOK OUT A UMASSFIVE  
HOME EQUITY LOAN ADVANCE



**903**

MEMBERS TOOK ADVANTAGE  
OF OUR LOW-RATE CREDIT CARDS



**346**

MEMBERS TOOK ADVANTAGE OF  
UMASSFIVE'S SUITE OF SUSTAINABLE  
LOANS TO IMPROVE THEIR HOMES

# Our Horizons



## A New Addition to Our Specialty Offerings— Business Services

With our love for local, it was only natural that UMassFive would develop a program to work with local businesses, and throughout 2017, we carefully laid the framework. After bringing in an expert team in lending and small business ownership, we began our venture into Business Services—closing on our first eight Business Loans by the end of the year for a total of \$1,495,733. These loans funded commercial real estate, equipment, and vehicles. We look forward to expanding upon the services we can offer to local business owners.



### CU Student Choice

A smarter solution for a better future—CU Student Choice (CUSC) is the easy choice for student borrowing.

In 2017, UMassFive was able to help 326 students finance their education at 240 individual colleges. We also provided free workshops with a CUSC advisor who explained the college application and financing process.



### Financial and Investment Services

What do you think is the best gift you can give yourself? We say a life well-lived, with a secure future. That's why UMassFive offers Financial and Investment Services (FIS), available through CUSO Financial Services, L.P. (CFS).\*

In 2017, our Financial Advisors helped 1,588 members plan for their futures, managing a total of over \$162M in assets.



### Member Advantage Mortgage

One of life's biggest milestones is becoming a homeowner. This past year, our Member Advantage Mortgage (MAM) program worked with 127 members to find an affordable mortgage that fit their needs and refinanced mortgages for 75 other members to ensure that their rate was the most competitive.

\* Non-deposit investment products and services are offered through CUSO Financial Services, L.P. ("CFS"), a registered broker-dealer (Member FINRA/SIPC) and SEC Registered Investment Advisor. Products offered through CFS: are not NCUA/NCUSIF or otherwise federally insured, are not guarantees or obligations of the credit union, and may involve investment risk including possible loss of principal. Investment Representatives are registered through CFS. UMassFive College Federal Credit Union has contracted with CFS to make non-deposit investment products and services available to credit union members.

# Supervisory Committee



The Supervisory Committee is charged with protecting the UMassFive College Federal Credit Union's members' interests and ensuring that the financial condition of the Credit Union is accurately and fairly presented in the Credit Union's financial statements.

To meet this responsibility, the Supervisory Committee employs accounting and other qualified firms to perform necessary audits, account verifications, and risk assessments under its supervision. In 2017, the committee engaged the accounting firm of CliftonLarsonAllen (CLA), Certified Public Accountants, to conduct the annual financial audit and ongoing internal audit functions. Other outside firms and auditors also performed various reviews and tests. As a result of the most recent Annual Financial Audit, UMassFive College Federal Credit Union received an unmodified opinion that our financial statements conform to generally accepted accounting principles.

Beginning in 2016, the Supervisory Committee contracted with CLA to begin a more comprehensive internal audit program. This work continued in 2017, with various reports presented throughout the year by CLA to the Supervisory Committee on the findings of their work.

## **The Supervisory Committee Members during 2017 were:**

**Ellen C. Rutan**, Chair, Comptroller, Mount Holyoke College; **Michael Ford**, Controller, Hampshire College; **Stephen Nigro**, Controller, Amherst College; **Jacqui Watrous**, Executive Director, Administrative Systems, Administration and Finance, UMass.

# Statements

## Statement of Financial Condition (unaudited)

<b>Assets</b>	<b>2017</b>	<b>2016</b>
Cash & Cash Equivalents	\$10,681,132	\$21,641,891
Investments	67,914,514	78,854,443
Loans to Members, Net of the Allowance for Loan Losses	360,501,268	323,893,260
Accrued Interest Receivable	1,618,664	1,501,800
Property & Equipment	8,331,050	8,884,961
National Credit Union Share Insurance Fund (NCUSIF) Deposit	4,068,418	3,788,228
Other Assets	9,260,401	9,789,734
<b>Total Assets</b>	<b>\$462,375,447</b>	<b>\$448,354,317</b>
<b>Liability &amp; Equity</b>		
Liabilities		
Members' Shares	\$422,024,065	\$411,340,914
Accrued Expenses & Other Liabilities	976,552	659,872
Borrowed Funds	0	0
<b>Total Liabilities</b>	<b>423,000,618</b>	<b>412,000,786</b>
Equity		
Retained Earnings, Substantially Restricted	39,831,012	36,552,367
Accumulated Other Comprehensive (Loss) Income	(456,182)	(198,836)
<b>Total Members' Equity</b>	<b>39,374,830</b>	<b>36,353,531</b>
<b>Total Liabilities &amp; Equity</b>	<b>\$462,375,447</b>	<b>\$448,354,317</b>

## Statement of Income (unaudited)

<b>Interest Income</b>	<b>2017</b>	<b>2016</b>
Interest on Loans to Members	\$16,450,903	\$14,485,505
Interest on Investments & Cash Equivalents	1,412,519	1,175,784
	<b>17,863,423</b>	<b>15,661,289</b>
<b>Interest Expense</b>		
Dividends on Members' Shares	2,761,661	2,736,656
Interest Expense	430	0
	<b>2,762,091</b>	<b>2,736,656</b>
<b>Net Interest Income</b>	<b>15,101,332</b>	<b>12,924,633</b>
<b>Provision for Loan Losses</b>	<b>510,000</b>	<b>599,000</b>
<b>Net Interest Income after Provisions for Loan Losses</b>	<b>14,591,332</b>	<b>12,325,633</b>
<b>Non-Interest Income</b>	<b>4,761,023</b>	<b>4,395,874</b>
<b>Net Income before General &amp; Administrative Expenses</b>	<b>19,352,356</b>	<b>16,721,507</b>
<b>General &amp; Administrative Expenses</b>		
Salaries & Benefits	7,375,879	6,258,253
Operations	8,697,832	8,222,388
	<b>16,073,711</b>	<b>14,480,641</b>
<b>Net Income from Operations</b>	<b>3,278,645</b>	<b>2,240,866</b>
<b>NCUA Impairment &amp; Premium Assessment</b>	<b>0</b>	<b>0</b>
<b>Net Income after NCUA Impairment &amp; Premium Assessment</b>	<b>\$3,278,645</b>	<b>\$2,240,866</b>

“

*50 years of putting our Members' needs first*

I have since moved across the country for graduate school in California, but have stayed loyal to UMassFive. I love my Credit Union!

—CHRISTOPHER HOEL

Happiness is when you walk into the branch, and you are on a first name basis with the tellers.

— JAMIE KOWAL

Now, as a UMass graduate (and a better budget maker!), I still refuse to leave the Credit Union, even though I now live over 1,600 miles away.

— MARISSA GRENHAM

It's been years and now I've successfully paid off two car loans and now I'm working with a line of credit on my home. UMassFive has been an incredibly positive force in my life. Without it I wouldn't be the same!

— JODI NICHOLAS

Without your assistance I would not have realized the reality of owning my own condo...I have managed since last March to pay off the credit card; the personal loan; my daughter's personal loan, as well as reducing my auto loan balance. Thank you for having faith in me. You changed our lives.

— DIANE MERCON GRIFFIN

UMass has been the best credit union/bank I have been a part of...Co-op Points is my absolute favorite and I don't know any other bank that offers this service. The Co-op Points have saved me hundreds of dollars, when times were tough and overdraft fees were coming. I am very thankful to be a part of UMassFive!

— KRISTEN THRASHER

I have nothing but positive things to say about UMassFive!

—NIKI HERNANDEZ

True confessions: Friends think I'm weird because I rave about UMassFive more than anyone "with-a-life" should.

— DIANE NORMAN

Many banks have come and gone in the Valley in the last 30 years. We're glad we chose the one that stayed to grow with our family.

— GARY BRIERE

UMassFive is an awesome place...With a savings account, Christmas club, and home equity line I have assisted my girls through college, maintained a wonderful home, traveled, and made the best memories... they always take the time to sit, explain, answer questions. There is no place like this place.

— DOREEN GUBBER

UMassFive helped us buy cars to stay together and has enabled us to manage debt, buy a house, save for a wedding, and now a honeymoon.

— RACHEL COLON MONETTE

”

## UMassFive's Field of Membership

Amherst College • Hampshire College • Smith College  
Mount Holyoke College • University of Massachusetts  
& over 50 other select groups

