

## **1st Ed Credit Union Annual Meeting**

Monday, April 20, 2015

Montessori Academy of Chambersburg  
Chambersburg, PA

Registration and light refreshments - 6:30 p.m.

Business Meeting begins at 7:00 p.m.

### **Call to Order**

Determination of Quorum

Minutes of Last Year's Meeting

Report of the CEO

Report of the Board of Directors

Report of the Supervisory Committee

Report of the Nominating Committee/Election

Awarding of the Scholarships

Unfinished Business

New Business

Adjournment of Meeting

## **Report Of The CEO**

As President and CEO of 1st Ed Credit Union, I have the privilege of serving more than 6,000 members and working with a superb staff who give 100% to our members, every day. They're consummate professionals dedicated to improving our members' financial lives.

Since we opened our doors in 1938, this level of service has been our core value. Today, we are a full-service financial institution, serving Franklin, Adams, Cumberland, Fulton and York Counties in Pennsylvania. We offer mortgages, home equity loans, a new home equity line-of-credit, credit cards and the best vehicle loans in the area. We also strive to offer more banking convenience with services that meet our members' diverse needs, including more 24/7 online banking options.

In 2014, we added a new mobile banking app, so members have another choice in how they want to bank. Online banking, eStatements, and Direct Deposit continue to offer members a way to save time while reducing their carbon footprint. Of course, free checking and debit cards continue to be a staple of our offerings. We also completed our Branch remodel and hired a new Branch Manager, Toni Diffenderfer. All of us enjoy seeing the members' reaction to our remodeled facility and the flow of the office.

We continue to strengthen our bond with the education community and often present educational tips on money management to students, right in the classroom. Financial literacy can never start too early, and it aligns with our mission of serving members and the community while providing financial education. With our new Business Development Officer, we're also working on reaching out to and serving new groups in the community.

We are proud of our growth. But our "people helping people" philosophy will always be what drives us. We love serving our friends and neighbors and being part of this community. We're also appreciative of your support and your willingness to allow us to be your financial partner.

### **It Makes Sense to Belong**

As your financial cooperative, we put you first, never profits. Our earnings go back to you in the way of expanded services, lower loan rates, better earnings on deposits, and reduced fees. This is how we define our cooperative nature – the more you participate, the more we can give back to you. That's why we've created a brand unique to us, 'It Makes Sense to Belong!'

2015 brings another year of possibilities. We'll continue to offer the electronic banking services you desire and new ways to access your money. Our partner companies will expand, and we look forward to doing more with our teachers, students, and schools.

Finally, I'd like to take this opportunity to thank our members, staff, and our Board of Directors. Kudos to all of you for your teamwork and dedication to 1st Ed.

Kelly Childress  
President & CEO

## 1st Ed Credit Union Minutes of the Annual Meeting April 21, 2014

The 76th Annual Meeting of the 1st Ed Credit Union held at the Orchard's Restaurant was called to Order at 7:00 P.M. by Chairperson Peg Hollar. A quorum was declared by Secretary Roy Johnston. The minutes of the Annual Meeting on April 20, 2013 concerning Deborah Frames's term on the Supervisory Committee were corrected from a one year term to a three year term. The printed minutes as corrected were declared approved by Chairperson Hollar.

Chairperson Hollar welcomed the members to the meeting. She introduced the staff of the Credit Union and thanked them for their dedicated service to the members. Chairperson Hollar then gave a brief report on the activities and events sponsored by the Credit Union in the past year. (Refer to Annual Report pages 4 and 5)

Kelly Childress, President & CEO reported on the financial aspects, membership activities and technology updates during the past year. (Refer to Annual Report page 1)

Chairperson Hollar introduced and thanked the Supervisory Committee for their contributions and referred the members to page 10 of the Annual Report for their report.

Gary Shives, Vice Chairperson and Nominating Committee Chairperson introduced the Nominating Committee and the three candidates for

the Board of Directors. A motion to close the nominations was approved on a Penny Shives/Deb Westover motion. Ballots were collected for tabulation.

A motion to appoint Carolyn Faith to a three year term on the Supervisory Committee was approved on a Della Claar/Barb Montgomery motion.

Chairperson Hollar introduced the two Scholarship recipients, Matthew Brake from James Buchanan High School and Wyatt Trostle from South Western High School. Each student will receive \$2,500. 00. Each student read their winning essays.

Unfinished Business: None

New Business: None

Board of Directors Election Results: Deborah Frame and Judy Frieese were elected to a three year term.

The meeting was adjourned at 7:35P.M.

Respectfully Submitted,

Roy H. Johnston  
Secretary

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## Chairperson's Report

After a period of three years, the Board of Directors on August 1, 2014 unanimously elected Kelly Childress as CEO of 1st Ed Credit Union. Later in August 2014, Kelly Daugherty was unanimously elected as Vice President of Operations. The Board looks forward to working with this new Management Team.

Besides the daily operation of 1st Ed CU and the budget being approved for 2015, it is necessary to look to the future (2015 – 2017). One must remember that it takes time to put in new services, promotions or business development projects. Any goals set for these years must be obtainable and reasonable. The Management Team along with the Board will consider proposals that best suit the needs of 1st Ed CU.

Several months ago the lobby took on a new and refreshing look, and the bell tower is now aglow at night.

Many thanks to the Supervisory Committee and our efficient staff for their dedication to 1st Ed CU. The year 2015 will be another challenging year for your credit union. The Board thanks all of you for your support.

Margaret M. Hollar  
*Chairperson, Board of Directors*

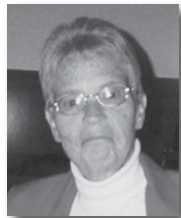
## 2014 Credit Union Accomplishments

- *Implemented our new branding, 'It Makes Sense to Belong'*
- *Created a flexible, new Home Equity Line-of-Credit*
- *Completed our extensive office remodeling project*
- *Hired a new branch manager*
- *Launched the new look of our website*
- *Offered members flexibility with Skip-A-Pay*
- *Added a new mobile app to our 24/7 convenience services*
- *Provided a highly successful Fall Loan Sale promotion*
- *Added new Select Employee Groups (SEG's) to our field of membership*
- *Sponsored Leadership Franklin County Youth*
- *Attended August In-Service School Days at eight different schools*
- *Held a special Treasure Hunt promotion at the Central Fulton School District in the fall*
- *Went on site to the Franklin County Career & Technology Center to assist teens with mock interviewing skills in December*
- *Continued with our overview of credit union policy and internal audits*

We are grateful for the support our members give us each day. Because of your loyalty and participation, along with spreading the word about our services, we wouldn't be the financial institution we are today.

## Report of the Nominating Committee

The Nominating Committee is appointed by the Board of Directors to request, review, and nominate individuals wishing to become a part of the Board of Directors. There are three positions open on the Board of Directors this year each for a three year term. The following five individuals have submitted their names to the vacant seats (three to be elected). Karen Shearer has submitted her name for the Supervisory Committee.



### Barbara S. Montgomery

Barbara spent 20 years working in hospital nursing and 17 years as a school nurse. She concluded her career as the Head of School Health Services for the Chambersburg Area School District. Barbara is also a mother of five and grandmother of ten. She is a graduate of Presbyterian Hospital School of

Nursing in Philadelphia, Syracuse University (BS, Nursing) and Shippensburg University (BS, Counseling). Family and volunteering are important. She assists a young student from Haiti (also a 1st Ed member) and drives cancer patients to appointments for the American Cancer Society. Barbara is also active in her church, a board member for the CASD Foundation, and would love to serve 1st Ed.



### Andrew (Drew) Nelson

Drew has worked in public education for 19 years in Nevada, Maryland, and Pennsylvania. Currently, he is the Principal of Hamilton Heights Elementary School in Chambersburg. He has also taught first, second, third, and fifth grade, been an Assistant Principal in Hagerstown and held the position of

Interim Director of Human Resources for the Chambersburg Area School District. Drew is originally from Schenectady, N.Y., but resides in Chambersburg with his wife and three children. He is a graduate of Slippery Rock University (BA, Elementary Education) and Frostburg State University (MA, Administration). He enjoys coaching youth soccer, fly fishing, and hunting, and is a member of Trinity Lutheran Church. Drew looks forward to serving on the Board of Directors.



### Deborah Westover

Deborah is currently the Business Administrator/Board Secretary of the Shippensburg Area School District, and plans to retire in October after 25 years. Previously she worked as Business Manager/Board Secretary at the Harmony Area School District. During her career, she has been active in the Pennsylvania Association of School Business Officials, serving in leadership positions at the regional level. Deborah resides with her husband, Gordon, in Shippensburg. She is a graduate of Saint Francis University (BS, Accounting and MA, Personnel Administration & Industrial Relations). Deborah has been a member of the Supervisory Committee since 2005, and with her financial services background, will be an asset to the members of 1st Ed.



### Roy Johnston

Roy has taught Landscaping and Horticulture at the Franklin County Career and Technology Center for 28 years, and Vocational Agriculture at Middletown Area High School for five. He has also worked as a Nurseryman at Stadlers' Nursery (Laytonsville, Maryland) and owned and operated Phillips Seed and Garden Center (Mercersburg, Pennsylvania) for seven years. He is a graduate of Penn State University (BS, Agriculture Education) and was a member of the Nittany Lion Soccer Team. Roy enjoys hunting, gardening, antiquing, and all Penn State sports. Married with two children and three grandchildren, Roy resides in Franklin County and is completing his second term on the 1st Ed Board as Secretary.

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### Thomas (Alan) Estes Jr.

Alan is currently a Network Engineer and Business Development Manager at Global Data Consultants (GDC), LLC, in Chambersburg. He previously worked as a Distribution Lead for General Electric and an Instructor at Blue Ridge Community and Technical College. With his

strong Information Technology background, Alan has served a variety of clients in South Central Pennsylvania and is familiar with the technology needs of area residents. Alan was born in Jacksonville, Fla., and moved to a rural town in Pennsylvania as a teen. Today, he lives in Fairfield with his wife and three children. Alan looks forward to serving the members of 1st Ed, and assisting with the CU's vision and growth.



### Karen Shearer

Karen worked her way up to a Branch Manager with experience in many departments at F&M for over 20 years. After 33 years in banking, she concluded her career as a Mortgage Originator with Orrstown Bank in 2010. Karen has the knowledge and understanding of how a

financial institution runs day by day. Throughout her career, she attended classes at Shippensburg University and Wilson College. She is a graduate of Wilson College (BBA, Business Management). Karen, her husband, two sons and five grandchildren all reside in Chambersburg. She has held positions on several boards such as AIB, United Way, Rotary Club and Foundation. She is thankful to be a nominee for the Supervisory Committee.

## Statement of Financial Reports

For the years ended December 31, 2014 and 2013

Assets	2014	2013
Total Loans	\$44,701,025	\$43,465,480
Allowance for Loan Loss	<u>\$ -462,539</u>	<u>\$ -465,095</u>
Net Loans	\$44,238,486	\$43,000,385
Cash	\$487,652	\$488,637
Investments	\$80,295,555	\$85,565,366
Land and Building	\$1,343,745	\$1,344,877
Other Assets	<u>\$527,500</u>	<u>\$547,789</u>
Total Assets	<u>\$126,892,938</u>	<u>\$130,947,054</u>

## Liabilities and Member's Equity

Total Liabilities	\$444,072	\$431,264
Total Shares	\$73,365,262	\$75,520,562
Total IRA & Term Shares	\$31,139,413	\$34,549,859
Total Draft Shares	\$6,607,813	\$5,687,245
Total Equity	<u>\$15,336,378</u>	<u>\$14,758,124</u>
Total Liabilities and Equity	<u>\$126,892,938</u>	<u>\$130,947,054</u>

## Statements of Income and Expenses

For the year ending December 31, 2014 and 2013

	2014	2013
Interest on Loans	\$1,970,304	\$2,017,584
Interest on Investments	\$865,009	\$887,226
Other Income	<u>\$414,866</u>	<u>\$436,571</u>
Total Income	\$3,250,179	\$3,341,381
Dividend Expenses	<u>\$466,563</u>	<u>\$692,744</u>
Net Interest Income	\$2,783,616	\$2,648,637
Operating Expenses	\$2,176,161	\$1,934,266
Provision for Loan Losses	\$95,000	\$-65,000
NCUSIF Stabilization Expense	<u>\$0.00</u>	<u>\$91,868</u>
Total Expenses	\$2,271,161	\$1,961,134
Net Income/(Loss)	<u>\$512,455</u>	<u>\$687,503</u>

## Report of the Supervisory Committee

The Supervisory Committee serves as the audit committee for the Credit Union. This committee is comprised of three members, and their role is to ensure the accuracy of financial records and to review new policies and procedures of the Credit Union.

The Supervisory Committee engaged the independent accounting firm of Smith Elliot Kearns and Company to perform certain agreed-upon procedures to assist the committee in fulfilling its role. These procedures included a random review of new loans and new investments to ensure conformity with lending and investment policies, verifying compliance with other policies, random cash counts, and verification of proper loan interest and dividend calculations. The committee can report that there were few exceptions found and they were corrected promptly.

The Supervisory Committee also engaged the independent accounting firm of Smith Elliot Kearns and Company to audit the Credit Union's financial statements as of March 31, 2014. The committee is pleased to report that the annual audit was successfully completed, and the Credit Union's financial statements were certified without qualification.

If any Credit Union member has a problem that cannot be resolved through normal channels, please contact the Supervisory Committee at 1st Ed CU.

Carolyn M. Faith  
*Chairperson*



## Board of Directors

Margaret M. Hollar, *Chairperson of the Board*

Gary L. Shives, *Vice Chairperson*

Roy H. Johnston, *Secretary/Treasurer*

Deborah A. Frame

Judy L. Friese

Linda K. Taylor

Larry J. Bresnahan

## Supervisory Committee

Carolyn M. Faith, *Chairperson*

Deborah Westover

## Staff

Kelly Childress, *CEO/President*

Kelly Daugherty, *Vice President of Operations*

Toni Diffenderfer, *Branch Manager*

Dianne Smith, *Member Service Supervisor*

Laureen Lutz, *Business Development Manager*

Samantha Phillips, *E-commerce Coordinator*

Lisa Chapman, *Credit Recovery Manager*

Joyce Easter, *Loan Quality Specialist*

Mandy Rhodes, *Accounting Coordinator*

Laura Hess, *Administration Support Specialist*

Amanda Dickson, *Financial Services Representative*

Jenny Burget, *Financial Services Representative*

Mike Brown, *Financial Services Representative*

Carla Cook, *Member Service Representative*

Pam Huber, *Member Service Representative*

Danae Chilcote, *Member Service Representative*

Lori Dangler, *Member Service Representative-Call Center*

Tracy Burger, *Member Service Representative-Call Center*