



ANNUAL REPORT 2017







2017 AT A GLANCE

1st Ed Credit Union experienced a lot of change in 2017 while maintaining the continued goal of serving our members.

Being an education-based credit union, providing financial education to our members and our community continues to be one of our top priorities. As part of our desire to do this, one of our most exciting changes in 2017 was opening a new student branch at the Franklin County Career and Technology Center. The student branch provides a convenient service location for the staff and students, but most importantly it provides an outlet for financial education for the students.

We continued our goal to educate the youth of our schools in 2017 through classroom presentations at elementary schools about the importance of saving money as well as provided an online, interactive learning program for the 8th grade class of Chambersburg Area Middle School North that teaches the students about budgets and making sound spending decisions. We also held financial education reality fairs at numerous high schools where students get a taste of reality when they chose their career path and planned their monthly budgets which provided real life scenarios on what to expect upon graduation. In 2017 we proudly awarded four \$1500 college scholarships to area high school seniors and assisted members with achieving their academic goals by providing flexible, low-interest student loans.

Our members are at the root of who we are and why we exist. 1st Ed continues to uphold the credit union philosophy of “people helping people” and in 2017 we participated in many community outreach events. The credit union, its staff, and the members were able to give back to the community through donations to the Cumberland Valley Animal Shelter, The Boys and Girls Club, South Central Community Action Program, PA Credit Union Foundations, and by sponsoring the Chambersburg Area School District’s Indoor Track and Student Section at the Chambersburg Area High School.

As an extension to our computer system upgrade at the end of 2016, our debit and credit card system was also upgraded in 2017, this upgrade provided the opportunity for expansion and growth to better serve you, our members. Through these upgrades we have been able to continue to provide convenient electronic services along with enhanced security by giving our card holders more control when utilizing their debit and/or credit cards. 1st Ed continues to be a viable lending resource for our members and in 2017 we loaned out \$14.5 million in loans.

We continue to appreciate our loyal members and strive to provide the best products and services we can to better serve you while assisting in helping you achieve your financial goals.

REPORT OF THE CEO AND CHAIRPERSON OF THE BOARD OF DIRECTORS

2017 was a very exciting year for 1st Ed Credit Union as we continued to make advancements in order to serve you, our members. As a credit union, we are a not-for-profit financial cooperative and when you are a member of 1st Ed you are a part owner. As part owners you deserve quality products and services, competitive interest rates, outstanding service and up to date technology. We as an organization are committed to helping our members achieve financial success and that includes our youth. 1st Ed continues to be active with the schools in our community by providing financial education to our young members so they have a better understanding of financial concepts. As lives change, we want 1st Ed to be a trusted resource that can help make your life better.

As we entered into 2018 we also entered into our 80th year of serving you, our members and proudly so. In addition to celebrating our 80th year in business, we are also excited to announce the opening of a new branch in Greencastle, which is slated to open early summer 2018. We want to assure you that our focus remains the same, and we will continue to stand strong on our values, service, commitment and respect for our members. You make this all possible as a member-owner of 1st Ed Credit Union. I hope you feel a sense of pride as we do in being part of a cooperative that is making a difference to our members and our communities.

I would like to thank the staff of 1st Ed Credit Union for their continued hard work and dedication as well as the Board of Directors and Supervisory Committee. Thank you members for allowing us to serve you all these years and letting us continue to show you why ***It Makes Sense To Belong!***

Sincerely,

Kelly Childress, President/CEO

Roy Johnston, Chairperson/Board of Directors

MINUTES OF THE ANNUAL MEETING

APRIL 17, 2017

The 79th Annual Meeting of the 1st ED Credit Union held at the Montessori Academy of Chambersburg was called to Order at 7:00pm by Chairperson Roy Johnston. A quorum was declared by Secretary Alan Estes. The printed minutes of the Annual Meeting on April 18th, 2016 were declared approved by Chairperson Johnston. Chairperson Johnston welcomed the members to the meeting. He introduced the staff of the Credit Union and thanked them for their dedicated service to the members. Chairperson Johnston then gave a brief report on the activities and events sponsored by the Credit Union in the past year.

Kelly Childress, President & CEO reported on the financial aspects, membership activities and growth over the past year.

Chairperson Johnston thanked the Supervisory Committee for their efforts. Carolyn Faith referred the members to page 11 of the Annual Report and presented the report.

Chairperson Johnston thanked Deborah Frame for many years of volunteer service on the Board of Directors. Frame, after 20+ years of service, decided to retire re-election on her own terms.

Larry Bresnahan introduced the two 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 Johnston introduced the four Scholarship recipients, Grace Cider from Shalom Christian Academy, Cassidy Fritz from Greencastle-Antrim High, Carilyn Pasierb from Chambersburg and Michaela Persinger from Catoctin. Each student will receive \$1,500.

New Business:

Board of Directors Election Results: Brian Campbell was elected to a three-year term. Mary McGough was elected to the Supervisory Committee. Reorganization of Officers was declared as follows; Roy Johnston – President, unanimously approved by a Westover/Estes motion. Deborah Westover – Vice President, unanimously approved by a Bresnahan/Nelson motion. Alan Estes – Secretary, unanimously approved by a Paruch/Nelson motion. ALCO Committee includes Larry Bresnahan and Dixie Paruch, unanimously approved by a Estes/Nelson motion.

The Door Prizes were won by the Fritz family.

The meeting was adjourned at 7:30pm.

Respectfully Submitted,

Alan Estes

Secretary, 1st ED Credit Union | Board of Directors

ANNUAL MEETING ELECTION

Running for the three open positions on the Board of Directors



ALAN ESTES

Alan Estes started his professional career in the summer of 1997 with General Electric. Alan stayed involved in several teams including six sigma, safety team, travel team and process analysis. Alan would actively involve himself in these groups to help further develop his professional attributes. After working for GE for over a decade, Alan ventured on to GDC, LLC in 2008 and continued his education in IT. Alan taught IT at BRCTC for a three-year stretch as an adjunct. Alan is an MBA graduate of 2017 from WGU. Strategic and tactful, Alan understands business continuity. Alan possesses a strong IT background with an eye for innovation. In his free time, Alan loves to spend time with his wife and kids, mostly consumed with kids sporting activities. Grateful for an amazing group of mentors, Alan makes sure to encourage others coming up through the business ranks.

ROY JOHNSTON

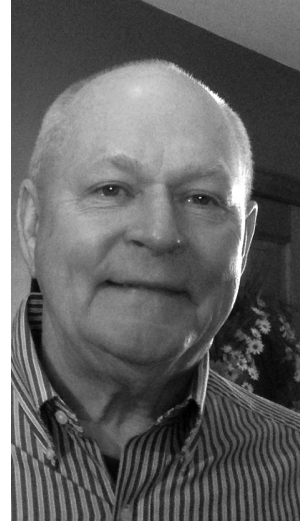
Roy Johnston lived in Fulton County for thirteen years prior to moving to Franklin County. A graduate of James Buchanan High School, he received a BS Degree in Agriculture Education from Penn State University. While attending Penn State, he was a member of the Nittany Lion Soccer Team.

His employment included five years of teaching Vocational Agriculture at Middletown Area High School, working as a Nurseryman at Stadler's Nursery in Laytonsville, Maryland, owned and operated Philips Seed and Garden Center in Mercersburg for 7 years and taught Landscaping and Horticulture at the Franklin County Career and Technology Center for 28 years. He served as an FFA advisor during his 33 years of teaching.

He enjoys hunting, gardening, antiques, traveling and attending Penn State sporting events. He is a Lifetime Member of The Pennsylvania State University Alumni Association and a member of the Penn State Varsity S Club.

Roy and his wife live in Chambersburg and he has two children and three grandchildren.

He is currently completing his third term on the 1st Ed Credit Union Board. He served as Secretary for four years and is currently serving as Chairperson.





ANDREW NELSON

Andrew (Drew) Nelson has worked in public education for 22 years in Nevada, Maryland, and Pennsylvania. Currently the Principal at Fayetteville Elementary School in Chambersburg, he has also taught first, second, third, and fifth grade, been an Assistant Principal in Hagerstown, MD and has held the position of interim Director of Human Resources for the Chambersburg Area School District. Originally from Schenectady, New York, he has found a home in Chambersburg with his wife of 20 years and their three children. Drew graduated from Slippery Rock University with a bachelor's degree in elementary education and obtained a master's degree in administration from Frostburg State University in Maryland. He is a youth soccer coach for the Chambersburg Youth Soccer Association (CYSA), enjoys the outdoor activities of fly fishing and hunting, and is an active member of Trinity Lutheran Church. Throughout his career Drew has supervised school improvement teams, chaired multiple committees, and helped develop long-range goals for staff and students. Drew has served one full term on the 1st Ed Board of Directors and he is looking forward to representing you for a second term.

STATEMENT OF FINANCIAL REPORTS

ASSETS

	2017	2016
Total Loans	\$51,500,733	\$51,037,759
Allowance for Loan Loss	<u>-\$527,738</u>	<u>-\$522,355</u>
Net Loans	\$50,972,995	\$50,515,404
Cash	\$239,207	\$254,573
Investments	\$65,124,823	\$68,370,837
Land and Building	\$1,224,939	\$1,262,037
Other Assets	<u>\$1,014,043</u>	<u>\$1,188,164</u>
Total Assets	<u>\$118,576,007</u>	<u>\$121,591,015</u>

LIABILITIES AND MEMBER'S EQUITY

Total Liabilities	\$541,756	\$382,145
Total Shares	\$70,129,885	\$72,014,876
Total IRA & Term Shares	\$21,812,309	\$23,922,939
Total Draft Shares	\$8,916,841	\$8,741,403
Total Equity	<u>\$17,175,216</u>	<u>\$16,529,652</u>
Total Liabilities and Equity	<u>\$118,576,007</u>	<u>\$121,591,015</u>

STATEMENT OF INCOME AND EXPENSES

Interest on Loans	\$2,023,040	\$1,958,015
Interest on Investments	\$939,754	\$859,840
Other Income	<u>\$555,074</u>	<u>\$490,699</u>
Total Income	\$3,517,868	\$3,308,554
Dividend Expenses	<u>\$289,943</u>	<u>\$344,215</u>
Net Interest Income	\$3,227,925	\$2,964,339
Operating Expenses	\$2,341,835	\$2,228,718
Provisions for Loan Losses	-\$3,000	\$211,500
NCUSIF Stabilization Expense	<u>\$0</u>	<u>\$0</u>
Total Expense	\$2,338,835	\$2,440,218
NET Income/(Loss)	<u>\$889,090</u>	<u>\$524,121</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 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, 2017. 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

The following students have been selected to receive one of our \$1500.00 scholarships to continue their education and help achieve their dreams.

Micaela Champion will be graduating from Chambersburg Area High School in the spring. She is a member of the varsity soccer and lacrosse teams as well as being active in the marching and concert bands, National Honor Society, Chemistry Club, Varsity Club, Academic Competition Team and the Interact Club. Micaela currently works at Target, wants to study pediatric oncology, and is planning to attend McDaniel College in the fall.

Jacob Gayman is a senior at Chambersburg Area High School where he has been part of the National Honor Society for most of his high school career and is currently a leader in the Fellowship of Christian Athletes Club. He is also captain of his soccer team, volunteer teacher at his church and works part time as a USSF soccer referee. Jake plans to major in engineering at York College of PA.

Evan Shreffler will be graduating from Chambersburg Area High School this year and has been very active in his school, including being a member of the National Honor Society, captain of the varsity basketball team, student government class officer, recipient of the Lenfest Scholarship his junior year, and co-leader of the Mini-THON at CASHS. Evan will be attending the University of Pennsylvania, School of Engineering and Applied Science in the fall.

Lauren Slonaker is a senior at New Oxford High School and is Vice President of Varsity Club, a member of the National Honor Society, a Camp Cares counselor, and has received numerous letters in lacrosse, field hockey, and basketball. Outside of school, she works part time at Savory's Pumpkin Funnel Cake. Lauren is planning to attend Millersville University of Pennsylvania where she will continue to be active in sports as she obtains her degree.



BOARD OF DIRECTORS

Roy Johnston, Chairperson of the Board

Deborah Westover, Vice Chairperson

Thomas (Alan) Estes Jr., Secretary/Treasurer

Andrew (Drew) Nelson

Larry Bresnahan

Dixie Paruch

Brian Campbell

SUPERVISORY COMMITTEE



Carolyn M. Faith, Chairperson

John Southwood

Mary McGough





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