

Annual Report

Dear Members,

We are very excited to be celebrating 64 years of success! It is with great pleasure that we present to you the Penn State Federal Credit Union 2022 Annual Report. In 1959, a group of faculty from the College of Agriculture started Penn State Federal Credit Union as a very small financial cooperative totally run by volunteers. Penn State Federal has evolved to a full service \$245.2 million-dollar (as of 12/31/2022) financial institution with three locations and 46 employees. Our mission and commitment remain the same - **members helping members everyday in the ordinary and extraordinary moments of their lives.**

FINANCIAL SNAPSHOT

Penn State Federal ended 2022 with \$245 million in assets, an increase of \$5 million over 2021. Total deposits increased \$7.8 million (3.6%), and loans grew by \$14.6 million (15.7%). Gross income was \$8.1 million and gross operating expense was \$5.5 million. At year end, regulatory net worth ratio was 10.63%. The Credit Union remains financially strong with a total asset net worth ratio of 10.19% and total capital of \$24.9 million.

FINANCIAL EDUCATION

2022 limited our opportunities for Penn State Federal representatives to provide in person financial education to our members. Newsletters and emails were used to educate members instead of in person. A Credit Union employee is a member of the Diversified Occupations Advisory Committee at SCASD and participated with the group virtually. Teen Financial Education Classes were offered online to our Teen Club members. We had more teens completing the online lessons than in previous years. In lieu of visits to our Company Partners, we sent emails on financial products and services available to our members.

SOCIAL RESPONSIBILITY

Penn State and community visibility continued to be a focus in 2022. Penn State Federal's trellis at The Penn State Arboretum provides visibility of our support to the University in addition to THON and the Penn State Federal Trustee Scholarship through PSU. Penn State Federal sponsored community events such as: The "Y" feeds kids weekend backpack food program through the YMCA of Centre County, State College and Bellefonte little leagues, local high school athletic teams, Centre Volunteers in Medicine, Centre Safe, Central Pennsylvania Festival of the Arts, Penns Valley Education Fund, First Night, Park Forest Preschool holiday boxes, IHS Wishing Well campaign, Toys for Tots, and various other nonprofit events.

FIELD OF MEMBERSHIP

Penn State Federal was originally chartered as a credit union for faculty and staff at all of Penn State's campuses. In the 1990's students were added to the field of membership. In addition, small employee and association groups (SEGs) have requested and been approved to be added to our field of membership.

CONTINUITY & TRANSITION

The Board of Directors and Management Team continued to work well together which created an environment conducive to personal and organizational growth. The Strategic Plan and Business Goals were updated for 2021-2022.

COMMITMENT

Penn State Federal's Board, Management Team and Staff are moving forward to achieve our vision that Penn State Federal Credit Union will be the preferred financial institution for the Penn State Community. Our continued successes are attributed to you, our members, staff and volunteers. We give a very special "thank you" to our membership for your support of Penn State Federal over the years and we look forward to our continued future together.

Penn State Federal, that's my Credit Union!

Cheryl Barr, CEO
Bob White, Chairman of the Board



2022

Board of Directors

Bob White, Chair
Janer Agnelly, Vice Chair
Jean Songer, Secretary
Theresa Cummins, Treasurer
Lynn DuBois, Director
Gail Hurley, Director
Susan Morse, Director
Judy Mudgett, Director
Kimlyn Patishnock, Director

Management Team

Cheryl Barr****, CEO
Marnie Derabasse***, Senior Vice President of Consumer Lending
Dan Lestz****, CIO/CSO
Lori McTavish****, Senior Vice President of Marketing
Rick Tabor*, CFO
Donna Trapp****, Senior Vice President of Human Resources

Supervisory Committee

To the members of the Penn State Federal Credit Union,

The Penn State Federal Credit Union Supervisory Committee is comprised of members of the Credit Union who voluntarily serve its members in ensuring the Institution is financially and operationally sound. Following the mandate set forth in the Federal Credit Union Act and in compliance with the provisions set forth in the National Credit Union Administration's (NCUA) rules and regulations, the Supervisory Committee of the Penn State Federal Credit Union engaged Doeren Mayhew, Certified Public Accountants to perform the annual financial statement audit. Doeren Mayhew issued its opinion that the credit union's financial statements for the year ended December 31, 2021, are presented fairly in all material respects. Importantly, Penn State Federal Credit Union had no weaknesses in its controls over financial reporting. In other words, you can be assured that the Board of Directors, Supervisory Committee and management team are fulfilling their fiduciary responsibilities for sound fiscal stewardship. The financial statement audit for the year ended December 31, 2022 is in progress by Doeren Mayhew and preliminary results indicate a positive opinion.

The National Credit Union Administration, the Credit Union's federal regulator, conducted an examination during 2022 and had no material findings. Penn State Federal Credit Union was approved in 2022 for an extended exam cycle due to being a well-managed, low risk Federal Credit Union. All Credit Union deposit accounts are insured to \$250,000 and IRA accounts are insured to \$250,000 by the NCUA.

The Supervisory Committee commends the Board of Directors and staff of the Credit Union for their adherence to established principles of fiscal responsibility. Their dedication and expertise have provided a strong foundation that will enable your Credit Union to have continued growth and financial stability.

In closing, as Chairperson of the Supervisory Committee and on behalf of the other members, I would again like to express my gratitude to the Board of Directors of the Credit Union and their Staff for the professional manner in which they are maintaining a smooth running financial operation for the Credit Union members. Finally, I would like to thank all our Credit Union members for your continued support during these difficult times of economic uncertainty that we are all now facing.

Respectfully submitted,
Roy James Orr Jr.
Chairperson, Supervisory Committee

Committee Members

Roy James Orr Jr., Chairperson
Judy Mudgett
Sue Smith

Financials

STATEMENTS OF FINANCIAL CONDITION

December 31, 2022 and 2021

ASSETS	2022	2021
Cash and Cash Equivalents	\$ 39,728,609	\$ 46,063,499
Interest-bearing Deposits	9,083,000	22,213,000
Investments		
Securities Available-for-sale	41,467,332	46,249,259
Securities Held-to-maturity	39,404,000	24,904,000
Loans Held-for-Sale	-	-
Loans Receivable, Net of Allowance for Loan Losses	107,330,886	92,725,160
Accrued Interest Receivable	403,718	268,220
Property and Equipment, Net of Accumulated Depreciation	4,197,998	4,325,773
National Credit Union Share Insurance Fund Deposit	2,167,190	2,064,417
Prepaid and Other Assets	1,403,144	1,266,499
	<u>\$ 245,185,877</u>	<u>\$ 240,079,827</u>
TOTAL ASSETS		

LIABILITIES AND MEMBERS' EQUITY

Liabilities		
Members' shares	\$ 225,843,182	\$ 218,004,503
Accrued dividends	-	-
Accounts payable and other liabilities	999,317	637,258
	<u>226,842,499</u>	<u>218,641,761</u>
Total Liabilities		
Members' Equity		
Undivided earnings	24,971,498	22,323,712
Accumulated other comprehensive loss	(6,628,120)	(885,646)
	<u>18,343,378</u>	<u>21,438,066</u>
Total Members' Equity		
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u>\$ 245,185,877</u>	<u>\$ 240,079,827</u>



Financials

STATEMENTS OF INCOME

Year Ended December 31, 2022 and 2021

	2022	2021
Interest Income		
Loans receivable	\$ 4,427,940	\$ 4,168,978
Investments and interest bearing accounts	1,890,676	1,242,471
Total Interest Income	<u>6,318,616</u>	<u>5,411,449</u>
Interest Expense		
Members' shares	31,401	40,786
Borrowings	-	-
Total Interest Expense	<u>31,401</u>	<u>40,786</u>
Net Interest Income	6,287,215	5,370,663
Provision for Loan Losses	<u>78,349</u>	<u>(41,293)</u>
Net Interest Income after Provision for Loan Losses	<u>6,208,866</u>	<u>5,411,956</u>
Non-interest Income		
Fees	671,811	543,472
Credit card and ATM transaction income	973,017	959,442
Other	<u>240,809</u>	<u>285,799</u>
Total Non-interest Income	<u>1,885,637</u>	<u>1,788,713</u>
Non-interest Expense		
Compensation and benefits	3,208,025	3,171,397
Operations	830,107	781,029
Occupancy	424,489	472,197
Marketing and promotion	50,606	50,878
Loan servicing	595,278	657,519
Professional outside services	234,675	209,539
Other operating expenses	<u>103,537</u>	<u>126,708</u>
Total Non-interest Expenses	<u>5,446,717</u>	<u>5,469,267</u>
NET INCOME	<u>\$ 2,647,786</u>	<u>\$ 1,731,402</u>



Thanks to the Penn State Federal Team Members who are committed to helping in our community!

Administration

Cindy Greendoner****
Theresa Irvin***
Katie Lyons*

Back Office Services

Shannon Ballenger****
Tom Dicus****
Melanie Stimer*
Paige Wolford*

Business Services

Lori Belko
Kent Corl*
Michelle Fetter
Christina Hinkle
Brandon Rhodes
Michele Steinbugl**

Information Systems

Sam Bacza-Nelson*
Justin Maddox***
Steve Northamer***
Chris Snyder***

Lending Services

Jen Bachowski
Gene Eichenlaub**
Jamie Gilham**
Tina Hepfer***
Chelsea Moore*
Megan O'Leary
Linda Pelton**
Paul Stodart****
Beth Walker*
Rachel Ward
Doug Welch**

Member Services

Christine Boone****
Jeff Drapcho**
Nichole Exarchos
Angela Gates*
Alyson Gross*
Michelle Haas
Annette Hestres-Garcia
Tina Hibbert
Gail Jones****
Carol Kuhlen
Linda Sauers
Julie Sealy*

Lori Belko

Vice President of Business Lending

- The Home Foundation (formerly the Temporary Housing Foundation) Board Secretary
- The Home Foundation Finance Committee
- Central PA Festival of the Arts Volunteer
- Central PA RMA Chapter Board Member

Tom Dicus

Operations Center Specialist

- Relay for Life of Central Blair County Participant

Michelle Fetter

Credit Support Specialist

- Mifflin Juniata LGBTQ Alliance -- Founder

Alyson Gross

Branch Manager

- Hyde Wesleyan Church Volunteer

Gail Jones

Branch Manager

- American Red Cross Blood Donor
- SCASD - Diversified Occupations Committee Member

Carol Kuhlen

Teller Service Representative

- Milesburg Food Pantry Volunteer

Dan Lestz

Chief Information/Security Officer

- ALPHA Fire Company -- Fire Police Officer
- YMCA of Centre County -- Anti-Hunger Program Truckload Sale Volunteer

Lori McTavish

Senior Vice President of Marketing

- State College High School Softball Booster Club -- Secretary
- AAHL National Bound Ice Hockey Volunteer

Michele Steinbugl

Chief Commercial Credit Officer

- Central PA Chapter of RMA -- Past President and Chair of the Education Committee
- YMCA of Centre County Board Member -- Chair
- YMCA of Centre County Annual Giving Campaign Leader
- YMCA of Centre County Fiscal Planning Committee
- State College YMCA Advisory Board
- Alliance for Small Business Finance -- Past President and current Board Member
- Volunteer for various non-profits' special event days through Centre County
- Arts Festival Volunteer
- Various 5K Walk/Run Volunteer
- RSVP Pen Pal

Chris Synder

Systems Programmer

- Rising Hope Riding Center Volunteer

Donna Trapp

Senior Vice President of Human Resources

- AAUW Volunteer
- Community Cafe Volunteer

* Denotes at least 5 years of service

** Denotes at least 10 years of service

*** Denotes at least 15 years of service

**** Denotes at least 20 years of service