

## 1st Ed Credit Union Annual Meeting

Monday, April 18, 2016

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 meeting the needs of more than 6,000 members. Of course, it's not me alone. I'm proud of an excellent staff and volunteers who give every bit of energy they have every day to our members. All are passionate about their work.

That's the way we've conducted business since 1938. Since day one, our goal has been to make your finances better and life easier. That's also the reason for the switch to a new core computer provider later in 2016. It will enhance our service offerings and give staff state-of-the-art tools and software to serve you better. The system will also keep your data safe and secure.

Because you love to transact business online or with a mobile device, we have devoted many resources to make your online and mobile experiences exceptional. Our new core provider will also assist in this capacity.

Our expanded charter in Pennsylvania, including Franklin, Adams, Cumberland, Fulton, and York Counties continues to thrive. Our services are also diverse, ranging from savings and checking to a variety of electronic services and some of the best rates on auto loans, credit cards, mortgages, and home equity loans and lines of credit. All drive new member growth and loyalty.

Many new companies also joined our credit union family in 2015, including:

- *Fannet-Metal School District Students*
- *Shalom Christian Academy Students*
- *Fitzgerald Auto Mall*
- *The Shook Home*
- *Sears Holding Corporation*

In 2015, we continued our initiatives for the educational community by going onsite during teacher in-service days, as well as being available to students. Our Reality Fairs for high school students, for example, provided financial education right in the classroom. Here, students learned to budget and reflect on real-life financial challenges.

### It Makes Sense to Belong.

Our slogan is perfect for us and is gaining significant momentum since launching it in 2014. Members and staff alike embrace its importance. Remember, as your financial cooperative, we put you first, never profits. Earnings go back to you in the way of expanded services, lower loan rates, better earnings on deposits, and reduced fees. This business model is indicative of the credit union movement and our cooperative nature.

I sincerely appreciate all of our members, my passionate staff, and dedicated Board of Directors and Supervisory Committee. Thank you for making 1st Ed a tremendous financial institution!

Kelly Childress  
President & CEO

## 1st Ed Credit Union Minutes of the Annual Meeting April 20, 2015

The 77<sup>th</sup> Annual Meeting of the 1<sup>st</sup> Ed Credit Union held at the Montessori Academy of Chambersburg was called to Order at 7:00 P.M. by Chairperson Peg Hollar. A quorum was declared by Secretary Roy Johnston. The printed minutes of the Annual Meeting on April 21, 2014 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 growth over the past year. (Refer to Annual Report page 1)

Chairperson Hollar thanked the Supervisory Committee for their efforts and referred the members to page 11 of the Annual Report for their report.

Deb Frame and Larry Bresnahan, Nominating Committee members, introduced the five candidates for the Board of Directors and one candidate for Supervisory Committee. A motion to close the nominations was approved. Ballots were collected for tabulation.

Chairperson Hollar introduced the two Scholarship recipients, Rachel Bartlett from Greencastle Antrim High School and Lily

McDowell from Chambersburg Area Senior High School. Each student will receive \$2,500.00. Each student read their winning essays.

Unfinished Business: None

New Business:

Amendment of the Articles of Incorporation: Approval to Amend the Articles of Incorporation to include students and their families from school district we serve as eligible for membership of 1<sup>st</sup> Ed Credit Union was approved on Richard Vincenti and Gerald Keyser motion. Board of Directors Election Results: Alan Estes, Roy Johnston and Andrew Nelson were elected to a three year term. Karen Shearer was to the Supervisory Committee.

The Door Prize was won by Richard Vincenti.

The meeting was adjourned at 7:47 P.M.

Respectfully Submitted,

Roy H. Johnston  
Secretary  
1<sup>st</sup> Ed Credit Union  
Board of Directors

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## Report of the Chairperson

1st Ed Credit Union is more than a financial institution. Community involvement, financial education, emerging technology, and happy employees are extremely important to the management team and Board of Directors of 1st Ed. Highlights to share from 2015:

### **Continued enhanced technology to provide more options for members.**

- *Enhanced Mobile Banking services.*
- *Moved forward with new Core Operating system (November 2016).*

### **Financial Education**

- *Facilitated numerous "Reality Fairs" with local schools.*
- *Participated in "mock interviews" to prepare local high school teens for the future.*
- *Conducted seminars at the credit union and local schools on various financial topics.*
- *Worked with youth members and engaged them with coloring contests and a Kids' Day.*

### **Community Involvement**

- *Adopted a family in need for Christmas.*
- *Collected food for a local food bank.*
- *Participated in the United Way's "Stuff the Bus Program" to provide school supplies for local school children.*
- *Facilitated a contest through social media to raise money and supplies for a local animal shelter.*
- *Participated in Oktoberfest and Icefest's "Icing on the Cake."*
- *Supported numerous Chamber of Commerce events.*

1st Ed also focused on building awareness in the marketplace in 2015 by implementing new advertising channels. These included Comcast commercials and billboards. We believe the added exposure helped the credit union to reach new members and assisted with goal attainment and growth.

By getting involved with the community, the management team and staff went above and beyond their responsibilities and the Board thanks them. The Board would also like to thank the Supervisory Committee (Carolyn Faith, Karen Shearer, and John Southwood) for their service to the credit union.

As we embrace the future, we must always remember that MEMBERS MATTER MOST.

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

Margaret Hollar  
Chairperson, Board of Directors

## 2015 1st Ed Credit Union Accomplishments

- *Finalized decision on new core conversion provider.*
- *Receive a 100% score on our Shared Branch Mystery Shop for member service.*
- *Added new partner groups including students at Fannett Metal School District and Shalom Christian Academy and employees at Fitzgerald Auto Mall, The Shook Home, and Sears Holding Corporation.*
- *Partnered with Enterprise Car Sales throughout the year.*
- *Presented an "Identify Theft Seminar," as part of the Parent Enrichment Series at Franklin County Head Start.*
- *Held educational seminars for members and non-members including: How to Build Your Credit, Securing Social Security, Car Buying: New vs Used vs Leasing, and How to Prepare, Pay and Stay in College.*
- *Awarded two \$2,500 scholarships to graduating high school seniors.*
- *Attended multiple events for Wilson College employees and students.*
- *Held Reality Fairs at Shalom Christian Academy, Fannett-Metal School District, Southern Fulton School District, and Franklin County Career & Technology Center.*
- *Attended August In-Service School Days at eight different schools.*
- *Sponsored a successful "Shred Day" event to encourage identity theft protection.*
- *Collected donations and money for the Cumberland Valley Animal Shelter (CVAS).*
- *Held a food drive for South Central Community Action Program (SCCAP).*
- *Adopted a local family in need for Christmas*
- *Continued with an 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.

## Annual Meeting Election

Running for the three open positions on the Board of Directors:



### Lawrence Bresnahan

Larry received a Bachelor's of Science in Special Education and Master's of Science in Special Education from Slippery Rock University. Later, he received a Diversified Occupation Coordinator Certificate from Penn State University, a Special Education Supervisory Certificate from Millersville University, a Principal Certificate from Western

Maryland College, a Doctorate of Education from Penn State University and a Superintendent Letter of Eligibility from Shippensburg University. He was employed by the Lincoln Intermediate Unit #12 from 1980 to 2012; he held positions as both the Supervisor/Coordinator of Alternative Education/Adult Education and the Supervisor of Emotional Support while employed by the LIU #12. After spending 36 years in the education field, Larry retired from the Crisis Prevention Institute as a Trainer in 2013.

Larry has been affiliated with the Pennsylvania Association for Adult Continuing Education, the Pennsylvania State Education Association, Council for Exceptional Children and the Pennsylvania Association for Supervision and Curriculum Development.

Larry has served on the board for three years and has enjoyed working with the credit union staff as well as the other board members. The more he learns about the banking system, the more he realizes the advantages of being a member of 1st Ed Credit Union. He would like to continue as a member of your credit union board.



### Dixie Paruch

I have been an educator in Ohio and Pennsylvania for the past 34 years, beginning my career teaching special needs children. In 1997, I entered the world of school administration and have been a school administrator since that time. I am currently the superintendent at Central Fulton School District in McConnellsburg. One can say I truly came full circle.

I graduated from MHS and started my administrative career in this district. I then relocated east for a while as an administrator before coming back to Franklin and Fulton County. I will finish my administrative career here at Central Fulton.

I live in Harrisonville with my husband of 35 years, on a bit of land that was once a family farm. One of our three daughters and her family live next door to us and is a third-grade teacher. Our middle daughter teaches deaf children in the northern part of the Commonwealth, and our youngest is a missionary in Chad, East Africa. They have blessed us with seven beautiful grandchildren.

During my free time, I enjoy gardening, crafting, cooking and reading. I have been known to swing a golf club now and then, but there never seems to be enough time to get serious about that.

My husband and I have been members of 1st Ed Credit Union for many years. I still remember going into the basement of someone's home in Chambersburg to make withdrawals or apply for a loan. Our daughters also are members and value what we receive from a local credit union. I would be honored to serve for a three (3) year term on the Board of 1st Ed, should that be your desire as well.



### Deborah Westover

Deborah resides with her husband, Gordon, in Shippensburg, PA. She holds a Bachelor of Science degree in Accounting and a Master of Arts Degree in Personnel Administration & Industrial Relations from Saint Francis University. She also completed course work at the University of Maryland.

Deborah retired in October 2015 after serving over 25 years as Business Administrator/Board Secretary of the Shippensburg Area School District. During her career she was active in the Pennsylvania Association of School Business Officials, serving in leadership positions at the regional level.

Deborah was a member of the 1st Ed Credit Union Supervisory Committee since 2005. She became a member of the 1st Ed Credit

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Union Board of Directors in 2015, filling an unexpired term due to a Board Member's resignation.

With a decade of Supervisory Committee experience, a partial year of as a member of the Board of Directors and her financial background, Deborah will continue to remain an asset to the 1st Ed Credit Union.

#### Running for the open position on the Supervisory Committee:



#### John Southwood

John studied business at South Georgia College and worked for JP Morgan Chase Bank as a Senior Account Manager where he worked with universities, colleges, and private schools before retiring after 32 years in 2002.

John and his wife Bobbie have been members of the credit union for 12 years and reside in Chambersburg. They have 4 children and 9 grandchildren. In his free time, you can find him on the green playing golf, working in his yard, or volunteering at the Chambersburg Hospital.

In the past, he was President of the Evening Kiwanis Club and the Falling Spring Chapter of AARP. John filled an open position on 1st Ed's Supervisory Committee as an interim committee member last year and looks forward to continuing his work with the credit union.

## Statement of Financial Reports

For the years ended December 31, 2015 and 2014

Assets	2015	2014
Total Loans	\$48,263,251	\$44,701,025
Allowance for Loan Loss	<u>-\$477,304</u>	<u>-\$462,539</u>
Net Loans	\$47,785,947	\$44,238,486
Cash	\$468,041	\$487,652
Investments	\$75,409,024	\$80,295,555
Land and Building	\$1,305,723	\$1,343,745
Other Assets	<u>\$375,501</u>	<u>\$527,500</u>
Total Assets	<u>\$125,344,236</u>	<u>\$126,892,938</u>

## Liabilities and Member's Equity

Total Liabilities	\$548,812	\$444,072
Total Shares	\$75,287,378	\$73,365,262
Total IRA & Term Shares	\$25,602,892	\$31,139,413
Total Draft Shares	\$7,969,199	\$6,607,813
Total Equity	<u>\$15,935,955</u>	<u>\$15,336,378</u>
Total Liabilities and Equity	<u>\$125,344,236</u>	<u>\$126,892,938</u>

## Statements of Income and Expenses

For the year ending December 31, 2015 and 2014

	2015	2014
Interest on Loans	\$1,903,618	\$1,970,304
Interest on Investments	\$870,687	\$865,009
Other Income	<u>\$439,691</u>	<u>\$414,866</u>
Total Income	\$3,213,996	\$3,250,179
Dividend Expenses	<u>-\$405,920</u>	<u>-\$466,563</u>
Net Interest Income	\$2,808,076	\$2,783,616
Operating Expenses	\$2,177,886	\$2,176,161
Provision for Loan Losses	\$69,889	\$95,000
NCUSIF Stabilization Expense	<u>\$0.00</u>	<u>\$0.00</u>
Total Expenses	\$2,247,775	\$2,271,161
Net Income/(Loss)	<u>\$560,301</u>	<u>\$512,455</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 procedure of the Credit Union.

The Supervisory Committee engaged the independent accounting firm of Smith Elliot and Kearns and Company to perform monitoring procedures to ensure the committee can meet its responsibilities to the credit union and members. Procedures included an arbitrary review of new loans and new investments to ensure conformity with lending and investment policies, as well as monitoring the compliance of other BSA/AML policies. Procedures included random cash counts, verification of proper loan interest, and dividend calculations. The committee is pleased to say there were few exceptions found and corrected promptly.

The supervisory committee also engaged the independent accounting firm of Smith Elliot and Kearns and Company to audit the Credit Union's financial statements as of March 31, 2015. 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 of 1st Ed Credit Union.

Carolyn M. Faith  
*Chairperson*



## Scholarship Recipients

Meet our 2016 Scholarship Winners. Each receives a \$1,500 scholarship in pursuit of their academic dreams.

**Nicholas Boyd** will graduate from Big Spring High School. He is a member of the National Honor Society and spent the past two years as the Technology Intern for the school. He has been an asset to the swim team during his career receiving 12 district and two state swim medals while serving as the team captain for three years. He plans to continue his swimming career at the college level. He has also received the Sportsmanship Award for soccer and served as Team Captain for two years. After school, Nick can be found working or volunteering by providing private and public swim lessons. Nicholas has been accepted to Clarion University and the University of Pittsburgh at Bradford; he will major in Computer Science.

**Samantha Loy** currently attends New Oxford High School. She has been part of the National Honor Society and served as a Student Council representative and on the Student Advisory Board. She is a member of the 2015 National Champion Cheerleading Team as well as the PIAA PA State Cheerleading Champions team for four years. Outside of school, she is active in her church youth group and has been the Assisting Minister of her church. During mission trips, she traveled to New Orleans to help with the Hurricane Katrina clean-up and to inner-city Detroit to help the homeless. During her volunteer time, she realized her focus was assisting the youth by helping them stay positive in a difficult time. Samantha will pursue a degree in education at Millersville University.

**Emily Ritchey** will graduate from Fannett-Metal High School. During her high school career, she has received the National Volunteer Service Award and Presidential Academic Achievement Award. She is captain of the cheerleading squad, yearbook editor, participates in Track & Field, and has been cast in the school play. Outside of school, she has volunteered at the local hospital, library, her church youth group, and been an elementary teacher assistant. She has been preparing for her college education for years by taking intro to college classes and attended a college-prep program at Franklin & Marshall. Emily will attend Franklin & Marshall with an undecided major. She had ties in many fields and chose to attend a Liberal Arts College to learn and think about topics from an interdisciplinary perspective.

**Brittany Truax** is ranked first in her graduating class at Forbes Road High School. During her high school career, Brittany has received the US Marine Corps Scholastic Excellence Award, Central Penn Elite MVP Award and is part of the National Honor Society. She is the President of her graduating class as well as President of the following clubs: National Honor Society, 4-H, FBLA, and FFA. When she's not in school, she raises cattle and introduced her FFA Advisor to the Heifer International Fundraising Drive that raises money to buy animals to give to communities in need. Brittany will attend Virginia Tech majoring in Poultry and Animal Sciences on the Pre-Vet track with a livestock emphasis. After she finishes her bachelor's degree, she plans to achieve her doctorate in Veterinary Medicine specializing in bovine reproduction.

## Board of Directors

Margaret M. Hollar, *Chairperson of the Board*  
Deborah A. Frame, *Vice Chairperson*  
Roy H. Johnston, *Secretary/Treasurer*  
Larry J. Bresnahan  
Thomas (Alan) Estes Jr.  
Andrew (Drew) Nelson  
Deborah Westover

## Supervisory Committee

Carolyn M. Faith, *Chairperson*  
Karen Shearer  
John Southwood

## 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*  
Sherry Knott, *Credit Recovery Specialist*  
Joyce Easter, *Loan Quality Specialist*  
Jenny Burget, *Loan Specialist*  
Lori Dangler, *Systems and Fraud Support Specialist*  
Mandy Rhodes, *Accounting Coordinator*  
Laura Hess, *Human Resources/Administrative Assistant*  
Amanda Dickson, *Senior Financial Services Representative*  
Mike Brown, *Financial Services Representative*  
Genie Shindledecker, *Financial Services Representative*  
Danae Chilcote, *Member Service Representative*  
Tracy Burger, *Member Service Representative-Call Center*  
Pam Huber, *Member Service Representative-Call Center*  
Emily Neady, *Member Services Representative*  
Melissa McKissick, *Member Services Representative*  
Karen Besecker, *Member Services Representative*