

# ANNUAL REPORT

Dear Members,

We are very excited to be celebrating 65 years of success! It is with great pleasure that we present to you the Penn State Federal Credit Union 2023 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 \$238 million-dollar (as of 12/31/2023) financial institution with two locations and 43 employees. Our mission and commitment remain the same - **members helping members everyday in the ordinary and extraordinary moments of their lives.**

## 2023 OPERATIONAL UPDATES

Online account opening has been on our strategic plan for quite some time. It was a long and tedious process and we are happy to announce we now have an easy way for members to join without traveling to the office.

We reduced the fees for Non-Sufficient Funds and Courtesy Pay to our membership in 2023 to lessen the financial burdens.

The HUB office was closed effective November 2023. After looking at the flow of traffic and the number of transactions performed at this location, we felt financially it made sense to our membership to reduce the operating costs. The existing staff at this location moved to the Bellefonte branch without any loss of employment.

## FINANCIAL SNAPSHOT

Penn State Federal ended 2023 with \$238 million in assets, a decrease of \$7.4million (-3.02%) over 2022. Total deposits decreased \$11.7 million (-.518%) and loans grew by \$12.3 million (11.48%). Gross income was \$10.4 million and gross operating expense was \$6.3 million. At year end, regulatory net worth ratio was 11.92%. The Credit Union remains financially strong with a total asset net worth ratio of 11.81% and total capital of \$28 million.

## FINANCIAL EDUCATION

A Credit Union employee is a member of the Diversified Occupations Advisory Committee at SCASD. Teen Financial Education Classes are offered online to our Teen Club members. The number of teens completing the online lessons continues to increase.

## SOCIAL RESPONSIBILITY

Penn State and community visibility continued to be a focus in 2023. Penn StateFederal'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 YMCA of Centre County backpack and anti-hunger programs, State College and Bellefonte little leagues, local high school and travel athletic teams, Meals on Wheels, Pink Zone Golf Tournament, The Jared Box Project, Centre Volunteers in Medicine, Central Pennsylvania Festival of the Arts, PAWS, First Night, Park Forest Preschool holiday boxes, Toys for Tots, local food banks and various other nonprofit events. Once again for 2023, Penn State Federal granted five \$2000 scholarships to students attending post-secondary schools.

## 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 2023-2025.

## 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



# 2023

# Board Members

Bob White, Chair  
Jane Agnelly, Vice Chair  
Jean Songer, Secretary  
Theresa Cummins, Treasurer  
Lynn DuBois, Director  
Gail Hurley, Director  
Jeffrey Hyde, Director  
Susan Morse, Director  
Judy Mudgett, Director

# Management Team

Cheryl Barr\*\*\*\*, CEO  
Marnie Derabasse\*\*\*, Senior Vice President of Consumer Lending  
Cindy Greendon\*\*\*\*, Senior Vice President of Operations  
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, 2022 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, 2023 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 very efficient 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, 2023 and 2022



ASSETS	2023	2022
Cash and Cash Equivalents	\$ 21,252,822	\$ 39,728,609
Interest-bearing Deposits	9,143,000	9,083,000
Investments		
Securities Available-for-sale	41,928,170	41,467,332
Securities Held-to-maturity	38,394,466	39,404,000
Loans Receivable, Net of Allowance for Loan Losses	119,263,491	107,330,886
Accrued Interest Receivable	554,276	403,718
Property and Equipment, Net of Accumulated Depreciation	4,017,193	4,197,998
National Credit Union Share Insurance Fund Deposit	2,102,148	2,167,190
Prepaid and Other Assets	1,128,508	1,403,144
<b>TOTAL ASSETS</b>	<b>\$ 237,784,074</b>	<b>\$ 245,185,877</b>

LIABILITIES AND MEMBERS' EQUITY	2023	2022
Liabilities		
Members' shares	\$ 214,145,830	\$ 225,843,182
Accounts payable and other liabilities	1,143,969	999,317
<b>Total Liabilities</b>	<b>215,289,799</b>	<b>226,842,499</b>
Members' Equity		
Undivided earnings	28,075,569	24,971,498
Accumulated other comprehensive loss	(5,581,294)	(6,628,120)
<b>Total Members' Equity</b>	<b>22,494,275</b>	<b>18,343,378</b>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>\$ 237,784,074</b>	<b>\$ 245,185,877</b>

# Financials

## STATEMENTS OF INCOME

Year Ended December 31, 2023 and 2022



	2023	2022
<b>Interest Income</b>		
Loans receivable	\$ 5,675,154	\$ 4,427,940
Investments and interest bearing accounts	<u>3,221,507</u>	<u>1,890,676</u>
<b>Total Interest Income</b>	<u>8,896,661</u>	<u>6,318,616</u>
<b>Interest Expense</b>		
Members' shares	543,882	31,401
Borrowings	<u>174,980</u>	<u>-</u>
<b>Total Interest Expense</b>	<u>718,862</u>	<u>31,401</u>
<b>Net Interest Income</b>	8,177,799	6,287,215
<b>Provision for Loan Losses</b>	<u>216,214</u>	<u>78,349</u>
<b>Net Interest Income after Provision for Loan Losses</b>	<u>7,961,585</u>	<u>6,208,866</u>
<b>Non-interest Income</b>		
Fees	321,501	529,079
Credit card and ATM transaction income	945,832	973,017
Other	<u>235,955</u>	<u>383,542</u>
<b>Total Non-interest Income</b>	<u>1,503,288</u>	<u>1,885,638</u>
<b>Non-interest Expense</b>		
Compensation and benefits	3,554,540	3,208,025
Operations	808,752	844,035
Occupancy	438,326	424,489
Marketing and promotion	69,313	50,606
Loan servicing	639,578	595,278
Professional outside services	247,103	220,747
Other operating expenses	<u>142,635</u>	<u>103,537</u>
<b>Total Non-interest Expenses</b>	<u>5,900,247</u>	<u>5,446,717</u>
<b>NET INCOME</b>	<u>\$ 3,564,626</u>	<u>\$ 2,647,787</u>

# Penn State Federal Team Members who are committed to helping in our communities!

## Administration

Theresa Irvin\*\*\*  
Katie Lyons\*

## Back Office Services

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

## Business Services

Lori Belko\*  
Kent Corl\*  
Christina Hinkle  
Brandon Rhodes

## Information Systems

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

## Lending Services

Jen Bachowski  
Gene Eichenlaub\*\*\*  
Jamie Gilham\*\*  
Michelle Haas  
Tina Hepfer\*\*\*  
Linda Pelton\*\*  
Paul Stodart\*\*\*\*  
Beth Walker\*  
Rachel Ward  
Doug Welch\*\*\*

## Member Services

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

## Samantha Bacza-Nelson

### Network Administrator

- Altoona Community Theatre Volunteer  
- Things Unseen Theatre Company Volunteer

## 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

## Gene Eichenlaub

### Loan Service Representative

- Philipsburg Osceola Football Booster Club President

## Alyson Gross

### Branch Manager

- Hyde Wesleyan Church Preschool Class Leader  
- CenClear Clothes Closet Volunteer

## Annette Hestres-Garcia

### Member Service Representative

- Ironman 70.3 Pennsylvania Happy Valley Triathlon 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 -- Firefighter/Fire Police

## Lori McTavish

### Senior Vice President of Marketing

- State College High School Softball Booster Club Secretary  
- State College Food Bank Board Member

## Steve Northamer

### Senior Systems Programmer

- Bellefonte Faith Methodist Church -- Breakfast with Santa Volunteer

## Chris Synder

### Systems Programmer

- Rising Hope Therapeutic Riding Center Volunteer  
- Penn State Sports Contributor for Nittany Central

## Donna Trapp

### Senior Vice President of Human Resources

- AAUW Used Book Sale Co-Chair  
- 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