

1st Ed Credit Union Annual Meeting

Monday, April 17, 2017

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 and Chairperson
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 and Chairperson of the Board of Directors - 2016 In Review

On behalf of everyone at 1st Ed Credit Union, I would like to thank you, our members, for 79 years of continued support.

2016 was an exceptional year for 1st Ed with outstanding loan growth and financial performance.

A total of 263 new members joined the credit union last year, and we wrote a total of \$18.8 million in new loans. Many new members were students of the school districts that we serve, as well as students from the Adult Education Program at the Franklin County Career and Technology Center.

We expanded our financial education initiatives for the community by going onsite during teacher in-service days and participating in Reality Fairs at local high schools.

We continued with technological enhancements by updating our core operating system in order to keep your data safe and secure. The new system provides state-of-the-art tools and software to help serve you better.

As a member-owned financial institution, we hold true to the philosophy of "people helping people." Whether you are looking for an affordable loan, a new savings opportunity, or knowledgeable financial guidance, 1st Ed is here for you.

As we look ahead to the future, we continually look for new ways to enhance your credit union experience. Later this year we will begin issuing debit and credit cards with EMV chip technology, which includes enhanced security features.

Providing financial education within our school districts, and especially with our new student-run branch at the Franklin County Career and Technology Center that opened on March 7th, continues to be a main focus of 1st Ed.

Providing competitive loan and deposit rates and keeping pace with technology is something you expect and deserve. We look forward to another successful year in 2017 with a renewed spirit and a clear vision of the future.

Thank you to the Board of Directors, Supervisory Committee, and staff for making our continued success possible. We are dedicated to serving you!

Sincerely,

Kelly Childress, President/CEO

Roy Johnston, Chairperson/Board of Directors



1st Ed Credit Union Minutes of the Annual Meeting April 18, 2016

The 78th Annual Meeting of the 1st Ed Credit Union held at the Montessori Academy of Chambersburg was called to Order at 7:00P.M. by Chairperson Peg Hollar. A quorum was declared by Secretary Roy Johnston. The printed minutes of the Annual Meeting on April 20, 2015 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.

Roy Johnston introduced the three 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.

Continued on next page

Chairperson Hollar introduced the four Scholarship recipients, Nicholas Boyd from Big Springs High School, Samantha Loy from New Oxford High School, Brittany Truax from Forbes Road High School and Emily Ritchey from Fannett-Metal High School. Each student will receive \$1,500.00.

Deborah Westover acknowledged and thanked Chairperson Hollar for her dedication to the Credit Union Board.

New Business:

Board of Directors Election Results: Larry Bresnahan, Dixie Paruch and Deborah Westover were elected to a three year term. John Southwood was elected to the Supervisory Committee.

The Door Prizes were won by Bonita Nunez and Nicholas Boyd.

The meeting was adjourned at 7:30P.M.

Respectfully Submitted,

Roy H. Johnston
Secretary
1st Ed Credit Union
Board of Directors



2016 1st Ed Credit Union Accomplishments

- Successfully completed a system upgrade that will help us better serve our members and continue to offer competitive products and services and enhanced technology.
- Helped our members with their borrowing needs while increasing our loan portfolio.
- Provided new memberships to over 250 members in 2016.
- Expanded our field of membership by adding students from all of the school districts that we serve and students from the Adult Education Program at Franklin County Career and Technology Center.
- Continued to offer financial education to all ages by holding seminars, Reality Fairs, and classroom presentations on the value of saving vs spending.
- Created a Student of the Quarter Program at Fannett-Metal School District to recognize students for their academic achievements, work ethic, attendance and behavior during the quarter.
- Attended In-Service School Days, Back to School Nights for the parents and students and Open Houses.
- Awarded four \$1,500 scholarships to graduating high school seniors.
- Encouraged identity theft protection by holding educational seminars and shredding 1,500 pounds of personal documents at our shred event for our members.
- Raised over \$800.00 for the following local and national non-profits: Cumberland Valley Animal Shelter; Comic Relief, Inc; South Central Community Action Program; Boys and Girls Club; and The National and PA Credit Union Foundations through donations from dress-down days and member events.
- Provided a local family in need with gifts for Christmas.

We are grateful for the support our members give us each day. Without 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 open position on the Board of Directors:



BRIAN J. CAMPBELL

Experience: Conewago Valley School District Applied Technologies Department Head - Budgeting was a big part of my responsibilities as CVSD Department Head. The Applied Technologies budget was extensive and involved approximately \$50,000-\$100,000 per school year.

Hamilton Township Finance Committee Chair -

I have been the chair of the finance committee for our local township. We are responsible for preparing the yearly budget for our township that is normally around \$1,000,000. We meet at least quarterly, until our budget process when we begin to meet monthly. We review township finances during each meeting and discuss best financial practices for our township.

I have been a member of 1st Ed Credit Union for 35+ years.

Employment: I was employed as an agriculture teacher for Conewago Valley School District for 35 years. I was also the FFA Advisor for New Oxford FFA for 35 years. I was a curriculum Leader/Department Head for Applied Technologies for 15 years. The department included Technology Education, Business Education, and Agriculture. I was responsible for curriculum, staffing and budgeting before I retired in June 2016.

Family: Married to Patricia A. Campbell for 33 years with two grown children.

Hobbies: Mission work with my local church in Gettysburg and Reach Mission Trips out of Greeley, CO. I also enjoy gardening and completing general home improvements and handyman projects.



TERRY L. MILLER

Terry is a native of Chambersburg, PA where he currently resides and is raising his three children. He holds a Bachelor of Science Degree in Workforce Education and Development and is currently pursuing his graduate degree as well as his Directors certification at the Pennsylvania State University.

Having graduated from the Franklin County Career and Technology Center in 1981, Terry currently serves as their Cooperative Education Coordinator. His prior positions from 1981 to 2014 include: the owner and operator of his own masonry contracting business; the masonry instructor at the Harrisburg Steelton Highspire Technical School; and the Career Coordinator at the Harrisburg High School.

Terry is also a charter member and past president of both the National Masonry Instructors Association as well as the Masonry Instructors Association of Pennsylvania in which he was instrumental in creating.

Terry offers a service-based leadership style and hopes to incorporate that style as a member of the Board of Directors where he will promote relevant inquiries and inspiration to big ideas and core beliefs, suggest alternative actions and provide new understandings.

Terry believes that those who inspire and serve others continue to impact and effect society long after they have gone. It is with this belief that he wishes to contribute to the Board of Directors of the credit union.

Continued on next page.

Supervisory Committee Nominees

Running for the two open positions on the Supervisory Committee:



CAROLYN FAITH

I inherited my commitment to serve the credit union from family members who believed strongly in the success of the credit union and always putting members first. I am presently Chairperson of the Supervisory Committee of 1st Ed Credit Union. I have served on the committee for several years working with board members, administrative staff and the independent accounting firm Smith Elliott Kearns & Company, LLC.

I graduated from Elizabethtown College with a degree in Early Childhood Education. I received my Master's Degree from Shippensburg University in Elementary Education. Presently, I am employed by Chambersburg Area School District teaching second grade at Fayetteville Elementary School.

I reside in Chambersburg with my husband and feel that spending time with my grown children and their families is very rewarding. I enjoy being at home, entertaining, cooking, the outdoors, good music, and visits to the family farm.

Being a member of the credit union for over 30 years has been a wise choice and I am pleased to serve and recommend the many services the credit union provides to its members.



MARY MCGOUGH

I am currently a kindergarten teacher for Chambersburg Area School District. Prior to joining CASD in 2010, I worked as an interpreter for the deaf and hard of hearing at Lincoln Intermediate Unit in New Oxford. I have been in public education since 2001. I graduated from Wilson College in Chambersburg and Camden County College in Blackwood, New Jersey.

I have lived in Chambersburg since 2001. Besides teaching full time, my husband and I are owners of a small business in Chambersburg.

Statement of Financial Reports

For the years ended December 31, 2016 and 2015

Assets	2016	2015
Total Loans	\$51,037,759	\$48,263,251
Allowance for Loan Loss	<u>\$522,355</u>	<u>-\$477,304</u>
Net Loans	\$50,515,404	\$47,785,947
Cash	\$254,573	\$468,041
Investments	\$68,370,837	\$75,409,024
Land and Building	\$1,262,037	\$1,305,723
Other Assets	<u>\$1,188,164</u>	<u>\$375,501</u>
Total Assets	<u>\$121,591,015</u>	<u>\$125,344,236</u>

Liabilities and Member's Equity

Total Liabilities	\$382,145	\$548,812
Total Shares	\$72,014,876	\$75,287,378
Total IRA & Term Shares	\$23,922,939	\$25,602,892
Total Checking Shares	\$8,741,403	\$7,969,199
Total Equity	<u>\$16,529,652</u>	<u>\$15,935,955</u>
Total Liabilities and Equity	<u>\$121,591,015</u>	<u>\$125,344,236</u>

Statements of Income and Expenses

For the year ending December 31, 2016 and 2015

	2016	2015
Interest on Loans	\$1,958,015	\$1,903,618
Interest on Investments	\$859,840	\$870,687
Other Income	\$490,699	\$439,691
Total Income	\$3,308,554	\$3,213,996
Dividend Expenses	\$344,215	-\$405,920
Net Interest Income	\$2,964,339	\$2,808,076
Operating Expenses	\$2,228,718	\$2,177,886
Provision for Loan Losses	\$211,500	\$69,889
Total Expenses	\$2,440,218	\$2,247,775
Net Income/(Loss)	\$524,121	\$560,301

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 Elliott Kearns & 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 investment policies, as well as monitoring the compliance of other Bank Secrecy Act and Anti-Money Laundering 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 the credit union received satisfactory reports.

The supervisory committee also engaged the independent accounting firm of Smith Elliott Kearns & Company to audit the credit union's financial statements as of March 31, 2016. The committee is pleased to report that the annual audit was successfully completed, and the credit union's financial statements were certified without qualification.

Carolyn M. Faith
Chairperson

Scholarship Recipients

Meet our 2017 Scholarship Winners. Each receives a \$1,500 scholarship in pursuit of their academic dreams.

Grace Crider will graduate from Shalom Christian Academy in June. She became a member of 4-H when she was eight years old and has since received many local, district, state, and national awards and titles. Grace plays many instruments and serves as the President, Accompanist, Vocalist and Section Leader of the Shalom Christian Academy Chorale. She has also completed two missions trips, one in Bolivia and the other in Guatemala, working with children in the communities. Grace will attend Charleston Southern University in the fall.

Cassidy Fritz is ranked third in her class at Greencastle-Antrim High School which landed her spots on the Distinguished Honor Roll, National Honor Society and Student of the Month. She was selected to be a peer leader in her high school where she is part of a group that focuses on aspects of healthy living and provides fun interactive events to promote a positive body image and how to avoid drugs and alcohol. In addition to that, she is also a member of the Blue Devil P.R.I.D.E. which is a group that promotes anti-bullying in the school. Cassidy has been accepted to Rollins College and is awaiting acceptance letters from three other colleges and universities.

Carilyn Pasierb will graduate from Chambersburg Area Senior High School in May. Being the captain of her high school's soccer team taught her leadership skills on and off the field by working with her teammates and coaches. She is also a member of a traveling soccer team where she had the opportunity to compete in two regional championship tournaments with other talented athletes from Florida to New York and receive two state titles. To help her prepare and be successful in college next year, she participated in the "College in High School" program. Carilyn will attend California University of Pennsylvania in the fall.

Michaela Persinger will graduate from Catoclin High School in June. She was inducted into the National Honor Society in the fall of 2015. Throughout her high school career, she has been a member of the field hockey, basketball, and softball teams as well as a year-round travel softball team. During the summer, she spends her time volunteering with various local sports camps for kids as a mentor and a coach. She has also been a member of a local volunteer fire company for the last four years where she helped with numerous fundraisers and events. Michaela plans to attend McDaniel College in the fall.

Board of Directors

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

Supervisory Committee

Carolyn M. Faith, *Chairperson*
John Southwood
Mary McGough

Staff

Kelly Childress, *CEO/President*
Kelly Daugherty, *Vice President of Operations*
Toni Diffenderfer, *Branch Manager*
Dianne Smith, *Member Services 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 Services Representative*
Melissa McKissick, *Member Services Representative*
Karen Besecker, *Member Services Representative*
Tracy Burger, *Member Services Representative-Call Center*
Pam Huber, *Member Services Representative-Call Center*