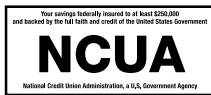




2020 ANNUAL REPORT



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BOARD PRESIDENT AND CEO MESSAGE

On behalf of the Board of Directors, we welcome you to the 83rd Annual Meeting of your Credit Union. 1st Ed had another solid year, despite the challenges we faced from the pandemic. We want to take this opportunity to thank you, the members, for your continued support of your financial institution. 1st Ed Credit Union is and continues to be considered "well capitalized" by the National Credit Union Administration. Despite many challenges we faced in 2020, we had a very productive and successful year. Last year, we had steady loan growth and new member growth as well as grew our assets to over \$127 million. In addition, we experienced a lot of growth in the use of our digital services, mainly because of COVID, however I do believe that many members have become life-long advocates of our digital services due to the ease of use and convenience they offer.

We were able to continue to give back to the communities we serve in by providing donations to such organizations as The Boys and Girls Club of Chambersburg and Shippensburg thru their Adopt a Family Program and the Hanover YMCA as well as other donations to various local school districts.

We had three staff members recognized for ten years of service to the credit union and many other long-term employees recognized for their service.

All of these accomplishments are due to the outstanding work of our Board of Directors and Supervisory Committee in their oversight of our Credit Union operations, the hardworking and dedicated 1st Ed staff and you our members. As we look forward to this year and beyond and a better sense of "normalcy", we are proud to continue to be part of 1st Ed and our community, and most of all we are proud to be able to serve you, our members.

Thank you for another great year and we look forward to many more.

Appreciatively,

Roy Johnston, Board President

Kelly Childress, CEO

SCHOLARSHIP RECIPIENTS



Madison Kirkwood is graduating from Greencastle-Antrim High School where she is very involved as a Peer Leader, a student representative on the Greencastle-Antrim School Board of Directors, and as a Varsity Volleyball player. She also volunteers as an assistant coach and team leader on multiple volleyball clubs and leagues and works as a lifeguard at a local swim club. Madison will be attending Baylor University where she will major in Neuroscience.



Carson Elbin is a senior at Southern Fulton Jr/Sr High School where he actively participates in the school musicals, is Team Captain of the Varsity Soccer Team, and is part of the National Honor Society. Carson is also active in his church where he serves as an altar server and during the summer he works as a lifeguard at Cacapon State Park where he recently has been asked to be a supervisor for the 2021 summer season. In the fall, he will be attending Saint Francis University and will be majoring in the health care field to become a Physician Assistant.

ANNUAL MEETING AGENDA

April 19, 2021 at 6:30 pm

1. Call to Order-Roy Johnston, Board President
2. Ascertainment of Quorum-Alan Estes, Board Secretary
3. Approval of Annual Meeting Minutes of August 17, 2020-Roy Johnston, Board President
4. Report from the Board President and CEO-Kelly Childress, CEO
5. Report of the Supervisory Committee-Carolyn Faith, Chairperson, Supervisory Committee
6. Introduction of current Board of Directors and Supervisory Committee members-Kelly Childress, CEO
7. Election results of new Board of Directors from the Nominating Committee-Deb Westover and Robin Harmon
8. Financial Reports-Mandy Rhodes, Accounting Supervisor
9. 2021 1st Ed Scholarship Awards-Scholarship Committee
10. Other Business/New Business-Roy Johnston, Board President
11. Meeting Adjourned-Roy Johnston, Board President

MINUTES OF THE ANNUAL MEETING

AUGUST 17, 2020

The 82nd Annual Meeting of the 1st ED Credit Union held at 1156 Kennebec Drive in Chambersburg, was called to order at 5:30pm by Chairperson Roy Johnston. A quorum was declared by Secretary Alan Estes. The printed minutes of the Annual Meeting on April 15th, 2019 were declared approved by Chairperson Johnston. Minutes were unanimously approved by a Deb Westover/Brian Campbell motion.

Chairperson Johnston welcomed Kelly Childress to the meeting along with several staff and board members.

Kelly Childress, President & CEO reported on the financial aspects, membership activities and growth over the past year. Kelly also pointed out several "highlights" of 2019 including opening of the Hanover Branch, overall growth in 2019, stability of the Credit Union and the great staff of the Credit Union. Kelly mentioned several Key Performance Indicators including financials, memberships, etc. Kelly thanked the members for their commitment, the Board members & Supervisory Committee for their efforts. Kelly also thanked the 1st ED Staff for their efforts. Kelly highlighted some of the events that the Credit Union held in 2019, including shred days, educations days, simulations, fundraisers, etc. Kelly also recognized the Scholarship Committee for their efforts to improve/enhance the Scholarship program. Carolyn Faith of the Supervisory Committee reported on a recent examination at the Credit Union which was included in the packet. Carolyn reported the exam was in favor of the Credit Union and reflected well.

Kelly Childress introduced the Board of Directors. Roy Johnston introduced the Nominating Committee including Deb Westover and Dixie Paruch, which introduced the running candidates: Brian Campbell for Board of Directors and Carolyn Faith and Thomas Hoffman for Supervisory Committee. All three candidates were voted on and elected into these positions as defined above.

Mandy Rhodes from accounting reported several financial numbers reflecting the financial posture of the Credit Union. The financial statements were reviewed and unanimously approved by a Campbell/Westover motion.

Amy Bortner, Marketing/Business Development introduced the six scholarship recipients, Alexis Rosenberry, Elaina Furnish, Taylor Myers, Kaley Barnhart, Cullen Talhelm and Andrea Fox. Each student will receive a certificate with their scholarship.

New Business:

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

The meeting was adjourned at 5:43 pm by a Faith/Bortner motion.

Respectfully Submitted,

A handwritten signature in black ink that reads "Alan Estes". The script is cursive and fluid, with the first letters of "Alan" and "Estes" being capitalized and prominent.

Alan Estes
Secretary
1st ED Credit Union
Board of Directors

ANNUAL MEETING ELECTION

RUNNING FOR THE OPEN POSITIONS ON THE BOARD OF DIRECTORS:



ROY H. JOHNSTON
(INCUMBENT)

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, antiquing, 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 have two children and three grandchildren.

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

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.



ALAN ESTES (INCUMBENT)

ANNUAL MEETING ELECTION

RUNNING FOR THE OPEN POSITIONS ON THE BOARD OF DIRECTORS:



BRYAN HAWBECKER

Bryan has lived in Chambersburg most of his life. He is a 1988 graduate of Chambersburg Area Senior High School and Franklin County Area Vocational-Technical School. He has earned a BS Degree from Pennsylvania State University in Workforce Education.

For 14 years Bryan was employed at several printing establishments in Franklin and Cumberland Counties and supervised a college in-plant print shop in Huntingdon County. For the last 18 years, he has been employed as the Graphic Communications Instructor at Franklin County Career and Technology Center. Bryan has served as a SkillsUSA advisor for 5 years. He has recently completed the course for

certification as a Certified Tourism Ambassador through the Franklin County Visitors Bureau.

Bryan enjoys bicycle riding, kayaking, and spending time outside with his wife.

Bryan and his wife live in Chambersburg and have two daughters.

He is excited about the possibility of working with the 1st Ed Credit Union Board.

Dave Anderson is a transformational leader and business consultant with more than 22 years of information technology and business experience.

Mr. Anderson's multifaceted career consisted of record achievements in global operations management, cybersecurity, risk management, and IT operations.

Mr. Anderson has worked in a broad array of industries ranging from IT consulting, cybersecurity, manufacturing, agriculture, and education.

His career started in education working with the National Science Teachers Association as an IT Program Manager.

Mr. Anderson was an Executive Vice President overseeing the global business operations for CVAS, a biotech firm in agriculture. He was instrumental in moving the organization from Maryland to Franklin County, PA in 2016 bringing over 100 jobs to the county.

He is currently managing Governance, Risk, and Compliance in the finance, biotech, and healthcare sectors for a Cybersecurity firm in Philadelphia.

He resides in Chambersburg with his wife Rayanna, his 5-stepdaughters, and their dog Maui. When not working, he enjoys flying and fishing on the Eastern Shore.



DAVE ANDERSON

ANNUAL MEETING ELECTION

RUNNING FOR THE OPEN POSITIONS ON THE BOARD OF DIRECTORS:



AJ YOHN

AJ Yohn is a lifelong resident of Franklin County and a third-generation member of the 1st Ed Credit Union. AJ is employed by the US Government Accountability Office as an IT Security Auditor where he takes part in a variety of IT audits, with a specific emphasis on security. His previous audit work includes avionics cybersecurity and the 5G Technology Assessment. He earned a master’s degree in cybersecurity from Utica College and a Bachelor of Science degree in labor studies from the Pennsylvania State University. AJ is also COMPTIA Security+ certified and is experienced in the Generally Accepted Government Auditing Standards as well as numerous NIST and ISO security and privacy standards.

BOARD OF DIRECTORS

Roy Johnston-Board President
Deborah Westover-Board Vice President
Alan Estes-Board Secretary
Dixie Paruch-Board Member
Brian Campbell-Board Member
Andrew Nelson-Board Member
Robin Harmon-Board Member

SUPERVISORY COMMITTEE

Carolyn Faith-Chairperson
Larry Bresnahan-Committee Member
Thomas Hoffman-Committee Member

ELECTION INFORMATION

Board of Directors

Roy Johnston (Incumbent)
Thomas Alan Estes (Incumbent)
Bryan Hawbecker
Dave Anderson
AJ Yohn

FEELIN' GOOD IN THE COMMUNITY



Adopt a Family

Throughout the year, 1st Ed's staff participated in multiple dress down events by donating money to be able to wear jeans, sneakers and even flip-flops to work. All the funds from these events were put toward purchasing gifts for the local family to help spread the joy of the season! In addition, the Credit Union made a donation to the Hanover YMCA.



See more of what 1st Ed is doing in the community
<https://www.1edcu.org/about-us/community/>

STATEMENT OF FINANCIAL REPORTS

	2020	2019
ASSETS		
Total Loans	\$58,496,513	\$59,719,544
Allowance for Loan Loss	-\$573,515	-\$545,929
Net Loans	\$57,922,998	\$59,173,615
Cash	\$662,459	\$515,281
Investments	\$65,361,219	\$54,269,049
Land and Building	\$1,121,667	\$1,137,431
Other Assets	\$1,962,386	\$1,841,389
Total Assets	\$127,030,729	\$116,936,765
LIABILITIES AND MEMBER'S EQUITY		
Total Liabilities	\$398,415	\$392,734
Total Shares	\$72,460,645	\$67,316,243
Total IRA & Term Shares	\$20,479,026	\$19,103,367
Total Draft Shares	\$13,609,877	\$10,773,185
Total Equity	\$20,082,766	\$19,351,236
Total Liabilities and Equity	\$127,030,729	\$116,936,765
STATEMENT OF INCOME AND EXPENSES		
Interest on Loans	\$2,361,223	\$2,376,643
Interest on Investments	\$925,990	\$1,147,354
Other Income	\$545,014	\$540,485
Total Income	\$3,832,227	\$4,064,482
Dividend Expenses	\$383,317	\$327,651
Net Interest Income	\$3,448,910	\$3,736,831
Operating Expenses	\$3,108,574	\$3,054,444
Provisions for Loan Losses	\$53,000	\$88,500
NCUSIF Stabilization Expense	\$0	\$0
Total Expense	\$3,161,574	\$3,142,944
NET Income/(Loss)	\$287,336	\$593,887

REPORT OF THE SUPERVISORY COMMITTEE

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

The Supervisory Committee engaged the independent accounting firm of SEK, CPAs, and Advisors to perform monitoring procedures to ensure the committee can meet its responsibilities to the credit union and its members. Procedures included an arbitrary review of new loans and new investment policies, as well as monitoring the compliance of the Bank Secrecy Act and Anti-Money Laundering policies. Audit procedures included, random cash counts, verification of proper loan interest, and dividend calculations. The committee is pleased to report there were few exceptions identified and the credit union received satisfactory reports.

The Supervisory Committee also engaged SEK, CPAs, and Advisors to audit the credit union's financial statements as of March 31, 2020. 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, Supervisory Committee

SCHOLARSHIP RECIPIENTS



Jonathan Miller is a senior at Big Spring High School where he is involved as Vice President of the National Honor Society, class Treasurer for four years, and a member of the Boys Basketball team. After working as an intern at the local credit union branch in his high school and in his school's District Office, he has decided to major in Business and will be attending Shippensburg University in the fall.



Kortney Estep will be graduating from Chambersburg Area Senior High School this spring where she is a member of the National Honor Society and a past member of the high school marching and concert bands. After much consideration, she gave up band her senior year to take dual-enrollment courses to gain college credits toward her major in Science with a Health Professions Option to work toward her final goal of becoming a certified orthodontist. She will be attending Penn State in the fall where she will be able to utilize her 26 credits earned through her dual-enrollment courses.



Camden Etter is a senior at Chambersburg Area Senior High School. He enjoys baseball, volleyball, and basketball and was in the school marching and concert band all four years of high school. Outside of school, he works as a lifeguard and volunteers in many places in his community, including vacation bible school, a nursing home, and a non-profit grief organization. He will be attending Liberty University in the fall majoring in Mechanical Engineering.